

You Never Know Who's Listening – Final Part

Creating a Confidential Relationship

The real purpose of NDAs is to create a confidential relationship between a person who has a trade secret and the person to whom the secret is disclosed. People who have such a confidential relationship are legally bound to keep the information a secret. In addition to written nondisclosure agreements, confidential relationships can also be created by an oral agreement, or can be inferred by examining the conduct of the parties. However, it is not advisable to rely solely on such means to create a confidential relationship because they are difficult to prove.



There are generally two classifications that a nondisclosure agreement can fall into -- either "mutual" or "one-way." A mutual nondisclosure agreement is one where two parties to the agreement both disclose confidential information to each other.

For example, a mutual NDA could be found when an inventor discloses his invention to a company in exchange for the company disclosing their secret client lists to the inventor. What are more common in employment settings are one-way NDAs. These are found when an employer requires a nondisclosure agreement from the employee in exchange for providing employment.



Not only is this a warning for financial information, but it is also an important thing to keep in mind when discussing business in public. The person across the aisle on a plane or on train's waiting area may work for a competitor. Even worse, saying something negative about another company or an individual, the person at the next table in a restaurant could be a company employee, relative or co-worker.