

The University of Texas at Austin
Terms and Conditions of Non-Disclosure Agreement

The following sections shown in italics contain descriptions of the key elements contained in Non-Disclosure Agreements (NDA) executed by the University of Texas at Austin. Should a party elect not to sign UT Austin's NDA, the following elements should be considered prior to submitting an NDA to UT Austin.

1. Definitions.

“Confidential Information” means any non-public information of a Disclosing Party described in Section 4 of the NDA which is maintained as confidential, including as examples, biological materials, computer source codes, diagrams, electronic files, invention disclosures, patent applications, technical and scientific information, research data, draft publications, technical reports, research plans, business plans, financial reports, projections and so forth, but excluding however any information which Receiving Party can establish by competent written proof (a) was in the public domain as of the Effective Date or comes into the public domain during the term of the Agreement through no fault of Receiving Party; (b) was known to Receiving Party prior to the Effective Date and was not acquired, directly or indirectly, from a Disclosing Party or from a third party under a continuing obligation of confidentiality or limited use; (c) was independently developed by Receiving Party without substantive knowledge of or assistance from the Confidential Information; or (d) was lawfully disclosed to Receiving Party from a third party who did not require Receiving Party to hold it in confidence or limit its use and who did not acquire it, directly or indirectly, from Disclosing Party under a continuing obligation of confidentiality.

Confidential Information is described in broad terms in order to not limit the scope of the information to be exchanged. Since the actual information to be exchanged is to be marked as “Confidential” a general description of what constitutes Confidential Information should be sufficient.

Sections (a)-(d) above are fairly standard exemptions to what constitutes Confidential Information. These four concepts are often phrased in a number of different manners, all of which are generally acceptable so long as the above concepts are captured.

“Contact Person” means the person designated by a Party as responsible for that Party’s receipt and/or delivery of Confidential Information as indicated in Section 2 of the NDA.

We ask that the NDA specify the persons who will be handling the Confidential Information and provide a mechanism for determining how the information will be exchanged (see Section 10 below). Note that UT requires its own Point of Contact be identified.

“Purpose” means the reason that the Parties wish to enter into the Agreement as set forth in Section 3 of the NDA.

The purpose of the discussions should be described in broad terms such that the parties are not unduly restricted as to the subject matter of future discussions. The purpose should relate to collaborative research and development activities and/or licensing activities and give a description of the technology involved.

2. Confidential Relationship

Any disclosure of Confidential Information is made in the strictest confidence. Each Receiving Party will make all reasonable efforts to ensure the protection, confidentiality, and security of any Confidential Information of Disclosing Party in its possession, such efforts to be no less than the degree of care employed by Receiving Party to preserve and safeguard its own confidential information, but in no event less than a reasonable degree of care. Confidential Information will be transmitted in writing and clearly marked "Confidential," "Proprietary," or similarly, or if disclosed orally will be reduced to writing by Disclosing Party, clearly marked "Confidential," "Proprietary," or similarly, and transmitted to the Contact Person of Receiving Party within thirty (30) days after oral disclosure.

The standard of care in preserving confidentiality is defined as that of the Receiving Party in protecting its own information. The Confidential Information must be transmitted in written form and clearly marked. Oral disclosure of information will not be considered confidential, unless the conversation is reduced to writing, marked, and transmitted within thirty (30) days of the oral disclosure.

Treating orally transmitted information as confidential under an NDA raises many problems, not the least of which are:

- 1) relies on hearsay whether the alleged oral information was exchanged;*
- 2) relies on hearsay as to the extent/accuracy of the oral information exchanged;*
- 3) no real way of telling what portion of an oral conversation is intended as confidential.*

To avoid these issues the orally transmitted information which the discloser wishes to be treated as confidential should be reduced to writing within a reasonable time period after the conversation (say 14-30 days), the written version marked as "Confidential" or an equivalent marking, and the marked written version provided to the recipient within a reasonable amount of time after the oral disclosure (e.g., 30 days).

3. Non-Disclosure

Receiving Party will not disclose the Confidential Information of the Disclosing Party, except as is expressly authorized by the Agreement. Each Receiving Party may disclose the Confidential Information of Disclosing Party to its own employees assisting in making an evaluation of the Confidential Information; provided, however, that such employees are advised of the confidentiality and non-use obligations hereunder and are legally obligated by written agreement or otherwise to maintain the confidentiality and non-use of the Confidential Information. In no event will a Receiving Party disclose Confidential Information to third parties unless it obtains the prior written consent of Disclosing Party; provided, that prior to any such disclosure, Receiving Party shall first obtain a written non-disclosure agreement from such third party containing terms and conditions substantially similar to those set forth herein. If requested, a copy of such executed agreement will be provided to Disclosing Party. In addition, if there are three or more parties to the Agreement, then Confidential Information may be shared among multiple Receiving Parties, unless Disclosing Party provides a written notice restricting such sharing of information.

