

MODEL OF CONFIDENTIALITY CONTRACT FOR PRODUCT OR BUSINESS IDEA



This Confidentiality Contract for Business Idea is used when a person or company (Disclosing Party) 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. The **Contract** is normally used during the evaluation process because there is a need to protect the confidential information that the Disclosing Party furnishes to its potential partner.

CONFIDENTIALITY CONTRACT FOR PRODUCT OR BUSINESS IDEA

DATE:

BY AND BETWEEN:

Alternative A [When the Discloser is an individual and independent professional]

..... [discloser name], and individual with his main address at,
and Tax Identification Number (hereinafter referred to as the “Discloser”).

Alternative B [When the Discloser is a company]

..... [discloser company legal name] whose registered office is at
..... [address, city and country] and registration/fiscal number is
..... (hereafter referred to as the “Discloser”).

AND:

..... [company legal name], a corporation organized and existing under the laws of
..... [insert country/state] with registered address at [address, town/city
and country] and identification/tax record number (hereinafter referred to as
the “Company”).

1. PURPOSE

- Discloser is a developer of, or has licensing rights to, concepts for [describe products, machines, software, plants, games, toys, novelty items.....] for the [insert industry], and

- Discloser represents that [he/she/the company] has developed a certain concept, device or other proprietary subject matter (the “Product” or “Business Idea”), and
- The Company desires to evaluate the commercial utility of the Product or Business Idea, and
- In order to make this evaluation possible, it will be necessary for Discloser to disclose confidential information concerning the Product or Business Idea to the Company.

2. CONTRACT

NOW THEREFORE, in consideration of mutual promises hereinafter contained, and for other good and valuable consideration, the parties agree as follows:

- (a) Discloser shall make full disclosure with respect to the Product or Business Idea to managers and employees of the Company and shall submit to the Company all relevant data in connection therewith to evaluate the Product or Business Idea in order to determine its commercial utility. The Company agrees to use the Product or Business Idea and all information submitted in connection therewith for that purpose only. The Company is under no obligation to manufacture and market the Product or Business Idea, unless and until a formal written contract is entered into, and the obligations of the Company shall be only those which are set forth in any such contract.
- (b) The disclosure of the Product or Business Idea and all information incidental thereto is confidential and shall be received by the Company in confidence. The Company shall not disclose such confidential information to others and shall take reasonable steps to prevent such disclosure. The Company agrees to use the same degree of care in protecting and safeguarding the confidentiality of the concepts and information of like importance. The Company shall not be liable for inadvertent disclosure or use of the Product or Business Idea by persons who are or have been in its employ, unless the Company fails to the degree of care set forth above. Said degree of care shall in no event be less than a reasonable standard of care.

3. CONFIDENTIAL INFORMATION

For purposes of this Contract, “Confidential Information” shall include all information or material that has or could have commercial value or other utility in the business or prospective business of the Discloser, including but not limited to the Product or Business Idea. Confidential information also includes all information of which unauthorized disclosure could be detrimental to the interests of the Discloser whether or not such information is identified as Confidential Information includes but is not limited to [insert, the Business Plan, Operations Plan, etc.] for the Product or Business Idea.

.....

This is a sample of Confidentiality Contract for Product or Business Idea.

To get more information about this contract click here:



[CONFIDENTIALITY CONTRACT FOR PRODUCT OR BUSINESS IDEA](#)

USER GUIDE

Contracts drafted by the legal experts of Global Negotiator cover all relevant aspects that are negotiated and agreed in the different types of business between companies. However, when these contracts are used you should take into account some recommendations common to all of them that are described in this User Guide.

DATE

The date when the contract comes into force is the one that appears in its header, as mentioned in the final paragraphs of the contract, before signatures (This Contract comes into force on the date written above).

In some contracts -for example in the Supply Contract- the date of coming into force is also mentioned in one of the clauses. In these cases, you have to verify that the two dates inserted in the contract (in the heading and in the corresponding clause) are the same, in order to avoid discrepancies.

