



Labor and Employment Practice Group Non-Competition

URUGUAY Guyer & Regules

CONTACT INFORMATION

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

No, there isn't. Books of authority assure that, non compete obligation to be enforced has to be specifically agreed by the parties, the employee must receive a compensation for such obligation, and the term of the non compete after termination of the labor relationship has to be no longer than 36 months.

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

No.

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

The compensation should be proportional to the duration of the non-compete obligation and to the employee's salary.

4. What legal consideration is necessary for enforcement?

The above mentioned considerations.

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

Those that are specifically established by the parties in the non-compete agreement.

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

Idem.

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

Yes

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

A reasonable term is no more than 36 months. And reasonable geographic areas are countries of the same area than the one of the employer (i.e. for Uruguay the area may be Argentina, Brazil, Paraguay and Chile).

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

If the above mention consideration are fulfilled it will be the same.

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

No.

11. List the necessary language requirements.

It has to be in Spanish.

12. List any other requirements of importance.

The agreement has to be signed at the time the employee is hired or at the time of termination. It is signed at the time of termination is convenient to include that the employee signs with the advice of his lawyer.