The Confidential Information may be disclosed only to employees assisting in evaluations of the Confidential Information. However, those employees must be bound by the same terms of the NDA and a party should be prepared to produce copies of the employee's agreement containing those terms. The parties agree not to disclose the Confidential Information to a third party without written permission of the disclosing party.

If a Receiving Party is legally required by court order, law, or other governmental regulation or authority to disclose certain Confidential Information received from a Disclosing Party, such disclosure may be made only after giving written notice to Disclosing Party of such legal requirement plus a reasonable opportunity for Disclosing Party to object to such disclosure and to seek a protective order; and in any event, the disclosure shall be limited to only that portion of the Confidential Information which is legally required to be disclosed.

Note that as an agency of the State of Texas, the University of Texas at Austin is subject to Open Records Requests pursuant to the Texas Public Information Act (PIA). While the proprietary contents of the NDA may be excluded from the PIA, it is possible the existence of the NDA itself may not be protected. Also note that the PIA requires notice to interested third parties in order that the third parties may join the University in filing an objection with the Texas Attorney General's Office prior to the release of any Confidential Information.

4. Non-Use

Receiving Party will not use any Confidential Information of Disclosing Party for any reason other than the Purpose without the prior written consent of Disclosing Party.

If a receiving party wants to use the Confidential Information for something other than evaluation purposes related to the subject matter of the discussions, they have to ask permission.

5. Copies

Each Receiving Party agrees not to copy or record any Confidential Information of a Disclosing Party except as reasonably necessary to further the Purpose. Within ten (10) days after the written request from Disclosing Party or termination of discussions relating to the Purpose, each Receiving Party will deliver all copies or records of Confidential Information in its possession or control to the appropriate Disclosing Party's Contact Person, or will certify in writing to Disclosing Party that the Confidential Information of such Disclosing Party has been destroyed. Notwithstanding the foregoing, each Receiving Party may retain one archival copy of the Confidential Information received from Disclosing Party in a secure location to be used solely to determine its obligations under the Agreement.

Additional copies shouldn't be made. All original, along with any additional, copies are to be returned to the disclosing party. In the alternative, the receiving party will certify in writing all copies of the Confidential Information has been destroyed.

6. Continuing Obligations

Each Receiving Party's obligations under the Agreement will survive termination of the Agreement and will continue until the end of the Confidentiality Term.

UT Austin's confidentiality obligations will not extend past five (5) years from the effective date. (See also, Term of the agreement, below).

The term of the agreement is usually for 1- 2 years, and then there is a "confidentiality period" for which the parties agree to keep the information confidential after the term of the agreement has expired. For purposes of complying with UT's document retention policy UT can agree to keep information confidential for a maximum of 5 years from the effective date of the document (term + confidentiality period = 5 years). Note that a new agreement can be entered into at the end of the term.

7. No License or Warranty

No license under or title to any invention, patent, trademark, trade name or other intellectual property or other rights or interests in the Confidential Information now or hereafter owned by or controlled by any Party is granted either expressly, by implication, estoppel or otherwise by the Agreement. No Party will use the name of another Party without prior written consent from such other Party. All Confidential Information is provided "AS IS" and without warranty, express or implied, of any kind.

Receipt of Confidential Information does not convey any form of license or title to any form of intellectual property owned or controlled by the disclosing party. Both parties must agree not to use the name of the other without written consent. And the Confidential Information is provided "AS IS" with no warranties.

The purpose of the NDA is to protect the parties from publication/disclosure of their proprietary information during their evaluation of the information. The evaluation is usually for purposes of deciding whether/how to go forward on a collaborative research project. The collaborative research project would then be the subject of a Sponsored Research Agreement (SRA). The proper vehicle for addressing IP/license terms for inventions based on information exchanged by the parties is the SRA, not the NDA. UT agrees under the NDA to keep the sponsor's information confidential; this precludes using the identified information as the basis of a UT patent during the confidentiality term of the NDA.

8. Term

Disclosures of Confidential Information pursuant to the Agreement are to be made only during the Agreement Term as defined in Section 3 of the NDA; provided, however, the obligations of the Agreement will survive until the end of the Confidentiality Term.

