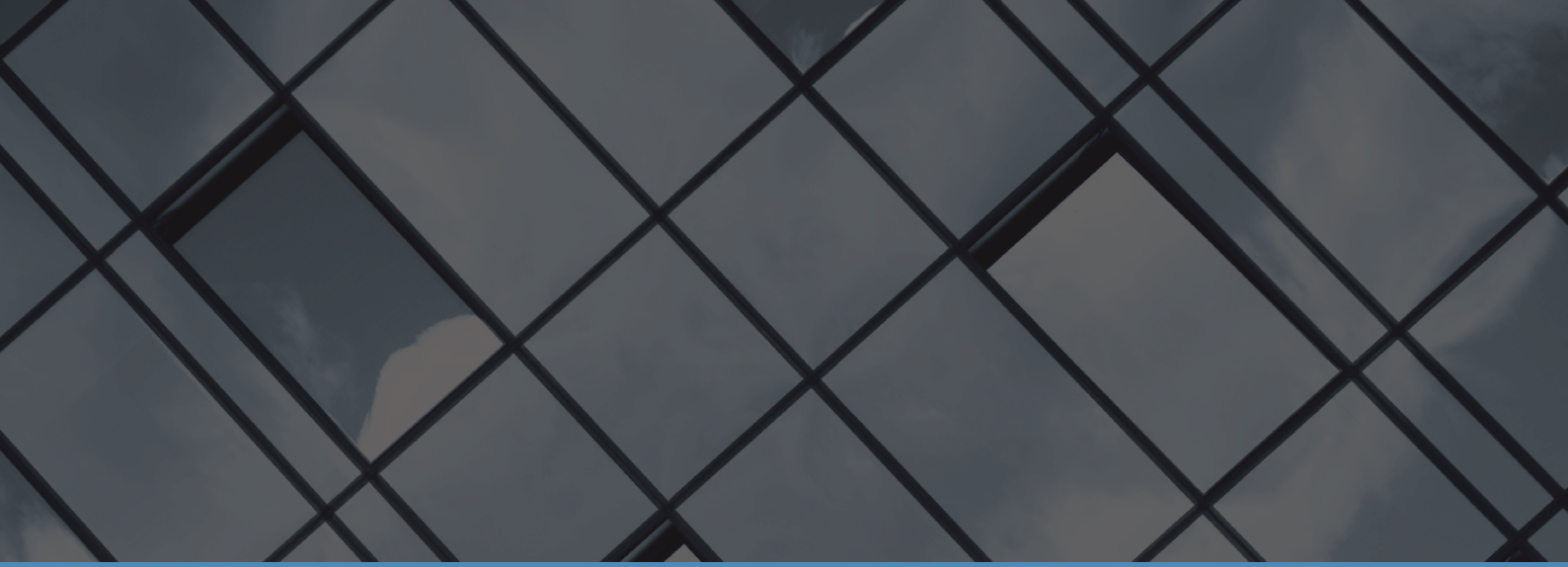

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THE PRAXISUNICO PRACTICAL GUIDES SERIES

CONFIDENTIALITY AGREEMENTS

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FOREWORD

PraxisUnico is a world-leading membership organisation for Knowledge and Technology Transfer Practitioners. PraxisUnico's mission is to develop, promote and connect an internationally recognised community of professional excellence – sharing and promoting best practice at the interface between academia and industry. PraxisUnico is led by a team of expert volunteers and is a not-for-profit organisation.

PraxisUnico is renowned around the world for its professional training courses, conferences, networking and industry engagement events. We provide consultation responses, surveys and opinion pieces on behalf of the sector, as well as information and practical tools, including this Practical Guides series.

The highly successful and popular set of Practical Guides was first produced in 2005 and funded by the UK Government. In 2014, PraxisUnico has invested its own reserves in a series of updates to the Practical Guides, to ensure that the community continues to have access to this valuable specialist resource. The updated guides have been produced in electronic format only, both for ease of use and for cost effectiveness.

This new and revised edition is a resource for Knowledge Commercialisation professionals in the UK and overseas. The set brings together, in one concise location, practical support materials for anyone dealing with commercialisation or other Knowledge Transfer contracts. Many thousands of practitioners from the UK and beyond have regularly used the guides and the draft template agreements, citing them as an invaluable source of practical information and guidance.

Acknowledgements

The PraxisUnico Practical Guides on Confidentiality Agreements, Material Transfer Agreements, Options, Licence Agreements, and General Legal Issues have been updated to take account of changes in the legal landscape that have occurred since their first publication. The updating has been carried out by Mark Anderson and his team at Anderson Law LLP: Lisa Allebone, Stephen Brett, Mario Subramaniam, and AnnMarie Humphries.

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CHAPTER 1
General introduction

In the university technology transfer sector today, as in many other business sectors whose focus is technology exploitation, it is difficult to avoid coming across confidentiality agreements, also known as non-disclosure agreements (NDAs) or confidential disclosure agreements (CDAs). From the point of view of consistency, for the purposes of this Practical Guide we will refer to them as CDAs.

The purpose of this Practical Guide is three fold:

- to provide an introduction to CDAs and their terms, including discussion of legal, practical and negotiating issues;
- to provide some suggested templates together with guidelines concerning their completion; and
- to consider and discuss some underlying issues which are problematic or of particular concern for universities.

This Practical Guide attempts to provide information that is useful for both the beginner and the more experienced research contracts or technology transfer professional. The breadth of material covered may give the misleading impression that university contracts are fraught with legal and commercial difficulties. Usually, this is not the case. But sometimes differences of expectation, practice or legal culture can arise between the parties negotiating an agreement, particularly in international transactions. The beginner may wish to focus on the earlier chapters and to use the detailed discussion that appears in later chapters as a reference source if a specific question or problem arises.

CHAPTER 2
Introduction to CDAs

What is a CDA or NDA?

CDA is an abbreviation for "confidential disclosure agreement". Sometimes the term "NDA" is used, standing for "non-disclosure agreement". Whether these names are used, or you simply refer to a "confidentiality agreement", the same type of agreement is usually envisaged.[1] For convenience and brevity they are referred to as CDAs in this Guide.

A CDA is a contract governing the disclosure of confidential information from one party to another – the disclosure may be mutual (i.e. both/all parties disclosing confidential information), or just disclosure by one party to the other.

Confidential information, in the context of this Guide, will mean information which is of value due to not being generally known. It will often comprise details of scientific research, such as chemical formulae, software development information, data arising from a research project, etc or indeed any other information in the university's possession provided it has what is known as the 'necessary quality of confidence' (see further Appendix D). Confidential information, as understood in English law, is not limited to the written or printed word and an image can also comprise confidential information.

Why do I need a CDA?

To quite a number of people in the university sector – often less experienced members of the academic staff – having to sign CDAs may at first seem rather alien, and they may feel that they would rather not ask another party to enter into a CDA, especially if they are dealing with this other party on a perceived 'friendly' basis and are hopeful of entering into what may be a long-term valuable research collaboration. This approach is unwise and, as this Guide will demonstrate, ensuring that CDAs are in place is not only absolutely necessary in many circumstances, but is generally the best way in which to protect the university's confidential information.

The benefits of having a CDA in place may, in particular cases, include the following:

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1 Occasionally, one encounters "non-disclosure agreements" in the sense of an agreement in which a party agrees that it will not disclose any confidential information to the other party, and that any information that it does disclose will not be subject to confidentiality obligations. Usually such agreements are drafted by companies that do not wish to be "tainted" by knowledge of the other party's confidential information (perhaps because they are working in a similar field and wish to avoid claims that their products benefited from the other party's information). Sometimes, such agreements allow for the disclosure of information contained in a published patent application.

- to help establish that an invention has not been publicly disclosed prior to filing a patent application;
- to help establish that any unpatented know-how that has been developed has not been publicly disclosed and can be licensed in addition to, or instead of, licensing patents.
- to establish that the recipient of the information is bound by obligations of confidentiality. Although such obligations can sometimes arise without a CDA being signed, it is generally much better to have a CDA in place. From the point of view of seeking an injunction (or other legal remedy, e.g. damages) in relation to the other party's breach, having a CDA in place is extremely helpful when seeking to convince the court of the need for such an injunction or other remedy.
- As well as providing certain legal remedies if the other party breaches the terms of your CDA, entering into a CDA has other very direct, immediate and practical benefits, such as making it very clear to the other party that the information in question is indeed confidential, and clearly identifying what this confidential information actually is, which can avoid future disputes.

In order to protect fully the university's confidential information, the CDA must be properly drafted and identify the confidential information in question and the limitations on its disclosure and use. Obviously, in order for a CDA to be workable, there is an onus on the university to actually *keep* its confidential information confidential, and efforts must be made to ensure this happens.

Can my organisation comply with a CDA?

With some types of organisation it may be queried whether they should enter into CDAs at all and, if they do, whether realistically they are fully capable of complying with the CDA's terms.

One of the main purposes of a university is to disseminate knowledge. The free exchange of information and ideas between academics is an important aspect of their career within the university. Where research is classified as 'academic research', it may be incompatible with that status for it to be kept permanently secret. Another aspect of academic life is that academics are not always inclined to obey the instructions of their employers, particularly those issued by the administrative functions such as research contracts and technology transfer departments. Even where they are willing in principle to comply, they may not always have implemented the necessary procedures to protect the confidential information against inadvertent disclosure or leakage. All universities ought to be cautious about accepting confidentiality obligations without having robust CDA management provisions in place.

Usefulness of CDAs

The practical protection given to confidential information in England and Wales under written CDAs depends on several factors, of which the top four may typically be:

a the general law of confidence under English law (see Appendix D);

b the contractual terms of the CDA (see Appendix C);

c learning of the proposed breach of confidence before it happens; and

d acting quickly enough to get an injunction to restrain public disclosure.

It is therefore clear that, when it comes to protecting commercial information, written confidentiality obligations are just one part of the overall picture. Other factors may include:

a deciding whether to disclose the information, how much to disclose and to whom;

b protecting the information by other means, including patents and copyright; and

c quickly making use of the information, e.g., by getting one's products or services onto the market ahead of one's competitors.

Who should draft the CDA?

CDAs are sometimes drafted by the disclosing party, and sometimes by the recipient.

Some organisations, when presented with a CDA to sign, respond by proposing their own favoured form of CDA, stating that this is their company's policy, or that using their own form of CDA will avoid the need for them to obtain legal advice on the externally drafted CDA. Sometimes, however, a small amount of further negotiation will be sufficient to make the organisation consider a university-drafted CDA.

Negotiation can sometimes be smoothed if a two-way CDA is proposed, even if one of the parties is not expected to contribute much in the way of confidential information.

How many pages long should the CDA be?

Most CDAs are generally two or three pages long, and for the disclosure of routine, albeit confidential information, this level of detail will generally be considered sufficient. Obviously, the more important and valuable the information, the more concerned one would usually be to cover all confidentiality issues thoroughly, resulting in a more lengthy document. The templates at the end of this Guide include both detailed CDAs and a simple one-page letter agreement.

Format of the CDA

Simple CDAs are often drafted in the form of a letter from one party to the other, which the recipient of the letter signs and returns to indicate his agreement to comply with its terms. Whether a CDA is drafted in this

format or in a conventional 'agreement' format, or even in some other format, is often just a matter of stylistic preference. For many, using a letter is perceived as a 'lighter-touch' approach; which can assist in alleviating any concerns an individual academic may have while also, and importantly, ensuring protection of the university's confidential information.

Where the CDA is to be executed as a deed, the formalities for deeds must be complied with (see the Practical Guide entitled General Legal Issues in University Contracts).

CHAPTER 3
Summary of best practice

The following points are put forward for your consideration as possible 'best practice' (on some points, readers may feel they are 'ideal practice') in relation to the preparation of CDAs.

- *Policy.* Have in place an institutional policy for CDAs, covering such matters as:
    - Whether to enter into them at all, for (a) incoming and (b) outgoing information
    - Procedures to be followed to ensure that your institution complies with the terms of incoming CDAs, including security measures, CDAs with academics and students, etc, restrictions on who may receive the information, etc.
    - Procedures to be followed to ensure that your institution protects its own confidential information, including procedures governing disclosure under CDAs (including marking documents as confidential, withholding very sensitive information, prompt patent filing, etc.)
    - Who has authority to sign the CDA for the institution?
    - Whether individual academics should [also] sign and/or approve the terms of CDAs
- *Templates.* Have in place template CDAs (one-way and two-way) ready for use in individual transactions
- *Negotiation.* Who has responsibility for negotiating the terms of CDAs? Do they have the required level of training and skill? Is any deviation from the template terms acceptable under the university's policy? Is there a procedure for referring difficult issues to a more specialist adviser (e.g. an in-house lawyer)?
- *Terms.* Have in place clear 'bottom lines' as to terms that must, or cannot, be accepted in CDAs. Possible key issues might include:
    - Law and jurisdiction (is it covered by relevant insurance policies?)
    - Must oral information be confirmed in writing? Must information be marked 'confidential'?
    - Duration of confidentiality obligations (depending on subject matter)
    - Whether warranties or indemnities can be accepted in CDAs

- Including wording to clarify that neither party is obliged to negotiate or enter into any further agreement (e.g. a research agreement or licence agreement)
- Is the institution liable if the academic breaches the terms of the CDA? Who is responsible for enforcing the obligations against the academic (disclosing party or recipient party?)

- *Monitoring*. Implementing procedures to monitor confidentiality obligations, including maintaining a database of CDAs.

CHAPTER 4

Key negotiating issues in CDAs: introduction to frequently-encountered provisions

Key terms of a typical CDA

Although the detailed terms of CDAs vary, they often include terms covering the following points:

a A description of the general subject matter of the CDA;

b A definition of "confidential information" (which may refer to documents being marked as confidential, etc);

c Obligations to keep the information confidential and to use it only for a defined purpose;

d Exceptions to the confidentiality obligations (e.g., if the information is already public knowledge);

e Conditions under which the information may be disclosed to employees and, sometimes, other persons;

f Disclosure requirements under the Freedom of Information Act 2000[2]

g Obligations to return the information and make no further use of it, in defined situations (e.g., upon request by the disclosing party);

h The duration of the confidentiality obligations; and

i Other miscellaneous provisions, including ownership of intellectual property, statements that the parties are not obliged to enter into any further agreement, and that no warranties about the information are given.

In most cases, CDAs "look" fairly similar and address the above points and a few other standard points that will be discussed in this Practical Guide. For routine disclosures of confidential information, e.g. as a preliminary to negotiating a larger agreement, the parties will usually work with their standard CDAs; reviewing the other party's CDA is likely to be a routine process, highlighting the issues that are discussed later in this chapter.

2 The legal obligations of the Freedom of Information Act 2000 apply only to public authorities which fall under its definition, which includes universities.

As with all contracts, however, the terms need to be checked carefully. It is not unknown for documents that are called CDAs to contain provisions dealing with issues that are non-standard or unrelated to confidentiality, and which will require a more critical review. Examples of such provisions may include:

j Obligations to negotiate exclusively with the other party;

k Obligations to enter into further agreement(s), e.g. a licence agreement or business sale agreement;

l Obligations on the recipient not to engage in activities that compete with the disclosing party (e.g., if the parties do not enter into a further agreement);

m Obligations on the disclosing party *not* to disclose certain of its information (e.g. the structure of a chemical compound);

n Obligations with respect to materials, which may overlap or conflict with the terms of a separate material transfer agreement that the parties may wish to execute;

o Research obligations and/or obligations to disclose the results of research or evaluation;

p Provisions governing the ownership of intellectual property; or

q Financial penalties, e.g. a "liquidated damages" clause.

