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# Non-Compete Laws: Colorado

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A Q&A guide to non-compete agreements between employers and employees for private employers in Colorado. This Q&A addresses enforcement and drafting considerations for restrictive covenants such as post-employment covenants not to compete and non-solicitation of customers and employees. Federal, local, or municipal law may impose additional or different requirements. Answers to questions can be compared across a number of jurisdictions (see Non-Compete Laws: State Q&A Tool).

## Overview of State Non-Compete Law

**1. If non-competes in your jurisdiction are governed by statute(s) or regulation(s), identify the state statute(s) or regulation(s) governing:**

- Non-competes in employment generally.
- Non-competes in employment in specific industries or professions.

### General Statute and Regulation

Colorado's non-compete statute prohibits most non-compete agreements in Colorado (Colo. Rev. Stat. Ann. § 8-2-113). There are statutory exceptions authorized for:

- Certain highly compensated employees as defined by the statute.
- Recovery of expenses for certain employee training.
- Protection of confidential information (as defined by the statute) and trade secrets.
- The purchase and sale of a business, a direct or indirect ownership share in a business, or all or substantially all of the business assets.
- Repayment of an apprentice scholarship if the individual fails to comply with the scholarship agreement.

(Colo. Rev. Stat. Ann. § 8-2-113(2)(b), (3).)

For more information, see Question 2.

### Industry- or Profession-Specific Statute or Regulation

#### Lawyers: CO ST RPC Rule 5.6

Non-compete agreements in the legal industry are governed by CO ST RPC Rule 5.6.

#### Health Care Practitioners: Colo. Rev. Stat. Ann. § 8-2-113

Colorado prohibits non-compete agreements with certain health care practitioners (Colo. Rev. Stat. Ann. § 8-2-113). For more information, see Health Care Non-Compete State Law Chart: Overview.

**2. For each statute or regulation identified in Question 1, identify the essential elements for non-compete enforcement and any absolute barriers to enforcement identified in the statute or regulation.**

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## General Statute and Regulation

Colorado law prohibits any non-compete covenant that restricts the right of any person to receive compensation for performance of skilled or unskilled labor for any employer, but that prohibition does not apply to:

- A non-compete governing a person, only if:
  - the non-compete agreement is no broader than reasonably necessary to protect the employer's legitimate interest in protecting its trade secrets; and
  - at the time the covenant not to compete was entered into, the person earns an amount of compensation equivalent to or greater than the threshold amount for highly compensated workers (under the then-effective Publication and Yearly Calculation of Adjusted Labor Compensation (PAY CALC) Order set by the Colorado Department of Labor and Employment Division of Labor Standards and Statistics). Effective January 1, 2026, this threshold is $130,014.
- Any contractual provision authorizing recovery (subject to specified limits) for certain employee education and training expenses where the training:
  - is distinct from normal, on-the-job training; and
  - satisfies any other requirements established by the attorney general regarding the transferability of training or credentialling.
- A reasonable confidentiality or trade secret provision that does not prohibit disclosure of information that:
  - arises from the worker's general training, knowledge, skill, or experience;
  - is readily ascertainable to the public; or
  - a worker otherwise has a right to disclose as legally protected conduct.
- A covenant not to compete that restricts competition by an owner of the business, subject to certain duration requirements for a minority owner, and is related to:
  - the purchase and sale of a business;
  - a direct or indirect ownership share in the business; or
  - all or substantially all of the assets of a business.
- Any contractual provision requiring repayment of a scholarship provided to an individual working in an apprenticeship who failed to comply with the conditions of the scholarship agreement.

(Colo. Rev. Stat. Ann. § 8-2-113 (2)(b), (3); Colorado Department of Labor and Employment, Division of Labor Standards and Statistics: 2026 PAY CALC Order.)