We require termination of the NDA on a date certain, preferably within a one year time frame. If it is known up front that discussions will last longer than a year, or if circumstances lead to longer discussions, this initial term can be extended or amended at a later date.

To assist in monitoring compliance with export control regulations UT Austin requires an NDA be specific to a particular exchange of information between a UT Austin researcher and their research collaborator. Thus UT Austin does not enter into "blanket" NDAs seeking to cover all information exchanged with any faculty member on the UT Austin campus.

Normally the exchange will be in connection with evaluation of information for the purpose of developing a collaborative research project. Since this evaluation can usually be accomplished in less than a year, the term of the NDA is usually 1-2 years. (See also Continuing Obligations, above).

The collaborative research project would then be the subject of a Sponsored Research Agreement (SRA), which contains confidentiality provisions applicable to proprietary information used in the research.

9. Injunction

The Parties agree that, in the event of breach or threatened breach or intended breach of the Agreement, each Party, in addition to any other rights and remedies available to it at law or in equity, may seek injunctive or equitable relief without the necessity of posting bond or proving that it has no adequate remedy at law.

This clause is intended to facilitate a party's efforts to put a stop to unauthorized, and potentially damaging, use of its Confidential Information.

10. Compliance with Laws; U.S. Export Compliance

The Parties acknowledge that performance of the Agreement is subject to compliance with applicable United States laws, regulations, or orders including those that may relate to the export of technical data and equipment, such as International Traffic in Arms Regulations (“ITAR”) and/or Export Administration Act/Regulations (“EAR”), as may be amended, and agree to comply with all such laws, regulations or orders. No Party will export, directly or indirectly, any Confidential Information without first obtaining any required export license or government approval and, in the case of Confidential Information disclosed by University, without first obtaining permission from University’s Office of Sponsored Projects. In the event any Confidential Information is export-controlled, the Disclosing Party shall provide Receiving Party with written notice containing the nature of the export-controlled information, prior to any exchange of export-controlled Confidential Information.

Compliance with Export Control Regulations is a priority at UT Austin due to the breadth of research conducted in our many research facilities. UT Austin requires the parties to disclose, in advance of exchanging Confidential Information, information needed to insure compliance with Export Control regulation. In addition, the person at UT Austin responsible for the exchange of Confidential Information is required to acknowledge their responsibilities under the applicable Export Control laws.

If you need assistance in completing the Export Control information you can contact David Ivey, Associate Director & Export Control Officer here at OSP (475-7963; ively@austin.utexas.edu).

11. Contacts

Notices under the Agreement will be given to a Party’s person set forth in Section 1 of the NDA either by prepaid, first class, certified mail, return receipt requested or by internationally recognized overnight courier to the addresses set forth in Section 1 of the NDA or other addresses as may be given from time to time under the terms of this Section 11. Notice will be deemed given once the written notice is delivered at the designated address. Delivery via e-mail will not constitute notice.

Confidential Information shall be delivered to the Contact Person for such Receiving Party indicated in Section 2 of the NDA or other persons specified from time to time by Receiving Party as its Contact Person by notice given in accordance with this Section 11.

A Party’s contact in Section 1 for purpose of notices may be different than the Contact Person listed for the Party in Section 2 of the NDA. Section 1 lists the person who will sign as the legal representative of the Party and receive notices, while the person listed in Section 2 will handle the receipt and/or delivery of Confidential Information for the Party.

12. Other Provisions

The Agreement will be governed by the laws of the State of Texas, without regard to choice of law principles. No amendment to the Agreement will be effective unless in writing and signed by the Parties. Neither the Agreement nor the rights and obligations of the Parties hereunder may be sold, assigned or otherwise transferred. If any provision of the Agreement is held to be unenforceable, all other provisions will continue in full force and effect. The Agreement supersedes any and all prior understandings or previous agreements between the Parties, oral or written, relating to the subject matter herein and constitutes the sole and complete agreement between the Parties related to the subject matter hereof. Any delay by a Party to enforce any right under the Agreement shall not act as a waiver of that right, nor as a waiver of the Party’s ability to later assert that right relative to any particular factual situation. The Parties acknowledge that nothing in the Agreement shall constitute a waiver of sovereign immunity by Parties that are state agencies.

Of these “Other Provisions”, the clause stating the NDA will be governed by Texas law deserves special attention. As an agency of the State of Texas, The University of Texas at Austin may not agree to be bound by the laws of another jurisdiction. As an alternative, we can agree to be silent on the issue.