

From the News Room of Dayanand N. Mangaonkar

Employees Not to Join Competitors

Such a stipulation will be against public policy as interpreted under section 23 of the Indian Contract Act whereby such contracts are void and hence prohibited. Reference is made to one case wherein it had been held that an agreement with an employee not to undertake employment for a period of 12 months after leaving the job will be Violative of the provisions of Contract Act. In this case M/s PEPSI FOODS LTD .sought an injunction against the employee in joining the competitors but the same was declined by the Delhi High Court.

Pepsi Foods Ltd vs. Bharat Coca Cola Holding (P) Ltd. & Ors 1999 LLR 1027

Date – 24/11/2022

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