

# Why Should You Use Confidentiality Agreements?

Every business has valuable secrets: product formulas, manufacturing processes, new products under development, sources of supply, even the identities of its customers. The law protects these secrets from the use of improper means to acquire them (“misappropriation”), *provided that* businesses take reasonable steps to protect their information.

Because of this requirement, unprotected disclosures (i.e., disclosures that do not include a confidentiality agreement) can result in the loss of the trade secret. When you disclose your business’ secret information to a “trusted” supplier or customer without a confidentiality agreement, you open the door for a misappropriator to claim that your company does not take reasonable steps to protect its secrets, and thus those secrets are not entitled to protection. This is true even if that trusted supplier or customer was not the source of the misappropriation.

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## OTHER REASONABLE STEPS YOU SHOULD CONSIDER TO PROTECT YOUR SECRETS:

- ☒ Mark documents containing the company’s secrets as “CONFIDENTIAL”
- ☒ Restrict secrets to those who have a real need to know them
- ☒ Physically secure documents containing the company’s secrets; password protect electronic versions of those documents saved in non-secure locations
- ☒ Have written confidentiality agreements in place with all employees and contractors