Beginning August 10, 2022, a worker must be given notice of a non-compete for it to be valid. The notice must:

- Be given to:
  - prospective workers before accepting an offer of employment; or
  - existing workers at least 14 days before the earlier of the effective date of the non-compete or the date of additional compensation or change to the terms of employment that form the consideration for the non-compete.
- Be in a separate document from any other covenants between the employer and worker.
- Be in clear and conspicuous terms in the language in which the worker and employer communicate.
- Be signed by the worker.
- Be provided with a copy of the agreement containing the covenant not to compete.
- Identify the agreement by name and:
  - state that the agreement contains a covenant not to compete that could restrict the worker's options for future employment; and
  - direct the worker to the specific sections of the agreement that contain the covenant not to compete.

(Colo. Rev. Stat. Ann. § 8-2-113(4)(a), (b), (d).)

Non-competes entered into before August 10, 2022, are:

- Not subject to these additional notice requirements.
- Evaluated under the law existing before August 10, 2022.

(Colo. Rev. Stat. Ann. § 8-2-113(1).)

Violation of the non-compete statute is punishable by:

- Actual damages.
- A penalty of $5,000 per affected worker or prospective worker.


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- Injunctive relief.
- Costs.
- Attorney fees.

(Colo. Rev. Stat. Ann. § 8-2-113(8).)

Effective August 7, 2024, the attorney general may recover three times the amount of any recovery or attempted recovery by an employer in violation of Colo. Rev. Stat. Ann. § 8-2-113(3)(a) regarding training repayment agreements (Colo. Rev. Stat. Ann. § 8-2-113(8)(b)).

A person who uses unlawful force, threats, or other means of intimidation to prevent any person from engaging in lawful occupation at any place the person sees fit commits a Class 2 misdemeanor (Colo. Rev. Stat. Ann. § 8-2-113(1.5)(b)).

## Industry- or Profession-Specific Statute or Regulation

### Lawyers: CO ST RPC Rule 5.6

The Colorado Rules of Professional Conduct:

- Prohibit:
  - lawyers or other licensed legal professionals from offering or making a partnership, shareholders, operating, employment, or other similar type of agreement that restricts the right of a lawyer or to practice after termination of the relationship, except for an agreement about retirement benefits; and
  - an agreement where a restriction on the lawyer's or other licensed legal professional's right to practice is part of the settlement of a client controversy.

  (CO ST RPC Rule 5.6.)
- Permit restrictions in connection with the sale of a legal practice (CO ST RPC Rule 1.17).

### Health Care Practitioners: Colo. Rev. Stat. Ann. § 8-2-113

Colorado prohibits non-compete agreements with certain health care practitioners (Colo. Rev. Stat. Ann. § 8-2-113. For more information, see Health Care Non-Compete State Law Chart: Overview.

## Common Law

Even if a non-compete agreement is not void under Colo. Rev. Stat. Ann. § 8-2-113, to be enforceable, it must be reasonable in both:

- Duration.
- Geographic scope.

(*Elec. Distribs., Inc. v. SFR, Inc.*, 166 F.3d 1074, 1086 (10th Cir. 1999) (applying Colorado law); *Nat'l Graphics Co. v. Dilley*, 681 P.2d 546, 547 (Colo. App. 1984)).

# Enforcement Considerations

**3. If courts in your jurisdiction disfavor or generally decline to enforce non-competes, please identify and briefly describe the key cases creating relevant precedent in your jurisdiction.**

With narrow exceptions, Colorado generally views non-competes as against public policy and void (*DBA Enters., Inc. v. Findlay*, 923 P.2d 298, 302 (Colo. App. 1996)). The non-competition statute expresses a strong public policy against non-compete covenants, and the few exceptions described in the statute must be narrowly construed (Colo. Rev. Stat. Ann. § 8-2-113; see *Colo. Acct. Machs., Inc. v. Mergenthaler*, 609 P.2d 1125 (Colo. App. 1980)).

