



NASS & GUILD  
SOLICITORS & ADVOCATES

# KEY LEGAL DOCUMENTS FOR IDEA STAGE

June 18, 2016

630, 1st Floor  
Dr Mukherjee Nagar,  
Delhi 110009  
Phone: +919205385276

52-160 City Road  
London EC1V 2NX  
Phone: +44 20 8123 0361

[www.ipforstartup.com](http://www.ipforstartup.com)

The article explains the importance of NDA/ and Non-disclosure in the startup industry.

## NONDISCLOSURE AGREEMENT (NDA)

Startup business carries important and unique information, 90% of a startup is an idea or concept that involve new concept or a new technique of business, which is crucial and USP of a startup business. We strongly advise before sharing sensitive or confidential information it is very important to have a non-disclosure agreement (“NDA”) in place, wherever possible. Where the information required high level of secrecy it is not advisable to put an NDA in place, instead we advise confidentiality agreement, a company may seek to protect by placing company information and IP by making it clear in writing that any information provided is confidential and should not be disclosed to any other person and by limiting the disclosure of such information to a need to know basis.

Please be aware that venture capitalists and angel investors often refuse to sign NDAs on the basis that, amongst other things, to do so may restrict their ability to seek out and evaluate other potential investments, they may their own draft outline of NDA that investors are likely to sign with you as other parties.

The content of any NDA is not standard it depends on the nature of the information being disclosed, the relationship between the parties and the purpose of sharing the information. It's not possible to use this NDA used for every purpose but it set the outline and cover basic requirements if you have special requirements please consult a lawyer, solicitors or attorney before putting this NDA in place.

This NDA & confidentiality agreement provided in our Start-up Pack is intended for use at the early stages of a start-up business to be used when deciding whether to collaborate with another start-up entity or seek investment.

### **Bylaws in E-commerce:**

If a business house is not the manufacturer of goods and selling online and initiate to start e-commerce business via B2B, then the good news is that there is no restriction on inventory clause, other than the following (new changes):

1. Under this model no group company or seller on a marketplace can contribute more than 25% of the sales generated, your total sale for 100 or comes from A, B, C who are manufacturer & vendor on your e-commerce website, it's very important that at any cost you should not breach the bylaws. In this model A sales cannot be more than 25 or in your total sale of 100 crores or vice versa i.e. should not exceed one vendor portion of 25% of your total sales. Applicable to both inventory and marketplace e-commerce model.
2. E-commerce company cannot influence product prices means it's time to say goodbye to heavy discounting price. Jabong, Flipkart everyone has to soon revise their strategy to follow new compliances.
3. Small sellers will now have to take responsibility for the quality of goods and after sales support; liability on vendor and e-commerce business, both are also responsible for this service model (bylaws)
4. Other than the e-commerce business model you need to consult CA for taxation and compliances if you are selling international goods. Consult a lawyer for all necessary documents and policies like the disclaimer, vendor agreement, privacy policy to avoid any heavy statutory fines.
5. Also, you need to make sure that you are following Cybersecurity & related cyber crimes and financial frauds, data privacy, mobile wallet, cybersecurity due diligence and cyber law due to diligence. Online payment legal compliances in India are diverse and complicated in nature.

In coming days we are expecting Govt. of India will come with strong laws for e-commerce business. Startups have to be more careful with an e-commerce business model, whoever hires please hire a lawyer who is not just want to have you for documentation work but do proper business modelling.