ICC Model Confidentiality Agreement

ICC Model Confidentiality Clause
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Confidentiality agreements are the most frequently used means of providing for non-disclosure of sensitive information in the context of business transactions. Almost every business, large or small, will engage in a transaction requiring attendant commitments of confidentiality and will have to face the challenge of preparing a confidentiality agreement.

In order to give business people and lawyers who are not experts on the subject a reliable model upon which to draw, ICC has prepared this Model Confidentiality Agreement and Model Confidentiality Clause, which may be incorporated into existing agreements expressly or by reference. The models provide balanced, cross-sectoral, legal platforms that take into account the needs of both the disclosing and receiving parties.

The model agreement and clause, part of a successful series produced under the chairmanship of Fabio Bortolotti (Italy), are the result of extensive discussion in ICC’s Commission on Commercial Law and Practice, and in particular by its Task Force on Confidentiality Agreements, chaired by Filip de Ly (Netherlands) and Åke Nilson (United Kingdom). The model has benefited from the active participation of the following Task Force members: Christoph Martin Radtke (France), John Bezant (United Kingdom), Manfred Grünanger (Austria), Bruno Heynen (Austria), Lothar Hofmann (Austria), Olivier Vaes (Belgium), Jingzhou Tao (People’s Republic of China), Christine Lecuyer-Thieffry (France), Jane Willems (France), Lars Münch (Germany), Dharmasinh Popat (India), Arisa Takata Herb (Switzerland), András Gurovits Kohli (Switzerland), Michel Ruffieux (Switzerland), Ercüment Erdem (Turkey), Christoph Liebscher (Austria), Olivier Vaes (Belgium), Francine Gurral (France), René von Samson-Himmelstjerna (Germany), Merja Kohonen (Finland), Tom Vapaavouri (Finland), Alfred Pfister (Germany) and Sigrid Hintzen (Germany). ICC expresses its gratitude to all of them.
Introduction

On 27 May 2004, the ICC Commission on Commercial Law and Practice (CLP) formed a Task Force on Confidentiality Agreements to prepare an ICC Model Confidentiality Agreement in response to a request from a large number of companies that had expressed a need for a global, cross-sectoral confidentiality agreement. The ICC Task Force met on five occasions and, after a global consultation process, the Model was presented to the above-mentioned ICC Commission for adoption on 27 October 2005.

During its work, the Task Force came to the conclusion that the provisions of the Model Confidentiality Agreement it was preparing could also be used, without major additional efforts or amendments, for the purposes of drafting confidentiality clauses. For that reason, the Task Force has prepared both an ICC Model Confidentiality Agreement and an ICC Model Confidentiality Clause. The Model Confidentiality Agreement is presented below on page 8; the Model Confidentiality Clause 2006 on page 13.

Protecting all kinds of confidential business information (be it technical, commercial or financial) is a legitimate business concern in various industries and branches of trade and arises in relation to a variety of business transactions. Confidentiality agreements are often concluded prior to passing on any confidential information and many international contracts contain general confidentiality clauses.

There are many models in use; each company tends to treat its own confidentiality agreement with great pride and possessiveness, which causes delays, discussions, negotiations and higher transaction costs.

The ICC Model Confidentiality Agreement and the ICC Model Confidentiality Clause 2006 attempt to provide to industry and commerce a common platform for confidentiality obligations, which may be acceptable in various industries and transactions or, at least, reduce the scope of discussions and negotiations regarding confidentiality agreements and clauses.

Notwithstanding the obvious advantages of standardization, a number of qualifications must be made.

First, the two models presented here have not been drafted with any particular industries in mind and the models may have to be adjusted to reflect the specific needs of certain industries.

Second, the two models have been designed to apply to a wide variety of situations, but may well need adaptation for certain specific contracts or to better reflect the particular nature of certain transactions.
These two elements are reflected in the following chart:

- **TOP**
  - Parties
  - Preamble

- **CORE**
  - (ICC Confidentiality Clause 2006)
    - Article 1 – Definitions
    - Article 2 – Definition of Confidential Information
    - Article 3 – Obligation to keep confidential and restrictive use
    - Article 4 – Exclusions from obligation to keep confidential and restrictive use
    - Article 5 – Copies
    - Article 6 – Refusal
    - Article 7 – No licence or ownership
    - Article 8 – No warranty
    - Article 9 – No further obligations
    - Article 10 – Term and termination
    - Article 11 – Survival of obligations
    - Article 12 – Breach and remedies
    - Article 13 – Disposal
    - Article 14 – Protective order

- **TAIL**
  - Article 15 – Good faith and fair dealing
  - Article 16 – Dispute resolution
  - Article 17 – Applicable law
  - Article 18 – No assignment
  - Article 19 – Written form
  - Article 20 – Default rules

Optional clauses can be added for certain types of transactions.
Optional clauses can be added for certain industry-specific types of transactions.
In addition to the two qualifications above, three more elements may be noted.