In addition, violation of the non-compete statute is punishable by:

- Actual damages.
- A penalty of $5,000 per affected worker or prospective worker.
- Injunctive relief.
- Costs.
- Attorney fees.

(Colo. Rev. Stat. Ann. § 8-2-113(8).)

**4. Which party bears the burden of proof in enforcement of non-competes in your jurisdiction?**

The party seeking to enforce the covenant under Colorado law bears the burden of establishing that:

- One of the narrow exceptions applies.
- The scope of the covenant is reasonable.

(*Phoenix Cap., Inc. v. Dowell*, 176 P.3d 835, 840 (Colo. App. 2007); *Elec. Distribs., Inc.*, 166 F.3d at 1084-85 (applying Colorado law).)


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### 5. Are non-competes enforceable in your jurisdiction if the employer, rather than the employee, terminates the employment relationship?

Unless the non-compete agreement or clause specifically provides otherwise, whether an employee was terminated or departed voluntarily is irrelevant for purposes of enforcing non-compete obligations in Colorado.

## Blue Penciling Non-Competes

### 6. Do courts in your jurisdiction interpreting non-competes have the authority to modify (or "blue pencil") the terms of the restrictions and enforce them as modified?

Colorado courts have discretion to blue pencil any unreasonable terms and enforce the modified agreement (*23 Ltd. v. Herman*, 457 P.3d 754 (Colo. Ct. App. 2019; *Energex Enters., Inc. v. Anthony Doors, Inc.*, 250 F. Supp. 2d 1278, 1283 (D. Colo. 2003)). The court in *Keller Corp. v. Kelley* held that it may limit the reach of its injunction to a geographic area found to be reasonable (187 P.3d 1133, 1140 (Colo. App. 2008)). This authority is discretionary; a Colorado court is not obligated to modify an agreement (*Nat'l Graphics Co.*, 681 P.2d at 547). Accordingly, a court can decline to modify an unreasonable term and, based on the unreasonable restriction, refuse to enforce the non-compete agreement.

## Choice of Law Provisions

### 7. Will choice of law provisions contained in non-competes be honored by courts interpreting non-competes in your jurisdiction?

Non-competes entered into on or after August 10, 2022, are governed by Colorado law if, at the time of termination of employment, a worker primarily:

- Resided in Colorado.
- Worked in Colorado.

(Colo. Rev. Stat. Ann. § 8-2-113(6).)

However, the US District Court for the Northern District of Ohio, Eastern Division, declined to set aside an Ohio choice-of-law provision in a non-compete disputed by an employee that lived and worked in Colorado, finding that neither exception to § 187 of the Restatement (Second) of Conflict of Laws applied because:

- Ohio had a substantial relationship to the parties.
- Colorado did not have a materially greater interest in the determination of the issue.

(*Kinzie Advanced Polymers, LLC v. Calyx Containers, LLC*, 2025 WL 2418908, at *10 (N.D. Ohio Aug. 21, 2025).)

For non-competes entered into before August 10, 2022, contractual choice-of-law provisions are enforced in Colorado unless they are contrary to public policy. A provision might be considered contrary to public policy if:

- There is no reasonable basis for the parties' choice (in other words, neither the employee nor the employer has ties to Colorado).
- The application of the chosen forum's law would violate the policy of a state that has a greater interest in the outcome of the issue.

(*Am. Express Fin. Advisors, Inc. v. Topel*, 38 F. Supp. 2d 1233, 1238-39 (D. Colo. 1999) (applying Colorado law)).

## Reasonableness of Restrictions

### 8. What constitutes sufficient consideration in your jurisdiction to support a non-compete agreement?

Colorado non-compete covenants must be supported by consideration (*Freudenthal v. Espey*, 102 P. 280, 283-84 (Colo. 1909)).