Any "strange" provisions, including those described above, may need to be referred to specialist advisers. This Practical Guide will focus on the core provisions of CDAs.

What are the common areas of negotiation?

Generally, even though most terms encountered in CDAs are fairly standardised (although the precise wording may differ), many organisations seem to prefer a few variations on the standard set of clauses. The areas that differ generally include one or more of the following:

a whether information must be in writing and marked as confidential;

b the duration of the confidentiality obligations;

c the law and jurisdiction of the CDA;

d whether the recipient can retain one copy of the confidential materials in its legal files; and

e whether the obligations (and rights of disclosure) extend to affiliates of the recipient.

These topics and others are considered in further detail in Appendices C and D; the aim of this chapter is to provide an introductory overview.

Must the information be in writing, marked as confidential?

There are actually several issues here, namely:

a If information is disclosed in writing (including electronically), must it be marked as confidential?

b If is disclosed orally, must it be identified as confidential at the time of disclosure?

c If it is disclosed orally, must it be reduced to writing, marked confidential and sent to the other party within, say, 28 days of the oral disclosure?

Sometimes (particularly with CDAs drafted by US companies) the CDA requires all three of the above conditions to be met. The thinking behind such an approach is that as *recipient* of the information, it is desirable to have an exact, written record of all the confidential information that has been disclosed, so that it is clear whether the disclosing party's information has been improperly used or disclosed. Having such a record can act as a form of protection, e.g. against spurious, commercially-driven allegations of breach of confidence.

The other point of view, which in the authors' experience is held by most academics, is that the above conditions are impractical and bureaucratic (particularly item (c)), and hinder the free flow of academic discussion.

Some organisations take the less extreme position of including items (a) and (b), but not (c), in their CDAs. Sometimes, the effect of (a) and (b) is softened by including in the definition of confidential information an extra category – specifically, information which the recipient should have realised from the context was confidential (and which does not need to be specifically marked or identified as confidential), but this is sometimes considered controversial.

Whichever approach is taken, it is essential, from the disclosing party's point of view, that the agreed conditions are actually complied with. For example, there is no point agreeing that orally-disclosed information will be confirmed in writing, if this is not done in practice, perhaps because the disclosing academic ignores the terms of the CDA. See further, Appendix C.

Duration of the confidentiality obligations

Some CDAs provide that the confidentiality obligations will continue for a "standard" period of 5 years. In the authors' view, the appropriate duration should be considered for each CDA. For some types of information (e.g., financial results or business plans) a couple of years may be sufficient; for other information (e.g., manufacturing processes) a much longer period may be appropriate. The appropriate duration may also depend on the industry – some software technologies and fast-moving fields of research may be out of date fairly quickly, whilst information about the manufacture of a vaccine may have a "shelf-life" of 20 years or more. The duration clause of the CDA should be drafted accordingly. See further, Appendix C.

Law and jurisdiction

Ideally, from the point of view of a UK institution, the CDA should provide for English (or Scots or Northern Ireland) law and for the non-exclusive jurisdiction of the courts of such country. Non-exclusive, because if the other party misuses your confidential information, you may want to seek an urgent injunction in the recipient's local courts.

In international contracts, the non-UK party will usually propose their own law and jurisdiction. Various compromise solutions are used, as discussed further in the Practical Guide entitled General Legal Issues in University Contracts. Sometimes parties agree to leave the law and jurisdiction unstated in routine CDAs, particularly those where the other party is based in a major industrial country such as the USA. Such an approach is understandable from a commercial point of view, although it inevitably has associated risks, on which readers may wish to consult their legal advisers. See further, the Practical Guide entitled General Legal Issues in University Contracts.

Retaining a copy of the information in "legal" files

CDAs usually require that the information is returned to the disclosing party on request or on termination of the agreement. It is often thought desirable to make an exception, allowing one copy of the information to be retained by the recipient, perhaps in separate "legal" files, so that the recipient can be aware of what information is governed by the CDA, e.g. in case of dispute.

Disclosure to affiliates and consultants

CDAs, particularly those drafted by companies that are within a group of companies, sometimes provide that the information may be disclosed to members of the recipient's group of companies (sometimes referred to as affiliates). There is a practical issue as to whether the recipient is able to control the behaviour of its affiliates – this is more likely to be the case where the recipient is the parent company than where it is, say, the Belgian subsidiary of a French company that is in turn the subsidiary of a US corporation. Where particularly sensitive information is involved, you may wish to obtain reassurance that the recipient can ensure that its affiliates will comply, or ask for the ultimate parent company to sign the CDA as well as the direct recipient.

Similar issues may arise where the CDA allows disclosure of information to non-employees, e.g. a self-employed consultant. Where particularly sensitive information is involved, you may wish to give prior approval by your institution to any disclosure to a consultant (e.g. in case you have concerns that s/he has a conflict of interest, if advising several companies in a small market sector). Or you may wish to enter into a CDA directly with the consultant, so that your institution has a right to sue the consultant directly if s/he misuses the information. Much may depend on the sensitivity of the information. For routine disclosures of information, many organisations do not seem to focus closely on these issues.

Freedom of Information Act

The Freedom of Information Act 2000 came into effect on 1st January 2005. It requires public authorities (including most universities and their wholly-owned subsidiary companies) to disclose information in their possession in response to requests from any person. There are certain exceptions, where disclosure is not required, including where the information was obtained from another person under the terms of a binding CDA.

Some universities and their technology transfer companies now include in their standard CDAs wording that addresses their obligations under the Act. In the authors' view this is not strictly necessary, but this practice has become typical as it is considered useful to clarify what will happen if a request for disclosure is made. See further, Appendix C.

CHAPTER 5

Checklist of preliminary issues and provisions commonly found in CDAs

The checklist provided below lists points that may need to be considered as well as the main clauses and issues usually encountered in CDAs. Most are discussed further in the Appendices and another Practical Guide, particularly:

Appendix B – notes on completion of template agreements

Appendix C – in-depth discussion of commercial issues

Appendix D – special legal issues in CDAs

and the Practical Guide entitled General Legal Issues in University Contracts

PRELIMINARY	
Parties	• Should the parties be the employing institutions of the recipient and provider scientists? • Have the correct legal names and addresses been included? • Should the academics sign – as a party or to state they have "read and understood"? • Does the CDA refer to group companies being a party? Are the references appropriate? Does the signatory have authority to sign on behalf of group companies?
Authorised Signatory	• Does the CDA need to be signed by a central part of the organisation, e.g. a Research Contracts or Technology Transfer Office? • Do you need to remind the 'other side' re their authorised signatory?
Who is disclosing?	• Is it the university or the other party or both? Is a one-way or two-way CDA required?

What type of information?	• Is it to be commercial information such as business proposals or financial accounts, or scientific information such as the results of experiments or an unpublished patent application? Who should be authorising the disclosure of such information?
How sensitive is the information?	• Some types of information are more confidential than others: for example, secret chemical formulae may be more valuable as a secret than, say, some unpublished accounts that will be filed with Companies House within the next few months. Should any of this information be withheld, as being too sensitive to disclose, even under a CDA?
Advantages or disadvantages of disclosure?	• Upside? For example, will disclosure of the information enable the recipient to progress a project, e.g., to consider whether to enter into a further agreement with the disclosing party, or to provide a service to the disclosing party? • Downside? Will disclosure result in the loss of a competitive advantage, or the opportunity to file patents, or some other adverse consequence? • How do the advantages or potential advantages of disclosure compare with the disadvantages that may result, e.g., if the information is misused by the recipient or is leaked into the public domain?
DEFINITIONS	
Meaning of Confidential Information	• Can the Information be described easily in a sentence? • If there are several types/levels of Confidential Information, consider listing them in a Schedule • Check the Confidential Information listed is what the academic expects • How broad is the definition of Confidential Information. Should you attempt to narrow/broaden the definition? For example, if it is limited to information concerning a particular chemical compound, is this too narrow if discussions broaden to other compounds? • If the definition of Confidential Information includes various other confidential documents, then make sure to check relevant IP, Publication and Confidentiality clauses in those related documents. • Is the definition limited to information that is (a) in writing, (b) marked confidential, (c) if oral, confirmed in writing, etc? Are these restrictions workable?

Term	• Does the CDA specify a time period? Should it? • Is it clear whether any time period is for (a) disclosure of information under the CDA, and/or (b) maintaining the confidentiality of information, once disclosed under the CDA? • Are there any obligations (e.g. return of information) when the term ends? • Should you include termination provisions?
Meaning of Recipient	• Is the CDA drafted so that Recipient means the recipient scientist or the recipient institution – or both? • Should any changes be made so that the recipient scientist does not give personal warranties?
Meaning of Disclosing Party	• Does this definition specify the correct legal name and official address of the institution disclosing the confidential information?
OBLIGATIONS	
Non-disclosure and non-use	• Are the restrictions on disclosure too narrow or broad? • Have restrictions on use been included? • Is any permitted use focussed on future agreements between the parties? Or otherwise appropriate?
Standard exceptions	• Has "independent development" been included as an exception? Should it be included? • If disclosure to court, etc is permitted, should the disclosing party be given an opportunity to seek confidential treatment of the information by the court? • Does the university wish to include details on its obligations under the Freedom of Information Act 2000 and what is to happen if an access request is received?
Disclosure to employees etc	• Is disclosure to employees permitted? Are there any conditions on such disclosure (e.g. signature of CDA?) • Is disclosure to students, consultants, etc permitted? Is this acceptable? Conditions?

Security and safety measures by Recipient	• Does the CDA specify that information will be kept secure / in a particular location? • Is copying permitted? • Can the academic comply / have you procedures in place to ensure s/he understands the obligations?
Return of information	• Does the CDA include provisions as to the return of the confidential information? • Is the recipient permitted to retain one copy of the information in its legal files?
Intellectual Property	• Should the CDA specify who will own the Arising IP from the recipient's use of the confidential information? NB not all CDAs mention this point. • How wide is the ownership position? i.e. does it just cover inventions relating to the confidential information alone or does it extend to IP arising from the recipient's wider research project? • Are there any options or licences back to the discloser in respect of such IP?
Warranties	• Should the discloser give any warranties regarding the condition of the confidential information, e.g. that it has provided accurate information concerning its efficacy, etc? Or should all warranties be excluded? • Should the discloser warrant that the use of the confidential information by the recipient will not infringe third party IP? • Should the recipient give any warranties, e.g. that ownership of arising IP will vest in the discloser (i.e. all those working on the relevant research are employees of the recipient institution)? (Care re students/ consultants / Visiting Fellows, etc).
Liability and Indemnity	• Are any indemnities being given? If so are they (i) appropriate, and (ii) covered by your institution's insurance policies? Where your institution is giving an indemnity – should you insist on having control of any proceedings brought by a third party (against the other (indemnified) party)?
Law and Jurisdiction	• Has the law governing the CDA been stated? • Has jurisdiction also been specified (i.e. which party's courts would hear any dispute)? • Is it appropriate to specify exclusive or non-exclusive jurisdiction?

Contracts (Rights of Third Parties) Act 1999	• Is it appropriate that any third parties should be given benefits under the CDA? (Usually, parties prefer to exclude third party rights – in cases of doubt, legal advice should be sought.)
'Boilerplate' provisions	• Should any other provisions be included? e.g.: • Entire Agreement • Force Majeure • Use of institution's name and logo • Notices (may be useful if option notices should go to Research Contracts or Technology Transfer Office rather than address of legal entity)
Schedules	• Is a Schedule appropriate for either a description of the confidential information or the research? • Have the contents been agreed / checked with the academic? • Is it attached?

CHAPTER 6
Administration of CDAs

It is important to keep track of CDAs – both during the review and negotiation period and once they have been signed. This is probably best administered centrally, in order to check existing CDAs that may have already been signed with the same party, and any other agreements, for potential conflicts with the CDA under review. Once a party has decided to disclose information under a CDA then a number of administrative issues may need to be addressed, including the following.

Having a standard operating procedure (SOP)

It is extremely helpful to the person negotiating the CDA if their institution has an established written policy or written standard operating procedure (SOP) for dealing with CDAs that includes guidelines regarding particular clauses/issues. It is particularly helpful if written guidance is also issued on non-negotiable provisions as it enables the negotiator to take a more confident stance. It goes without saying that the guidance should be updated regularly and honed in light of practical issues experienced by the negotiators on a daily basis.

In addition to aiding the negotiator, having an SOP is also in the institution's interest as by setting out clear guidelines (and emphasising which clauses should be referred to more senior staff or legal advisers) the potential for errors or matters to be overlooked is reduced. An SOP might usefully include:

- A checklist of provisions that should (or should not) be included.
- Guidance on when to refer particular issues upwards.
- Reminders to enter certain details of a finalised CDA on the relevant database and to send a copy to appropriate academics.
- A list of authorised signatories and the relevant procedures for holiday cover.
- Whether or not to have a CDA questionnaire for relevant academics to complete is probably a moot point. Unlike Material Transfer Agreements, which may be quite complex and require a more structured approach to ensure that the university has not granted identical rights to rival sponsors or contaminated its own background, CDAs tend to be more straightforward. In the author's view, the essential information can probably be captured in an email, with a follow-up telephone conversation if necessary.

Getting all the essential information for a new CDA

The academic requesting or receiving the CDA holds the essential information that will enable the negotiator to understand the relevant issues and establish a position that will best protect the interests of the institution (and the academic). Even if your organisation does not use a formal questionnaire and instead elicits the information by email/phone, having a note of the relevant questions on a SOP does have the advantage that (i) the negotiator does not need to rely on memory for the appropriate questions to ask, and (ii) it saves time.

Deciding which information should be disclosed

Where a suite of confidential information is concerned, it may be safest to provide only some of the confidential information to the recipient, and withhold the most valuable, sensitive and confidential parts of the information. Or, it may be prudent to disclose the most sensitive information at a later date, e.g., when a further agreement has been signed, or when a patent application has been filed.

Deciding which information should be received

The recipient may wish to limit any disclosure to a particular category of information. For example, the recipient may require that the CDA include a definition of the subject matter that is to be covered by the CDA. By implication, all information outside this definition would not be subject to the terms of the CDA.

Possible reasons why the recipient might wish to include such a definition include those set out below.

1 Simply as an administrative matter, so that the parties know the general subject matter of their discussions and can involve appropriate people in the discussions.

2 So as to avoid receiving information in an area where the recipient has generated its own information and does not wish its development team to be 'contaminated' with the disclosing party's information. The recipient might wish to avoid arguments that the disclosing party has an interest in any subsequent development or use of the recipient's information. For example, the disclosing party might argue that he first provided some of the information that the recipient subsequently developed or, less directly, that the recipient would not have developed his own information if he had not received further valuable information (e.g., corroboration that it worked or was considered useful) from the disclosing party.

Should any of the information be subject to special security precautions?

Where particularly sensitive information is to be disclosed, additional security precautions may be thought useful, including those set out below.

