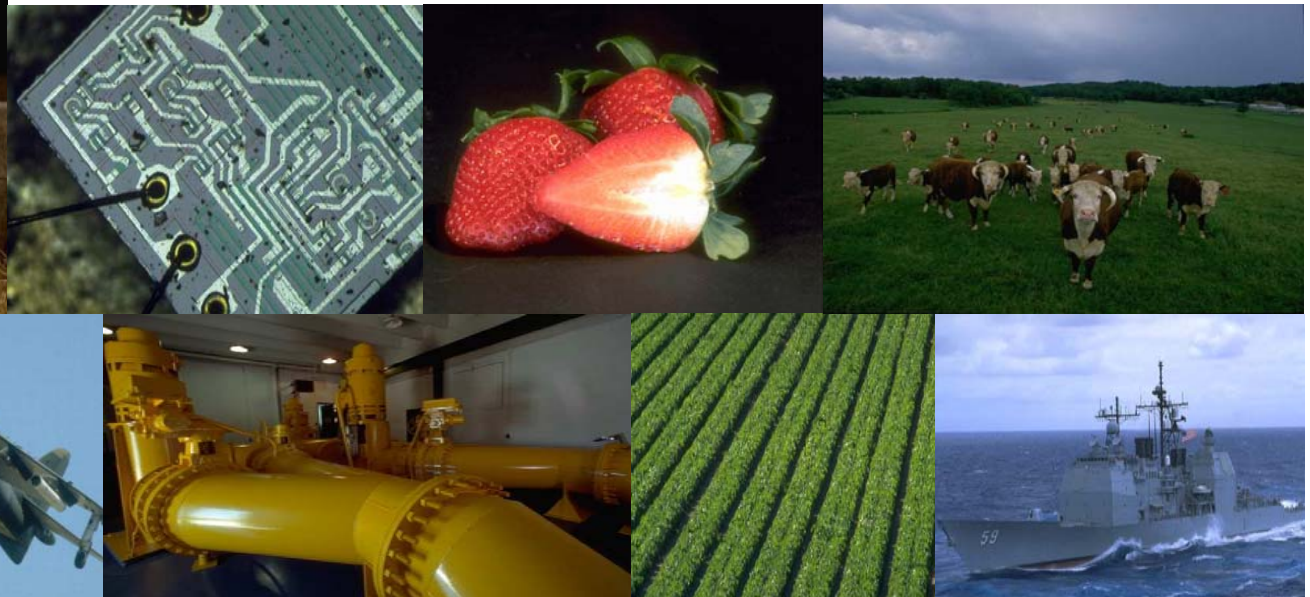


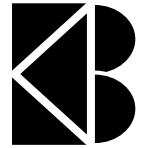
HOW TO REVIEW AND NEGOTIATE SECRECY AGREEMENTS

**THESE ARE OUR IDEAS.
LET'S KEEP IT THAT WAY!**



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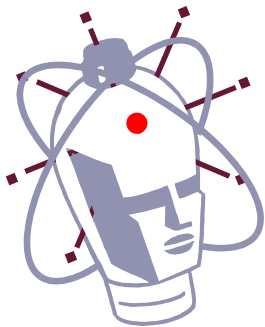




Overall Plan of Attack:

We'll also look at three case studies, Dr. Jones.

- Keep three key objectives in mind
- “Map” each CDA relationship up front*
- Follow certain strategies for review and revision*
- Living under the CDA the right way



One of these objectives is surprising to me, Dr. Smith.



Three Key Objectives

- Establish express, contractual right against other party(ies)
- Protect and preserve trade secret, patent rights
- Serves as evidence that information is a trade secret, supporting trade secret cause of action against third parties.

