

Trade Secret Agreement

_____, referred to as INVENTOR, and _____, referred to as LICENSEE, agree:

INVENTOR has the exclusive rights related which is related to _____, and the same is a trade secret.

INVENTOR has not disclosed this trade secret to third parties. During the term of this agreement and any renewals or extensions thereof, INVENTOR shall not disclose the process to any party except as authorized herein.

INVENTOR grants to LICENSEE the exclusive right to use the process. INVENTOR shall fully and completely disclose the process to LICENSEE, and shall provide reasonable assistance to LICENSEE in the use of the trade secret. In the event OWNER makes any improvements to the process, the same shall be promptly disclosed to LICENSEE and shall be covered by this agreement.

LICENSEE shall take all precautions, except those which involve gross and impractical economic expense, to keep the process secret. LICENSEE shall render to INVENTOR a periodic report as to the security precautions taken with information related to the secret process and LICENSEE shall implement any requests by the INVENTOR, except for requests which involve gross and impractical economic expense.

LICENSEE shall use its best efforts to exploit the secret process to maximize exploitation of the process.

THE INVENTOR shall not compete with the LICENSEE, and shall not participate in any way in the _____ industry, including ownership, employment and contracting.

LICENSEE shall maintain records under generally accepted accounting principles of all sales made hereunder. OWNER shall have the right to inspect such books and records at any reasonable time.

LICENSEE shall pay a royalty of ____% to INVENTOR of the net selling price of all goods produced under the process. Such payment shall be made on a quarterly basis, with payment and accountings due within 15 days of the end of the quarter.

Such accountings shall be deemed to be final if no objection or request for audit is received by the LICENSEE within 1 year following settlement. In the event of a dispute, the parties shall appoint a disinterested certified public accountant to conduct an audit. Each party may present argument or materials to the certified public accountant. The decision of the certified public accountant shall be final and may be entered as a judgment in any court with jurisdiction. The cost of the audit shall be paid by the prevailing party. In the event that the parties cannot agree on a disinterested certified public accountant, each party shall appoint a certified public accountant and the two

shall appoint a third certified public accountant, and the majority of those persons shall appoint the single disinterested Certified Public Accountant. The expense of the panel of appointment shall be borne by each party equally.

This agreement shall commence on _____ and terminate on _____, unless terminated earlier as is provided herein. Upon termination, LICENSEE shall return to INVENTOR all materials related to any disclosure made by INVENTOR, including copies and materials derived from any disclosure and shall execute an affidavit of compliance. INVENTOR shall be entitled within thirty (30) days of the termination of this agreement to make an inspection of the premises to verify compliance.

The duties herein, other than payment due to INVENTOR, shall not be delegated or assigned without the written consent of the other party.

This is the entire agreement between the parties and the same may only be amended in writing.

Dated: _____

_____ By Inventor

_____ By Licensee

Internal Use Only

Trade Secret Agreement Review List

This review list is provided to inform you about this document in question and assist you in its preparation. Trade secret agreements are best served by being one-time payments. This format provides for royalties. To enact the one time payment, remove the royalty payment and include a one-time payment clause.

The reason for this is that trade secrets inevitably “get out” and the burden of royalty payments usually leads to litigation. A one-time payment puts the matter in the past, out of the realm of litigation, as a rule.

1. Make multiple copies. Give one to each party. Keep a copy in the relevant project file.

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