1 Disclosing the information to a trusted intermediary, with strict instructions as to what the intermediary

may do with the information. For example, the intermediary might confirm to the recipient that the information includes some vital element, without disclosing the details of that vital element.

2 Disclosing the information to a named individual within the recipient's organisation, and entering into an additional CDA with that individual, specifying what s/he may do with the information (e.g., s/he may not disclose the information to anyone else within the organisation, but may advise colleagues whether certain information has been disclosed and whether it appears to be robust or complete information on the subject under discussion). This is a variation on the previous paragraph.

3 Providing copies of written information that are each individually numbered – this enables the source of any copies made to be traced, and also prohibits the making of copies.

4 Where information is provided electronically, consider providing it in a format that cannot be amended, e.g., to delete any confidentiality or ownership statements or create modified versions of the information.

5 Providing access to the information under controlled conditions, and not allowing copies of the information to be made.

6 Including particularly 'tough' provisions in the CDA – this subject is considered further below, in the discussion of the terms of CDAs.

Maintaining records and other administrative procedures

As well as signing a suitably worded CDA, it may help the disclosing party to protect his interests in his confidential information if some practical procedures are adopted, including those set out below.

1 Ensure that all information that is disclosed is prominently marked as 'confidential'. Where documents are generated electronically, this can conveniently be done by adding a header or footer to the document. Alternatively a rubber stamp should be used.

2 Where information is disclosed orally, make a note of what has been disclosed, and consider sending this note to the other party and/or try to get the other party to agree the note. This may be useful irrespective of whether the agreement requires orally disclosed information to be confirmed in writing.

3 Generally, maintain records of exactly what information has been disclosed. This is of practical importance and will also provide evidence in case litigation over the CDA is required.

4 Channel all disclosures through a nominated individual within the disclosing party's organisation. This may reduce the risk of inadvertent disclosure of other information that is not meant to be disclosed.

5 Monitor the recipient's use of the confidential information, e.g., by holding regular meetings throughout the term of the CDA to discuss what use is being made of it, and to ask for copies of any reports or results

that the recipient has generated using the confidential information. In suitable cases, it may be desirable to maintain a watching brief (or instruct others to do so) over any new products or other developments that are announced by the recipient, as well as any patent applications that it may file, with a view to establishing whether these developments may have made use of the disclosing party's confidential information.

6 Maintain a diary system to ensure that at the end of any agreed period of disclosure, the information is retrieved from the recipient.

Keeping records of disclosures, copying, etc.

Whether or not it is a requirement of the CDA that oral disclosures of information should be confirmed in writing, it is a good idea to keep a record of what information has been provided, received, copied, distributed, etc. This will generally assist an innocent party to bring or defend litigation over the CDA. The recipient may be just as concerned as the disclosing party to maintain proper records of what has been disclosed to it, if for no other reason than to avoid exaggerated claims from the disclosing party in the event of a dispute.

Appointing a coordinator

It may be desirable to appoint someone, e.g., a senior secretary or contracts officer, to make sure that a CDA has been signed prior to disclosure and to oversee the disclosure and receipt of information under the CDA. Other duties could include:

- to monitor any deadlines (e.g., the expiry date of the CDA)
- where appropriate keep a log of which employees have received the confidential information of an external party
- note any unusual provisions or where a CDA deviates from one's own standard CDA
- send a copy of the signed CDA to the relevant academic together with a covering letter highlighting any particular obligations
- record details of the CDA in a contracts database and file the original in a safe (or designated area).

Making employees and others aware of their obligations

It is good practice to ensure that employees are aware of their obligations in respect of CDAs. In order to achieve this, all third-party confidential information should be clearly identified, perhaps labelling it clearly as confidential. Any employee who receives third-party information should be informed that the information must be kept confidential and not used except as permitted under the CDA with the third party. In some cases it may be appropriate to provide a copy of that CDA to the employee.

Maintaining effective security measures

Sometimes universities can be rather casual about their treatment of confidential information. For example, it may be kept in a lockable cupboard, but the cupboard is not always locked. Or too many people have access to the key. Sometimes, materials are lost when there is an office move. It may be important to devise appropriate security procedures and then make sure, by instruction and periodic checks, that people are actually complying with the procedures.

Contracts databases

Many universities enter into large numbers of intellectual property contracts, including CDAs, with many different organisations. It can be difficult to keep track of whether, if the university wants to talk to a third party, there is already a CDA in place between them. If so, has it expired? Does it cover the type of discussions that are contemplated? Maintaining a general contracts database (or even better having a discrete database just for CDAs) which includes brief details of the terms of each CDA, and searchable fields, can be of invaluable assistance in situations such as the one outlined above.

When to involve the lawyers

Liability and indemnity provisions are probably the main areas where more specialist legal advice is sought. However, unfamiliar phrasing within any clause is often worth checking. Some institutions may have a set policy that certain non-standard CDAs are passed for a final legal review before signature. Whether or not this is the case, a legal review of a random selection of non-standard CDAs every so often may also be useful as part of a due diligence exercise (or good practice).

APPENDICES

APPENDIX A
Templates

Below are examples of:

I. A *one-way* CDA;

II. A *two-way* CDA;

III. A *three-way* CDA (for use where a university has a commercial subsidiary company and both of them enter into a CDA with an outside organisation);

IV. An example of certain *'Extra-Strong'* CDA provisions referred to earlier in this text; and

V. A simple CDA in a *letter format*.

I. *ONE-WAY* CDA

This Agreement dated _____ 20[·] is between:

(1) [**ABC Limited** ('ABC')] [a company incorporated in England and Wales] [registration number ·] [whose registered office is at ·]; and

(2) [**XYZ, Inc.** ('XYZ')] [a US corporation incorporated in the State of Delaware] [a company incorporated in [England and Wales]] whose [principal place of business][registered office] is at [·]

(together the 'Parties'; and 'Party' shall mean either one of them).

Background

The Parties wish to hold discussions in the field of · (the 'Field'). XYZ wishes to receive confidential information in the Field from ABC for the purpose of considering whether to enter into a further agreement with ABC (the 'Permitted Purpose').

The Parties agree as follows:

1. Definitions

In this Agreement, the following words shall have the following meanings:

Authorised Persons shall have the meaning given in clause 3.1.

Confidential Information shall mean:

a) in respect of Information provided in documentary form or by way of a model or in other tangible form, Information which at the time of provision is marked or otherwise designated to show expressly or by necessary implication that it is imparted in confidence; and

b) in respect of Information that is imparted orally, any information that ABC or its representatives informed XYZ at the time of disclosure was imparted in confidence; and

c) in respect of Confidential Information imparted orally, any note or record of the disclosure [and any evaluation materials prepared by XYZ that incorporate any Confidential Information]; and

d) any copy of any of the foregoing; and

e) [the fact that discussions are taking place between XYZ and ABC.]

Information shall mean information [whether of a technical, commercial or any other nature whatsoever] provided directly or indirectly by ABZ to XYZ in oral or documentary form or by way of models, biological or chemical materials or other tangible form or by demonstrations and whether before, on or after the date of this Agreement.

2. Confidentiality obligations

2.1. In consideration of ABC providing Confidential Information, at its discretion, to XYZ, XYZ shall:

2.1.1. keep the Confidential Information secret and confidential;

2.1.2. neither disclose nor permit the disclosure of any Confidential Information to any person, except for disclosure to Authorised Persons in accordance with clause 3, or to a court or other public body in accordance with clause 4;

2.1.3. not use the Confidential Information for any purpose, whether commercial or non-commercial, other than the Permitted Purpose;

2.1.4. make [no copies of the Confidential Information] [only such limited number of copies of the Confidential Information as are required for the Permitted Purpose, and provide those copies only to Authorised Persons]; and

2.1.5. take proper and all reasonable measures to ensure the confidentiality of the Confidential Information.

3. Disclosure to employees

3.1. XYZ may disclose the Confidential Information to those of its officers, employees [and professional advisers] (together, 'Authorised Persons') who:

3.1.1. reasonably need to receive the Confidential Information to enable XYZ to achieve the Permitted Purpose;

3.1.2. have been informed by XYZ (a) of the confidential nature of the Confidential Information and (b) that ABC provided the Confidential Information to XYZ subject to the provisions of a written confidentiality agreement;

3.1.3. have [written] confidentiality obligations to XYZ that (a) are no less onerous than the provisions of this Agreement and (b) apply to the Confidential Information, and who have been instructed to treat the Confidential Information as confidential;

3.1.4. [in the case of XYZ's professional advisers] [other than its solicitors], [have been provided with a copy of this Agreement and] have agreed with XYZ in writing to comply with the obligations of XYZ under this Agreement, [and that agreement provides that ABC will be entitled to enforce the agreement as a third-party beneficiary]; and

3.1.5. [in the case of XYZ's solicitors, have confirmed that they will treat the Confidential Information as if it were XYZ's confidential information and therefore subject to the rules of the Law Society concerning client information.]

3.2. XYZ shall [be responsible for taking reasonable action to] ensure that its Authorised Persons comply with XYZ's obligations under this Agreement [and shall be liable to ABC for any breach of this Agreement by such Authorised Persons].

4. Disclosure to court

4.1. To the extent that XYZ is required to disclose Confidential Information by order of a court or other public body that has jurisdiction over XYZ, it may do so. Before making such a disclosure XYZ shall, if the circumstances permit:

4.1.1. Inform ABC of the proposed disclosure as soon as possible (and if possible before the court or other public body orders the disclosure of the Confidential Information);

4.1.2. Ask the court or other public body to treat the Confidential Information as confidential; and

4.1.3. Permit ABC to make representations to the court or other public body in respect of the disclosure and/or confidential treatment of the Confidential Information.

5. Exceptions to confidentiality obligations

5.1. XYZ's obligations under clause 2 shall not apply to Confidential Information that:

5.1.1. XYZ possessed before ABC disclosed it to XYZ;

5.1.2. is or becomes publicly known, other than as a result of breach of the terms of this Agreement by XYZ or by anyone to whom XYZ disclosed it; or

5.1.3. XYZ obtains from a third party, and the third party was not under any obligation of confidentiality with respect to the Confidential Information; or

5.1.4. it can show (as demonstrated by its written records or other reasonable evidence) has been developed by any of XYZ's employees who have not had any direct or indirect access to, or use or knowledge of, the ABC's Confidential Information.]

6. Return of information and surviving obligations

6.1. Subject to clause 6.2, XYZ shall (a) at ABC's request, and also (b) upon any termination of this Agreement:

6.1.1. Either return or destroy (at ABC's option) all documents and other materials that contain any of the Confidential Information, including all copies made by XYZ representatives;

6.1.2. permanently delete all electronic copies of Confidential Information from XYZ's computer systems; and

6.1.3. provide to ABC a certificate, signed by an officer of XYZ, confirming that the obligations referred to in clauses 6.1.1 and 6.1.2 have been met.

6.2. As an exception to its obligations under clause 6.1, XYZ may retain one copy of the Confidential Information, in paper form, in XYZ's legal files for the purpose of ensuring compliance with XYZ's obligations under this Agreement.

6.3. Following the date of any termination of this Agreement, or any return of Confidential Information to ABC ('Final Date'), (a) XYZ shall make no further use of the Confidential Information, and (b) XYZ's obligations under this Agreement shall otherwise continue in force, in respect of Confidential Information disclosed prior to the Final Date, in each case [for a period of [1] [5] [10] [15] [20] years from the [date of this Agreement][Final Date]] [without limit of time].

7. General

7.1. XYZ acknowledges and agrees that all property, including intellectual property, in the Confidential Information shall remain with and be vested in ABC.

7.2. This Agreement does not include, expressly or by implication, any representations, warranties or other obligations:

7.2.1. to grant XYZ any licence or rights other than as may be expressly stated in this Agreement;

7.2.2. to require ABC to disclose, continue disclosing or update any Confidential Information;

7.2.3. to require ABC to negotiate or continue negotiating with XYZ with respect to any further agreement, and either party may withdraw from such negotiations at any time without liability; nor

7.2.4. as to the accuracy, efficacy, completeness, capabilities, safety or any other qualities whatsoever of any information or materials provided under this Agreement.

7.3. This Agreement shall be governed and construed in accordance with English law and each Party agrees to submit to the [non-]exclusive jurisdiction of the courts of England and Wales.

Agreed by the parties through their authorised signatories:

For and on behalf of	**For and on behalf of**
[Insert full legal name of ABC Limited]	**[Insert full legal name of XYZ, Inc.]**
_____	_____
Signed	Signed
_____	_____
Name	Name
_____	_____
Title	Title

II. *TWO-WAY* CDA

This Agreement dated _____ 20[●] is between:

(3) [**ABC Limited** ('ABC')] [a company incorporated in England and Wales] [registration number ·] [whose registered office is at ·]; and

(4) [**XYZ, Inc.** ('XYZ')] [a US corporation incorporated in the State of Delaware] [a company incorporated in [England and Wales]] whose [principal place of business][registered office] is at [·]

(together the 'Parties'; and 'Party' shall mean either one of them).

Background

The Parties wish to hold discussions in the field of · (the 'Field'). Each party wishes to receive confidential information in the Field from the other party for the purpose of considering whether to enter into a further agreement with the other party (the 'Permitted Purpose').

The Parties agree as follows:

1. Definitions

In this Agreement, the following words shall have the following meanings:

Authorised Persons shall have the meaning given in clause 3.1.

Confidential Information shall mean:

a) in respect of Information provided in documentary form or by way of a model or in other tangible form, Information which at the time of provision is marked or otherwise designated to show expressly or by necessary implication that it is imparted in confidence; and

b) in respect of Information that is imparted orally, any information that the Disclosing Party or its representatives informed the Receiving Party at the time of disclosure was imparted in confidence; and

c) in respect of Confidential Information imparted orally, any note or record of the disclosure [and any evaluation materials prepared by the Receiving Party that incorporate any Confidential Information]; and

d) any copy of any of the foregoing; and

e) [the fact that discussions are taking place between the Disclosing Party and the Receiving Party.]

Disclosing Party shall mean the Party to this Agreement that discloses Information, directly or indirectly to the Receiving Party under or in anticipation of this Agreement.

FOIA shall mean the Freedom of Information Act 2000 and includes any subordinate legislation made under it and any provision amending, superseding or re-enacting it (whether with or without modification).

Information shall mean information [whether of a technical, commercial or any other nature whatsoever] provided directly or indirectly by the Disclosing Party to the Receiving Party in oral or documentary form or by way of models, biological or chemical materials or other tangible form or by demonstrations and whether before, on or after the date of this Agreement.

Receiving Party shall mean the Party to this Agreement that receives Information, directly or indirectly from the Disclosing Party.

2. Confidentiality obligations

2.1. In consideration of the Disclosing Party providing Confidential Information, at its discretion, to the Receiving Party, the Receiving Party shall:

2.1.1. keep the Confidential Information secret and confidential;

2.1.2. neither disclose nor permit the disclosure of any Confidential Information to any person, except for disclosure to Authorised Persons in accordance with clause 3, or to a court or other public body in accordance with clause 4;

2.1.3. not use the Confidential Information for any purpose, whether commercial or non-commercial, other than the Permitted Purpose;

2.1.4. make [no copies of the Confidential Information] [only such limited number of copies of the Confidential Information as are required for the Permitted Purpose, and provide those copies only to Authorised Persons];] and

2.1.5. take proper and all reasonable measures to ensure the confidentiality of the Confidential Information.