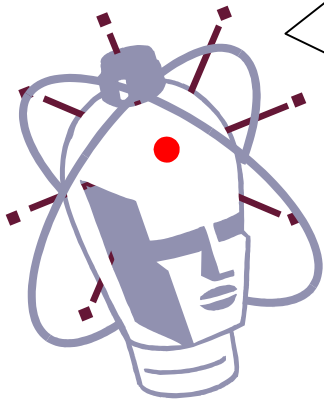
***IMPORTANT!! Expiration
puts trade secret rights at risk!!***



Up-Front: Perform some Agreement “Mapping”

What’s the purpose of this so-called “mapping?” What does it mean?

We want to make sure that our business objectives are met, and not quashed, by entering the proffered CDA. And . . .



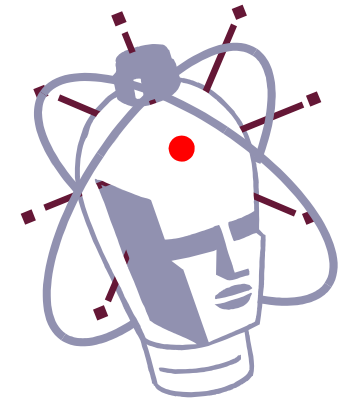
Up-Front Agreement Mapping

These are questions to ask yourself to map the agreement to your business:

- Who are the parties?
- What will be shared?
- What will each do with shared information?
- How will the parties interact? ***

Interactions include:

- Vendor, customer
- Solve problem separately or together
- Develop product/process



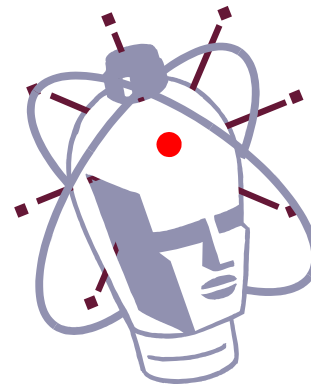
Up-Front Agreement Mapping

You're a little quiet on this slide, Dr. Smith.

- Does the scope overlap with your current university research?
- Will any third parties be involved?
- What does each party want to do in the marketplace***
- Who is on the university team? The other team?
- Do we already have a CDA?

I don't have anything to add, Dr. Jones.

That's not very lawyer-like.

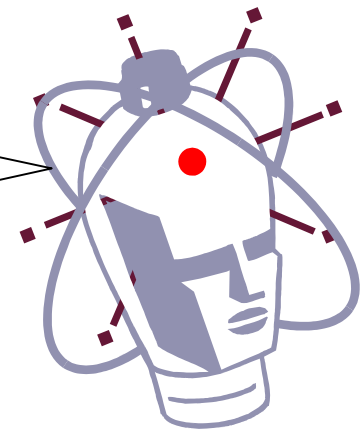


Up-Front Agreement Mapping: The Bottom-Line:

- Is a CDA even needed or desired?
- Is a CDA the right agreement?
- Do you want to favor trade secret protection or patenting in order to preserve rights?

Favoring patents or trade secrets depends upon the nature of the relationship:

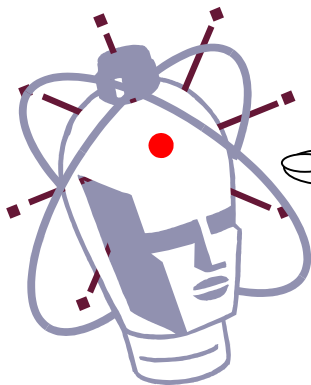
- Customer
- Supplier
- Problem solving
- Manufacturing



Strategies for Review and Revision

- Use a standard CDA form as reference
 - Inventory of mandatory clauses
 - Inventory of desirable clauses
- Clause status in proffered agreement:
 - Common (identify real differences, if any, modify)
 - New (keep, delete, modify, *update Phillips form)
 - Missing (add, omit)

Is the framework of the CDA compatible with your business objectives here and elsewhere?



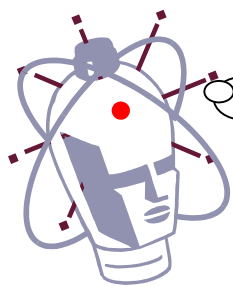
Hmm, surprisingly good point. Must be lucky.



