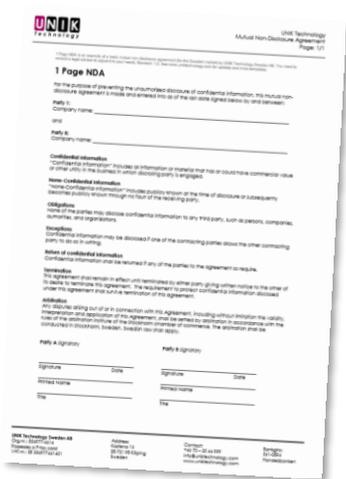


NDA

Sign non-disclosure agreements before sharing confidential information but be aware of its limitations. There is no global standard for NDAs, but most follow a pattern. Consult a legal advisor to assure it's valid for the case.



Example of a basic mutual non-disclosure agreement, found at www.unikpartner.com

Non-disclosure agreements (NDA) is a contract between parties where they want to share confidential information between themselves in a controlled way. The confidential information could be an idea or prototype.

NDAs can be directed one-way (unilateral) where only one of the parties requires the information to be protected when shared with the other. NDAs can also be two-way (mutual) where two parties require the information to be protected by the other. There are also a third called multilateral which involves several parties; this eliminates the need for separate unilateral or mutual NDAs between only two parties.

The downside of NDA is that it's hard to prove that the information handed over to a party wasn't known before signing the agreement, in case of dispute. E.g. there might be another department of a company that already has produced a prototype without the signature's knowledge upon signing.

It's also extremely hard to set how much harm a breach cost, due to that the information shared often is in an idea phase and not commercialized.

The upside of NDAs is that it's much more than nothing; it usually sets a baseline of how the parties interact – confidential information handed from the other party must be protected. *(note; some countries have a law restricting the use of confidential information, such as the Swedish law)*

The basic elements of an NDA follow:

- **The purpose** - outlining the parties of the agreement and why an agreement is needed.
- **Definition of confidential** – this part can be extensive dependent on the applicable law. The Anglo-Saxon law is more case-driven than other, meaning that all cases need to be covered, whereas Swedish law allows for the broader meaning of the definitions.
- **Definition of none-confidential** - usually includes already publicly known information (or becomes known through no fault of the receiving party).
- **Obligations** – describes how the parties are to handle the information. This could also include how the information shall be return if/when the agreement is terminated.
- **Termination** – describes how the agreement is terminated and for how long time the information shall be protected. Usually, the information is protected for about 5 years after the termination, but it can much longer.
- **Arbitration** – this part defines how to handle disputes and what law is applicable. There are several ways to handle disputes. One can go through the court system of a country, which usually takes some time or find another way to save time, such as with the help of arbitration institutes (e.g. the Stockholm chamber of commerce).

For each occasion when there is a need to share confidential information, a legal advisor should be consulted to assure that the agreement meets the needs for the specific case – there is no global standard for NDAs, but most follow the pattern described above.