Colorado courts have found the following to be sufficient consideration to support a contract containing a covenant not to compete:

- An offer of employment (*Knoebel Mercantile Co. v. Siders*, 439 P.2d 355, 356-57 (Colo. 1968)).
- Employees receiving employment to which they were not previously entitled (*Metro. State Fac. Fed'n v. Colorado*, 514 P.2d 784, 786 (Colo. App. 1973)).
- Continued employment for an at-will employee (*Lucht's Concrete Pumping, Inc. v. Horner*, 255 P.3d 1058, 1062-63 (Colo. 2011)).


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- Any benefit to a promisor or detriment to a promisee at the time of the contract, no matter how slight (*Lucht's*, 255 P.3d at 1062-63).

## 9. What constitutes a reasonable duration of a non-compete restriction in your jurisdiction?

Under Colorado law, a court must examine the terms and circumstances of each case to determine what is reasonable (see *Knoebel*, 439 P.2d at 358). The restrictions must:

- Be reasonable.
- Not impose undue hardship on a party.
- Be no greater than necessary to afford the required protection.

(*Knoebel*, 439 P.2d at 358-59; *Whittenberg v. Williams*, 135 P.2d 228, 229 (Colo. 1943)).

Non-compete provisions without limits are void (*Nat'l Graphics Co.*, 681 P.2d at 547). However, the Supreme Court of Colorado upheld a "perpetual" non-compete that was limited to one county (*Weber v. Nonpareil Baking Co.*, 274 P. 932, 934 (Colo. 1929)).

Although Colorado has not set a particular time period as a reasonable duration for non-competition provisions, covenant periods of up to five years have been enforced (see, for example, *Fuller v. Brough*, 411 P.2d 18 (Colo. 1966); *Flower Haven, Inc. v. Palmer*, 502 P.2d 424 (Colo. App. 1972)).

Effective August 6, 2025, for an individual who owns a minority ownership share of the business and who receives their ownership share in the business as equity compensation or otherwise in connection with services rendered, the duration of a non-compete related to the purchase and sale of a business, a direct or indirect ownership share in a business, or all or substantially all of the business assets must not exceed the number calculated by the total consideration the individual receives from the sale divided by the average annualized cash compensation the individual received from the business, including income on account of their ownership interest during the shorter of:

- The two preceding years.
- The period of time that the individual was affiliated with the business.

(Colo. Rev. Stat. Ann. § 8-2-113(3)(c).)

## 10. What constitutes a reasonable geographic non-compete restriction in your jurisdiction?

As with duration, the Colorado courts must examine the terms and circumstances of each case to determine what is a reasonable geographic non-compete restriction (see *Knoebel*, 439 P.2d at 358; *Zeff, Farrington & Assocs., Inc. v. Farrington*, 449 P.2d 813, 814 (Colo. 1969)). The geographic restrictions must:

- Be reasonable.
- Not impose undue hardship on a party.
- Be no greater than necessary to afford the required protection.

(*Whittenberg*, 135 P.2d at 229.)

Covenants without geographic limits are void (*Nat'l Graphics Co.*, 681 P.2d at 547). However, a federal court applying Colorado law held that nationwide restrictions may be reasonable (see *Doubleclick, Inc. v. Paikin*, 402 F. Supp. 2d 1251, 1259 (D. Colo. 2005)). In addition, the court may modify a non-compete to cure any unreasonable geographic restriction (*Doubleclick, Inc.*, 402 F. Supp. 2d at 1259; see Question 6).

## 11. Does your jurisdiction regard as reasonable non-competes that do not include geographic restrictions, but instead include other types of restrictions (such as customer lists)?

As with duration and geographic scope, the Colorado courts must examine the terms and circumstances of each case to determine what is reasonable (see *Knoebel*, 439 P.2d at 358; *Zeff, Farrington & Assocs., Inc.*, 449 P.2d at 814).

Any restriction:

- Must be reasonably related to the activities engaged in by the former employee.
- Cannot restrict an employee from engaging in activities unrelated to the employment.

Accordingly, the limitations must:

- Not impose an undue hardship.
- Be no greater than necessary to protect the legitimate business interests of the party in whose favor the covenant applies.


