

Louisiana Expands Scope of Non-Compete Law to Include Partners, Shareholders and LLC Members

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Louisiana's amended non-competition statute (La. R.S. 23:921), which meaningfully expands the application of employment-related non-compete restrictions within the state, went into effect on August 1, 2020. This amendment expressly expands the reach of Louisiana non-compete law by, among other things, adding corporate shareholders, partners in partnerships, and members of limited liability companies, to the category of individuals who may be subject to employment non-competition obligations. This expansion of the law stands in stark contrast to the approach recently taken by many state legislatures across the country (e.g., [Washington](#), [Massachusetts](#), and [Maryland](#)), which have sought to narrow the categories of individuals (e.g., by age, wage, or FLSA classification) who may be subject to non-competes.

As now amended, La. R.S. 23:921 specifically identifies individual "shareholders of [a] corporation," "partners of [a] partnership," and "members of [a] limited liability company" as individuals who may also be subject to a non-compete agreement restricting them from "becom[ing] employed by" a competitive company. This amendment closes what could have been utilized as a technical loophole in non-compete enforcement, as previously a preexisting employment relationship was required in order to maintain a non-compete restriction.

Notably, the amendments to La. R.S. 23:921 do not change the general enforceability conditions for a non-compete agreement in Louisiana. Specifically, the non-compete obligation is still limited to application: (1) within a specified parish or parishes, municipality or municipalities, or parts thereof, (2) so long as the employer carries on a like business therein, and (3) may not exceed a period of two years.

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