

CONFIDENTIALITY CONTRACTS: TYPES AND MODELS

Confidentiality Contracts are intended to protect certain information that must be provided in the course of a commercial relationship, either with partners, distributors, suppliers, employees or consultants. Basically, a confidentiality contract has three functions:

- Confidentiality contracts define exactly what information can and cannot be disclosed.
- They protect sensitive technical or commercial information from disclosure to others.
- The use of confidentiality contracts can prevent the forfeiture of valuable patent rights.

CONFIDENTIAL INFORMATION

The type of information that can be included under the umbrella of confidential information is virtually unlimited. Any information that flows between the parties can be considered confidential—data, know-how, prototypes, engineering drawings, computer software, test results, tools, systems, and specifications. This list is certainly not exhaustive but does illustrate the breadth of items that can be deemed confidential.

Most confidentiality contracts exclude certain types of information from the definition of confidential information. It is very important that the recipient include these exceptions in the confidentiality contracts. Some commonly employed exceptions are information that the recipient can demonstrate that they had prior to receipt from the discloser, information that becomes known to the public through no fault of the recipient, information that becomes known to the recipient from a third party that has a lawful right to disclose the information, information that was public knowledge before the disclosure of the information to the recipient, and information independently created by the recipient.

There are different types of confidentiality contracts depending on who is the other Party with which the company makes the contract to protect the technical, commercial and financial information supplied during its commercial relations. Thus, there are confidentiality contracts with other companies, with employees, consultants, investors and also international contracts when the parties that sign the contract are located in different countries.

Below is a brief summary of each of the types of Confidentiality Contract; a link to the corresponding contract model is also provided.

CONFIDENTIALITY CONTRACT BETWEEN COMPANIES

This confidentiality contract is normally used in negotiations taking place prior to making distribution, licence, technological transfer, franchise, manufacturing, joint venture, and mergers and acquisitions agreements, and, generally speaking, for any business agreement which might entail prior exchange of confidential information. The Parties are obliged to maintain confidentiality during the negotiation process and also during a subsequent period established in the Contract. The objective of this kind of contract is to ensure that the other Party does not benefit from information received or to prevent it conveying the aforesaid information to the competition in the event of the failure in the negotiations.

[Model of Confidentiality Contract between Companies](#)

CONFIDENTIALITY CONTRACT FOR EMPLOYEES

This type of contract regulates the use that company employees must make of the confidential information which is received as a result of the work undertaken by that employee in said company. The Contract specifies the types of confidential information (both technical and commercial), the intellectual property of the work in which the employee participates, as well as the compensation for losses and damages which the employee shall be held liable for in the event of a breach of the non-disclosure covenant of the confidential information to which the Contract refers.

[Model of Confidentiality Contract for Employees](#)

CONFIDENTIALITY CONTRACT FOR NEW PRODUCT OR BUSINESS IDEA

This type of confidentiality contract is used when a person or company which has developed a new product, device, machine, service, software, business idea etc., contacts a company for the purposes of evaluating the commercial viability thereof and assess a potential collaboration contract to launch same on the market. During the evaluation process there is a need to protect the confidential information that the Disclosing Party furnishes to its potential partner.

Ensuing from the new Product or Business Idea description, specified therein is the notion as to what confidential information includes, as well as the processing which should be given by the managers and employees of the recipient company of the information. The Contract likewise regulates the exceptions as regards to what is considered confidential information, the duration of the confidentiality undertaking, as well as the compensation corresponding to the Disclosing Party and the applicable law in the event of a breach of the Contract by the recipient company of the confidential information.

[Model of Confidentiality Contract for New Product or Business Idea](#)

INTERNATIONAL CONFIDENTIALITY CONTRACT

This contract is intended to safeguard certain sensitive information (i.e. commercial or technological secrets, financial details), which may be discussed during negotiation process between companies from different countries. It is typically used in negotiations taking place prior to making distribution, technological transfer, licence, franchise, manufacturing, joint venture, mergers and acquisitions agreements, and for any other business agreement, which might require prior exchange of sensitive or confidential information.

[Model of International Confidentiality Contract](#)

In conclusion, there are several situations where a confidentiality agreement is appropriate and may be proposed. Knowing a few basic points concerning confidentiality agreements can ensure that the important purposes they serve will not be defeated by ambiguities or ignorance of the meaning of terms used in the agreement.

To obtain different models of Confidentiality Contracts click here:



- [CONFIDENTIALITY CONTRACT BETWEEN COMPANIES](#)
- [CONFIDENTIALITY CONTRACT FOR EMPLOYEES](#)
- [CONFIDENTIALITY CONTRACT FOR NEW PRODUCT OR BUSINESS IDEA](#)
- [INTERNATIONAL CONFIDENTIALITY CONTRACT](#)
- [PACK CONFIDENTIALITY CONTRACTS](#)

BUSINESS CONTRACTS & AGREEMENTS TEMPLATES

BUSINESS CONTRACTS

- Strategic Alliance Agreement
- Joint Venture Agreement
- Manufacturing Contract
- Supply Contract
- Service Provider Contract
- Consulting Services Contract

COMMERCIAL CONTRACTS

- Exclusive Distribution Contract
- Commercial Agency Contract
- Sales Representative Agreement
- Sales Commission Contract
- Real State Agent Agreement

LICENSE & FRANCHISE CONTRACTS

- Trademark License Agreement
- Technology Transfer Agreement
- Software License Agreement
- Franchise Contract
- Master Franchise Contract

CONFIDENTIALITY CONTRACTS

- Confidentiality Contract between Companies
- Confidentiality Contract for Product or Business Idea
- Confidentiality Contract for Employees
- Confidentiality Contract for Consultants and Contractors

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