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(*Knoebel*, 439 P.2d at 358-59; see *Mgmt. Recruiters of Boulder, Inc. v. Miller*, 762 P.2d 763 (Colo. App. 1988)).

### 12. Does your jurisdiction regard as reasonable geographic restrictions (or substitutions for geographic restrictions) that are not fixed, but instead are contingent on other factors?

Under Colorado law, restrictions that were not fixed when the non-compete agreement was entered into have been held reasonable based on:

- The employee's territory during employment with the former employer.
- The scope of the employer's operations or the customers or clients with whom the employee had contact.

(*Gulick v. A. Robert Straun & Assocs., Inc.*, 477 P.2d 489 (Colo. App. 1970)).

The court in *Gulick* held an un-fixed restriction reasonable where it limited the former employee to territories where the employee established customer contacts while working for the former employer (*Gulick*, 477 P.2d at 493).

However, a geographic restriction prohibiting competition within a ten-mile radius of any of plaintiff employer's franchise locations was held unreasonable, and it was modified to prevent former employees from competing within ten miles of the single location of the franchise where the former employee worked (*Rocky Mountain Chocolate Factory, Inc. v. SDMS, Inc.*, 2006 WL 8251823, at *4 (D. Colo. Nov. 30, 2007) (applying Colorado law)).

### 13. If there is any other important legal precedent in the area of non-compete enforcement in your jurisdiction not otherwise addressed in this survey, please identify and briefly describe the relevant cases.

Under Colorado law, it is a class 2 misdemeanor for a person or employer to prevent any person from engaging in any lawful profession at any place the person sees fit by using:

- Force.
- Threats.
- Other means of intimidation.

(Colo. Rev. Stat. Ann. § 8-2-113(1.5).)

## Remedies

### 14. What remedies are available to employers enforcing non-competes?

Colorado's non-compete statute does not contain any language regarding the remedies for breach of a non-compete (Colo. Rev. Stat. Ann. § 8-2-113).

Although contract damages may be awarded, the most common remedy for enforcing non-compete covenants in Colorado is injunctive relief. Whether to grant injunctive relief is within the discretion of the trial court (see *Gold Messenger, Inc. v. McGuay*, 937 P.2d 907, 909 (Colo. App. 1997)). However, a court may not grant injunctive relief beyond the time period set in the agreement (see *Atmel Corp. v. Vitesse Semiconductor Corp.*, 30 P.3d 789, 796 (Colo. App. 2001), abrogated on other grounds by *Ingold v. AIMCO/Bluffs, L.L.C. Apartments*, 159 P.3d 116 (Colo. 2007)).

### 15. What must an employer show when seeking a preliminary injunction for purposes of enforcing a non-compete?

When seeking a preliminary injunction for purposes of enforcing a non-compete in Colorado, an employer must first establish that the restrictive covenant is not void under Colorado's non-compete statute by proving that it falls within one of the statutory exceptions (Colo. Rev. Stat. Ann. § 8-2-113; see *Porter Indus., Inc. v. Higgins*, 680 P.2d 1339, 1341 (Colo. App. 1984)).

Once the party seeking enforcement establishes that one of the exceptions applies, to obtain a preliminary injunction, the plaintiff must show:

- A reasonable probability of success on the merits.
- A danger of real, immediate, and irreparable injury that may be prevented by injunctive relief.
- That there is no plain, speedy, and adequate remedy at law.


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- That granting a preliminary injunction will not be of disservice to the public interest.
- That the balance of equities favors the injunction.
- That the injunction will preserve the status quo pending a trial on the merits.

(*Rathke v. MacFarlane*, 648 P.2d 648, 653-54 (Colo. 1982).)

## Other Issues

### 16. Apart from non-competes, what other agreements are used in your jurisdiction to protect confidential or trade secret information?

