

PRODUCT DEVELOPMENT NON-DISCLOSURE AGREEMENT

1. 1. Parties and Development Purpose

This Product Development Non-Disclosure Agreement (the "Agreement") is entered into as of [EFFECTIVE DATE] between [PARTY A NAME], a [ENTITY TYPE] located at [PARTY A ADDRESS], and [PARTY B NAME], a [ENTITY TYPE] located at [PARTY B ADDRESS]. The Parties intend to exchange technical and commercial information so they can [PURPOSE, e.g., evaluate feasibility, prepare a manufacturing quotation, design and engineer a product, or jointly develop a component] relating to [PRODUCT OR PROJECT NAME] (the "Project"). Information may flow in both directions, and each Party may act as a Disclosing Party or a Receiving Party. This Agreement governs the exchange of information only; the commercial terms of any development or manufacturing work will be set out in a separate development agreement, statement of work, or purchase order. Technical contacts for the Project are [PARTY A TECHNICAL CONTACT] and [PARTY B TECHNICAL CONTACT].

2. 2. Definition of Confidential Information

"Confidential Information" means non-public information disclosed by a Disclosing Party in connection with the Project, in any form, that is marked or identified as confidential or that a reasonable person would recognize as confidential given its nature. It includes without limitation: designs, drawings, CAD and CAM files, schematics, and industrial design; specifications, tolerances, and bills of materials; firmware, embedded software, source code, and algorithms; formulas, chemistries, material selections, and treatment processes; manufacturing methods, process parameters, tooling designs, fixtures, and jigs; test plans, test data, failure analyses, and reliability results; supplier identities, component pricing, and cost models; product roadmaps, launch timing, and marketing plans; and physical prototypes, samples, models, and pre-production units. Any measurement, analysis, or data derived from examining a sample or prototype provided under this Agreement is Confidential Information of the Party that provided it.

3. 3. Marking and Oral Disclosures

The Parties will mark written and electronic materials as confidential where practical, using a legend such as "Confidential — [DISCLOSING PARTY NAME]." Failure to mark does not remove protection from information that a reasonable person would recognize as confidential given its technical nature and the circumstances of disclosure. Information disclosed orally, visually, or through a demonstration, factory tour, or hands-on review of a sample is Confidential Information if identified as confidential at the time or if a reasonable person would understand it to be confidential. Physical items such as prototypes, samples, and tooling are Confidential Information whether or not they carry a label. Each Party will instruct its personnel to treat all Project materials as confidential unless the Disclosing Party states otherwise in writing.

4. 4. Exclusions from Confidential Information

Confidential Information does not include information that the Receiving Party can demonstrate through contemporaneous written or electronic records: (a) was publicly available before disclosure or later becomes publicly available through no act or omission of the Receiving Party; (b) was already in the possession of the Receiving Party without a duty of confidence before disclosure; (c) is lawfully obtained from a third party free to disclose it; or (d) is independently developed by personnel of the Receiving Party who had no access to the Confidential Information. Information derived from disassembling, measuring, or testing a sample or prototype provided by the Disclosing Party does not qualify as independently developed. A specific combination of design features, materials, or process steps remains protected even if individual elements are publicly known, unless the

combination itself falls within an exclusion.

5. 5. Use Restrictions and No Reverse Engineering

Each Receiving Party will use Confidential Information solely for the Project and for no other purpose, including no use to design, manufacture, market, or sell any product for itself or for a third party outside the Project. The Receiving Party will not disassemble, decompile, decap, cross-section, chemically analyze, X-ray, benchmark, or otherwise reverse engineer any prototype, sample, component, or software provided under this Agreement, except to the extent expressly authorized in writing for the Project or where reverse engineering cannot lawfully be restricted under applicable law. The Receiving Party will not seek to determine the composition, structure, or process parameters of any material or component provided, other than as required for agreed Project testing. The Receiving Party will not file any patent or design registration covering subject matter derived from the Confidential Information of the Disclosing Party.

