



## **Labor and Employment Practice Group Non-Competition**

**PAKISTAN**  
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### **CONTACT INFORMATION**

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- 1. Are there classes of employees against whom restrictive covenants may not be enforced? Explain.**

Under Pakistan law, every agreement by which any one is restrained from exercising a lawful profession, trade or business of any kind, is to that extent void. However, a seller of good will of a business can agree with the buyer to refrain from carrying on a similar business within specified local limits

- 2. Does a change in position, salary or responsibilities affect enforceability?**

No; not as general rule. However, since reasonable restriction of prevention from using confidential information can be enforced. In such cases, change in position would be relevant.

- 3. Are there any requirements for compensation payable in order for the non-competition clause to be enforceable?**

No.

**4. What legal consideration is necessary for enforcement?**

The courts balance the rights of the employer to confidential information or proprietary trade information against the employee's right to freedom of trade/profession/business and will enforce non-competition clause only in such cases where it is clear that the former employee is in breach of his reasonable contractual commitment.

**5. What employer interests (e.g. trade secrets, customer goodwill) will the court protect?**

The courts will protect only proprietary information: these may include trade secrets and customer information not publicly available.

**6. What interests of the employee will balance the employer's interest?**

The employee has a right to work for any competitor as long as he does not use the proprietary information of the former employer.

**7. Will the court limit enforcement to a "reasonable" geographic area and/or time frame?**

Yes.

**8. Please comment on what is considered "reasonable".**

"Reasonable" is vague concept which is yet developing in Pakistan. For instance, due to internet, physical geographical limits are no longer relevant in determining "reasonable". Courts tend to penalize employees who "steal" from their employers, and employers who seek to fetter the personal development of their employees.

**9. Will the court more readily enforce a customer-specific restriction rather than a broader non-competition? Please explain.**

No: to the contrary. Customer specific restriction would only be relevant if the employee only dealt with that particular customer.

**10. Are there any limitations on enforcing the non-competition clause depending on the cause for termination of employment?**

Pakistan

No

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**11. List the necessary language requirements.**

(Did not answer)

**12. List any other requirements of importance.**

(Did not answer)