



Legal Guide:
Non-Disclosure & Confidentiality Agreement:
(for use with Employees or Independent Contractors)

A Beginners Step-by-Step Guide for
Business Owners, Beginners, and
Non-Lawyers

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NOTICE TO READER: The information in this article is a brief summary for informational purposes only. It is not meant to be legal advice. If you require information or advice as it relates to your individual circumstances you are advised to consult with a lawyer.

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- [USA: Confidentiality / Non-Disclosure Agreement](#)
- [Canada: Confidentiality / Non-Disclosure Agreement](#)



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1. Introduction

In business matters, it is often necessary that your employees or third party contractors will have or will require access to information about your business in order to provide service to your company. For example, it is not uncommon for certain employees to have access to customer lists, supplier information, or financial information. However, you may be reluctant to disclose the information without some form of written agreement to protect the legal rights of the disclosing party.

The legal document used to protect your legal rights is called a “Non-Disclosure Agreement” (also known simply as an “NDA”) or a “Confidentiality Agreement”. All these titles refer essentially to the same type of document.

2. When Is an NDA / Confidentiality Agreement Used?

An NDA / Confidentiality Agreement is useful under any situation where you will need to disclose information to employees or contractors that you consider as confidential.

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When hiring employees or an independent third party contractor you may want some legal protection to ensure that the employee/contractor agrees to keep certain information about your business confidential such as:

- (a) client contact information
- (b) methods of doing business
- (c) other employee information
- (d) supplier information
- (e) financial information about the business
- (f) discussions of future business plans or discussions with third parties

3. Basics of an NDA / Confidentiality Agreement

An NDA / Confidentiality Agreement usually contains provisions with the following basic elements:

1. Name of the parties
2. Date of the Agreement and the time period for the confidentiality
3. Obligation of recipient not to disclose the confidential information
4. Definition or description of what will be considered as “confidential” (e.g.: client list, or product, or potential business relationship)
5. Exceptions for certain information that is not considered confidential (e.g.: information that is already in the public domain and easily obtainable is generally not considered to be confidential)
6. Legal rights and remedies available to the disclosing party in the event that the recipient party discloses Confidential Information (e.g.:



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the disclosing party will have the right to obtain a court order to stop the recipient party from disclosing the information).

7. General legal provisions

4. Prepare an NDA / Confidentiality Agreement Now

You can easily prepare an NDA / Confidentiality by filling in an online form. Click one of the following links then follow the instructions below when filling out the online form:

- [USA: NDA form](#)
- [Canada: NDA form](#)

Section in online form:	Subsection	Additional Notes:
Governing Law		Generally, State / Province selected is the where the disclosing party is located
Form of Agreement	Choose form of agreement	You can choose “Confidentiality Agreement” or “Non-Disclosure Agreement”. Practically, there is no difference between the two. Choose the label that you feel most comfortable using.
	Type of Agreement:	You have several options to choose from. Select: 3. Employee / Independent Contractor. Use this option if you are hiring an employee or retaining the services of a 3 rd party contractor to provide you with services.

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For example, you may be hiring a computer programmer who will be creating a database of your customer list, or a computer consultant who will have the passwords to your email accounts.

Section in online form:	Subsection	Additional Notes:
Employer	Person Providing Confidential Information	<p>Enter the name of each party providing or disclosing confidential information – usually this is the “employer” or the company that is hiring the independent contractor / consultant / third party.</p> <p>It is important to enter in the full proper legal name of the party and to make sure that the name is spelled properly without spelling errors.</p> <p>(a) For an individual: reference should be made to a legal document such as a birth certificate, passport, driver’s license, or other government issue identification. The name on a credit card is usually not sufficient. If the person usually multiple names, you may wish to enter the name in a format as follows:</p> <p>“Bill Smith also known as William Smith”</p> <p>(b) For a corporation: reference should be made to the corporation’s official incorporation certificate to obtain to proper full legal name of the corporation.</p>

