

‘Say Yes To The Dress’ Designer Shares How Noncompetes Left Her ‘Financially Devastated’

Before you say “yes” to that dream job, you better read the fine print.

Noncompetes, which stop employees from starting their own businesses in the same industry and working for a competitor for a set period after the employment ends, can be devastating, says wedding dress designer Hayley Paige Gutman.

Gutman shared her testimony with a Senate economic policy subcommittee on Monday, three-and-a-half years after the start of a noncompete legal battle with her former employer, JLM Couture, and three months after the U.S. Federal Trade Commission announced a new rule banning noncompetes.

Hayley Paige. Photo by Dia Dipasupil/Getty Images for Runway Heroes

Gutman was not allowed to work in wedding dress design for five years after leaving her employer because of the noncompete.

"I could start over with a new name, I could open new social media accounts and rebuild, but I could not work in my chosen craft," Gutman said.

The FTC estimates that around one in five Americans, or about 30 million people, are under noncompetes. According to the agency, banning the agreements would add 8,500 new businesses a year and increase wages for the average employee by \$524 per year.

The noncompete ban was set to take effect starting September 4, but legal challenges could delay, or even cancel, its implementation.

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Opponents of the ban, however, say businesses could benefit from noncompetes because employees can't use what they learned to start rival companies. The agreements also help protect trade secrets and retain employees for longer periods.

In her testimony, Gutman detailed how she signed an employment contract with a noncompete clause in 2011, at the age of 25, with JLM Couture. Nine years later, JLM alleged that Gutman had violated the noncompete by using the @misshayleypage social media accounts, which had more than a million followers, to promote other companies without JLM's permission.

JLM also claimed that the company was the reason for Gutman's social media fame, and appearances on TLC's "Say Yes to the Dress" and "Say Yes To America" reality TV shows only happened because Kleinfeld Bridal, where "Say Yes to the Dress" is filmed, is one of JLM's biggest clients.

"I spent every dollar I ever earned designing wedding dresses to fight for my right to do so once again," Gutman said in her testimony, adding later, "I want to demonstrate how noncompetes operate shamelessly on a one-way highway: if we are not limiting competition among corporations, why are we limiting it among individuals?"

@sheischeval

Let a girl design a dress ?????

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Gutman and JLM ultimately reached a settlement agreement in May that gave her the rights to the “Hayley Paige” name and social media accounts. Gutman agreed to pay JLM \$263,000.

Now a small business owner, Gutman reflected on her long legal battle in a June interview with the Independent Business Podcast.

“The thing you work on works on you,” Gutman said, in response to a question about advice she would give fellow small business owners. “The obstacle is the way.”

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