Strategies for Review and Revision:

Essential Clauses:

- Parties
- Define C/I
- Use restrictions
- Standard of care
- Exceptions to confidentiality
- No reverse engineering
- Term of relationship and impact at end
- Term of confidentiality
- Duty to mark
- Right to exit
- Right to transfer
- No partnership etc.
- Law & venue



My side is more important. I don't think I'll tell him.



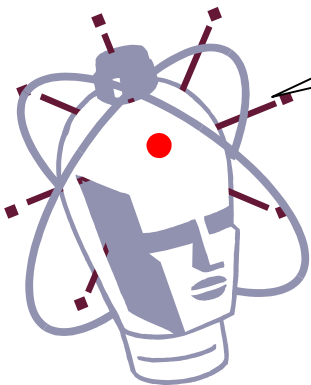
My side is bigger. I bet he's jealous.

Strategies for Review and Revision: Definition of C/I

- Broad*** or narrow?
- Scope encompasses relationship
- Multiple agreements with bigger companies tend to have narrower definitions.

Know which agreement applies to your work.

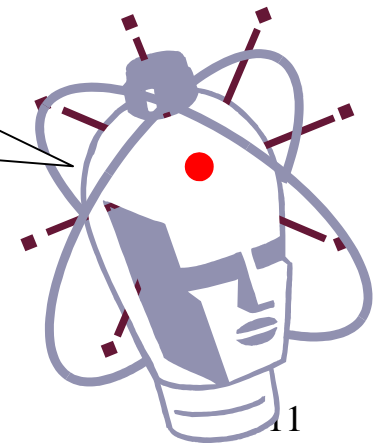
I concocted this universal definition in the lab: “Business and technical information relating to the plastics industry.” You can always use an analogous definition in your agreement.



Strategies for Review and Revision: Use restrictions

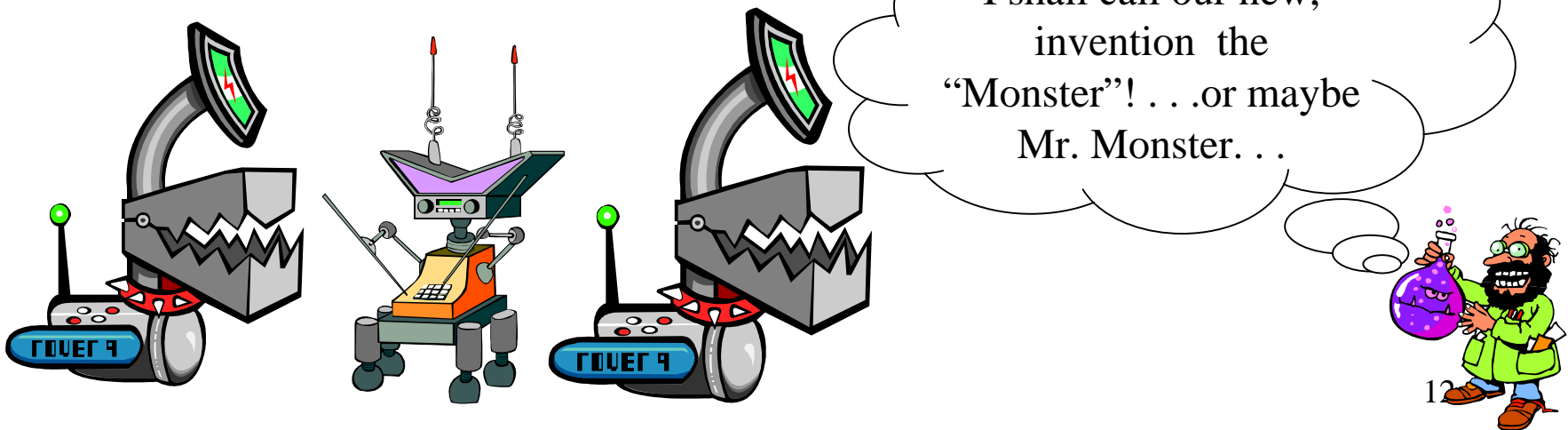
- Express authorization to use for specific purpose during term
- Current and post expiration/termination restrictions
- Negate use rights after expiration or termination
- Use restrictions survive expiration or termination

Avoid giving a royalty-free know how license that becomes effective upon termination or expiration!!