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Section in online form:	Subsection	Additional Notes:
		<p>Be sure to enter the address of the disclosing party. Try to avoid using a Post Office box. An actual address is preferable. If an individual is reluctant to use their residential address, use their business address instead. Specify the type (individual or corporation) and for individual, also enter the gender.</p>
Employee / Contractor	Person Receiving Confidential Information	<p>Enter the name of the person/company who will be receiving confidential information.</p> <p>If you are contracting with an individual, enter the individual's name and information. If you are contracting with a corporation, enter the corporation's name.</p> <p>It is important to enter in the full proper legal name of the party and to make sure that the name is spelled properly without spelling errors.</p> <p>(a) For an individual: reference should be made to a legal document such as a birth certificate, passport, driver's license, or other government issue identification. The name on a credit card is usually not sufficient. If the person usually multiple names, you may wish to enter the name in a format as follows:</p> <p>"Bill Smith also known as William</p>

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Section in online form:	Subsection	Additional Notes:
		<p>Smith”</p> <p>(b) For a corporation: reference should be made to the corporation’s official incorporation certificate to obtain to proper full legal name of the corporation.</p> <p>Be sure to enter the address of the receiving party. Try to avoid using a Post Office box. An actual address is preferable. If an individual is reluctant to use their residential address, use their business address instead. Specify the type (individual or corporation) and for individual, also enter the gender.</p>
	Employee or Contractor	<p>Independent Contractor: select this option if the party that the disclosing party has contracted with is a company or organization</p> <p>Employee: select this option if the party that the disclosing party has contracted with is an individual person</p>
	Job Title / Description:	<p>Enter a description that describes receiving party’s role. For example, Consultant, analyst, web designer, programmer, marketer, salesperson</p>
	Contractor will use or create	<p>Unless the nature of the services the person/company will be providing does not involve the use of any</p>

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Section in online form:	Subsection	Additional Notes:
	computer technology?	computer technology then you should select “yes” for this option.
Duty of Confidentiality	prevented from competing for	<p>Since a recipient will be receiving confidential information, the Employer may want to prevent the recipient from using the information to start a competing business.</p> <p>The longer the period chosen, the more likely that the period will not be enforceable. As such, you need to select a reasonable period depending on the nature of you’re the person’s Job title/Description. Also, you cannot prevent someone from carrying on their profession so you need to consider what is reasonable.</p> <p>This section should be completed if the person is being hired as an employee. Select the lowest time frame that is reasonably necessary to protect the interests of the disclosing party.</p> <p>Some contractors may not be agreeable to this provision, especially if they are providing services to other customers of theirs.</p>
	prevented from soliciting employees for	Since a recipient will be receiving confidential information about the employees of the business, the Employer may want to prevent the

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Section in online form:	Subsection	Additional Notes:
		recipient from using the information to approach the employees to hire them itself.
	Duties of Confidentiality continue after termination	This section should be completed. Select the lowest time frame that is reasonably necessary to protect the interests of the Employer. The longer the period chosen, the more likely that the period will not be enforceable. As such, you need to select a reasonable period depending on the nature of the business and the Job Title / Description.
Additional Clauses	Duties of Confidentiality continue after termination	If there are any special obligations, promises, or text you want inserted, use this section. For example, the parties may want to include a provision that specifies that no information may be removed from the location of the Employer: “the Employee/Independent Contractor agrees that no confidential information may be removed from the offices of the Employer”.
Execution Date	Signing date	If you know the date the document will be effective, select it from the options, otherwise select “unsure” and fill in the date at the time it is signed.

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Section in online form:	Subsection	Additional Notes:
	witnesses required	Select "Yes" here, unless you have a reason to dispense with a witness. In the event that a party to the agreement denies that they signed the document, a witness can serve the purpose to testify that they in fact they were present and saw the document signed. A witness should be present and see the party signing the document. If the parties are not signing the document at the same time or in the same room, then separate witnesses should be used for each party.

5. Next Steps

Once you have completed the form, print out 2 copies and have 2 originals signed and witnessed. One original should be kept in your records and the other original should be given to the other party.

6. Other Useful Resources Online

Downloadable Legal Forms:

- Business Agreements: • [USA](#) • [Canada](#)
- Employee Agreements: • [USA](#) • [Canada](#)
- Consulting / Services Agreements: • [USA](#) • [Canada](#)

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