6. 6. Handling of Samples, Prototypes, and Tooling

Physical items provided under this Agreement, including prototypes, samples, pre-production units, tooling, molds, fixtures, and test equipment, remain the property of the Party that provided or funded them and are loaned for use on the Project only. The Receiving Party will store those items in a secured, access-controlled area, will not display or photograph them outside the Project team, will not ship them to any other location or third party without prior written consent, and will not incorporate them into any other product or program. The Receiving Party will maintain a log of items received, their location, and their disposition. Items will be returned in their current condition, or destroyed with written certification, within [ITEM RETURN PERIOD, e.g., 30 days] after the Project ends or on earlier written request. The Receiving Party bears the risk of loss for items in its possession and will notify the Disclosing Party promptly of any loss, damage, or unauthorized access.

7. 7. Access, Personnel, and Subcontractors

Each Receiving Party will limit access to Confidential Information to employees and contractors who need it for the Project, and will ensure each of them is bound by written confidentiality obligations at least as protective as those in this Agreement before receiving access. Disclosure to a subcontractor, contract manufacturer, tooling shop, testing laboratory, or other third party requires the prior written consent of the Disclosing Party, which may be conditioned on that party signing a direct agreement. Each Party will maintain a current list of personnel and approved third parties with access and will provide it to the other Party on reasonable request. Access will be revoked promptly when a person leaves the Project. Each Party remains fully responsible for compliance by its personnel and approved third parties.

8. 8. Intellectual Property, Background IP, and Improvements

Each Party retains ownership of the intellectual property it owned before this Agreement or develops outside the Project ("Background IP"), and nothing in this Agreement transfers or licenses Background IP except the limited right to use the Confidential Information of the other Party for the Project. Improvements, modifications, or inventions conceived during the Project that relate solely to the Background IP of one Party belong to that Party. Inventions conceived jointly by personnel of both Parties during the Project ("Joint Inventions") will be owned as set out in the separate development agreement; in the absence of such an agreement, each Party will promptly disclose any Joint Invention to the other and the Parties will negotiate ownership and licensing in good faith before either Party files any application. Neither Party will file a patent application covering a Joint Invention without written notice to the other. This Agreement grants no right to use the trademarks, trade dress, or name of the other Party.

9. 9. No License, No Warranty, and No Obligation to Proceed

Nothing in this Agreement grants either Party a license under any patent, copyright, trade secret, mask work, or other intellectual property right of the other, whether by implication, estoppel, or otherwise, beyond the limited right to use Confidential Information for the Project. All Confidential Information is provided on an as-is basis, and neither Party makes any representation or warranty as to accuracy, completeness, manufacturability, safety, regulatory compliance, or fitness for any purpose. Neither Party is obligated to disclose any particular information, to proceed with the Project, to place or accept any order, or to enter into any further agreement, and either Party may end discussions at any time without liability. Each Party remains free to develop, acquire, or market products that may compete with those of the other Party, provided it does so without using or disclosing the Confidential Information of the other Party.

10. 10. Export Control and Regulatory Compliance

Confidential Information exchanged under this Agreement may include technical data subject to export control laws and regulations. Neither Party will export, re-export, transfer, or release Confidential Information, or provide access to it by a foreign national, in violation of applicable export control or sanctions laws. Before transferring technical data to any location outside [PRIMARY JURISDICTION] or providing access to personnel located outside it, the Receiving Party will confirm that the transfer is permitted and will obtain any required license or authorization. Each Party will notify the other if it becomes aware that Confidential Information is subject to a specific export classification or licensing requirement. Each Party will also comply with applicable product safety, environmental, and material restriction requirements relevant to the Project and will inform the other of any known restricted substance in materials it supplies.

