*This is a SAMPLE design contract. It is meant as a guide only and is NOT legal advice. This agreement may not meet your specific needs. You should seek legal or other appropriate counsel for your specific situation and need. In accessing this sample contract, you agree that Vandelay Design is not liable to you in any way for your use of the agreement and, further, you agree to hold harmless Vandelay Design from and against any and all claims that you or your clients may have and that result from or are related to your use of this agreement.*

MUTUAL NONDISCLOSURE AGREEMENT

THIS AGREEMENT is entered into as of the date below by and between \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ with respect to certain Confidential Information (as defined below). In consideration of the mutual promises and covenants contained in this Agreement and good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. In connection with discussions between the parties concerning a possible business transaction (the “Purpose”), each party to this Agreement may wish to disclose certain proprietary and other Confidential Information (as defined below) to the other party on a confidential basis.

*{The above is for use when you are discussing the possibility of a business relationship. Modify if your need is different}*

2. As used herein, the following terms shall have the following definitions:

“Disclosing Party” means the party disclosing such information and “Receiving Party” means the party receiving such information. “Disclosing Party” and “Receiving Party” also includes all affiliates and subsidiaries of each.

“Confidential Information” includes, without limitation: (i) the existence of this agreement and discussions between the parties; (ii) nonpublic information that the Disclosing Party designates as being confidential or which under the circumstances surrounding disclosure ought to be treated as confidential; (iii) nonpublic inventions, patents, patent applications, trade secrets, discoveries, “know-how”, source code, technology, improvements, ideas, samples, media, techniques, sketches, drawings, works of authorship, and software programs; (iv) each party’s respective information concerning business plans, marketing strategy, research, development, financial information, customer lists, investors, employees, business and contractual relationships, sales and merchandising, and any information the Disclosing Party provides about third parties; (v) any tangible materials incorporating the foregoing information, including without limitation, written or printed documents and computer disks or tapes, whether machine or user readable. “Confidential Information” shall not include any information that: (i) is or subsequently becomes publicly available without the Receiving Party’s breach of any obligation owed Disclosing Party; (ii) is known to Receiving Party without restriction prior to Disclosing Party’s disclosure of such information to Receiving Party as shown by Receiving Party’s written records; (iii) is known to Receiving Party from a source other than Disclosing Party and other than by a breach of an obligation of confidentiality owed to Disclosing Party; or (iv) is independently developed by Receiving Party without use of any Confidential Information. *{This section should be modified to include anything you specifically want to make sure the other party keeps confidential. It’s usually better to put too much here than not enough.}*

3. The Parties agree that the Confidential Information is the confidential and proprietary data of the Disclosing Party and that the Confidential Information will be used solely for the Purpose and for no other reason. The Receiving Party shall not disclose any Confidential Information of the Disclosing Party, in whole or in part, including derivations, to any third party. The Receiving Party shall use such degree of care as is reasonably calculated to prevent inadvertent disclosure of the Confidential Information of the Disclosing Party but no less than the same degree of care in safeguarding the Confidential Information as the Receiving Party uses for its own Confidential Information. The Receiving Party shall limit disclosure and access to the Confidential Information to its employees, and representatives who are directly involved in the consideration of the Confidential Information on behalf of the Receiving Party to effectuate the Purpose and who have been informed of and agree to honor the Receiving Party’s duty of care hereunder and the duty not to disclose. Upon discovery of any unauthorized disclosure of Confidential Information by its employees or representatives, the Receiving Party shall use its best efforts to prevent any further unauthorized disclosure.

Neither party shall disassemble, decompile or otherwise reverse engineer any software product or code of the other party. Confidential Information shall not be reproduced in any form except as necessary to accomplish the Purpose.

4. All Confidential Information is and shall remain the sole property of the Disclosing Party. No rights, express or implied, are granted in the Confidential Information to the Receiving Party except as may be specifically granted for the limited purpose of effectuating the Purpose.

5. Each party represents and warrants that it has the right to disclose any information provided to the other party. The Receiving Party further represents and warrants that it will have in place appropriate written confidentiality agreements with its employees, consultants and other representatives so as to comply with all of the provisions of this Agreement. Each party shall indemnify and hold harmless the other party from and against any breach of the representations and warranties contained in this Section.

6. Within five (5) business days after being so requested by the Disclosing Party, the Receiving Party will either 1) return the Disclosing Party’s Confidential Information; or 2) destroy all Confidential Information and certify such destruction in writing. Except to the extent advised in writing by counsel that such action is prohibited by law, the Receiving Party will also destroy all written material, memoranda, notes and other writings or recordings, including any materials based upon, containing or otherwise reflecting any of the Confidential Information.

7. Each party agrees that, in the event of any breach of any provision hereof, the aggrieved party will not have an adequate remedy in money or damages. Each party therefore agrees that, in such event and in addition to any other remedies it may have, the aggrieved party shall be entitled to seek injunctive relief without the necessity of posting a bond even if otherwise normally required.

8. Unless otherwise agreed by the Disclosing Party and the Receiving Party, all Confidential Information is provided “AS IS” without warranty of any kind, and Receiving Party agrees that neither Disclosing Party nor its suppliers shall be liable for any damages whatsoever arising from or relating to Receiving Party’s use or inability to use such Confidential information.

9. The parties agree to comply with all applicable laws that apply to the Confidential Information, or any product (or any part thereof), process or service that is a product of the Confidential Information.

10. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto, their successors and assigns. The waiver of any provision shall not be construed as a waiver in any other instance. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof, and shall not be modified except by a written agreement signed by both parties.

11. This Agreement shall be construed and controlled by the laws of the State of \_\_\_\_\_\_\_\_\_ ,and the parties further consent to exclusive jurisdiction and venue in the courts of appropriate jurisdiction in the County of \_\_\_\_\_\_\_\_ , State of \_\_\_\_\_\_\_\_\_ . Each party waives all defenses of lack of personal jurisdiction and forum non convenience.

12. This Agreement does not in any way bind the parties to enter into a business relationship of any nature with the other. Nothing herein or any other verbal representations made by either party shall be construed as a binding commitment to establish a business relationship.

13.This Agreement shall remain in force for the period of five (5) years from the date set forth below.

Dated: \_\_\_\_\_\_\_\_\_\_, 20\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Title: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_