

Fifty-sixth  
Legislative Assembly  
of North Dakota

## HOUSE BILL NO. 1267

Introduced by

Representative Keiser

1 A BILL for an Act to amend and reenact section 9-08-06 of the North Dakota Century Code,  
2 relating to contract provisions restraining business.

3 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

4 **SECTION 1. AMENDMENT.** Section 9-08-06 of the North Dakota Century Code is  
5 amended and reenacted as follows:

6 **9-08-06. In restraint of business void - Exceptions - Remedies.**

7 1. Every contract entered after July 31, 1999, by which ~~anyone~~ any person is  
8 restrained from exercising a any lawful profession, trade, or business ~~of any kind~~ is  
9 to that extent void, except the following written contracts:

10 4. a. ~~One~~ A party who sells the goodwill of a business may agree with the ~~buyer~~  
11 purchaser to refrain from carrying on a similar business within a specified  
12 county, city, or a part of either geographical area not exceeding fifty miles  
13 [80.47 kilometers] in radius, so long as the ~~buyer~~ purchaser or any person  
14 deriving title to the goodwill ~~from him~~ carries on a like business ~~therein~~ in that  
15 county, city, or area.

16 b. A party who sells or redeems shares of stock in a business may agree with  
17 the purchaser to refrain from carrying on a similar business within a specified  
18 county, city, or geographical area not exceeding fifty miles [80.47 kilometers]  
19 in radius so long as the purchaser of the shares of stock or an entity owned by  
20 the purchaser of the shares of stock carries on a business of the corporation  
21 in which the stock was sold.

22 2. c. Partners, upon or in anticipation of a dissolution of the partnership, may agree  
23 that all or any number of ~~them~~ the partners will not carry on a similar business  
24 within the same county, city, or geographical area not exceeding fifty miles

1           [80.47 kilometers] in radius where the partnership business ~~has been~~ was  
2           transacted, or within a specified part thereof.

3           d. A partner who sells or redeems a partnership interest in a business may  
4           agree with the purchaser to refrain from carrying on a similar business within  
5           a specified county, city, or geographical area not exceeding fifty miles  
6           [80.47 kilometers] in radius so long as the purchaser or an entity owned by  
7           the purchaser carries on a like business of the partnership.

8           e. Members of a limited liability company, upon or in anticipation of a dissolution  
9           of the limited liability company, may agree that all or any number of the  
10           members will not carry on a similar business within the same county, city, or  
11           geographical area not exceeding fifty miles [80.47 kilometers] in radius where  
12           the limited liability company business was transacted.

13           f. A member who sells or redeems a limited liability company interest in a  
14           business may agree with the purchaser to refrain from carrying on a similar  
15           business within the same county, city, or geographical area not exceeding fifty  
16           miles [80.47 kilometers] in radius so long as the purchaser or an entity owned  
17           by the purchaser carries on a like business of the limited liability company.

18           g. An employee may agree with an employer at the time of initial employment or  
19           at any time during employment to refrain from soliciting, attempting to solicit,  
20           and rendering services or selling products to or for any person who was a  
21           client or customer of the employer, so long as the employer continues to  
22           provide these services or products, if the agreement applies to:

23           (1) Clients or customers of the employer during the one-year period  
24           immediately before the termination of employment;

25           (2) Services or products similar to the services or products the employer  
26           provides or sells; and

27           (3) A period not exceeding two years from the date of termination of  
28           employment.

29           2. For breach of an agreement allowed under this section, a court may award  
30           damages, including liquidated damages or injunctive relief, or both.