



Annual Meeting 2011
DENVER OCT 23-26
Where In-house Counsel Connect



*CDAS, NDAS AND JDAS—
DOING BUSINESS AND GETTING
AND PROTECTING THE IP YOU NEED*

*PRESENTED BY THE
SMALL LAW AND IP/IT COMMITTEES*



PRESENTERS

- **Mary Delahunty**
Vice President & General Counsel
Invocon, Inc.
- **Justin Nelsen**
Managing Senior Counsel
CA Technologies
- **Bill Becker**
Sr. Director Intellectual Property
Align Technology, Inc.



AGENDA

- I. NDA PROCESS IN A SMALL LAW DEPT.
 - TECHNIQUES, FORMS, PRACTICES
- II. NDA PROCESS IN A LARGE LAW DEPT.
 - TECHNIQUES, FORMS, PRACTICES
- III. THE SUBTLE GUTS OF AN NDA
 - WHAT SHOULD BE THERE, WHAT SHOULD NOT AND WHY



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NDA PROCESS IN A SMALL LAW DEPARTMENT



Procedures

- Set up an intake form for all personnel:
 - Name and Location of other party include all contact information
 - What data will be received
 - What data will be provided
 - Purpose for having an NDA



Sample Intake Form

INTERNAL ABC COMPANY NDA QUESTIONNAIRE

Your Name _____

Date needed by: _____

Why is it needed by this date? _____

1. **Complete name** (include "Inc.", "Corporation", "Company", etc.) and **street address** (no P.O. Box) of the customer/vendor ("other party") to this NDA, UNLESS already in NDA form. (Example: XYZ International, Inc., 12345 International Way, Hometown, New Jersey 07000):

State of incorporation of other party's business (if known), or confirm with other party:

2. Describe the **customer/vendor** information (IF ANY) that is to be covered by this NDA. (Example: **technical specifications for a bicycle tire valve**):
If more than one party – list by party.

3. Describe the **Internal** information (IF ANY) that will be disclosed to the other party and is to be covered by the NDA (Example: **ABC Company tire designs**):

4. Describe the purpose for receiving/exchanging the information (what are we doing with this Company?) (Example: **The development by ABC Company of custom tires**):

5. Will any other company have to review and provide input regarding the confidential information **at any time** during the proposed period of confidentiality? This will impact drafting of the NDA with respect to the parties covered by its obligations and permissions for limited sharing of confidential information.



Coordination with other personnel

- NDA Agreements for Marketing (business discussions)
- NDA Agreements for Vendors (Purchasing Dept)
 - Vendor specific



Sample Excel Database – Low Tech

Company Name	Address	Vendor, Customer, Partner?	Effective Date	Termination Date	Reason for NDA/PIA	Subject of Nondisclosure	Confidentiality Period	Governing Law	Mutual or Non-mutual	Agreement active or expired?	End of Obligation
Circuit Board Inc.	123 Elm Street, Anytown, TX 70001	Vendor	8/25/2009	8/25/2019	To quote and perform PCB fabrication services for company.	General info	Indefinite	TX	Non-mutual	Active	Active
Customer Corp.	910 Main Street, Centerville, OH 80001	Customer	7/1/2011	7/1/2012	To discuss potential business partnering opportunities	Company:	10 years	TX	Mutual	Active	7/1/2021

Hyperlink to agreement: **CircuitBoard-NDA_20090825**



Paper Files – Lower Tech

NDA's

 C

SUBJECT	SEE ALSO	SEE
C101 – Circuit Board Inc.		
C102 – Customer Corp.		

C101

C102

Source: *File....Don't Pile* by Pat Dorff



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NDA PROCESS IN A LARGE LAW DEPARTMENT



Automating the NDA:

Tools for Document Creation

- Word Templates
- On Premise Software
- Cloud Providers



Tools for Document Storage

- Entity Specific Process
- Database/Document Storage Software



Typical Process – Company Standard NDA

- Business Client – Requester
- Contracts Management – Document Generator
- Finance/Operations – Document Signatory
- Contracts Management – Document Custodian



Typical Process – Non Standard NDA

- Business Client – Requester
- Contracts Management – Document Generator
- **Legal – Non Standard Term Drafter/Reviewer**
- Finance/Operations – Document Signatory
- Contracts Management – Document Custodian



End of Life – Termination of NDA

- Requirements
- Document Management



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THE SUBTLE GUTS OF AN NDA



CAVEATS

- THERE ARE NO “STANDARD FORMS” OR “RIGHTS” OR “WRONGS”
- IT ALL DEPENDS ON YOUR IP POSITION AND WHAT YOU WANT TO ACCOMPLISH OR PREVENT
- ANTICIPATE EVEN WHAT MAY BE UNLIKELY TO HAPPEN
- BEWARE OF WHAT HAPPENS AFTER THE NDA



