

ENGROSSED HOUSE
BILL NO. 2659

By: Vaughn of the House

and

Snyder of the Senate

An Act relating to contracts; amending 15 O.S. 1991, Section 217, which relates to certain void provisions; authorizing competition by certain persons after termination of employment relationship; authorizing limitations upon competition by former employees; specifying enforceable limitations; providing inconsistent contractual provisions void; providing for codification; and declaring an emergency.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 15 O.S. 1991, Section 217, is amended to read as follows:

Section 217. Every contract by which any one is restrained from exercising a lawful profession, trade or business of any kind, otherwise than as provided by Sections 218 and 219 of this title, or otherwise than as provided by Section 2 of this act, is to that extent void.

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 219A of Title 15, unless there is created a duplication in numbering, reads as follows:

A. A person who makes an agreement with an employer, whether in writing or verbally, not to compete with the employer after the employment relationship has been terminated, shall be permitted to engage in the same business as that conducted by the former employer or in a similar business as that conducted by the former employer as long as the former employee does not directly solicit the sale of

goods, services or a combination of goods and services from the established customers of the former employer.

B. Any provision in a contract between an employer and an employee in conflict with the provisions of this section shall be void and unenforceable.

SECTION 3. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

Passed the House of Representatives the 8th day of March, 2000.

Speaker of the House of
Representatives

Passed the Senate the ____ day of _____, 2000.

President of the Senate