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DIGEST

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SB 345 Reengrossed

2020 Regular Session

Johns

Present law provides that except as provided by law, every contract or agreement by which anyone is restrained from exercising a lawful profession, trade, or business of any kind shall be null and void.

Present law provides that upon or in anticipation of the dissolution of a partnership, the partnership and the partners may agree that none of the partners will carry on a similar business within a specific area and for a specified period of time.

Proposed law adds that the agreement can restrain the partners from engaging in a similar business within a specific area and for a specified period of time.

Present law provides that a franchise may enter into a contract that requires the franchisee to refrain from competing with certain persons or engaging in any other business similar to the franchise for a specified period of time.

Proposed law adds that the contract can restrain the franchisee from carrying on any other business similar to the franchise.

Present law allows a corporation, partnership, and a limited liability company to agree that its shareholders, partners, or members will refrain from carrying on or engaging in a business similar to that of their business within a specific area and for a specified period of time after the date the shareholder, partner, or member's relationship with the business entity ends.

Present law provides that a person who becomes employed by a competing business, regardless of whether or not that person is an owner or equity interest holder of that competing business, may be deemed to be carrying on or engaging in a business similar to that of the party having a contractual right to prevent that person from competing.

Proposed law extends the application of present law to a corporation, partnership, limited liability, and franchise.

Effective August 1, 2020.

(Amends R.S. 23:921(D), (E), and (F)(1)(b) and (c))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Commerce to the reengrossed bill:

1. Make technical changes.