

By: Senator(s) Michel

To: Business and Financial  
Institutions; Judiciary

SENATE BILL NO. 2549

1 AN ACT TO PLACE A STATUTORY LIMITATION OF 2 YEARS ON  
2 NONCOMPETITION AGREEMENTS BETWEEN EMPLOYERS AND EMPLOYEES,  
3 PARTNERS AND CORPORATIONS; AND FOR RELATED PURPOSES.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

5 **SECTION 1.** (1) Any person, including a corporation and the  
6 individual shareholders of such corporation, who is employed as an  
7 agent, servant or employee may agree with his employer to refrain  
8 from carrying on or engaging in a business similar to that of the  
9 employer and/or from soliciting customers of the employer within a  
10 specified county or counties, municipality or municipalities, or  
11 parts thereof, so long as the employer carried on a like business  
12 therein, not to exceed a period of two (2) years from termination  
13 of employment. An independent contractor, whose work is performed  
14 pursuant to a written contract, may enter into an agreement to  
15 refrain form carrying on or engaging in a business similar to the  
16 business of the person with whom the independent contractor has  
17 contracted, on the same basis as if the independent contractor  
18 were an employee, for a period not to exceed two (2) years from  
19 the date of the last work performed under the written contract.

20 (2) Upon or in anticipation of a dissolution of the  
21 partnership, the partnership and the individual partners,  
22 including a corporation and the individual shareholders if the  
23 corporation is a partner, may agree that none of the partners will  
24 carry on a similar business within the same county or counties, or  
25 municipality or municipalities, or within specified parts thereof,  
26 where the partnership business has been transacted, not to exceed  
27 a period of two (2) years from the date of dissolution.



28           (3) Any person, including a corporation and the individual  
29 shareholders of such corporation, who sells the goodwill of a  
30 business may agree with the buyer that the seller will refrain  
31 from carrying on or engaging in a business similar to the business  
32 being sold or from soliciting customers of the business being sold  
33 within a county or counties, or municipality or municipalities, or  
34 parts thereof, so long as the buyer, or any person deriving title  
35 to the goodwill from him, carries on a like business therein, not  
36 to exceed a period of two (2) years from the date of sale.

37           (4) Parties to a franchise may agree that:

38                 (a) The franchisor shall refrain from selling,  
39 distributing or granting additional franchises to sell or  
40 distribute, within defined geographic territory, those products or  
41 services which are the subject of the franchise.

42                 (b) The franchisee shall:

43                         (i) During the term of the franchise, refrain from  
44 competing with the franchisor or other franchisees of the  
45 franchisor or engaging in any other business similar to that which  
46 is the subject of the franchise.

47                         (ii) For a period not to exceed two (2) years  
48 following severance of the franchise relationship, refrain from  
49 engaging in any other business similar to that which is the  
50 subject of the franchise and from competing with or soliciting the  
51 customers of the franchisor or other franchisees of the  
52 franchisor.

53           (5) Any agreement covered by this section shall be  
54 considered an obligation not to do, and failure to perform may  
55 entitle the obligee to recover damages for the loss sustained and  
56 the profit of which he has been deprived. In addition, upon proof  
57 of the obligor's failure to perform, and without the necessity of  
58 proving irreparable injury, a court of competent jurisdiction  
59 shall order injunctive relief enforcing the terms of the  
60 agreement.



61           **SECTION 2.** This act shall take effect and be in force from  
62 and after July 1, 2002.