3 Disclosure to employees

3.1 The Receiving Party may disclose the Confidential Information to those of its officers, employees [and professional advisers] (together, 'Authorised Persons') who:

3.1.1 reasonably need to receive the Confidential Information to enable the Receiving Party to achieve the Permitted Purpose;

3.1.2 have been informed by the Receiving Party (a) of the confidential nature of the Confidential Information and (b) that the Disclosing Party provided the Confidential Information to the Receiving Party subject to the provisions of a written confidentiality agreement;

3.1.3 have written confidentiality obligations to the Receiving Party that (a) are no less onerous than the provisions of this Agreement and (b) apply to the Confidential Information, and who have been instructed to treat the Confidential Information as confidential;

3.1.4 [in the case of the Receiving Party's professional advisers] [other than its solicitors], [have been provided with a copy of this Agreement and] have agreed with the Receiving Party in writing to comply with the obligations of the Receiving Party under this Agreement, [and that agreement provides that the Disclosing Party will be entitled to enforce the agreement as a third-party beneficiary]; and

3.1.5 [in the case of the Receiving Party's solicitors, have confirmed that they will treat the Confidential Information as if it were the Receiving Party's confidential information and therefore subject to the rules of the Law Society concerning client information.]

3.2 The Receiving Party shall be responsible for taking reasonable action to ensure that its

Authorised Persons comply with the Receiving Party's obligations under this Agreement and shall be liable to the Disclosing Party for any breach of this Agreement by such Authorised Persons.

4 Disclosure to court

4.1 To the extent that the Receiving Party is required to disclose Confidential Information by order of a court or other public body that has jurisdiction over the Receiving Party, it may do so. Before making such a disclosure the Receiving Party shall, if the circumstances permit:

4.1.1 inform the Disclosing Party of the proposed disclosure as soon as possible (and if possible before the court or other public body orders the disclosure of the Confidential Information);

4.1.2 ask the court or other public body to treat the Confidential Information as confidential; and

4.1.3 permit the Disclosing Party to make representations to the court or other public body in respect of the disclosure and/or confidential treatment of the Confidential Information.

5 Exceptions to confidentiality obligations

5.1 The Receiving Party's obligations under clause 2 shall not apply to Confidential Information that:

5.1.1 the Receiving Party possessed before the Disclosing Party disclosed it to the Receiving Party;

5.1.2 is or becomes publicly known, other than as a result of breach of the terms of this Agreement by the Receiving Party or by anyone to whom the Receiving Party disclosed it; or

5.1.3 the Receiving Party obtains from a third-party, and the third-party was not under any obligation of confidentiality with respect to the Confidential Information; or

5.1.4 it can show (as demonstrated by its written records or other reasonable evidence) has been developed by any of the Receiving Party's employees who have not had any direct or indirect access to, or use or knowledge of, the Disclosing Party's Confidential Information.

6 [Freedom of Information

6.1 XYZ acknowledges that ABC is subject to the FOIA and the codes of practice issued under the FOIA as may be amended, updated or replaced from time to time.

6.2 XYZ acknowledges and agrees that:

6.2.1 subject to clauses 6.2.2 and 6.3, the decision on whether any exemption applies to a request for disclosure of recorded information under the FOIA is a decision solely for ABC; and

6.2.2 if ABC is processing a request under the FOIA to disclose any Confidential Information then XYZ shall co-operate with ABC, at ABC's cost and expense, and shall use reasonable efforts to respond within ten (10) working days of ABC's request for assistance in determining whether an exemption to the FOIA applies.

6.3 If ABC determines, in its sole discretion, that it will disclose any of XYZ's Confidential Information, it shall use reasonable efforts to notify XYZ in writing prior to any such disclosure. In any event, ABC shall not disclose any Confidential Information which falls within any of the exemptions of the FOIA[and will consult with XYZ to decide how best to respond to any FOIA request before any response is made.]

7 Return of information and surviving obligations

7.1 Subject to clause 7.2, the Receiving Party shall (a) at the Disclosing Party's request, and also (b) upon any termination of this Agreement:

7.1.1 either return to the Disclosing Party or destroy (at the Disclosing Party's option) all documents and other materials that contain any of the Confidential Information, including all copies made by the Receiving Party representatives;

7.1.2 permanently delete all electronic copies of Confidential Information from the Receiving Party's computer systems; and

7.1.3 provide to the Disclosing Party a certificate, signed by an officer of the Receiving Party, confirming that the obligations referred to in clauses 7.1.1 and 7.1.2 have been met.

7.2 As an exception to its obligations under clause 7.1, the Receiving Party may retain one copy of the Confidential Information, in paper form, in the Receiving Party's legal files for the purpose of ensuring compliance with the Receiving Party's obligations under this Agreement.

7.3 Following the date of any termination of this Agreement, or any return of Confidential Information to the Disclosing Party ('Final Date'), (a) the Receiving Party shall make no further use of the Confidential Information, and (b) the Receiving Party's obligations under this Agreement shall otherwise continue in force, in respect of Confidential Information disclosed prior to the Final Date, in each case [for a period of [1] [5] [10] [15] [20] years from the [date of this Agreement][Final Date]] [without limit of time].

8 General

8.1 The Receiving Party acknowledges and agrees that all property, including intellectual property, in Confidential Information disclosed to it by the Disclosing Party shall remain with and be vested in the Disclosing Party.

8.2 This Agreement does not include, expressly or by implication, any representations, warranties or other obligations:

8.2.1 to grant the Receiving Party any licence or rights other than as may be expressly stated in this Agreement;

8.2.2 to require the Disclosing Party to disclose, continue disclosing or update any Confidential Information;

8.2.3 to require the Disclosing Party to negotiate or continue negotiating with the Receiving Party with respect to any further agreement, and either party may withdraw from such negotiations at any time without liability; nor

8.2.4 as to the accuracy, efficacy, completeness, capabilities, safety or any other qualities whatsoever of any information or materials provided under this Agreement.

8.3 This Agreement shall be governed and construed in accordance with English law and each Party agrees to submit to the [non-]exclusive jurisdiction of the courts of England and Wales.

Agreed by the parties through their authorised signatories:

For and on behalf of	**For and on behalf of**
[Insert full legal name of ABC Limited]	**[Insert full legal name of XYZ, Inc.]**
_____	_____
Signed	Signed
_____	_____
Name	Name
_____	_____
Title	Title

III. *THREE-WAY* CDA

This Agreement dated _____ 20[·] is between:

(1) [**University Technology Transfer Company** ('TTO')] [a company incorporated in England and Wales] [registration number ·] [whose registered office is at ·];

(2) [**University** ('University')] [a body incorporated by Royal Charter (charter number [XXX]), [an exempt charity in England and Wales] and with its address at ·];

[TTO] and [University] shall be collectively referred to as [the 'University Group']; and

(3) [**XYZ, Inc.** ('XYZ')] [a US corporation incorporated in the State of Delaware] [a company incorporated in [England and Wales]] whose [principal place of business][registered office] is at [·]

(together the 'Parties'; and 'Party' shall mean either one of them).

Background

The Parties wish to hold discussions in the field of · (the 'Field'). Each party wishes to receive confidential information in the Field from the other party for the purpose of considering whether to enter into a further agreement with the other party (the 'Permitted Purpose').

The Parties agree as follows:

1. Definitions

In this Agreement, the following words shall have the following meanings:

Authorised Persons	shall have the meaning given in clause 3.1.
Confidential Information	shall mean: a) in respect of Information provided in documentary form or by way of a model or in other tangible form, Information which at the time of provision is marked or otherwise designated to show expressly or by necessary implication that it is imparted in confidence; and b) in respect of Information that is imparted orally, any information that

	the Disclosing Party or its representatives informed the Receiving Party at the time of disclosure was imparted in confidence; and c) in respect of Confidential Information imparted orally, any note or record of the disclosure [and any evaluation materials prepared by the Receiving Party that incorporate any Confidential Information]; and d) any copy of any of the foregoing; and e) [the fact that discussions are taking place between the Disclosing Party and the Receiving Party.]
Disclosing Party	shall mean the Party to this Agreement that discloses Information, directly or indirectly to the Receiving Party under or in anticipation of this Agreement. Where Information is disclosed by a member of the University Group, 'Disclosing Party' shall mean the TTO or the University or both.
FOIA	shall mean the Freedom of Information Act 2000 and includes any subordinate legislation made under it and any provision amending, superseding or re-enacting it (whether with or without modification).
Information	shall mean information [whether of a technical, commercial or any other nature whatsoever] provided directly or indirectly by the Disclosing Party to the Receiving Party in oral or documentary form or by way of models, biological or chemical materials or other tangible form or by demonstrations and whether before, on or after the date of this Agreement.
Receiving Party	shall mean the Party to this Agreement that receives Information, directly or indirectly from the Disclosing Party. Where Information is received by a member of the University Group, (a) 'Receiving Party' shall mean the TTO and/or the University; and (b) references in Clause 3.1 to the Receiving Party's Authorised Persons shall mean both the TTO's and the University's Authorised Persons.

2. Confidentiality obligation

2.1. In consideration of the Disclosing Party providing Confidential Information, at its discretion, to the Receiving Party, the Receiving Party shall:

2.1.1. keep the Confidential Information secret and confidential;

2.1.2. neither disclose nor permit the disclosure of any Confidential Information to any person, except for disclosure to Authorised Persons in accordance with clause 3, or to a court or other public body in accordance with clause 4;

2.1.3. not use the Confidential Information for any purpose, whether commercial or non-commercial, other than the Permitted Purpose;

2.1.4. make [no copies of the Confidential Information] [only such limited number of copies of the Confidential Information as are required for the Permitted Purpose, and provide those copies only to Authorised Persons];] and

2.1.5. take proper and all reasonable measures to ensure the confidentiality of the Confidential Information.

3. Disclosure to employees

3.1. The Receiving Party may disclose the Confidential Information to those of its officers, employees [and professional advisers] (together, 'Authorised Persons') who:

3.1.1. reasonably need to receive the Confidential Information to enable the Receiving Party to achieve the Permitted Purpose;

3.1.2. have been informed by the Receiving Party (a) of the confidential nature of the Confidential Information and (b) that the Disclosing Party provided the Confidential Information to the Receiving Party subject to the provisions of a written confidentiality agreement;

3.1.3. have written confidentiality obligations to the Receiving Party that (a) are no less onerous than the provisions of this Agreement and (b) apply to the Confidential

Information, and who have been instructed to treat the Confidential Information as confidential;

3.1.4. [in the case of the Receiving Party's professional advisers] [other than its solicitors], [have been provided with a copy of this Agreement and] have agreed with the Receiving Party in writing to comply with the obligations of the Receiving Party under this Agreement, [and that agreement provides that the Disclosing Party will be entitled to enforce the agreement as a third-party beneficiary]; and

3.1.5. [in the case of the Receiving Party's solicitors, have confirmed that they will treat the Confidential Information as if it were the Receiving Party's confidential information and therefore subject to the rules of the Law Society concerning client information.]

3.2. The Receiving Party shall [be responsible for taking reasonable action to] ensure that its Authorised Persons comply with the Receiving Party's obligations under this Agreement [and shall be liable to the Disclosing Party for any breach of this Agreement by such Authorised Persons].

4. Disclosure to court

4.1. To the extent that the Receiving Party is required to disclose Confidential Information by order of a court or other public body that has jurisdiction over the Receiving Party, it may do so. Before making such a disclosure the Receiving Party shall, if the circumstances permit:

4.1.1. inform the Disclosing Party of the proposed disclosure as soon as possible (and if possible before the court or other public body orders the disclosure of the Confidential Information);

4.1.2. ask the court or other public body to treat the Confidential Information as confidential; and

4.1.3. permit the Disclosing Party to make representations to the court or other public body in respect of the disclosure and/or confidential treatment of the Confidential Information.

5. Exceptions to confidentiality obligations

5.1. The Receiving Party's obligations under clause 2 shall not apply to Confidential Information that:

5.1.1. the Receiving Party possessed before the Disclosing Party disclosed it to the Receiving Party;

5.1.2. is or becomes publicly known, other than as a result of breach of the terms of this Agreement by the Receiving Party or by anyone to whom the Receiving Party disclosed it; or

5.1.3. the Receiving Party obtains from a third-party, and the third-party was not under any obligation of confidentiality with respect to the Confidential Information; or

5.1.4. it can show (as demonstrated by its written records or other reasonable evidence) has been developed by any of the Receiving Party's employees who have not had any direct or indirect access to, or use or knowledge of, the Disclosing Party's Confidential Information.

6. [Freedom of Information

6.1. XYZ acknowledges that the University Group is subject to the FOIA and the codes of practice issued under the FOIA as may be amended, updated or replaced from time to time.

6.2. XYZ acknowledges and agrees that:

6.2.1. subject to clauses 6.2.2 and 6.3, the decision on whether any exemption applies to a request for disclosure of recorded information under the FOIA is a decision solely for the University Group; and

6.2.2. if the University Group is processing a request under the FOIA to disclose any Confidential Information then XYZ shall co-operate with the University Group, at the University Group's cost and expense, and shall use reasonable efforts to respond within ten (10) working days of the University Group's request for assistance in determining whether an exemption to the FOIA applies.

6.3. If the University Group determines, in its sole discretion, that it will disclose any of XYZ's Confidential Information, it shall use reasonable efforts to notify XYZ in writing prior to any such disclosure. In any event, the University Group shall not disclose any Confidential Information which falls within any of the exemptions of the FOIA[and will consult with XYZ to decide how best to respond to any FOIA request before any response is made.]

7. Return of information and surviving obligations

7.1. Subject to clause 7.2, the Receiving Party shall (a) at the Disclosing Party's request, and also (b) upon any termination of this Agreement:

7.1.1. either return to the Disclosing Party or destroy (at the Disclosing Party's option) all documents and other materials that contain any of the Confidential Information, including all copies made by the Receiving Party representatives;

7.1.2. permanently delete all electronic copies of Confidential Information from the Receiving Party's computer systems; and

7.1.3. provide to the Disclosing Party a certificate, signed by an officer of the Receiving Party, confirming that the obligations referred to in clauses 7.1.1 and 7.1.2 have been met.

7.2. As an exception to its obligations under clause 7.1, the Receiving Party may retain one copy of the Confidential Information, in paper form, in the Receiving Party's legal files for the purpose of ensuring compliance with the Receiving Party's obligations under this Agreement.

7.3. Following the date of any termination of this Agreement, or any return of Confidential Information to the Disclosing Party ('Final Date'), (a) the Receiving Party shall make no further use of the Confidential Information, and (b) the Receiving Party's obligations under this Agreement shall otherwise continue in force, in respect of Confidential Information disclosed prior to the Final Date, in each case [for a period of [1] [5] [10] [15] [20] years from the [date of this Agreement][Final Date]] [without limit of time].

8. General

8.1. The Receiving Party acknowledges and agrees that all property, including intellectual

property, in Confidential Information disclosed to it by the Disclosing Party shall remain with and be vested in the Disclosing Party.