Strategies for Review and Revision: Standard of Care

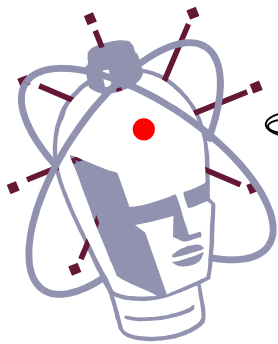
- Same care/reasonable care standard is the way to go almost always
- Avoid best, strictest, warrant, in trust standards when receiving information (two way or one way)



Strategies for Review and Revision:

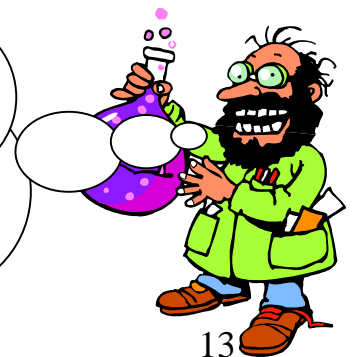
Make sure all the usual Exceptions to confidentiality appear in your agreement.

- In public domain
- Independently developed
- Given to you by another
- Government order (reporting/discovery)
- Previously known (written documentation)



These are almost never at issue.

These are so simple. I wonder if he'll try to make'em sound more complex?

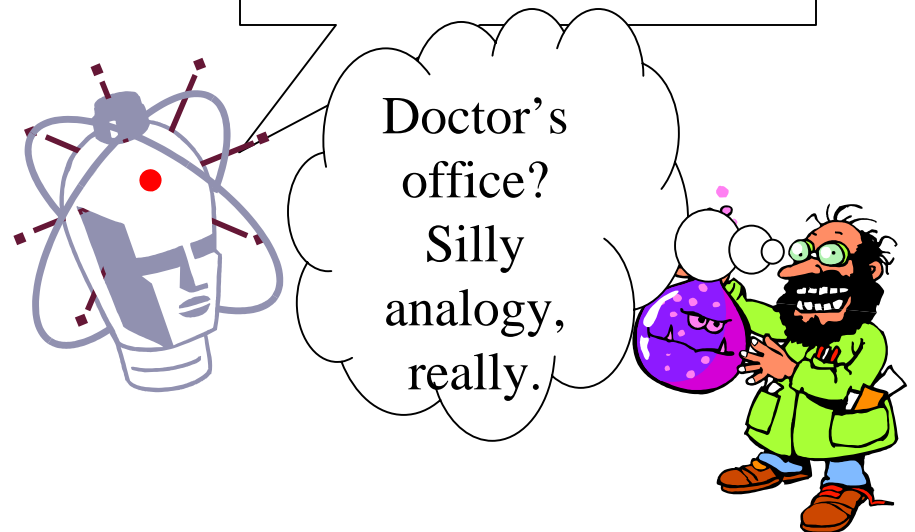


Strategies for Review and Revision:

Note that each agreement has two terms running from the get go:

- Term of relationship
- Term of confidentiality
- Analogy: 30 minutes at the doctor's office to get medicine v. the 4 weeks that you agree to take the medicine

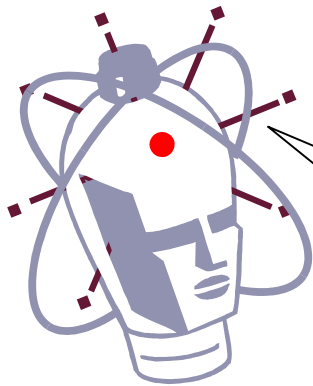
Remember to account for both termination and expiration when reviewing clauses that describe what happens when the agreement ends, or after it ends.



