

Memorandum of Understanding

This is a template, not legal advice

This document is a general-purpose template provided for information only. It is not legal advice, it does not create a lawyer-client relationship, and nobody has reviewed it against your situation.

Laws differ by country, state and province, and they change. A clause that is standard in one place can be unenforceable — or illegal — in another. Terms that are ordinary between two businesses can be void in a consumer or employment context.

Read every clause before you use it, fill in every blank, and delete anything that does not apply. For anything high-value, unusual, or that you could not afford to lose a dispute over, have a qualified lawyer in your jurisdiction review it before it is signed.

How to use this template

1. Read it end to end and delete any clause that does not apply to you. Blanks are shown as a grey label on a line.
2. Need the other party to sign too, with an audit trail and a tamper-evident seal? That is what the paid product does.

Memorandum of Understanding

This Memorandum of Understanding (this "MOU") is made on [Date] between [First party full legal name] of [First party address] and [Second party full legal name] of [Second party address] (each a "Party" and together the "Parties").

This MOU records the Parties' shared understanding as set out below. Except for the Binding Provisions identified in Clause 3, this MOU is NOT a binding contract — see Clause 2 (Non-Binding Effect).

1. Background and Purpose

The Parties have been discussing [Describe the shared understanding, e.g. a possible joint venture to co-develop a new product] (the "Subject Matter"). This MOU records where those discussions currently stand, as a shared reference point for the Parties as they consider whether to proceed further.

Nothing said or exchanged before the date of this MOU, and nothing in this MOU itself, obligates either Party to reach, negotiate toward, or enter into any further or definitive agreement regarding the Subject Matter.

2. Non-Binding Effect

Except for the Binding Provisions listed in Clause 3, this MOU is a statement of the Parties' present understanding and intentions only. It is NOT a contract, is not enforceable as an agreement, and creates no legal obligation on either Party to negotiate in good faith, to proceed with the Subject Matter, or to enter into any further or definitive agreement.

This MOU does not create a partnership, joint venture, agency or fiduciary relationship between the Parties, and neither Party has authority to act for or bind the other in any way not expressly agreed in a separate signed writing.

Except as set out in Clause 3, each Party remains free to pursue the Subject Matter alone or with others, to walk away from the discussion at any time, and to reach a different understanding with the other Party at a later date — in each case without liability to the other Party.

3. Binding Provisions

Despite Clause 2, the following provisions of this MOU are intended to be, and are, legally binding on the Parties with effect from the date of this MOU, whether or not the Parties go on to enter into any further agreement regarding the Subject Matter:

- (a) Clause 4 (Confidentiality);
- (b) Clause 5 (Costs and Expenses); and
- (c) Clause 7 (Governing Law and Dispute Resolution), to the extent it applies to a dispute arising under Clause 4 or Clause 5.

4. Confidentiality

Each Party shall keep confidential the existence and content of this MOU, the fact and substance of the Parties' discussions about the Subject Matter, and any other non-public information disclosed by the other Party in connection with it (together, "Confidential Information"). Neither Party shall disclose Confidential Information to any third party without the other Party's prior written consent, except to its own employees, officers and professional advisers who need it to evaluate the Subject Matter and who are bound by confidentiality obligations at least as protective as this Clause 4.

This Clause 4 does not apply to information that is or becomes public through no fault of the receiving Party, was already lawfully known to it without restriction, or must be disclosed by law, regulation or court order — provided the disclosing Party is given notice first where that is lawful and practicable.

This Clause 4 survives termination or expiry of this MOU and continues for [Confidentiality survival period, e.g. two (2) years] from the date of this MOU.

5. Costs and Expenses

Unless the Parties agree otherwise in writing, each Party is responsible for its own costs and expenses — including legal, advisory, travel and internal staff time — incurred in connection with the discussions recorded in this MOU and any further negotiation of the Subject Matter, whether or not a further agreement is ever reached.

[Describe any shared or reimbursable costs and how they will be split, or state "Not applicable" if each Party bears its own costs in full] .

6. Term and Termination

Ending this MOU under this Clause 6 does not affect Clause 4 or Clause 5, which continue to bind the Parties as stated in those clauses, or any right or obligation that already accrued under them before the MOU ended.

This MOU takes effect on the date of this MOU and continues until the earliest of the following (its "Term"):

- (a) the Parties signing a further definitive agreement about the Subject Matter that is intended to supersede this MOU;
- (b) either Party giving the other [Notice period, e.g. fourteen (14) days] written notice

that it is withdrawing from the Subject Matter; or

(c) [End date, e.g. six (6) months from the date of this MOU] , if the Term has not already ended under either of the above.

7. Governing Law and Dispute Resolution

This MOU is governed by the laws of [Governing law, e.g. the State of Delaware] .

Because only the Binding Provisions in Clause 3 create enforceable obligations, this Clause 7 has practical effect only for a dispute arising under Clause 4 (Confidentiality) or Clause 5 (Costs and Expenses); for any such dispute, the Parties submit to the exclusive jurisdiction of the courts of [Jurisdiction] .

8. General

This MOU is the Parties' entire understanding regarding the Subject Matter as of its date, and replaces any earlier discussion or understanding on that subject. It may be amended, and a Party's rights under the Binding Provisions may be waived, only in writing signed by both Parties.

Neither Party may assign this MOU without the other's written consent. If any part of the Binding Provisions is held unenforceable, the rest continues in force. A failure to enforce any provision is not a waiver of it.

This MOU may be signed in counterparts and by electronic signature, each of which is an original and all of which together form one MOU.

The Parties have signed below to confirm that this MOU accurately records their shared understanding, and to bring the Binding Provisions in Clause 3 into effect notwithstanding the non-binding status of the rest of this MOU.

First Party

Signature:

Printed name:

Company:

Title:

Date:

Second Party

Signature:

Printed name:

Company:

Title:

Date: