

2024 Regular Session

SENATE BILL NO. 165

BY SENATOR MCMATH

CONTRACTS. Provides relative to noncompetition agreements. (8/1/24)

1 AN ACT

2 To amend and reenact R.S. 23:921(A)(1), (B), (G)(1), (J), (K), and (L), relative to
3 noncompetition agreements; to provide relative to contracts and agreements
4 restraining business; to provide relative to exceptions to prohibitions to the contracts
5 and agreements; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 23:921(A)(1), (B), (G)(1), (J), (K), and (L) are hereby amended and
8 reenacted to read as follows:

9 §921. Restraint of business prohibited; restraint on forum prohibited; competing
10 business; contracts against engaging in; provisions for

11 A.(1) Every contract or agreement, or provision thereof, by which anyone is
12 restrained from exercising a lawful profession, trade, or business of any kind, except
13 as provided in this Section, shall be null and void. ~~However, every~~ **Any** contract or
14 agreement, or provision thereof, which meets the exceptions as provided in this
15 Section, shall be enforceable.

16 * * *

17 B. Any person, including a corporation and the individual shareholders of

1 such corporation, who sells the goodwill of a business may agree with the buyer that
2 the seller or other interested party in the transaction, ~~will~~ **shall** refrain from carrying
3 on or engaging in a business similar to the business being sold or from soliciting
4 customers of the business being sold within a specified parish or parishes, or
5 municipality or municipalities, or parts thereof, so long as the buyer, or any person
6 deriving title to the goodwill from him, carries on a like business therein, not to
7 exceed a period of two years from the date of sale.

8 * * *

9 G.(1) An employee may at any time enter into an agreement with his
10 employer that, for a period not to exceed two years from the date of the termination
11 of employment, he ~~will~~ **shall** refrain from engaging in any work or activity to design,
12 write, modify, or implement any computer program that directly competes with any
13 confidential computer program owned, licensed, or marketed by the employer, and
14 to which the employee had direct access during the term of his employment or
15 services.

16 * * *

17 J. A corporation and the individual shareholders of such corporation may
18 agree that such shareholders ~~will~~ **shall** refrain from carrying on or engaging in a
19 business similar to that of the corporation and from soliciting customers of the
20 corporation within a specified parish or parishes, municipality or municipalities, or
21 parts thereof, for as long as the corporation carries on a similar business therein, not
22 to exceed a period of two years from the date such shareholder ceases to be a
23 shareholder of the corporation. A violation of this Subsection shall be enforceable
24 in accordance with Subsection H of this Section.

25 K. A partnership and the individual partners of such partnership may agree
26 that such partners ~~will~~ **shall** refrain from carrying on or engaging in a business
27 similar to that of the partnership and from soliciting customers of the partnership
28 within a specified parish or parishes, municipality or municipalities, or parts thereof,
29 for as long as the partnership carries on a similar business therein, not to exceed a

1 period of two years from the date such partner ceases to be a partner. A violation of
2 this Subsection shall be enforceable in accordance with Subsection H of this Section.

3 L. A limited liability company and the individual members of such limited
4 liability company may agree that such members ~~will~~ **shall** refrain from carrying on
5 or engaging in a business similar to that of the limited liability company and from
6 soliciting customers of the limited liability company within a specified parish or
7 parishes, municipality or municipalities, or parts thereof, for as long as the limited
8 liability company carries on a similar business therein, not to exceed a period of two
9 years from the date such member ceases to be a member. A violation of this
10 Subsection shall be enforceable in accordance with Subsection H of this Section

The original instrument and the following digest, which constitutes no part
of the legislative instrument, were prepared by Amanda Trapp.

DIGEST

SB 165 Original 2024 Regular Session McMath

Present law provides that 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 for exceptions from present law provided that any exemption does not exceed a period of two years.

Proposed law retains present law and makes technical changes.

Effective August 1, 2024.

(Amends R.S. 23:921(A)(1), (B), (G)(1), (J), (K), and (L))