

K-Notes: EMPLOYMENT AGREEMENT

From Sirius XM

Make Definitions Section For Handy Reference

When there are several defined terms jammed into a contract, it can be distracting to the reader. If there are more than 10 defined terms in a contract, create a Definitions Section.

"[The agreement] has some complexity that doesn't add to the contract or the understandability. You're just cramming it in there to look smart as lawyers."



Matthew Johnston
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"When you set up a non-compete, you want it to be very clear and well structured so you don't run the risk of a court or arbitrator saying that something doesn't apply."

KEY TAKEAWAYS

- **Good Arbitration Clause Classifies Any Claims**

A well-written clause like Sirius XM's classifies the claims that are included, such as discrimination. Often times, an Arbitration Clause just says "any dispute."

- **Separate Nonsolicitation and Noncompete**

Do not define multiple terms in a Noncompete. Often times, the fewer the words the better. And separate the Nonsolicitation from the Noncompete. Make sure to have a Severability clause so that if one of the clauses is not enforceable, the rest are.

- **Exception For Injunctive Relief**

If there is an action seeking injunctive relief, this is separate from the Arbitration Clause and a court would get involved. Many times, when dealing with an Arbitration Clause, there is no separate section for injunctive relief. Create an exception to the Arbitration Clause that deals with injunctive relief.

- **Double Sections**

There are two section 20 (a)'s in this agreement. This is poor drafting, and a simple thing to catch. Review the organization of your document for proper sectioning.