11. 11. Term and Duration of Obligations

This Agreement takes effect on the Effective Date and governs disclosures made during the period ending [DISCLOSURE END DATE, e.g., three years after the Effective Date] or on the completion or abandonment of the Project, whichever occurs first. The confidentiality and use restrictions apply to each item of Confidential Information for [CONFIDENTIALITY PERIOD, e.g., five years] from the date it was disclosed, reflecting the length of typical product development and production cycles. Confidential Information that constitutes a trade secret, including manufacturing process parameters and formulations, remains protected for as long as it qualifies as a trade secret under applicable law. The obligations regarding samples, tooling, reverse engineering, intellectual property, and export control survive expiration or termination of this Agreement without time limit unless stated otherwise.

12. 12. Return or Destruction of Information

On written request by a Disclosing Party, and automatically when the Project is completed or abandoned, the Receiving Party will return or securely destroy all Confidential Information of that Disclosing Party, including drawings, files, models, test data, notes, and derivative materials, and will return the physical items covered by Section 6. An authorized representative will certify completion in writing within [CERTIFICATION PERIOD, e.g., 20 days]. The Receiving Party may retain one archival copy required by applicable law, regulatory obligation, quality system requirements, or a documented retention policy, and is not required to purge copies held in automatic backup systems that are not readily accessible. Any retained material remains subject to this Agreement for as long as it is retained and may be accessed only for the retention purpose. Records required by a quality management system will be retained in accordance with that system and kept confidential.

13. 13. Remedies and Injunctive Relief

Each Party acknowledges that unauthorized use or disclosure of technical Confidential Information, or unauthorized reverse engineering of a sample or prototype, could cause harm that money damages alone may not adequately remedy, including loss of patent rights and loss of first-to-market advantage. In addition to any other remedy available at law or in equity, a Disclosing Party may seek injunctive or other equitable relief to prevent or stop an actual or threatened breach, subject to any bond required by the court. This right is available to both Parties on the same terms. Each Party may also recover damages proven to result from a breach, and the prevailing Party in any proceeding to enforce this Agreement may recover reasonable attorney fees and costs. Neither Party will be liable for indirect, incidental, consequential, or punitive damages, except in connection with willful misappropriation of trade secrets.

14. 14. Governing Law and General Provisions

This Agreement is governed by the laws of the State of [GOVERNING STATE], without regard to conflict of laws rules, and the United Nations Convention on Contracts for the International Sale of Goods does not apply. Any action will be brought exclusively in the state or federal courts located in [VENUE COUNTY AND STATE], to whose jurisdiction each Party consents. This Agreement is the entire agreement of the Parties regarding confidentiality for the Project and supersedes prior understandings on that subject; it may be amended only in a writing signed by both Parties, and any conflicting preprinted terms on a purchase order or quotation do not apply. Neither Party may assign this Agreement without written consent, except to a successor to substantially all of its business, provided the successor is not a direct competitor of the other Party. If any provision is unenforceable, it will be narrowed to the minimum extent necessary and the remainder will continue in effect. Counterparts and electronic signatures are valid.

15. 15. Signatures

By signing below, the Parties agree to the terms of this Agreement as of the Effective Date. PARTY A: [PARTY A NAME]. Signature: _____. Printed Name: [PARTY A SIGNER NAME]. Title: [TITLE]. Date: [DATE]. PARTY B: [PARTY B NAME]. Signature: _____. Printed Name: [PARTY B SIGNER NAME]. Title: [TITLE]. Date: [DATE]. Each signer represents that they are authorized to bind the party on whose behalf they sign and that they have read the restrictions on reverse engineering, samples, and export control set out above.

16. Disclaimer

This template is provided for general informational purposes only and is not legal advice. Product development raises patent, trade secret, export control, product safety, and regulatory issues that vary by state, country, and industry, and public disclosure of an invention can affect later patent rights. Joint invention ownership in particular has consequences that a short clause cannot fully resolve. Review and adapt this document with a licensed attorney, and involve patent counsel before disclosing an unfiled invention. Use of this template does not create an attorney-client relationship with ScanContract.