A noncompete agreement is traditionally used by a company that wants to prevent its workers from joining a competitor and taking their industry knowledge with them. They’re particularly common in the tech industry, which garnered a reputation for job hopping employees during the dot-com boom.

Still, there are a few limits on competition in California. For example, employers can enforce their “trade secrets” rights, such as proprietary customer lists, when a former employee jumps to a competing business. But, by and large, the state tends to welcome employee mobility. As a result, many local employers don’t consider the agreements to be much of a hindrance in their ability to hire the top talent they need to compete.

“It has been nonenforceable in California for as long as I can remember,” said Daniel Tudo, founder of downtown L.A. tech recruiting firm Startup Tap. “I don’t think companies think about it too much.”

In general, the law allows companies such as Veloz to focus more on their efforts on hiring workers based on their skills rather than legal obligations.

Mendler, for instance, has adopted a rigorous screening process that’s designed to test applicants’ ability to code at an elite level.

“Ninety-nine percent of applicants aren’t able to pass our screening process,” he said. “We’re not looking for people who can do the basics of programming. We’re looking for people who deeply and thoroughly understand computer science.”

Conducting that vetting process is hard enough, he said, noting that it helps to recruit the select few people when he doesn’t have to worry about noncompete agreements.

Bennet Kelley, founder of Internet Law Center in Santa Monica, said emerging companies, especially in Silicon Beach, clearly benefit from the state’s lack of enforcement on noncompete agreements. But at the same time, it might set a dangerous precedent if out-of-state employers become unable to enforce contracts that abide by the laws of their home state.

“California is free to regulate this man once he comes to California from another place,” Kelley said. “But I don’t know if it necessarily should be a safe haven for people to defy other state’s laws. That’s the troubling aspect of it.”

The issue — where California has become sort of a safe place for fugitives from certain contracts — Kelley added, is one he expects will be closely watched.

But Gallegos’ case could set a precedent, she said, because no court in the state has published an opinion on the choice-of-law topic as it pertains to noncompete agreements.

That means the outcomes in similar cases from the past don’t necessarily have any bearing on future claims brought in court.

“If I was an employer, I would want to know that I could recruit my competitor’s people,” Gallegos said.

Yet despite the Court of Appeals’ decision, which Gallegos expects will come early next year, she said it’s important for employers in California to remember that noncompete agreements may still be enforced in other states.

“They have always been pro competition,” she said. “It wants to encourage employee mobility and it wants to allow California employers to hire the best talent in the world ... but sometimes it’s a race to the courthouse.”

Investment: Billionaire Stands Up for Standing Out

Chernick started Candle at the age of 26, decades before the emergence of Silicon Beach, a thriving ecosystem of startups, accelerators and venture capital firms. While he was able to bootstrap the company and build it up without any outside capital, Chernick acknowledged that’s a far more difficult prospect these days.

“It’s different,” he said. “There’s so many exciting opportunities that people are working on with incredible creativity. There’s a new incredible app every day, but one of the challenges for people my age is the issue of marketing. Breaking through the noise is really limited.

But with the exposure and educational tools offered by NextGen, Chernick wants to make it easier for startups to get discovered by potential business partners and financial backers.

“We want to explore how the new era of crowdfunding can spark a new economy,” he said. “We want to help educate and connect both investors and small businesses.