Strategies for Review and Revision: Term of relationship

- Express expiration, requiring affirmative act to renew
- One or two years
- Right to exit early if desired

Please confirm that
your agreement is
still in force when
you share
information!



Know when your agreement
expires!



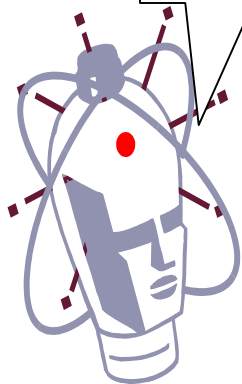
Strategies for Review and Revision:

Term of confidentiality

Favor indefinite term for long-lived, non-public information for your information, right?

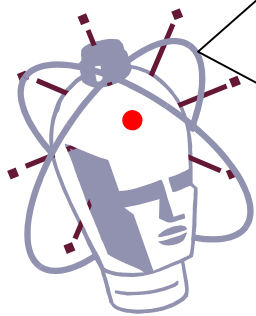
Right.

- Fixed term (2-5 years) or indefinite
- Can favor patents or trade secrets
- Trade secret rights at risk when fixed term ends
- Use restrictions at risk when fixed term ends



Strategies for Review and Revision: Law & Venue

- Often at issue
- Trade secret/contract laws vary considerably
- Your own state law for one-way out agreements
- Compromise scenarios for mutual exchanges: our venue and law for our claims; your venue and your law for your claims




Be careful specifying laws of other countries applying unless you know the penalties for a breach!

Jail? Beatings?
Death penalty?
I think I'll send
Dr. Smith.

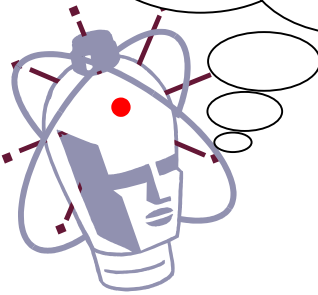


Strategies for Review and Revision: Clauses to Avoid

- Best, strictest, in trust when receiving information
- Indemnification when receiving information
- Injunctive relief when receiving information
- Ownership of IP



I hate when these happen! I bet Dr. Smith loves these.



I bet Dr. Jones loves these agreement horrors.

Living under the Agreement

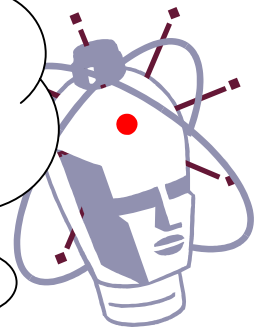
- Know your agreement
- Don't assume you have an agreement
- Document and mark your information
- Brainstorm at home.
- Not a "license" to braindump
- Centralized review
- Centralized database
- Don't attribute your sole ideas to the other side

We can do all of this!

Good to hear.

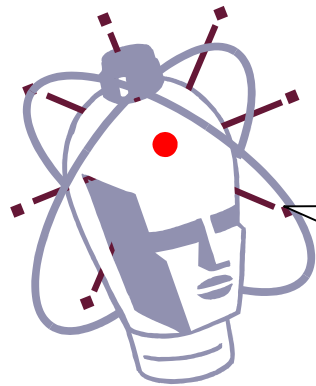
That should placate him. I'll go talk to the Dean.

That should placate him. I'll go talk to the Dean.



CDAs form the backbone of many other useful IP agreements:

- Simple know how license
- Consulting agreement
- Simple development agreement



Can we call you to help with these transformations, at least the first time?

Absolutely. Also keep an eye out for issues of first impression.



How to Review and Negotiate Secrecy Agreements



Thank you!

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