Purpose of CDAs

CDAs allow parties to exchange confidential information with the assurance that the receiving party will keep it confidential and not use it for any purpose other than what is specifically agreed upon in the CDA.
Critical Provisions of a CDA

• Definition of Confidential Information must be clear and limited only to what is disclosed under the CDA.

• Purpose of the CDA must be specifically stated as this limits the use of the Confidential Information.
Definition of Purpose

“To enable the Company and the Institution to investigate and consider the feasibility and advisability of entering into a mutually beneficial research relationship.”
“Any scientific, technical, or business information or materials which are treated by the Disclosing Party as confidential or proprietary and disclosed by Disclosing Party to Recipient pursuant to this Agreement, including, without limitation, inventions, methods, procedures, plans, processes, specifications, data, formulae, chemical structures, designs, methodology, assay systems, business plans, patents and patent applications, research plans, grant applications, notes, documentation and memoranda.”
Unacceptable Definition of Confidential Information

- “Any confidential or proprietary information of Disclosing Party that
  a. is disclosed by Disclosing Party to Receiving Party;
  b. becomes known to Receiving Party through examination of any information or developments of Disclosing Party; or
  c. Receiving Party should reasonably have known was confidential.”
Marking/Labelling of Confidential Information

• “All Confidential Information disclosed (a) in writing must be labelled as “confidential” at the time of disclosure and (b) orally must be reduced to writing and labelled as “confidential” within thirty days of oral disclosure.”

• This places a heavy burden on the Disclosing Party and could result in exclusion of confidential information from the protection of the CDA.

• In most circumstances, this is not necessary if the definition of Confidential Information is clear.
Exclusions

All CDAs must contain language excluding information from the CDA obligations if it was:
• Known to recipient prior to receipt under the CDA;
• Publicly known at the time of receipt or becomes publicly known thereafter other than through a breach of the CDA by recipient;
• Disclosed to recipient by a third party not under an obligation of confidentiality; or
• Developed by recipient without use or reliance upon Confidential Information.
Legally Required Disclosures

CDAs must contain language permitting the receiving party to disclose the Confidential Information to the extent it is required to do so pursuant to: (1) applicable regulations and laws; (2) court order; or (3) valid subpoena.

Receiving party should be required to notify the disclosing party in advance of any such disclosure, so the disclosing party can seek protection of disclosed Confidential Information and cooperate in any efforts by disclosing party to seek such protection.
Time Duration for CDA

• It is advisable to specify the time period in which the confidentiality obligations are in effect, but the amount of time varies depending on the circumstances. Five years is a standard period. Fifteen years is extreme in most circumstances.

• It is also important to keep in mind that once the Confidential Information becomes publicly available, it falls within an exclusion so there is no longer any confidentiality obligation.
In most instances a CDA is a *preliminary* agreement for parties to consider a potential project or relationship and thus the following terms are not appropriate:

- **Publication** – there is nothing to publish;
- **Intellectual Property** – there will be none; and
- **Indemnification** – no third party exposure.

If the parties decide to move forward with the project or relationship, then a subsequent agreement will be signed which should include these terms. And the terms of the new agreement should supersede the terms of the CDA.
Bilateral vs. Unilateral CDAs

• **Unilateral (One-Way) CDA** – Only one party is disclosing its confidential information.

• **Bilateral or Mutual (Two-Way) CDA** – Both parties are disclosing their confidential information to one another.
Who Signs?
Institutional vs. Individual CDAs

- If confidential or proprietary information of Forsyth will be disclosed then Forsyth must be a party to the CDA and an authorized representative of Forsyth signs it. (The relevant Forsyth staff member may also sign to acknowledge his/her obligations under the CDA, but not as a party.)

- If Forsyth staff member is receiving company’s confidential or proprietary information in order to consider/evaluate whether to participate in a potential research project or provide consulting services for the company then only the staff member should be a party to the CDA and sign it. (The CDA should not be signed by an authorized Forsyth representative.)
Why are CDAs so important?

Unauthorized disclosure of a party’s confidential information could diminish or eliminate its patent rights.

Without a CDA in place the receiving party could potentially “steal” the disclosing party’s IP, confidential ideas, know-how and use as its own.
Thank You!

Karen A. Mullin, JD, LLM
Outside GC, LLC
501 Boylston Street, 10th Floor
Boston, MA 02116
kmullin@outsidegc.com
(617) 872-2079