#### Confidentiality and Non-Disclosure Agreements

Colorado does not review confidentiality and non-disclosure agreements the same way as restrictive covenants because they "serve entirely different purposes than do agreements not to compete and must be analyzed based on those distinct purposes alone" (*Harvey Barnett, Inc. v. Shidler*, 338 F.3d 1125, 1134 (10th Cir. 2003) (quoting *Mai Basic Four, Inc. v. Basis, Inc.*, 880 F.2d 286, 288 (10th Cir. 1989))).

Colorado adheres to the principle that employees must remain:

> "free to work for whomever they wish, wherever they wish, and at whatever they wish, subject only to the prohibition against misusing plaintiff's proprietary information and the requirement that defendants assign to plaintiff any work product relating to plaintiff's business that was developed by defendants while they were employed by plaintiff or shortly thereafter."

(*Harvey Barnett, Inc.*, 338 F.3d at 1134 (quoting *Mai Basic Four*, 880 F.2d at 288)).

A confidentiality provision under Colo. Rev. Stat. Ann. § 8-2-113(3)(b) is void unless the employer satisfies the statutory notice requirements (Colo. Rev. Stat. Ann. § 8-2-113(4)).

However, where a confidentiality provision contains a non-solicitation clause, that clause can be construed as a restrictive covenant (*Saturn Sys., Inc., v. Militare*, 252 P.3d 516, 526 (Colo. App. 2011)).

#### Non-Solicitation Agreements

Colorado courts hold that non-solicitation agreements are a form of non-compete and therefore analyze them in the same manner as covenants not to compete. The court in *Phoenix Capital Inc. v. Dowell* held that agreements not to solicit customers are forms of non-compete agreements because their purpose and effect are the same: preventing former employees from working in the same business for another employer. (*Phoenix. Cap., Inc.*, 176 P.3d at 844).

Similar to non-compete agreements, a covenant not to solicit customers is enforceable if it:

- Applies to an individual who, at the time the covenant is entered and at the time it is enforced, meets a salary threshold of at least 60% of the threshold for a highly compensated worker. For 2026, 60% of the threshold amount for a highly compensated worker is equal to $78,008.40 per year.
- Is no broader than reasonably necessary to protect the employer's legitimate interest in protecting trade secrets.

(Colo. Rev. Stat. Ann. § 8-2-113(2)(d); Colorado Department of Labor and Employment, Division of Labor Standards and Statistics: 2026 PAY CALC Order.)

### 17. Is the doctrine of inevitable disclosure recognized in your jurisdiction?

Colorado has not adopted the doctrine of inevitable disclosure (see *Rivendell Forest Prods., Ltd. v. Ga-Pac. Corp.*, 824 F. Supp. 961, 968 (D. Colo. 1993) (applying Colorado law), rev'd on other grounds, 28 F.3d 1042 (10th Cir. 1994)). The court in *Rivendell* held that an employee may use general knowledge the employee learned while employed by an ex-employer.

However, courts in Colorado have found "threatened misappropriation" under the Colorado Trade Secrets Act (CTSA) and granted a preliminary injunction to prevent a former employee from working for a competitor (Colo. Rev. Stat. Ann. § 7-74-103; *Xantrex Tech. Inc. v. Advanced Energy Indus., Inc.*, 2008 WL 2185882, at *19 (D. Colo. May 23,


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2008) (applying Colorado law)). A party claiming threatened misappropriation "must establish more than the existence of generalized trade secrets and competitor's employment of the party's former employee who has knowledge of trade secrets" (*Xantrex Tech. Inc.*, 2008 WL 2185882, at *19).

Any restrictions the court may impose to restrain threatened misappropriation under the CTSA may not effectively create a non-compete restriction that would violate Colo. Rev. Stat. Ann. § 8-2-113(2) (*Engility Corp. v. Daniels*, 2016 WL 7034976, at *10 (D. Colo. Dec. 2, 2016) (applying Colorado law)).

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