8.2. This Agreement does not include, expressly or by implication, any representations, warranties or other obligations:

8.2.1. to grant the Receiving Party any licence or rights other than as may be expressly stated in this Agreement;

8.2.2. to require the Disclosing Party to disclose, continue disclosing or update any Confidential Information;

8.2.3. to require the Disclosing Party to negotiate or continue negotiating with the Receiving Party with respect to any further agreement, and either party may withdraw from such negotiations at any time without liability; nor

8.2.4. as to the accuracy, efficacy, completeness, capabilities, safety or any other qualities whatsoever of any information or materials provided under this Agreement.

8.3. This Agreement shall be governed by and construed in accordance with English law and each Party agrees to submit to the [non-]exclusive jurisdiction of the courts of England and Wales.

Agreed by the parties through their authorised signatories:

For and on behalf of	**For and on behalf of**	**For and on behalf of**
[Insert full legal name of TTO]	**[Insert full legal name of University]**	**[Insert full legal name of XYZ, Inc.]**
_____	_____	_____
Signed	Signed	Signed
_____	_____	_____
Name	Name	Name
_____	_____	_____
Title	Title	Title

IV. *EXTRA-STRONG CLAUSE* TO BE ADDED TO STANDARD CDA

Without prejudice to the generality of the foregoing, the Receiving Party undertakes that, except as may be permitted in any future written agreement between the Parties:

(a) The Receiving Party shall not make any inventions or developments using or based on the Disclosing Party's Confidential Information, and if any such inventions or developments are made, the Receiving Party shall assign all rights in them to the Disclosing Party or its nominee;

(b) The Receiving Party shall not attempt to replicate the Disclosing Party's Confidential Information nor to investigate detailed aspects of the Disclosing Party's Confidential Information that were not disclosed by the Disclosing Party; and

(c) The Receiving Party shall not use the Disclosing Party's Confidential Information directly or indirectly to procure a commercial benefit to the Receiving Party or a commercial disbenefit to the Disclosing Party (including without limitation to support any patent applications being made by the Receiving Party or to obtain or submit evidence to support an allegation of patent infringement).

V. SIMPLE ONE-WAY CDA IN LETTER FORMAT

(NOT TO BE USED WHERE INFORMATION IS VALUABLE)

[Receiving Party's Name and Address] [On Disclosing Party's Letterhead]

Dear Sirs

We refer to the discussions between [ABC Limited ('ABC')] and [XYZ, Inc. ('XYZ')] relating to · ('Proposed Agreement'). XYZ has requested certain information concerning ABC. In consideration of ABC agreeing to disclose certain Confidential Information to XYZ, XYZ agrees as follows.

1. In this letter agreement, 'Confidential Information' means information disclosed in written, electronic, oral or other form, in connection with the Proposed Agreement or ABC's business or otherwise, and disclosed by ABC to XYZ or otherwise obtained from ABC, but excluding information which:

   (a) was already known to XYZ;

   (b) was already public knowledge;

   (c) subsequently becomes public knowledge without fault on XYZ's part; or

   (d) is subsequently received by XYZ from a third party who can lawfully disclose it to XYZ without imposing confidentiality obligations.

2. XYZ shall, and shall ensure that its employees shall:

   (a) hold the Confidential Information in confidence, safeguarding it with all reasonable security precautions;

   (b) not disclose any of it to a third party;

   (c) use it only to evaluate whether to enter into the Proposed Agreement with ABC; and

   (d) not copy it without ABC's prior written consent.

3. At ABC's request, XYZ shall immediately return (or destroy at ABC's option) the Confidential Information and any copies made and shall not use or disclose them further. All documents and other materials provided by ABC to XYZ containing Confidential Information and all copies made shall at all times be ABC's property. If XYZ decides not to enter into the Proposed Agreement, or at ABC's request, XYZ shall return (or destroy at ABC's option) all Confidential Information in its possession forthwith to ABC.

4. This letter agreement shall continue in force until the date on which XYZ notifies ABC that it no longer wishes to receive ABC's Confidential Information and shall then terminate. Thereafter the obligations set out in this Agreement shall continue in respect of Confidential Information disclosed prior to such date [without limit of time][for · years from the date of this letter agreement].

5. English law governs this letter agreement and the parties submit to the [non-]exclusive jurisdiction of the English courts.

Yours faithfully

For and on behalf of [Insert full legal name of ABC Limited]	*Agreed for and on behalf of [insert full legal name of XYZ, Inc.]*
_____	_____
Signed	*Signed*
_____	_____
Date	*Date*

APPENDIX B
Completing the template agreements

Introduction

The following section provides a quick step-by-step list of the points to be noted when drafting/completing a 'standard' CDA – the assumption, for the purposes of this text, being that the basic starting point is an agreement similar to (or the same as) the first two templates set out in Appendix A, although the comments below are generic enough to be of universal value. The issues referred to here have already been dealt with in the main text, but it seems appropriate to state them briefly again, so that one may have a 'one-shot' view of CDA drafting in the next page or so.

Date of Agreement

This means the date of the agreement, and is usually (unless otherwise agreed) the date on which the last person/party signs. As has been stated earlier one should not backdate the agreement by merely inserting an earlier date at the beginning of the agreement; if one wishes the agreement to cover periods prior to the date of the agreement one should insert, in the definitions section, a separate definition of 'Commencement Date', 'Effective Date', or something similar – i.e. the rights and obligations under the agreement are effective from that date.

Parties

For the university – make sure that the signatories are authorised signatories (e.g. ensure they are not a senior member of an academic department who, whilst they think they have authority to sign, actually do not have any authority whatsoever to enter into legally binding agreements on behalf of the university under the university's constitution).

For UK companies make sure to insert the full address (may be registered address or business address – but you have to state which it is). Also consider inserting the company 'number' (a company can change its name, but the original number given to it by Companies House never changes (like one's National Insurance Number, even if one changes one's name). A similar approach should be applied for non-UK companies.

For individuals – make sure their home address is given (people move from one employer to another, which can prove problematic if they need to be found to sign further documents or in the event of a dispute).

Background section

Generally appears on the first page of the agreement, after the 'Parties' section, but before the main body of the agreement (which is the bit that usually commences along the lines of 'The Parties agree as follows'. This section can also sometimes be referred to as the 'recitals' or be titled 'Whereas'. This section is intended to give some background to the agreement, but it is not strictly necessary, and in the case of CDAs it is sometimes omitted. If omitted from the above templates, the 'Permitted Purpose' will need to be defined in the 'Definitions' section of the agreement.

Definitions

This appears as a separate clause in the template agreements but quite often definitions are peppered throughout the document. The standard way of including definitions throughout the document is to state something and then put it in capitals (upper-case), inverted commas and in brackets, e.g. 12th January 2005 (the "Effective Date"), so then throughout the whole agreement, 'Effective Date' (with upper-case/capital 'E' and 'D' – which makes it what is known as a 'defined term') will mean 12th January 2005. Either way is acceptable from a contractual interpretation point of view. The method adopted is generally determined by both the length of the document and stylistic preference. In the author's view, having defined terms in a table at the beginning of the document makes for ease of reference for the reader. In CDAs the main definitions are generally those of 'Confidential Information' itself, as well as 'Receiving' and 'Disclosing' parties, and the 'Permitted Purpose'. As has already been outlined, these need careful consideration.

Confidentiality obligations

The need to set out exactly what the limits of disclosure and use are, whether copies can be made (and if so, how many), as well as 'reasonable measures' whether any 'special measures' need to be taken to protect the information. Remember to deal with 'oral information' too, as well as any extra-special information, requiring further, more sophisticated confidentiality provisions.

Disclosure to employees

Depending on the sensitivity of the information in question, give consideration to the number/status of employees to whom it is to be disclosed. Should disclosure be limited to named individuals?

Exceptions to confidentiality obligations

These are normally fairly standard (i.e. if already in the public domain, etc.) but still need to be scrutinised properly. Consider whether the exception for independently developed information is reasonable in the circumstances.

Return of information or its destruction

A fairly standard term, but make sure you say what you want to say. Can the recipient keep a single copy of the information in its legal files?

Intellectual property ownership

Generally IP disclosed to the receiving party by the disclosing party remains the property of the disclosing party (unless granted by way of licence or otherwise, which frankly would generally be done by a licence agreement anyway, and not by a CDA). IP arising as a result of the CDA is a separate matter – obviously the disclosing party will generally want it to belong to them, but is really a matter for further negotiation – in any event, readers may find it useful to refer to the 'Extra-Strong' CDA provisions outlined in Appendix A, which address this issue.

General provisions

Usual provisions include that (i) the confidential IP vests in the disclosing party; (ii) no warranties are included; (iii) no licences are granted; (iv) no requirement of continued/future disclosure, and no requirement to enter into any further negotiations.

Jurisdiction

The law governing the agreement should as far as possible be English law, whilst jurisdiction should be the 'non-exclusive jurisdiction of the English courts', as discussed earlier.

APPENDIX C
In-depth discussion of commercial issues in CDAs

Introduction

This Appendix will focus on some detailed drafting and negotiation issues in CDAs. The main topics to be covered will be:

- Scope and purpose
- Types of information covered by the CDA
- Identifying and marking the information as confidential
- Restrictions on use and disclosure
- Exceptions to confidentiality
- Security measures
- Disclosure to employees and others
- Duration and termination
- Intellectual property
- Return of information
- Representations and warranties

Drafting and negotiation of 'legal' issues are discussed in the Practical Guide entitled General Legal Issues in University Contracts. The Practical Guide entitled General Legal Issues in University Contracts will cover, among other matters:

- Backdating the agreement
- Parties
- Law and jurisdiction
- Injunctive relief
- Export control laws

SUBJECT MATTER OF THE CDA

Scope and purpose

Parties sometimes include in the CDA a brief description of its scope and purpose. There are a number of different reasons for doing this:

- to identify the broad subject area of the discussions, and perhaps as a brief aide-memoire for colleagues who are not directly involved in the confidential discussions, but without any particular intention of excluding any subjects from the CDA; or
- to limit the obligations under the CDA to information that falls within the defined scope; or
- to limit the purposes for which the receiving party may use the information. For example, the receiving party might be permitted to use the information for the purpose of considering whether to enter into a further agreement with the disclosing party, and for no other purpose.

Where the CDA includes a description of its general subject area, a disclosing party would generally wish to have a broader rather than narrower subject area. Take the example of a disclosing party that is developing several business projects. It wishes to hold confidential discussions with another party about one of its projects, and draws up a CDA which defines the subject area of the CDA in terms of that project alone. If the discussions subsequently broaden to other projects, the CDA may not apply to those subsequent discussions. Of course, this problem can be solved, if the parties enter into another CDA or amend the scope of the CDA, but parties sometimes overlook such matters.

An alternative way of describing the subject matter of the discussions, while avoiding the problem referred to above, is to include the description of the subject matter within the definition of the permitted purpose for which the information can be used.

As a drafting point, a permitted purpose that merely refers to the receiving party 'evaluating' the confidential information may be too general, from the disclosing party's point of view. It would be better to use words such as 'evaluating the Confidential Information and deciding whether to enter into a further agreement with the Disclosing Party'.

Types of information covered by the CDA

CDAs sometimes state that the information to be disclosed under the agreement may include commercial, financial, scientific and other types of information. Wording of this kind probably does no harm, provided the list of categories is preceded by words such as 'including without limitation', and may be useful in cases of doubt. However, there is not necessarily any legal requirement to specify the types of information, and in many cases this can therefore probably be avoided.

More useful, although often not essential, is wording to clarify that information includes oral and documentary information.

Information to be marked as confidential

Usually, but not always, CDAs provide that, to be covered by the terms of the CDA, information must be marked as confidential at the time of disclosure or, if disclosed orally, must be identified as confidential at the time of disclosure. However, many organisations consider this an onerous obligation and therefore many CDAs include in the definition of confidential information any information which the recipient ought reasonably to have known to be confidential information, whether or not such information is marked as 'confidential'. Less frequently, the CDA provides that all information is automatically treated as confidential, unless it falls within one of the exceptions described below.

Is orally imparted information to be confirmed in writing?

An issue that often arises when negotiating CDAs is whether orally disclosed information must be confirmed in writing, if it is to be subject to the obligations of the CDA. One can look at this in two ways:

- All information must be confirmed in writing, so that in the event of a dispute, there will be clear evidence of what information is subject to the confidentiality obligations; or
- It is unrealistic to take detailed minutes of a discussion so as to identify every item of confidential information. Therefore, the CDA should be drafted so as to cover all disclosures of information, whether or not they are confirmed in writing.

In order to be totally clear as to what has actually been disclosed, the former approach above provides such clarity. But on the other hand if in practice the university or the other party will not take the trouble to confirm oral disclosures in writing (or is not in a position to do so for resourcing reasons), then it may be better to adopt the latter approach, and many universities end up so doing.

Direct and indirect disclosures

Sometimes, CDAs define confidential information as including information that is disclosed to the receiving party 'directly or indirectly' by the disclosing party, for example where the disclosing party uses a consultant, who provides some of the information to the receiving party. More complex is the situation where the disclosing party discloses information to an independent party, who then passes it on to the receiving party. From a disclosing party's point of view, the phrase 'directly or indirectly' is a useful addition to the definition of confidential information.

Provision of biological or chemical materials under a CDA

Biological or chemical materials disclosed by a university are usually provided under a separate material transfer agreement (MTA). Whilst the topics that are addressed in an average MTA overlap with those to be found in a CDA, there are also some provisions that are unique to MTAs, including liability and indemnity issues, restrictions on the use of living materials (and related IP ownership issues), as well as payment for the supply of the materials. Readers are referred to the separate PraxisUnico Practical Guide dealing specifically with MTAs.

Principal obligations under the CDA

The main obligations under a CDA are: not to *disclose* the information, except as permitted under the CDA and not to *use* the information, except as permitted under the CDA. Other primary obligations, e.g. to keep the information in a secure place, or not to make copies of the information, are sometimes also included in the CDA; these obligations are discussed below.

Quite often an obligation "not to use" is omitted from the CDA, generally unintentionally. The result of this is that (unless a restriction on use can be implied into the agreement) the recipient may be able to derive a commercial advantage from internal use of the information without publicly disclosing it, e.g., to develop a product that does not, by itself, incorporate the confidential information.

Exceptions

Most CDAs include a list of exceptions to the obligations of confidentiality set out in the agreement, e.g. that the information was already in the public domain, etc. Some of these exceptions, whilst fairly standard, should still be looked at critically by the disclosing party, as they may not be acceptable in each individual case. A typical list of exceptions is set out in the template agreements in Appendix A, and can be summarised as follows:

- the information was already known to the Receiving Party
- the information later becomes publicly known (through no fault on the Receiving Party's part)
- the information is later received by the Receiving Party from a third party who was not bound by a confidentiality obligation
- the information is independently developed by the Receiving Party without use of the Disclosing Party's information (and the Receiving Party can demonstrate that this is the case).

The last of these exceptions is not always included, particularly where the Disclosing Party doubts whether

the Receiving Party could genuinely develop the same information independently after learning it from the Disclosing Party.

Another common exception to the confidentiality obligations is where the information is required to be disclosed by law (e.g. by order of a court or by the requirements of a Stock Exchange). Some draftsmen prefer to deal with this exception in a separate clause to the exceptions listed above, on the grounds that it is a situation where disclosure is permitted (and it may be possible to make the disclosure in confidence), unlike the other exceptions which are situations where there is no confidentiality obligation.