One Size Does Not Fit All

NEED TO CONSIDER THE FOLLOWING:

- Who is/are the other parties?
- What is the purpose?
- Mutual/Non-mutual
- Period of Agreement
- Period of Confidentiality
- How will data be exchanged



WHAT SHOULD BE IN YOUR NDA*

- A LIMITATION IN RIGHT TO USE
- AVAILABILITY OF INJUNCTIVE RELIEF
- TREATMENT OF ARCHIVE DATA (see slide 21)
- CLEAR DEFINITION OF PERIOD OF CONFIDENTIALITY
(see slide 20)
- Choice of Forum/Venue (see slide 22)

** UNLESS YOU DON'T WANT IT TO BE THERE*



Period of Confidentiality

CONSIDERATIONS:

- Life of technology
- Whether a patent is going to be filed
- Competitive concerns
- When does period start and end
- Consider different periods for different types of CI
- Consider what you want to happen at end of the period

PRACTICE TIP:

- * Everything is negotiable.



Addressing Archived/Backup Data

Moreover, to the extent that Recipient's computer back-up or archiving procedures create copies of the Confidential Information, Recipient may retain such copies for the period it normally archives backed-up computer records so long as such copies are not readily accessible and are not used or consulted with for any purpose not permitted, which copies shall be subject to this Agreement until destroyed or no longer deemed Confidential Information.



Choice of Venue/Choice of Forum

- This Agreement shall in all respects be governed by and construed in accordance with the laws of the State of _____, without regard to its conflicts of law principles. Any dispute hereunder will be decided by the state and federal courts located in the county where the non-moving party is located based on the addresses cited herein .

Note: consider if you want one state to apply another state's law



WHAT SHOULD NOT BE IN YOUR AGREEMENT*

- LIMITATION OF LIABILITY-NO CONSEQUENTIALS
- DEFINING AS NON-CONFIDENTIAL OR AS AN EXCLUSION TO CONFIDENTIALITY OBLIGATIONS INFORMATION THAT IS REQUIRED TO BE DISCLOSED BY COURT, ETC.
 - Consider separate provision defining under what circumstances such disclosure would not violate the NDA

* *UNLESS YOU REALLY WANT IT IN*



WHAT YOU MAY OR MAY NOT WANT IN YOUR NDA

- INTEGRATION PROVISION
- PERMITTING DISCLOSURE ON NEED-TO-KNOW, IN CONFIDENCE TO CONTRACTORS
- MULTIPLE PARTY NDA (see slide 28)
- RESIDUALS PROVISION (see slide 27)
- MARKING REQUIREMENT (see slides 25 & 26)
- CLEAR DEFINITION OF “PUBLIC DOMAIN” (see slide 29)



When Data is not marked

- Legal effect?
- Practical effect
- Follow up with email or markings
- Including unmarked data in the list of proprietary information

PRACTICE TIP:

- * Make sure all data is marked.



Confidential/Proprietary Markings

Types:

- ABC Corporation Confidential Information
- ABC Corporation Proprietary (if government related)
- ABC Corporation Competition Sensitive

PRACTICE TIP:

- Include company name
- Does every page need to be marked?



Residuals

Common Residuals language:

Confidential Information shall not include Residuals where “Residuals” means any idea or information derived from Discloser’s CI and retained in the unaided memory of employees of Disclosee having rightful access to such information under this NDA

Consider better alternative:

The obligations of confidentiality under this NDA shall not apply to the general skills and experience gained under any permitted disclosure of Discloser’s CI or use of such CI under this NDA that he/she could reasonably have been expected to acquire in similar work with another company (Courtesy of “Dreadful Drafter”)



Multiple party NDAs

- Do you really need it?
- What are the practical considerations
 - Potential problems
 - How it can simplify the arrangements



“Public Domain” or Publicly Known”

- May want to define as: readily accessibly to the public in a written publication or over the internet, but does not include information only available after substantial searching or the substance of which must be pieced together from a number of different publications or publicly known **sources** (Courtesy of Dreadful Drafter)



Additional Materials

- Various forms and other materials are in the materials for this presentation. All are provided with no warranty or representation. Use at your own risk
 - These include:
 - a June, 2007 Article by John Ramsay, JD, regarding the Dreadful Drafter which is noted in 2 of the slides, reproduced with the permission of John T. Ramsay.
 - Confidentiality Agreement Analysis , reproduced with permission of **Richard C. Hsu** | Partner | **King & Spalding LLP**, <http://hsutube.com/> --the one page blog