PARTIES

Be sure to insert in the first page of the contract the full details of the Parties:

- When a Party is a company you must insert the following information: legal name, legal form (limited, incorporated, etc.), full address, registration data and fiscal identification number.
- When a Party is an individual that works as independent professional (for example a commercial agent) you must insert the following information: full name, profession, full address and fiscal identification number.

CLAUSES

Clauses with different alternatives: choose the most favorable

In the most important clauses of each contract (exclusivity, payment terms, applicable law and competent jurisdiction, etc.) several drafting alternatives are proposed so you can choose the most appropriate to each situation. Therefore, the user before submitting the contract to the other Party must choose the alternatives that seem best suited to their interests and eliminate the rest.

Clauses with blank spaces to be completed

In several clauses of the contract blank spaces appear with dots (.....) that the user has to complete inserting text. Following the dots, between brackets, you will see the data and explanations to insert the text.

- When the text between brackets is in normal letters (the same as the contract) and separated by "," or the word "o", the user must insert one of the options suggested.

Example of blank space (.....) with options to select between brackets:

Orders handled before completion of the present Contract which produce sales transactions within [1, 2, 3, 6] months shall entitle the Agent to receive the corresponding commission. In this case, the user must choose between options 1, 2, 3 or 6 months and insert one in the blank space (.....).

- When the text between brackets is in italics the user has to insert the data and information requested and eliminate the bracketed text.

Example of blank space - (.....) to insert text:

Both parties, by mutual consent, resolve to refer any dispute to the Rules of Conciliation and Arbitration of the International Chamber of Commerce by one or more arbitrators appointed in accordance with said Rules. The place of arbitration shall be [*city and country*]. In this case, the user must insert in the blank space (.....) the city and country chosen to conduct the arbitration and afterward eliminate the bracketed text [*city and country*].

Notices Clause

Sometimes it may happen that the official address of the Parties which appear at the beginning of the contract is different from which is to be used for communications between the Parties during the terms of the contract. In this case, the user should include at the end of the contract a Notices Clause.

Example of Notices Clause:

Notices. - In order to comply with their contractual obligations, the Parties establish the following address for the provision of notices related to this contract:

- Party 1 [*insert full address*].
- Party 2 [*insert full address*].

ANNEXES

The contracts incorporate some Annexes, each of them, referenced to the corresponding Clause. Annexes are drafted in commonly used formats, although the user must adapt these formats and the text inserted in them to each particular situation.

SIGNATURES

People who sign

Persons signing the contract on behalf of the company must have the authority to do so and preferably, be entitled on the basis of a power of attorney. Below the signature, in addition to the full name of the person that signs his/her position must be inserted. When one of the Parties who signs is a natural person (for example a commercial agent in an Agency Contract) obviously he or she is the person that has to sign the contract.

The laws of some countries require that contracts, to be valid, shall be signed in front of witnesses or a public notary. Therefore, before signing a contract you should be informed about the requirements that may exist in each country.

Place and date of signature

Usually, contracts are signed by both Parties on the same date and place. Nevertheless, in international contracts, due to physical distance, it is common that each of the Parties sign in different dates and places. This contract provides for both alternatives so it comes to choosing the most appropriate to each situation.

Number of copies

Usually, the Parties sign two copies of the contract, each Party retaining one of them, but can also arise the need to sign more copies. In this case, all you have to do is mention explicitly the number of copies to be signed in the paragraph that is included at the end of the contract (Both Parties declare their conformity to the present contract, which is signed in copies, each of which shall be considered an original).

GENERAL RECOMMENDATIONS

The Parties must sign all pages of the contract, including Annexes, so they are also valid. It is better to use ball point or pen (not pencil) in a color other than black (e.g.: blue); this makes it easier to distinguish an original document from a photocopy.

It is preferable (although no mandatory) to express sums of money and percentages in words and figures. Of course, the words and figures for a given amount must match exactly. You also must insert the currency in which the amounts are expressed. It is advisable to use the rules established by ISO that name each currency by three capital letters (EUR for euro, USD for dollar, GBP for sterling pound, JPY for Japanese yen, etc. - you can get the acronyms of every currency in the website www.oanda.com).

Once you have chosen the best alternatives of each clause and have completed the blank spaces you should revise the whole contract to remove remaining paragraphs and correct any errors.

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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