

# STATE OF NEW YORK

1278--A

2023-2024 Regular Sessions

## IN ASSEMBLY

January 13, 2023

Introduced by M. of A. JOYNER, BORES, BURDICK, SIMON, ARDILA, REYES, TAYLOR, GIBBS, LUNSFORD, WALKER -- Multi-Sponsored by -- M. of A. SEAWRIGHT -- read once and referred to the Committee on Labor -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the labor law, in relation to prohibiting non-compete agreements and certain restrictive covenants

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. The labor law is amended by adding a new section 191-d to read as follows:

§ 191-d. Non-compete agreements. 1. For the purposes of this section, the term:

(a) "non-compete agreement" means any agreement, or clause contained in any agreement, between an employer and a covered individual that prohibits or restricts such covered individual from obtaining employment, after the conclusion of employment with the employer included as a party to the agreement; and

(b) "covered individual" means any other person who, whether or not employed under a contract of employment, performs work or services for another person on such terms and conditions that they are, in relation to that other person, in a position of economic dependence on, and under an obligation to perform duties for, that other person.

2. No employer or its agent, or the officer or agent of any corporation, partnership, limited liability company, or other entity, shall seek, require, demand or accept a non-compete agreement from any covered individual.

3. Every contract by which anyone is restrained from engaging in a lawful profession, trade, or business of any kind is to that extent void. For all covered individuals, no employer or its agent, or the officer or agent of any corporation, partnership, limited liability

EXPLANATION--Matter in italics (underscored) is new; matter in brackets [-] is old law to be omitted.

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1 company, or other entity shall seek, require, demand or accept a non-  
2 compete agreement from any covered individual.

3 4. (a) A covered individual, may bring a civil action in a court of  
4 competent jurisdiction against any employer or persons alleged to have  
5 violated this section. A covered individual shall bring such action  
6 within two years of the later of: (i) when the prohibited non-compete  
7 agreement was signed; (ii) when the covered individual learns of the  
8 prohibited non-compete agreement; (iii) when the employment or contrac-  
9 tual relationship is terminated; or (iv) when the employer takes any  
10 step to enforce the non-compete agreement. The court shall have juris-  
11 isdiction to void any such non-compete agreement and to order all appro-  
12 priate relief, including enjoining the conduct of any person or employ-  
13 er; ordering payment of liquidated damages; and awarding lost  
14 compensation, damages, reasonable attorneys' fees and costs.

15 (b) For the purposes of this subdivision, liquidated damages shall be  
16 calculated as an amount not more than ten thousand dollars. The court  
17 shall award liquidated damages to every covered individual affected  
18 under this section, in addition to any other remedies permitted by this  
19 section.

20 5. Nothing in this section shall be construed or interpreted as  
21 affecting any other provision of federal, state, or local law, rule, or  
22 regulation relating to the ability of an employer to enter into an  
23 agreement with a prospective or current covered individual that estab-  
24 lishes a fixed term of service or prohibits disclosure of trade secrets,  
25 disclosure of confidential and proprietary client information, or solici-  
26 tation of clients of the employer that the covered individual learned  
27 about during employment, provided that such agreement does not otherwise  
28 restrict competition in violation of this section.

29 § 2. Severability clause. If any clause, sentence, paragraph, subdivi-  
30 sion, section or part of this act shall be adjudged by any court of  
31 competent jurisdiction to be invalid, such judgment shall not affect,  
32 impair, or invalidate the remainder thereof, but shall be confined in  
33 its operation to the clause, sentence, paragraph, subdivision, section  
34 or part thereof directly involved in the controversy in which such judg-  
35 ment shall have been rendered. It is hereby declared to be the intent of  
36 the legislature that this act would have been enacted even if such  
37 invalid provisions had not been included herein.

38 § 3. This act shall take effect on the thirtieth day after it shall  
39 have become a law and shall be applicable to contracts entered into or  
40 modified on or after such effective date.