First, the ICC Model Confidentiality Agreement and the ICC Model Confidentiality Clause contain, of course, non-mandatory provisions and parties considering using these models may thus depart from any of their provisions. In this respect, the Task Force has attempted to strike a fair balance between the interests of the Disclosing Party and the Receiving Party, but the parties, on the basis of their respective bargaining positions or for any other reason, may opt for other solutions.

Second, both models have been drafted in order to accommodate business parties in different jurisdictions and, thus, may provide a common platform for parties from different countries. However, the parties are advised always to consult local counsel to have the models reviewed against any applicable rules (such as contract law rules or regulatory rules such as export control rules).

Third, the Task Force has refrained from specifically addressing questions as to third party effects of the two models presented, because these effects were considered to be too different from one jurisdiction to another. Thus, it is recommended always to consult local counsel to reflect upon proper contract language and mechanisms where it is desired to bind third parties to confidentiality obligations, or to achieve any other third party effects (such as specific confidentiality agreements with third parties or accessions or assignments to have similar effects).

The Task Force hopes that the fruit of its work may be appreciated by business and that the models will find their way into practice, or provide inspiration to contract drafters.

Comments and questions may be addressed to:

Commission on Commercial Law and Practice
International Chamber of Commerce
38, Cours Albert Ier
F – 75008 Paris
ICC Model Confidentiality Agreement

Parties
Non-disclosure and restricted use agreement by and between
[_______________],[_______________],
and
[_______________],[_______________],
hereinafter referred to as “Party” or “Parties” respectively.

Preamble
1. The Parties [______________________________] (the “Purpose”);
2. In relation to the Purpose, information has been or will be disclosed by either or both Parties;
3. The Parties want to ensure that such information, which each may disclose to the other, is used only for the Purpose and protected from further disclosure.

The Parties enter into the following agreement (“Agreement”):

Article 1 – Definitions
In this Agreement unless the context otherwise requires:
“Disclosing Party” means the Party disclosing Confidential Information to the Receiving Party.
“Permitted Recipients” means any director, officer, employee, adviser or auditor of the Receiving Party or any of its Related Companies who reasonably needs to know Confidential Information for the Purpose.
“Receiving Party” means the Party receiving Confidential Information from the Disclosing Party.
“Related Company” means any corporation, company or other entity that controls, or is controlled by, one Party or by another Related Company of that Party, where control means ownership or control, direct or indirect, of more than fifty (50) per cent of that corporation’s, company’s or other entity’s voting capital.

Article 2 – Definition of Confidential Information
Option A
“Confidential Information” means any information or data, or both, communicated by or on behalf of the Disclosing Party to the Receiving Party, including, but not limited to, any kind of business, commercial or technical information and data in connection with the Purpose, except for information

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1 The word “confidential” can be problematic for certain industries in some countries where it has connotations with national security classifications – which need to be kept distinct from commercially sensitive materials. In those cases, the Parties may wish to consider designating the information as, for example, “proprietary”.
2 To the extent possible, this Agreement has been drafted to apply in a mutual way.
3 For example: “intend to engage in discussions and/or possible business relationships concerning” the “Purpose”. The Parties should consider whether they prefer a precise description of the “Purpose” or whether it should be kept broad. The definition of the Purpose is a key issue, and it is highly recommended to pay proper attention to the drafting of this part of the Agreement.
4 The Parties may wish to consider whether contractors, sub-contractors and other third parties should be within the scope of the Permitted Recipients.
5 Article 2 has been drafted to provide the Parties with two options. If no clear preference is indicated by the Parties, Article 20 of this Agreement states that option A will be the default choice.
that is demonstrably non-confidential in nature. The information shall be Confidential Information, irrespective of the medium in which that information or data is embedded, and whether the Confidential Information is disclosed orally, visually or otherwise.

