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Delaware Court Refuses to Enforce or Modify Overbroad Noncompete in *Cleveland Integrity Services v. Byers*

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In *Cleveland Integrity Services, LLC v. Byers* (Del. Ch. Feb. 28, 2025), the Delaware Court of Chancery declined to enforce a two-year non-compete agreement that it found to be geographically overbroad and refused to narrow or "blue-pencil" the provision. The decision reinforces Delaware's increasingly cautious approach to post-employment restrictions, particularly in cases where employers seek to enforce broadly drafted covenants long after a business sale.

The case involved Cleveland Integrity Services, an oil and gas pipeline inspection firm that operates within the United States. Cleveland sought to enforce restrictive covenants signed by two former executives following the 2013 sale of the company. The noncompete barred them from engaging in any competitive business anywhere in North America for up to two years after leaving Cleveland.

Although courts often afford greater leeway to restrictive covenants made in connection with a business sale, the Court found this noncompete excessive. Cleveland's operations, while involving US-based customers with international assets, are geographically rooted in the United States, and the company does not inspect pipelines abroad. As such, the Court held that Cleveland had no legitimate business interest justifying a restriction across all of North America.

No Judicial Rewriting: Court Declines to Blue-Pencil

Cleveland urged the Court to modify the agreement and enforce a narrower version, arguing that its overbreadth was merely a marginal drafting issue. The Court rejected this invitation. Vice Chancellor Zurn emphasized that Delaware courts will not routinely reform restrictive covenants to rescue employers from aggressive or imprecise drafting. Doing so, the Court explained, would incentivize overreach and introduce unnecessary uncertainty into employment agreements.

Instead, the Court reaffirmed that restrictive covenants must be enforceable as written, and that the burden rests on employers to justify both the scope and duration of such restraints. Because Cleveland had not expanded its business into Canada or Mexico since the 2013 agreement and had no current plans to do so, the Court concluded that the geographic scope of the noncompete exceeded any protectable interest.

Non-Solicit Agreement Enforced Against One Defendant

Although the noncompete failed, the Court upheld a related non-solicitation covenant against former executive Byers. Unlike the noncompete, the non-solicit did not include a geographic scope and was focused on protecting Cleveland's relationships with its employees, customers, and affiliates. The Court found this provision to be reasonably tailored and supported by legitimate business interests—particularly given Byers's leadership role and access to confidential information across the parent company and its subsidiaries.

The evidence showed that Byers had used his industry reputation and relationships to solicit Cleveland employees and customers for his competing venture, Byers & Partners. The Court granted a preliminary injunction enforcing the non-solicit for its two-year term, measured from the end of Byers's employment with Cleveland in 2024.

Key Takeaways for Employers: Tailor Scope and Avoid Overreach

The *Byers* decision adds to a growing line of Delaware cases—such as *Sunder Energy v. Jackson* and *Kodiak Building Partners v. Adams*—that reflect a shift away from routine enforcement of broadly worded restrictive covenants, even in the sale-of-business context. The Court's refusal to modify the noncompete signals that Delaware law increasingly favors clear, reasonable drafting over post hoc arguments about enforceability.

For employers, particularly those operating across multiple jurisdictions or with international customers, the message is clear: Restrictive covenants must be narrowly crafted to reflect the company's actual operations and protectable interests. Reliance on judicial modification is a risky strategy that courts are increasingly unwilling to accommodate.

This decision underscores the importance of precise drafting, strategic review of restrictive covenant language, and clear alignment between contractual terms and business realities.

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