Sometimes the CDA may need to be tailored to refer to other obligations that either party may have. For example, a party may be subject to overriding legal obligations to disclose or not disclose information by virtue of:

- Freedom of Information Act (see below);
- Data Protection Act;
- Regulatory and ethical obligations with respect to patient records and data.

Whether the CDA needs to refer specifically to these obligations, or to refer just to obligations arising under the requirements of any law or regulation, may be a matter of judgment in the particular transaction. In many cases, fairly general wording may be thought sufficient.

Freedom of Information Act

What the does the Freedom of Information Act 2000 (FOIA) do?

The FOIA came into force on 1 January 2005 – it is a complex and lengthy piece of legislation. Detailed guidance and further information is available from several government departments and agencies (e.g. www.dca.gov.uk/foi/, www.informationcomissioner. gov.uk). For PraxisUnico members based in Scotland, the relevant legislation is the Freedom of Information (Scotland) Act 2002 (FOISA), which in broad terms, is the same as the FOIA.

Readers should note that the following pages comprise a very basic summary of the FOIA. This summary is designed to give a brief overview to assist readers when negotiating CDAs; anyone who is involved in ensuring that their institution complies with its obligations under the FOIA will require a more detailed understanding of the Act than is given here. In many cases, specialist legal advice should be sought.

The FOIA allows any *person* to make a request for information which is held by a *public authority*. Universities, and the other main types of educational organisation, are likely always to be a *public authority* for the purposes

of FOIA. A *person* includes an individual, company, organisation, etc. The FOIA applies to information held or created by a public authority before or after 1 January 2005.

At a practical level, if anyone makes a request under the FOIA for information held by your organisation which might or does involve confidential information, the only safe course at present is for the organisation to take appropriate professional advice (and involve senior management as well). Your institution may have a nominated individual who is responsible for compliance with the FOIA. Because of the short time limit to respond to a request (usually 20 working days), any request must be dealt with immediately.

The FOIA contains a lengthy list of exemptions to having to provide information (including exemptions for information which was communicated to the public authority in confidence). However, if a public authority refuses to provide information, the public authority must state which exemption(s) apply to the requested information, and the factors the public authority has used in deciding to refuse to provide the information.

A refusal to provide information by a public authority is subject to an appeals mechanism, first to the public authority, then involving the Information Commissioner (responsible also for data protection), then the Information Tribunal, and ultimately the courts.

Are technology transfer companies "public authorities"?

A separate company (such as a technology transfer company) is still a public authority for the purposes of the FOIA if is wholly owned by a public authority and if it has no members (i.e. shareholders) other than members of its "parent" public authority, or people acting on behalf of that public authority. Many PraxisUnico members are, therefore, likely to be considered as public authorities for the purpose of the FOIA.

Confidentiality and exemption from disclosure

Information requested by a person does *not* need to be disclosed if:

- the information was obtained by a public authority from any other person (including a public authority), and
- the disclosure of the information to the public (otherwise than under the FOIA) by the public authority holding it would constitute a breach of confidence *actionable* by the person who provided the information to the public authority or any other person.

Points to note about the exemption from disclosure of confidential information

The exemption only applies:

- to information which is disclosed *to* the public authority by another person (including another public authority). The FOIA says nothing about confidential information the public body itself creates (although it

is possible that other exceptions may apply to such information); and

- if the information is provided subject to a duty of confidence; and
- if a breach of that duty of confidence is actionable, i.e. that a person could bring a claim for breach of confidence and be successful.

Under the general (common) law regarding confidential information, an action for breach of confidence will not succeed if the public interest in disclosure carries greater weight then the public interest in keeping the information confidential. There is also a (statutory) public interest exception under the FOIA.

Some examples of when it will, and when it will not, be in the public interest to disclose confidential information

The government has provided guidance as *examples* of the situations for or against disclosure, where a public authority is carrying out the balancing exercising when it is in the public interest to disclose or not disclose confidential information:

When it is in the public interest to disclose confidential information	When it is not in the public interest to disclose confidential information
• "information revealing misconduct/ mismanagement of public funds; • Information which shows that a particular public contract is bad value for money; • Where the information would correct untrue statements or misleading acts on the part of public authorities or high profile individuals; • Where a substantial length of time has passed since the information was obtained and the harm which would have been caused by disclosure at the time the information was obtained has depleted.	• Where disclosure would engender some risk to public or personal safety; • Where disclosure would be damaging to effective public administration; • Where there are contractual obligations in favour of maintaining confidence, such as under a CDA (in such cases legal advice is likely to be essential); • Where the duty of confidentiality arises out of a professional relationship; • Where disclosure would affect the continued supply of important information (for example, information provided by whistleblowers)."

Implications of the FOIA for confidentiality agreements

From the very brief summary given above, it can be seen that the FOIA raises a number of issues in relation to CDAs, including:

- Universities are, in principle, required to disclose any information in their possession, unless they are allowed to withhold it under one of the permitted exceptions.
- Where information is received from another person (e.g. a commercial sponsor) under the terms of a binding CDA, the university will usually be permitted not to provide that information in response to a FOIA request.
- However, even where a binding CDA has been signed with the party that disclosed the information to the university, it may still be necessary for the university to disclose the information to the requesting person, on "public interest" grounds.

These new rules may prompt parties to draft additional wording for their CDAs to address issues raised by the FOIA, as have been included in the template agreements. A party disclosing information to a university might wish to state in more general terms that the recipient may disclose information if required by law, but subject to a qualification such as the following:

- provided that in the case of a disclosure under the Freedom of Information Act 2000, none of the exemptions to that Act applies to the information disclosed.

The parties may also wish to discuss any request that may be made. At least one PraxisUnico member has included the following wording in its standard CDA:

- If any party to this Agreement receives a request under the Freedom of Information Act 2000 to disclose any information that, under this Agreement, is Confidential Information, it will notify and consult with the other parties. The other parties will respond within 5 days after receiving notice if that notice requests the other parties to provide information to assist in determining whether or not an exemption to the Freedom of Information Act 2000 applies to the information requested under that Act.

On the other hand, a university might wish to include wording in the CDA confirming that it may disclose the other party's information if it considers that it is under an obligation to do so by virtue of the FOIA. For example, a university might take the view that it should disclose a particular item of information on "public interest" grounds (e.g., adverse data from a clinical trial of a drug), even though the discloser of the information considers that the public interest grounds do not apply. As long as the university has acted in good faith, it would not wish to be liable to the discloser if a court subsequently decided that the university was not required to disclose the information.

It remains to be seen whether this kind of concern comes up in practice. It is recommended that you seek legal advice, and liaise with your institution's nominated FOIA officer, before including any FOIA wording in your CDAs.

Data Protection Act 1998

Personal and sensitive personal data about individuals, which falls within the provisions of the 1998 Act, must be fairly and lawfully processed and must be maintained in a secure fashion. There are restrictions on the persons to whom that data can be disclosed. In some cases an institution may wish, or be contractually obliged (eg under the terms of a CDA), to disclose personal data concerning its employees. For example, this may arise in the situation where a PraxisUnico member is proposing to undertake a clinical trial. The sponsor of the trial may require details on the academic and other members of staff who would carry out the clinical trial. Such information might comprise personal data or sensitive personal data, such as age, qualifications, health etc.

In principle, such information can be disclosed, but safeguards and procedures need to be put in place. For example, it may be necessary to inform (and in appropriate cases, obtain the consent of) the employees whose details are to be disclosed, only provide such information as is strictly necessary, ensure that the recipient of the information enters into sufficient undertakings (e.g. they will only use the information for particular purposes), and consider whether details identifying individuals should be removed.

Where disclosure of personal data and sensitive personal data is anticipated, reference should be made in particular to Part Two of the Information Commissioner's Employment Practices Data Protection Code. Appropriate advice should be obtained from someone skilled in data protection issues (e.g. your organisation's human resources department) before agreeing to release any information which might be personal data or sensitive personal data.

Keeping the confidential information secure

There are obviously various different levels of security one can adopt to keep confidential information secure. Depending on the sensitivity of the confidential information, it may be appropriate to require the recipient to comply with more detailed security precautions, in addition to having the general obligations of confidentiality referred to above.

A commonly encountered approach is to say that the receiving party must treat the information in the same way that it treats its own confidential information. However, at the end of the day this approach will only be acceptable to a disclosing party if it is confident that the receiving party's procedures are adequate.

One could also go down the route of adopting a simple statement in the CDA, stating that the receiving party undertakes to take proper and reasonable measures to ensure the confidentiality of the confidential information.

In cases where the disclosing party feels that more detailed security precautions are required, the CDA might include provisions to address the following issues:

a keeping the information in a locked cabinet to which only named individuals have access;

b keeping a log of all occasions on which the information is accessed;

c prohibiting the making of copies;

d keeping a log of all copies made and to whom they are provided;

e requiring all copies to have a unique identification number; and

f limiting access to the information to named individuals or to individuals who have signed a specifically tailored confidentiality undertaking.

Disclosure to employees, advisers and others

Often the receiving party will be another university, a company or some other kind of organisation – in these cases the reality is still that someone (i.e. an individual) within the organisation needs to have access to the information. Unless the information is exceptionally sensitive, it is normal in CDAs to allow the receiving party to disclose the information to employees who need to know it in connection with the purpose for which the information was disclosed. Usually, this is conditional upon the employee being bound by obligations of confidentiality (and they generally are, under their contract of employment), but the exact form of this condition varies from agreement to agreement.

The precise wording used in relation to disclosure to employees can raise a number of drafting and policy issues, including:

a The wording may refer only to directors and employees, but sometimes receiving parties ask for it to include consultants. As a practical matter, a disclosing party may be concerned that consultants are not under the control of the receiving party to the same extent as employees and directors. Some disclosing parties take the view that consultants should sign a separate CDA with the disclosing party. Similar issues arise where the receiving party requests that such wording extend to employees of its affiliates.

b Arguably the best protection for the disclosing party is for the receiving party's employees to sign a CDA directly with the disclosing party, or (nearly as good) to sign a CDA with the employer that has been

specially prepared in connection with the main CDA between a disclosing party and receiving party. But these measures are often regarded by the parties as unnecessary as long as the employee has general obligations of confidentiality towards his employer, particularly if the employer is obliged to inform the employee that the Disclosing Party's information is to be treated as covered by such confidentiality obligations. English case law on employees' duties of confidentiality seems to suggest that it is important for the employer to draw the employee's attention to any information that is regarded as particularly sensitive; the employer may not be able just to rely on wording in the employment contract that requires the employee to treat all information learned in the course of his employment as confidential.

Responsibility for employees, etc.

If an employee of the receiving party breaches the obligations set out in the CDA, the question arises as to whether his or her employer (the receiving party) should be responsible for bringing an action for breach of confidence against the employee and indeed whether the employer is obliged to bring such an action. A further question is whether the receiving party should be liable for or indemnify the disclosing party against any loss suffered as a result of the employee's misuse or disclosure of the information.

In most situations, these issues are not always dealt with in detail in a typical CDA. If action has to be taken against the employee, it is probably more appropriate that the employer should take it rather than the disclosing party, particularly if the employee has not entered into any agreement with the disclosing party.

Duration and termination of the CDA

There are two important 'durations' in a CDA, which should not be confused. Typically, parties may disclose information to one another under a CDA for a period of a few months, before they either: (a) enter into a more substantive agreement; or (b) terminate their discussions. Even though they may have terminated their discussions, and have no intention of making any further confidential disclosures to one another, the CDA will usually be meant to continue for a further period of time.

There are therefore two separate periods: the *period of disclosure*, and the *obligation period*, i.e. the period during which the obligations of confidentiality continue.

Sometimes, CDAs are drafted so as to have a fixed period of disclosure, such as one year from the date of execution of the agreement. If information is disclosed after that period has expired, it will not be subject to the terms of the CDA. However, information that was disclosed prior to the expiry of that period will (if the CDA so provides) continue to be caught by the terms of the CDA for a longer period. Other CDAs are drafted so as

to have no fixed period of disclosure, in which case information may be disclosed under the CDA for as long as the obligations of confidentiality continue or (depending on the proper construction of the contract) until one party gives notice to the other party to terminate the agreement.

The second 'duration' is the period during which the confidentiality obligations continue, referred to in this section as the obligations period. The obligations period will usually continue for several years (e.g., 5 years from the date of disclosure, or it could be 5 years from the date of the CDA), and will usually survive the expiry of any stated period of disclosure.

The parties to a CDA should consider carefully how long the obligations period should continue. This will depend partly on the type of information (e.g., commercial information with a short shelf-life, versus scientific information that may be valuable for many years to come) and on the industry in which the parties are operating (e.g., some computer software may be out of date in a couple of years, whereas information about a process for manufacturing a vaccine may be a valuable secret for a much longer period).

Common 'obligation periods' one may encounter in university-related CDAs are five years (quite a popular period, sometimes unjustifiably so; sometimes used where the information is computer software); ten years (quite popular in the biotechnology sector, although longer periods may sometimes be appropriate); and unlimited (unpopular with many large companies and with many US companies).

There is a reasonable argument for providing that the obligations of confidentiality should continue until such time as the information falls within one of the exceptions to confidentiality, e.g., that it enters the public domain (see further the discussion of exceptions, later in this Appendix). The main argument that is used against this approach is that the receiving party must know when it can finally 'close the file'. As a matter of practice, many companies, particularly in the USA, refuse to accept confidentiality obligations that are unlimited in duration.

Sometimes, such companies will accept an exceptionally long fixed duration, e.g., 15 or 20 years. Where the information is of a technical nature, it may be part of a package with patented information that is protected for 20 years, or longer if improvement patents are filed. In such cases it may be illogical to have an artificial cut-off point in the CDA, particularly if the chosen cut-off point means a shorter period of protection than for patented information. As a practical matter, it may be difficult to reach agreement on a period that strays outside a perceived 'norm' of 5 to 10 years; but if the issue is important enough, received wisdom should be ignored.

The CDA will be deficient if it fails to state any duration for the obligations under it. In such a case, the receiving party might seek to persuade the court that the CDA can be terminated by either party on reasonable notice and that none of the provisions of the CDA survive termination.

Sometimes, the parties to a CDA intend that the confidentiality obligations in the CDA will be superseded by confidentiality provisions in a subsequent agreement, e.g. a research collaboration agreement. In such cases, the subsequent agreement should make clear whether the CDA continues in force, and if so ensure that there

is no overlap or inconsistency between the two sets of confidentiality terms. Sometimes, the CDA will address this point as well, e.g. by stating that it may be superseded by a subsequent agreement – in such cases it is advisable to state that the CDA will only be superseded by a subsequent agreement that states explicitly that the CDA is being terminated.

Care needs to be taken in such situations. For example, the authors have been involved in negotiations where the disclosures under the CDA were wider than the subject matter of the subsequent agreement, and the CDA needed to remain in force in respect of the wider subject matter only, which required careful drafting in the subsequent agreement.

Intellectual property

Sometimes, CDAs provide that any intellectual property that may exist in the confidential information remains the property of the disclosing party.

Arguments sometimes arise as to whether documents generated by the receiving party, which incorporate the disclosing party's information (e.g., a Board report), should belong to the disclosing party.

Similarly, CDAs sometimes provide that any intellectual property generated by the receiving party using the disclosing party's information will belong to the disclosing party. Such provisions can be controversial.

