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## EMPLOYEE TRADE SECRET AGREEMENTS

**House Bill 6008**  
**Sponsor: Rep. Thomas Middleton**  
**Committee: Commerce**

**Complete to 9-17-98**

### **A SUMMARY OF HOUSE BILL 6008 AS INTRODUCED 9-15-98**

House Bill 6008 would amend the Michigan Antitrust Reform Act to specify the limits of an employee trade secrets agreement.

Under current law, an employer may obtain from an employee a trade secrets covenant that protects an employer's competitive business interests and expressly prohibits an employee from engaging in employment or a line of business after she or he leaves, if that covenant is reasonable as to duration, geographical area, and the type of employment or line of business. To the extent any such agreement is unreasonable, a court may limit the agreement.

House Bill 6008 would eliminate the provision concerning intervention by a court to determine reasonableness. Instead, the bill would allow a trade secrets covenant if the agreement prohibited the disclosure of trade secrets; prohibited the employee from soliciting the clients for not more than 90 days after leaving; or, the agreement pertained to special, unique, or extraordinary employee services. The bill would define "special, unique, or extraordinary employee services" to mean employee participation in policy-making decisions or employee access to corporate planning materials or confidential employment materials.

House Bill 6008 would take effect April 1, 1999.

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.