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RESEARCH PROJECT:
Franchise Non Compete Law

- I. States explicitly addressing franchisee-franchisor noncompete agreements
 - A. Indiana, [Ind. Code §23-2-2.7-1 et seq.](#)
 1. “Sec. 1. It is unlawful for any franchise agreement entered into between any franchisor and a franchisee who is either a resident of Indiana or a nonresident who will be operating a franchise in Indiana to contain any of the following provisions: ... (9) Requiring a franchisee to covenant not to compete with the franchisor for a period longer than three (3) years or in an area greater than the exclusive area granted by the franchise agreement or, in absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.”
 2. “Sec. 4. Any franchisee who is a party to a franchise agreement entered into or renewed after July 1, 1976 which contains any provision set forth in Section 1 of this chapter or who is injured by an unfair act or practice set forth in Section 2 of this chapter may bring an action to recover damages, or reform the franchise agreement.”
 3. “Sec. 7. No action may be brought for a violation of this chapter more than two (2) years after the violation.”
 - B. Minnesota, [Minn. R. 2860.3500](#); [Minn. R. 2860.4400](#)
 1. “All franchise contracts or agreements and any other device or practice of a franchisor, shall conform to the following provisions. It shall be unfair and inequitable for any person to: ... I. enforce any unreasonable covenant not to compete after the franchise relationship ceases to exist...”
 2. Administrative rule following statute [80.C14](#), Unfair Practices
- II. California, [Cal. Bus. & Prof. Code §16600 et seq](#)
 - A. [Codifies](#) existing case law: Supreme Court of California, *Edwards v. Arthur Andersen, LLP*, 44 Cal. 4th 937 (2008)
 - B. Requires [individual notification](#) of employees with deadline
 1. [16600.1. \(b\) \(1\)](#) “For current employees, and for former employees who were employed after January 1, 2022, whose contracts include a noncompete clause, or who were required to enter a noncompete agreement, that does not satisfy an exception to this chapter, the employer

shall, by February 14, 2024, notify the employee that the non compete clause or noncompete agreement is void.”

C. Extends reach of law to agreements formed outside California

1. [16600.5. \(a\)](#) “Any contract that is void under this chapter is unenforceable regardless of where and when the contract was signed.”

III. Features common across states

A. Qualifies reasonable conditions for non compete agreements

1. Duration
2. Geographic Area
3. Scope of business activity
 - a) Examples: [Idaho](#), [Texas](#), [North Dakota](#)

B. Specific limitations on duration of non compete agreements

1. Indiana: 3 years
2. [Louisiana](#): 2 years

C. Exceptions to non compete agreements

1. Sale of goodwill of a business
2. Dissolution of a partnership
 - a) Examples: North Dakota, [Oklahoma](#)

D. Protection of trade secrets

1. Examples: Indiana, [Florida](#)