

IMPORTANCE OF NON-DISCLOSURE AGREEMENTS

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INTELLECTUAL PROPERTY
TECHNOLOGY AND
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OVERVIEW

- NDA or “confidentiality agreement”?
- Agreement or Deed?
- Are they necessary at all?
- Objectives
- Secondary Objectives
- One way or reciprocal?
- What in fact is “confidential”?

WHAT'S IN A NAME?

- NDA or Confidentiality Agreement?
 - The descriptions are interchangeable
 - No difference from a legal perspective
- Agreement or Deed?
 - Depends on the presence of consideration
 - Deeds are accompanied by more formalities
 - Deeds can be more cumbersome in the time of COVID

WHAT IF OVERLOOKED?

- Not the end of the world
- Even without such a contractual obligation, the recipient will be under a common law (or, more precisely, an equitable) obligation to maintain the confidentiality of information which is not in the public domain and which is disclosed in circumstances which make it clear that it is to remain confidential
- Common law protection against disclosure exists where:
 - information is inherently confidential
 - received in confidence
- *Corrs Pavey Whiting & Byrne v Collector of Customs* (1987) FCR 434

ADVANTAGES OF AN NDA V. COMMON LAW

- the information can be identified with greater precision
- no ambiguity as to whether the information was received in confidence
- limited purpose for which the information may be used can be specified
- duration of permissible use of the information can also be specified
- helps avoid disclosure of potentially patentable information prior to statutory protection being secured

SECONDARY OBJECTIVES

Avoid a misleading heading “NDA” if in fact more is involved

Consider whether these are necessary or appropriate:

- Intellectual property ownership
 - existing IP (no assignment)
 - new IP (assigned?)
- Non-compete
 - prima facie void in the absence of “special circumstances”: *Tropeano v Riboni* [2005] VSC 229 (Gillard J)
 - must serve a purpose: *Verint Systems (Australia) Pty Ltd v Sutherland* [2019] NSWSC 882
- Privacy
- Time limit
 - what happens when the time limit expires?

ONE WAY OR RECIPROCAL?

- Is there a two-way flow of confidential information?
 - business negotiation? (mutual)
 - disclosure of research results for evaluation? (one-way)
- Consider relative bargaining strengths
- Consider whether there is a downside
- “Mutuality” can be a comfort or a hindrance in negotiations

IDENTIFYING “CONFIDENTIAL INFORMATION”

- Typical definition:

“any information of any kind whatsoever and whether in writing or not and whether identified as being confidential or not which is disclosed, or made available or accessible to RECIPIENT by or on behalf of DISCLOSER in connection with the Permitted Purpose and which relates to DISCLOSER's business, or the business of any of DISCLOSER's related bodies corporate, including, without limitation, any inventions, discoveries, trade secrets, know-how, data, documents, manuals, reports, systems, techniques, processes, equipment, business, concepts, technology, intellectual property, analysis, lists of actual or potential customers or partners, business or marketing plans, pricing, financial and accounting books, records and regulatory affairs, and without limitation, includes the information described in the Schedule”
- Employee know-how not protected at common law – *O’Brien v Komesaroff* (1982) 150 CLR 310
- “Trade secrets” may be redundant
- “Intellectual property” is not necessarily “confidential”

IDENTIFYING “CONFIDENTIAL INFORMATION” (CONT)

- Label “commercial-in-confidence” doesn’t necessarily make a document confidential at common law: *Kung Fu Wushu Australia Limited and Australian Sports Commission* [2018] AATA 157
- But the absence of a label may indicate the material is not considered confidential: *South Coast Hunters Club v Eurobodalla Shire Council* [2018] NSWCATAD 42
- A label may be effective contractually: *Career Step, Inc v TalentMed Pty Ltd (No 2)* [2018] FCA 132 (Robertson J)
- Password protection may be evidence of confidentiality: *Digital Central Australia (Assets) Pty Ltd v Stefanowski (No 2)* [2017] FCA 1000

EXCEPTIONS

- Already in recipient's possession
- Lawfully in public domain
- Lawfully received from third party
- Disclosed with consent
- Statute/judicial authority/government authority

Are these exceptions implicit in any event?

Also, bear in mind the need to:

- Maintain a right of access
- Return or destroy upon request