**Option B**

“Confidential Information” means any information or data, or both, communicated by or on behalf of the Disclosing Party to the Receiving Party, including, but not limited to, any kind of business, commercial or technical information and data disclosed between the Parties in connection with the Purpose, provided that:

a) when disclosed in tangible form or via electronic communication it is marked or otherwise identified as “Confidential” by the Disclosing Party; or

b) when disclosed orally or visually it is identified as “Confidential” prior to disclosure and subsequently summarized in writing by the Disclosing Party, and that summary is given to the Receiving Party marked or otherwise identified as “Confidential” within thirty (30) days after that disclosure. In case of disagreement relating to the summary, the Receiving Party must present its objections to the summary in writing within thirty (30) days of receipt.

Confidential Information shall include any copies or abstracts made of it as well as any products, apparatus, modules, samples, prototypes or parts that may contain or reveal the Confidential Information.

Confidential Information is limited to information disclosed on or after the date of signature of this Agreement.

**Article 3 – Obligation to keep confidential and restrictive use**

The Receiving Party shall:

a) not disclose any Confidential Information to anyone except to the Permitted Recipients, who are bound to the same level of confidentiality obligations as set forth by this Agreement;

b) use any Confidential Information exclusively for the Purpose; and

c) keep confidential and hold all Confidential Information with no less a degree of care as is used for the Receiving Party’s own confidential information and at least with reasonable care.

**Article 4 – Exclusions from obligation to keep confidential and restrictive use**

The obligations under Article 3 to keep confidential all Confidential Information shall not apply to the extent that the Receiving Party can prove that any of that information:

a) was in the Receiving Party’s possession without an obligation of confidentiality prior to receipt from the Disclosing Party;

b) is at the time of disclosure, or subsequently becomes, generally available to the public through no breach of this Agreement by the Receiving Party or any Permitted Recipient;

c) is lawfully obtained by the Receiving Party from a third party without an obligation of confidentiality, provided that third party is not, to the Receiving Party’s best knowledge, in breach of any obligation of confidentiality to the Disclosing Party relating to that information; or

d) is developed by the Receiving Party or its Related Companies independent of any Confidential Information.

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* The Parties may also specify any other effective date and/or extend the scope of the definition to include information disclosed in the past.
Article 5 – Copies

Unless otherwise specified by the Disclosing Party at the time of disclosure, the Receiving Party may make copies of the Confidential Information to the extent necessary for the Purpose.

Article 6 – Refusal

Nothing in this Agreement shall obligate either Party to disclose any information.

Each Party has the right to refuse to accept any information under this Agreement prior to any disclosure. Confidential Information disclosed despite an express prior refusal is not covered by the obligations under this Agreement.

Article 7 – No licence or ownership

Nothing in this Agreement shall affect any rights the Disclosing Party may have in relation to the Confidential Information, neither shall this Agreement provide the Receiving Party with any right or licence under any patents, copyrights, trade secrets, or the like in relation to the Confidential Information, except for the use of Confidential Information in connection with the Purpose and in accordance with this Agreement.

Article 8 – No warranty

The Disclosing Party makes available the Confidential Information as is and does not warrant that any of this information that it discloses is complete, accurate, free from defects or third party rights, or useful for the Purpose or other purposes of the Receiving Party.

Article 9 – No further obligations

This Agreement does not:

a) create any other relationship;

b) oblige a Party to enter into any other contract; or

c) require consideration for any information received.

Article 10 – Term and termination

This Agreement enters into force by signing of all Parties and can be terminated by either Party with immediate effect by giving a written notice to the other Party.

Article 11 – Survival of obligations

Option A

Upon termination, the Receiving Party shall stop making use of the Confidential Information. The obligations of the Parties under this Agreement shall survive indefinitely or to the extent permitted by the applicable mandatory law.

Option B

Upon termination, the Receiving Party shall stop making use of the Confidential Information. The obligations of the Parties under this Agreement shall survive its termination for ________ years.

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7 Depending on the nature of the transaction, the Parties may wish to consider revising this clause to reflect situations where the correctness of the data or the existence of third party rights is important to the project or relationship between the Parties, or both.

8 Depending on the nature of the data, the Parties may wish to specify the time period for confidentiality (option B) or even extend it indefinitely (option A). If no clear preference is indicated by the Parties, Article 20 of this Agreement states that option A will be the default choice.