More commonly encountered, and generally regarded as less controversial, is a provision that states that the disclosing party is not granting any licence to its intellectual property by virtue of the CDA. The reason why this is uncontroversial is probably because it is unlikely that either party would expect that any licence was being granted, under a typical CDA.

Return of information

CDAs usually provide that the receiving party will return the confidential information, including any copies that it has made, to the disclosing party upon request and in any event upon termination of the agreement.

An exception is usually made to allow a single copy of the documents or other materials, on which the confidential information is recorded, to be retained in the receiving party's 'legal files' for the purpose of ensuring compliance with the terms of the CDA. Without this single copy, it may be difficult for the receiving party to know whether it has been in breach of the CDA.

Representations, Warranties and Disclaimers

Liability and indemnities

Usually, CDAs will seek to exclude liability for the accuracy, efficacy or completeness of information provided.

Warranties

Sometimes, receiving parties seek to include in the CDA a warranty that the disclosing party is entitled to disclose the information and grant to the receiving party the right to use it in the manner anticipated by the agreement. It is ultimately a commercial question as to whether such a provision is included, but receiving parties sometimes accept the argument, when put to them, that detailed warranties of this kind can be negotiated in any subsequent agreement between the parties and, if necessary, can be backdated to cover information disclosed under the CDA.

Indemnities

Sometimes, parties seek to include indemnities in a CDA, e.g., a party that breaches the terms of the CDA must indemnify the other party against any losses that it may suffer as a result. Such provisions are relatively rare in simple CDAs.

Obligations to enter into further agreements

Sometimes, CDAs state that the parties have no obligation to enter into any further agreements. In many situations in which CDAs are used, at least under English law, this is probably a 'for the avoidance of doubt' provision that does no harm, but is unlikely to be needed. It may be more necessary under some other countries' laws. For example, it is understood that under some Continental European countries' laws, signing a letter of intent or heads of agreement may result in the parties having an obligation of good faith to one another in subsequent negotiations, such that a party may not unilaterally withdraw from the negotiations without good reason.

'Extra-strong' provisions

Sometimes a disclosing party may feel that the information that they are about to disclose is very important and therefore the CDA should be as protective of the disclosing party as it can possibly be. The first issue to consider in such a situation is whether the information should be disclosed at all.

If the disclosing party is insistent on going ahead with the disclosure, it may be appropriate to include what might be called some 'extra-strong' provisions in the CDA. Such provisions will usually not change the basic obligations of the parties, but they may help to clarify the nature of the receiving party's obligations, and give

added emphasis to the seriousness with which the disclosing party views the matter. For an example of extra-strong provisions see the template in Appendix A.

Costs

Very few CDAs include provisions on the subject of the costs of preparing and negotiating the agreement. Where such provisions are seen, they tend to provide that each party bears its own costs.

Signing and exchanging the agreement

There is no established convention as to how CDAs are signed and exchanged. They are treated like many other types of commercial agreement. Typically, CDAs are signed at short notice to allow the parties to begin their discussions. In such cases, the CDA is sometimes signed at the start of the first meeting between the parties (one of them having brought it to the meeting); sometimes they are signed and exchanged by email prior to the meeting.

APPENDIX D
SPECIAL LEGAL ISSUES IN CDAs

Legal issues in relation to confidentiality

Introduction

The enforcement of confidentiality agreements depends on both (a) the terms of the agreement, and (b) the underlying law relating to confidentiality obligations, sometimes known as the law of confidence. The following paragraphs will briefly summarise the English law of confidence, and the remedies available for breach of confidence, before focussing on some specific legal issues in relation to the drafting of confidentiality agreements.

The law of confidence

In order to be able to take legal action against someone for breach of confidence certain basic requirements need to be met – and these are set out in the 1969 English case of Coco v. AN Clark (Engineers) Ltd, (which related to the development of a new type of moped engine).

The three elements that will normally be required for an actionable breach of confidence (as laid down in *Coco*) are that:

1 The information must have the 'necessary quality of confidence about it'.

2 The information must have been imparted in circumstances where the recipient ought reasonably to have known that the information had been imparted in confidence. (The best (but not the only) way of establishing that this requirement has been met is to have in place a written CDA, signed by both parties.)

3 There must be unauthorised use or disclosure of that information to the detriment of the party communicating it.

These three elements above serve as useful guidance in understanding the modern legal basis of confidentiality.

In order to ascertain whether or not information has the 'necessary quality of confidence about it', there are a further four elements to be considered:

1. The owner must believe that disclosure of the information would be injurious to it or of advantage to its competitors.
2. The owner must believe the information is confidential or secret.
3. The above two beliefs must be reasonable.
4. Trade practice must be taken into account when considering the information.

The public domain

What is and is not protectable by way of confidentiality obligations is determined by whether it is or is not in the public domain.

Whether information is in the public domain depends on whether the information has actually been made freely available to the public – basically whether such a degree of secrecy exists that, except by improper means, a member of the public would have difficulty in acquiring the information.

Of course, certain types of publication do have the effect of putting information into the public domain. For example, when a patent is applied for, details of the patent are published on the Patents Register, and are available for public inspection 18 months after the priority date. Such publication will destroy confidentiality in the subject matter of the patent.

The effect of reverse engineering

It is worth noting that placing a product on the market will not necessarily destroy the confidentiality of the relevant information, even though the information may be obtained by reverse engineering of the product or by other analysis of it, if a large amount of work needs to be carried out in order to analyse the product. On the other hand, it has been decided in a reported case that encrypted information in a commercially available computer program did not have the necessary quality of confidence about it. The mere fact that the information was encrypted did not make it confidential.

The springboard doctrine

A rather interesting aspect of the law in this area is that whilst in most cases the publication of confidential information generally removes the obligation of confidence, a person under an obligation of confidence prior

to publication can still be held to be under an obligation of confidence for a further period after publication.

A party who receives information under a confidentiality agreement therefore needs to bear this in mind, and not necessarily assume they are freed from their obligations once the disclosing party has made the subject matter public. The basic idea behind the springboard doctrine is to remove any unfair advantage that a recipient might derive from the receipt of confidential information which later becomes public, by trying to bring the recipient back to a common starting point with parties who had not received the information earlier.

The springboard doctrine is used to deprive a party of the unfair advantage (i.e. the 'springboard') they might have otherwise gained as a result of their breach of confidence. Springboard relief will not, however, be granted simply because the defendant has made an unauthorised use of the claimant's confidential information. The defendant must have gained an unfair competitive advantage over the claimant which still exists at the time of the action. If the confider publishes the information, then the springboard issue does not arise, since no continuing obligation of confidence remains for any party including the original recipient. But where the confidential information is published by a third party, the recipient may well remain under a continuing obligation of confidence, especially if he came across the information because of his special relationship with the claimant. How long should the obligation not to use the information last, under the springboard doctrine? In commercial situations, the recipient's obligation should last only so long as the recipient would continue to have an unfair advantage.

Unauthorised use or disclosure of the information

The final element in the Coco case is that there must be unauthorised use of the confidential information, and that use must be to the detriment of the party communicating it. Given that in practice in commercial confidentiality scenarios it is unlikely that anybody will bring an action for breach of confidence unless they expect to suffer, or have already suffered, from the other party's unauthorised use or disclosure, the disclosure in question will almost always be detrimental, and therefore will not be dealt with in any detail in this Guide.

Remedies for breach of confidence

In the unfortunate event that the receiving party breaches its obligations of confidence, a number of legal remedies are available – injunctions, destruction and delivery-up, account of profits, constructive trusts and damages. Each of these will be dealt with quite briefly in turn below.

However, as the main concern of a disclosing party claimant will be to ensure that its confidential information is kept confidential, injunctions are obviously the major remedy sought.

Injunctions

The decision of a court to grant an injunction will be influenced by factors such as the innocence of the defendant – for example, in the case of non-deliberate use of confidential information – and whether an injunction is really necessary or indeed even effective.

An injunction may serve two purposes. The first is to stop the continued use of the information and the second is to stop publication. The latter will not normally be appropriate where the information has already entered the public domain.

There are a number of factors which may be relevant when the court exercises its discretion as to whether to grant an injunction in cases involving confidentiality. A list of reasons, which might make the grant of an injunction inappropriate, might comprise:

1 innocent copying by the recipient;

2 unwarranted or unjustified communication of information by the disclosing party;

3 whether the information taken is of minor importance;

4 the fact that the information has become public; and

5 perhaps even the fact that the actual idea involved might be patentable – thereby requiring the claimant who wishes to have full title in the intellectual property to apply for a patent.

Another important reason for a university having a well-drafted CDA in place when disclosing information relates to the fact that the terms of any injunction for breach of contract must be very carefully drawn. The university's rights are defined by the contract and so the university cannot get an order any wider in scope than that which the contract entitles it to – and a well-drafted confidentiality agreement will include all necessary restrictions on use and disclosure.

Destruction or delivery-up

Another legal remedy, which might be available, is an order for the destruction of articles that have been made by using the confidential information, or which incorporate the tangible expression of such information. A successful claimant in a breach of confidence action is also entitled to the delivery-up (i.e. return) to him of items which comprise the confidential information.

Sometimes a party may either undertake, or be ordered, to destroy any infringing material.

Account of profits

An account of profits is another remedy available for breach of a CDA, where the court may order the defendant to account for all or some of the profits they made through their breach of contract.

Damages

Unfortunately, if information has already been disclosed or used in some way in breach of confidence, then it will usually be too late for an injunction, but damages may be available.

Generally, the information disclosed under a CDA is commercial in nature – if the information is used in the manufacture of an object which is sold or hired, then damages are assessed on the basis of the fee that the discloser of the information reasonably might have expected if the information had been used with the discloser's licence.

Detailed legal issues in the drafting of confidentiality agreements

Date of Agreement and Effective Date

The reasons why it is important not to misdate a contract, and the possibility of referring to a separate commencement date, have been discussed in the general legal commentary, earlier in this Appendix.

Backdating a CDA can be problematic for some further reasons that are unique to CDAs. If the information was originally disclosed without any confidentiality undertaking being given, it may have lost the 'necessary quality of confidence' (see discussion above). An alternative analysis, in some cases, is that the information was disclosed in confidence under an oral or implied agreement, and that the later, written CDA is merely clarifying the extent of the confidentiality obligations already undertaken.

However, from a patenting perspective, if the disclosure was made in the absence of a written CDA, it may be very difficult to persuade a Patent Office that a subsequently executed CDA is sufficient evidence that the disclosure was made in confidence, even where the written CDA is backdated.

In spite of the above points, it is not uncommon for a CDA to have an earlier effective date than the date of its execution, or for the definition of confidential information to refer to information disclosed 'prior to, on or after the date of this Agreement'.

Parties to the CDA

See earlier commentary on identifying the correct parties to a contract.

The main types of parties to university-related CDAs tend to be:

1 UK universities and non-UK universities;

2 individuals;

3 UK companies; and

4 non-UK companies.

Where information is to be disclosed to an individual who works for an organisation, it is normally the organisation (via an authorised signatory) that executes the CDA rather than the individual. Sometimes, it may be appropriate to have both of them sign the CDA. For example, if the recipient is an academic scientist working for a university, it is not uncommon to ask both the scientist and the university to sign the CDA. In this example, academic scientists are sometimes perceived as being less closely aligned with the interests of their employer (i.e., the university) than would be the case with a scientist employed by a commercial company. Therefore, it may be appropriate to have the individual sign the CDA as well as the university.

Where a CDA is signed on behalf of a university, the other party to the CDA may wish to check that it has been signed by a representative of the central administration of the university and not just by the individual scientist or his head of department, neither of whom may be, in fact, authorised to sign agreements on behalf of the university.

Some universities conduct their technology transfer activities through a subsidiary company. In situations where the subject-matter of a CDA is to be discussed between members of the university (either academic or administrative), the technology transfer company and the third party, it may be wise to ensure that both the university and their technology transfer company are parties to the CDA, along with the third party.

Where an individual signs a CDA, his or her home address, rather than work address, should usually be stated in the CDA.

STATUS, CAPACITY AND RELATIONSHIP OF THE CONTRACTING PARTIES

(Affiliates, and the Contracts (Rights of Third Parties) Act 1999)

Sometimes, CDAs include a reference to the affiliates of each of the contracting parties. Where such references are included, affiliates are usually defined in the CDA as including subsidiaries and parent companies of the contracting party, as well as any fellow subsidiaries of the same parent company. The CDA will then usually provide for one or more of the following:

1. permit disclosure of confidential information to an affiliate of the party that receives the information under the CDA and/or employees and directors of such affiliates;

2. extend the receiving party's obligations so as to bind, additionally, affiliates of the receiving party;

3. extend the receiving party's obligations so as to cover information provided by an affiliate of the disclosing party.

Where such provisions are included, it is not always made clear whether the affiliates are intended to be a party to the CDA. Under English law, contractual obligations cannot generally be imposed upon a legal entity that is not a party to the contract; this principle is known as 'privity of contract'. Following changes in the law, rights under contracts can be extended to third parties who are not parties to the contract (under the Contracts (Rights of Third Parties) Act 1999).

Thus, where a CDA allows the receiving party to disclose information to its affiliates, the CDA should also make clear whether and how the affiliates are to be bound by the receiving party's obligations under the CDA. This can generally be done in one or more of the following ways.

1. State in the CDA that the receiving party signs the CDA on its own behalf and on behalf of, and as agent for, each of its affiliates. There is a practical issue as to whether the receiving party actually has such authority to sign on behalf of affiliates. Although the disclosing party will have a remedy against the receiving party if it turns out that it did not have such authority, disclosing parties are usually more concerned to prevent their confidential information being misused or made public, than to have a right of damages.

2. State in the CDA that the receiving party may only pass on the disclosing party's information to affiliates who have undertaken to comply with the receiving party's obligations under the CDA. This is probably less satisfactory for the disclosing party than the first alternative, above.

3. Add the affiliates as additional parties to the CDA and have each of them sign the CDA. This may present practical difficulties, particularly if the receiving party is part of a large group of companies.

Where information is provided to the receiving party by an affiliate of the disclosing party, it may be desirable to clarify whether such information is covered by the terms of the CDA and whether the affiliate is to have any right to sue the receiving party if it breaches the terms of the CDA.

Subsidiaries

As a practical matter, it may be thought undesirable to enter into a CDA with (only) a subsidiary company within a group of companies. It may be necessary to have the parent company sign the CDA, instead of or as well as the subsidiary in question. Although there is no guarantee that a parent company is in a position to control the behaviour of its subsidiaries, this may be more likely to be the case than that the subsidiary can

control the behaviour of its parent(s). Where the parent alone signs the CDA, it may be desirable to include a warranty that it is able to and will ensure that its affiliates comply with the provisions of the CDA, and to make it a condition of disclosure to the affiliate that the affiliate has agreed to be bound by its terms.

Multi-party CDAs

Sometimes, CDAs are executed between three or more parties. For example:

- Where a university and its technology transfer company both sign a CDA with an outside organisation (see the template for such an agreement in Appendix A); or
- Where the proposed members of an EC-funded research consortium sign a confidentiality agreement prior to discussing and submitting their proposal.

In the latter case, similar administrative issues arise as in the case of an EC consortium agreement, including:

- Ensuring (by appropriate wording) that the confidentiality obligations apply to indirect disclosures of a disclosing party's information, e.g. from one recipient to another recipient.
- Basic contract law issues, e.g.
    - What happens if one of the parties fails to sign a multi-party agreement (because it withdraws from the consortium) – does the agreement include mechanisms to allow the agreement to continue in force as an agreement between the other parties?
    - What happens if, after signature of the agreement, another party joins the consortium and therefore must sign the CDA or other agreement – how can this be done without causing all parties to re-execute the agreement?

The complexities of administering multi-party agreements, including possible contract drafting techniques for dealing with them, are beyond the scope of this Guide, other than to mention that the following techniques are sometimes used:

- Having each member of the consortium sign an agreement just with the lead consortium member, on behalf of all the other members
- Including in the agreement procedures allowing the project/agreement to proceed if only some of the parties sign up
- Allowing the lead consortium member to sign an agreement with late entrants, on behalf of all the other members
- Using "deeds of adherence" by which the late entrant signs up to the agreement

Law and jurisdiction

Where the CDA is between parties from different jurisdictions, the question arises as to which law should apply to the CDA, and which courts should have exclusive or non-exclusive jurisdiction. It is important to remember that law and jurisdiction are two entirely different things.

While the disclosing party may generally prefer to litigate in its own jurisdiction, it should bear in mind that the most likely proceedings for breach of a CDA may be an urgent application for an interim injunction to prevent disclosure of the information. Such actions are usually best brought in the receiving party's jurisdiction, not least because of the difficulty and delay involved in trying to enforce an interim judgment that was obtained in a different jurisdiction.

Thus, it is generally wise for the disclosing party to state that its own country's courts will have non-exclusive, rather than exclusive, jurisdiction.

If an injunction application is brought in the receiving party's home territory, the next question for the disclosing party is whether the court should be asked to apply its own local law or the law of the disclosing party's home territory. In other words, what should be the law of the contract? It may lead to a more predictable result if the former is chosen. In such cases, the disclosing party should be advised to take advice on the effect of the CDA under such laws prior to signing it. In practice, parties often consider that it is not commercially justified to take local legal advice on a CDA, particularly when the other party is based in a common law jurisdiction.

Whatever the merits of this approach, parties sometimes agree to leave the law and jurisdiction of their CDA unstated, rather than spend a great deal of time in negotiations.

"Injunctive relief" clauses

One occasionally comes across a provision in CDAs stating that the disclosing party may obtain an injunction (or "injunctive relief", which is the same thing) if the receiving party breaches the terms of the CDA. The inclusion of such a provision fails to take into account the fact that, under English law, an injunction is what is known as an equitable remedy, and not a remedy based on breach of contract, and therefore is granted at the discretion of the court. However, such a clause probably does no harm. If this provision is to be used, it would probably be more appropriate for a detailed CDA rather than for the very brief kind of day-to-day CDA.

Export control laws

Sometimes, research agreements, MTAs or CDAs, particularly those prepared by US organisations, include provisions that refer to export control legislation. Some organisations seem to include a clause of this kind in all of their contracts as a matter of course, and it is often considered not to be negotiable.

The wording usually places an obligation on both parties not to breach US export control laws. Such laws prevent the export of sensitive materials and information, usually those that might have a military application, to certain, specified countries. The laws have a long reach: they seek to regulate the further exporting of such materials and information outside the US (e.g. if materials are exported to the UK then re-exported to another country). In this context, US claims to have jurisdiction over the activities of non-US nationals (e.g. a UK research institution) are controversial, to say the least.

The UK has adopted its own export control laws (remember the Matrix-Churchill affair) but they tend not to be mentioned in most research agreements. By way of example, the authors have been involved in assisting a UK research institution to apply for UK export licences for ship design software, which although not intended for use in a military context could possibly be used for warships. The need to obtain an export licence will depend partly on the nature of the materials and their possible application, as well as the country to which the materials are to be exported. One might speculate, for example, that materials that could be used in chemical warfare would require an export licence.

Clearly, a UK research institution is unlikely to know what obligations might arise under US export control laws in respect of another organisation's materials. If an export control clause is of concern, one approach might be to include wording requiring the provider to inform the recipient of any particular requirements with respect to the provider's materials.

In most cases, one suspects that these clauses are included as boilerplate language, and "for the avoidance of doubt", rather than because of a specific concern about the materials. If the question of compliance with US export control laws is genuinely an issue, this might make one pause to consider whether there are also any UK export control laws that need to be considered. For example, if a UK recipient modifies a US provider's materials and supplies the modified materials back to the provider, should advice be taken on compliance with UK export control laws? And should wording be included in the MTA to deal with this issue? For further information on UK export control laws, see: www.dti.gov.uk/export.control/pdfs/codeofpractice.pdf

A couple of examples of export control clauses follow.

Example US clause 1: If the U.S. Export Administration Act (or any equivalent law) applies to the Confidential Information, the Recipient shall not disclose it nor export products produced with the benefit of the Confidential Information to or in any country to which restrictions are applied from time to time by the Office of Export Licensing of the U.S. Department of Commerce (or any equivalent body).

Example US clause 2: Each Party acknowledges its obligation to control access to and/or exportation of technical data under the applicable export laws and regulations of the United States, and each Party agrees to adhere to and comply, to the best of its knowledge, with such laws and regulations with respect to any technical data received under this Agreement

Example US clause 3: Notwithstanding any other restrictions in this Licence, Licensee will comply with all applicable laws, rules, and regulations governing the export, import, or re-import of the Source Code or any products or work deriving from the Source Code ("Export Controls") and will obtain all necessary licenses, permits or similar. Licensee will, if reasonably requested by Licensor, provide all necessary or appropriate assistance and information to Licensor at all relevant times to enable Licensor to comply with its Export Controls obligations.

*Example UK clause 1:*The Parties acknowledge that the export of [Goods and Technology] under this Agreement may be subject to the export control regulations ("Export Controls") of the United Kingdom and other countries. As a condition of acceptance of this quotation/contract and issuance of any subsequent order or contract, the [Company] [Parties] agree not to knowingly export, re-export or transfer the [Goods and Technology] without first obtaining all applicable authorisations or licences. In the event that any requisite government licence or other authorisation cannot be obtained in fulfilment of any subsequent order or contract, [ ] shall not be liable to [Company] in respect of any bond or guarantee or for any loss, damage or other resultant financial penalty [or loss].

APPENDIX E

Survey results (CDA practice and procedure in real life)

As part of the preparation for the original Practical Guides, Anderson Law carried out a survey of various UK universities' day-to-day practice in relation to CDAs. A questionnaire was forwarded to PraxisUnico members, and the following pages reflect the comments received – please note that this section only reflects the responses received (i.e. those respondents who replied to the questionnaire – including both some 'major players' in university technology transfer and some less experienced universities) and therefore whilst not being necessarily statistically significant, at least provides a useful insight into some universities' CDA practice.

The comments received from PraxisUnico respondents outlined below are divided into two sections – firstly comments reflecting respondents' views in relation to how their own 'home-drafted' CDAs are used, and secondly views on general practice in relation to 'externally-drafted' CDAs.

CDAs drafted by the University

1. Do you have standard one-way and two-way CDAs?

Most PraxisUnico members who replied did have their own version of both types of agreement.

2. When do you use the one-way CDA?

Some respondents never use a one-way CDA – always use a two-way agreement. Others only use it when an academic is giving a presentation.

3. When do you use the two-way CDA?

Most respondents actually use the two-way agreement more often than not, as it is generally more even-handed and can be quickly agreed with the other side. Even if they don't use it in the first instance, some respondents use it as a 'default' position.

4. If other party is the discloser can you still use your own CDA?

Generally 'yes' was the answer here, except if the disclosure is one way, in which case the answer is 'no'.

5. Are any of the provisions negotiable? Which ones?

The vast majority of respondents answered 'yes' to this question. The main one was 'Term', followed by 'Jurisdiction'. Others were reducing oral disclosures to writing, and obtaining equivalent undertakings from third parties.

6. Which ones are you reluctant to negotiate over?

Governing law and jurisdiction; Term (this response may initially seem slightly odd given the response above, but seems to reflect the nature of CDA negotiation).

7. Do you have different versions for different types of information?

Almost all do not.

8. Do you generally use your CDAs when it is your organisation disclosing?

Almost all said yes.

9. Are there provisions in your standard CDA which are routinely unacceptable to the other party?

Almost all said yes.

10. Do certain types of organisations have objections to particular issues in your standard CDA? What type of organisations?

Yes – SMEs (because wary and things need to be explained to them) and large companies and defence organisations (because they would rather use their standard for convenience). Also, venture capitalists generally like short CDAs and Large Pharma companies like rather long CDAs.

11. Is it persons at a particular level who raise most objections?

A variety of answers here, covering everyone from MD to administrative staff (and including in-house lawyers, not surprisingly).

12. When a CDA is proposed, do you have a standard form setting out the main points of the transaction? What details does it contain?

Most respondents answered 'no' to this. Some do have a 'document approval sheet' but that generally only relates to obtaining the actual signatures of senior personnel once the negotiations have finished (although this could still act as an appropriate filtering mechanism if managed properly).

13. Do you have a standard operating procedure for negotiation and signing of CDAs?

Half of the respondents said yes and half said no. No respondent had a proper written procedure.

14. Who in your organisation negotiates and signs off on CDAs?

A whole range of (generally senior) university officers and/or technology transfer officers seem to sign – or they delegate signature authority. Negotiations often done by the university's technology transfer office. Approval for signing non-standard agreements often involves lawyers (in-house or external) or more experienced members of staff.

15. Why were they chosen for this role?

Seniority, knowledge, legal experience, tradition.

16. Is authority to agree certain clauses reserved to a particular person? Which clauses?

In relation to non-standard agreements (especially involving liability issues) senior respondents of staff or their lawyers may have to agree the terms. In any event a senior commercial/contracts person needs to provide sign off for the agreement. Usual problem clauses are related to law/jurisdiction and liability issues.

17. Do they take the decision themselves or discuss with others?

A variety of responses were received, covering decision-making at all levels, decision-making at just the senior level, and decision-making involving executives at different levels plus input from lawyers.

18. Are there particular types of CDAs which you would sign even though they contain unacceptable terms, but with low risk?

Most respondents seem to deal with this on a case by case basis. Generally it is quite rare to accept such terms, and often compromises can be reached (unlike situations with MTAs).

19. When would you involve a lawyer about a CDA?

A fairly wide range of responses – ranging from "very, very rarely" to perhaps scenarios in larger technology transfer offices where an in-house legal team is present which reviews almost all documents in any event. Other notable specific responses on this issue related to the use of lawyers for CDAs where it was part of a larger deal such as acquisition of shares in a spin-out, and using lawyers where the governing law and/or jurisdiction being proposed and that they were particularly insisting on was an unfamiliar one.

20. Are there particular issues in relation to which you will always involve a lawyer? What are they?

Issues mentioned included where mediation/arbitration clauses were suggested, and also quite often where requests for warranties/indemnities are involved.

21. When would you involve your organisation's insurers? Are there particular issues you commonly refer to the insurers?

Most responses revolved around the word 'never'. The others involved rare occasions where liability is raised as an issue in the proposed contract (which most parties agreed is rarely the case for CDAs).

22. How far do you involve the academic in the negotiation process?

There was a whole spectrum of responses – from 'not at all' to 'throughout the process', and including 'keeping them informed' and 'only when problematic'.

23. Are academics or departments other than yours allowed to negotiate and sign off CDAs? If so, when and why?

Most responses were basically a resounding 'no', although some respondents admitted that academics occasionally sign agreements without authorisation. In some organisations departmental heads and senior administrators have authority to sign.

24. How do you handle any objections/comments from the academic?

A range of responses were received centring on discussion with the academic to reach and address any comments, objections and concerns they might have.

25. To what extent before negotiating a CDA do you check that your organisation is not going to be in breach of any other agreement? How do you do this? Who does it?

A range of responses: Mostly no or very little checking but the few that did rely on knowledge of staff involved (e.g. academics/researchers and business managers) or organisation involved in the agreement to through to running a compliance check. The compliance checks involved a disclosure form and verification with an office database.

26. Is a log/database of CDAs kept? Who keeps it?

Where databases were kept, they were kept by research contract or senior technology transfer IP managers.

27. When is it used?

Verification of conflicts, due diligence, as a source of standard heads of agreement.

CDAs drafted by the other party

28. Does the other party generally use its own standard CDA? When?

Yes, especially when the most of the information that is the subject of the agreement belongs to that party.

29. Is it often the policy of other parties to insist on use of their own CDA?

Yes, in most situations the other party does insist on entering into CDAs using their own agreement.

30. What are the most common unacceptable clauses?

Warranties about matters beyond one's control, onerous indemnities which one might not be insured for, unreasonably wide definitions, jurisdiction, and duration of confidential information and very one-sided obligations.

31. Do particular types of organisations routinely propose unacceptable clauses?

Overseas (especially U.S.), and large commercial and pharmaceutical organisations tended to propose such clauses.

32. How do you deal with this?

Most respondents would first attempt to modify or negotiate modifications of such clauses to make them more agreeable, but failing this would reject them.

33. Are there particular types of CDAs where even though there are unacceptable provisions you do not resist them? What are the reasons for this?

They are considered individually, on the merits of that particular agreement or project.

34. What risk/benefit analysis do you carry out in relation to accepting CDAs with unacceptable provisions?

Respondents stated they had carried out such assessments in only limited circumstances, with no set criteria where insurance was of concern, and this was done by lawyers, a senior director and/or the particular project manager.

35. When negotiating a CDA do you often have particular problems with representatives of the other party? Why?

Half of the respondents experienced particular problems especially with the bigger pharmaceutical companies either aggressively refusing to negotiate or passing problem matters to their internal counsel for their comment.

36. Are there circumstances when you do not consider it worth signing up to a CDA?

Generally 'no', although respondents stated they weighed this against practical concerns especially where inter-academic institution discussions were to take place.

37. What records are kept of the confidential information disclosed by your organisation to other parties?

Respondents did not adhere to a strict standard recording system; this was done in case files, and the information recorded was the subject matter specified in the contract.

38. What steps are taken to verify what an academic has disclosed or received after the CDA has been signed?

Very few respondents did any follow-up once each agreement has been signed, for lack of resources, and where the means do exist this is carried out by the business manager after the deal.

39. Do you require the academic to make a note of information disclosed and received?

Most respondents only advise the academics they deal with to make notes, rather than compelling them to do so.

40. Are there any security measures in place for storing confidential information received?

Half of the respondents had security measures in place (ranging from specific locked PCs to secure storage) while half did not unless so required by the academic.

41. Is confidential information provided by the organisation marked in any way to indicate that it is confidential? And if so, in what circumstances?

Most respondents generally marked pre-publication patents as confidential, or if the information was marked by other administrative or academic departments of the university, or if required under the terms of an agreement.

42. Are non-employees required to sign up to a CDA generally or in particular circumstances? Who are they? What are the circumstances?

A range of individuals who would have contact with the information such as students (i.e. not staff), visiting academics, temporary administrative staff, and any other users of the information would all be required to sign such a CDA.

43. Is the academic required to sign up to the CDA?

The responses covered both ends of the spectrum. Quite a number of respondents require academics to sign CDAs. Those that do not follow this course do so because they feel the academic should not sign, for a number of (in some ways quite valid) reasons.

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