

Commercial Contract

NON-COMPETE AGREEMENT



*Empowered lives.
Resilient nations.*



Small and Medium Enterprises Development Authority

Ministry of Industries & Production

Government of Pakistan

www.smeda.org.pk

HEAD OFFICE

4th Floor, Building No. 3, Aiwan-e-Iqbal Complex, Egerton Road,
Lahore

Tel: (92 42) 111 111 456, Fax: (92 42) 36304926-7
helpdesk@smeda.org.pk

REGIONAL OFFICE PUNJAB	REGIONAL OFFICE SINDH	REGIONAL OFFICE KPK	REGIONAL OFFICE BALOCHISTAN
3 rd Floor, Building No. 3, Aiwan-e-Iqbal Complex, Egerton Road Lahore, Tel: (042) 111-111-456 Fax: (042) 36304926-7 helpdesk.punjab@smeda.org.pk	5 TH Floor, Bahria Complex II, M.T. Khan Road, Karachi. Tel: (021) 111-111-456 Fax: (021) 5610572 helpdesk-khi@smeda.org.pk	Ground Floor State Life Building The Mall, Peshawar. Tel: (091) 9213046-47 Fax: (091) 286908 helpdesk-pew@smeda.org.pk	Bungalow No. 15-A Chaman Housing Scheme Airport Road, Quetta. Tel: (081) 831623, 831702 Fax: (081) 831922 helpdesk-qta@smeda.org.pk

January 2013

Non Compete Agreement

Pro-Gole (Right to do Business)

Legal Services, B&SDS

LEGAL SERVICES, SMEDA

The Legal Services (LS) department is a part of Business & Sector Development Services Division of the Small Medium Enterprises Development Authority and plays a key role in providing an overall facilitation and support to the small businesses. The LS believes that information dissemination among the small businesses on the existing legal & regulatory environment and business to business and business to client contracting is of paramount importance and plays a pivotal role in their sustainable development.

In order to facilitate small businesses, the LS, under the Pro-GOLE (Right to do business) project, a joint SMEDA-UNDP initiative for supporting the small businesses, has developed user-friendly contract templates.

Pro-GOLE, (Right to do Business)

The UNDP has partnered with the Small and Medium Enterprises Development Authority to initiate and execute the Pillar 4 (Right to do business) component of the UNDP PRO-GOLE project which seeks to enhance the legal awareness and mobility of marginalized/ informal businesses. Under the project legal services outreach shall be extended to small businesses including home based enterprises, small shopkeepers, growers, women entrepreneurs, hawking vendors etc. In addition, small business shall be mobilized to access legal services.

The Need for Commercial Contracts Templates

In an increasingly complex and competitive industry, it is vital that suppliers and purchasers are fully protected against legal and commercial risks. To counter such risks, a viable solution; available as- of the shelf commercial contract templates- will provide the users with first class ready to use support. With obligations properly set out and liabilities accurately defined, the users will be in a far better position to look after their rights and interests and move forward from their marginalized positions to being active players of the economy. The Legal Service Providers can equally take benefit of these templates for their professional and business development.

Disclaimer

The information contained in this template is meant to facilitate the businesses in documenting transactions matters related to business protection. However, SMEDA, UNDP or any of their employees or representatives accept no responsibility and expressly disclaim any and all liabilities for any and all losses/shortfalls caused by or motivated by recommendations from the information contained within this document. Although SMEDA's ambition is to provide accurate and reliable information; yet, the document is not an alternative to expert legal advice and should ideally be used in conjunction with the same. Any person using this document and or benefiting from the information contained herein shall do so at his/her own risk and costs and be deemed to have accepted this disclaimer.

All information contained in this document may be freely used provided that relevant acknowledgement is accurately quoted with each usage.

Non Compete Agreement

Pro-Gole (Right to do Business)

Legal Services, B&SDS

1. NON-COMPETE AGREEMENT

THIS NON COMPETE AGREEMENT (hereinafter referred to as the "Agreement") is made and entered into at _____ on this _____ day of _____ 20__,

BY AND BETWEEN:

M/s [insert Name], a public/private company incorporated under the Companies Ordinance, 1984, having its registered office at [insert Address] through its [insert Designation], Mr/Mrs/Ms [insert Name];

OR

M/s [insert Name], a partnership concern of Mr/Mrs/Ms [insert Name] and Mr/Mrs/Ms [insert Name], having its place of business at [insert Address] through its Partner, Mr/Mrs/Ms [insert Name];

OR

M/s [insert Name], a sole proprietorship concern of Mr/Mrs/Ms [insert Name], having its place of business at [insert Address] through Mr/Mrs/Ms [insert Name];

OR

Mr/Mrs/Ms [insert Name], son/wife/daughter of [insert Name], r/o [insert Address] CNIC # [insert Number]

(Hereinafter referred to as the "Business", which expression shall, wherever the context so permits, mean and include its assigns, nominees, agents and successors-in-interest)

AND

M/s [insert Name], a public/private company incorporated under the Companies Ordinance, 1984, having its registered office at [insert Address] through its [insert Designation], Mr/Mrs/Ms [insert Name];

OR

M/s [insert Name], a partnership concern of Mr/Mrs/Ms [insert Name] and Mr/Mrs/Ms [insert Name], having its place of business at [insert Address] through its Partner, Mr/Mrs/Ms [insert Name];

OR

M/s [insert Name], a sole proprietorship concern of Mr/Mrs/Ms [insert Name], having its place of business at [insert Address] through Mr/Mrs/Ms [insert Name];

OR

Mr/Mrs/Ms [insert Name], son/wife/daughter of [insert Name], r/o [insert Address] CNIC # [insert Number]

(Hereinafter referred to as the "Second Party", which expression shall, wherever the context so permits, mean and include its heirs, assigns, nominees, agents)

Non Compete Agreement

Pro-Gole (Right to do Business)

Legal Services, B&SDS

(The Business and the Second Party are hereinafter collectively referred to as the "Parties", and individually as the "Party").

WHEREAS the Business is desirous of having the Second Party provide to the Business the services of [insert description of services] (hereinafter referred to as the "Services").

AND WHEREAS during the Second Party providing the Services to the Business, the Second Party shall inevitably come across information related to the Business' products and activities, including but not limited to research, development, design details and specifications, formulations, components, ingredients, chemical analyses, certificates of analysis, regulatory information or approvals, manufacturing trade secrets, financial information, procurement sources, chemical engineering, manufacturing and assembly information, customer lists, business forecasts, sales information, marketing plans and business plans (hereinafter collectively referred to as the "Confidential Information").

NOW THEREFORE the Business, in order to secure its interests, has entered into this Agreement with the Second Party on the following terms and conditions:

1. The Second Party will not use, disseminate or in any way disclose any Confidential Information to any person, firm or business, except to the extent that is unavoidably necessary for the purpose of conducting business with the Company.
2. Following the termination of the contract between the Parties regarding the Services, the Second Party undertakes and agrees not to disclose the Confidential Information to any other Party, or to use the Confidential Information for its own use or benefit, or to the detriment of the Business' interests.
3. The Second Party agrees that it shall not, after [insert number] months from the termination of the agreement of Services between the Parties, engage directly or indirectly, either personally or as an employee, associate partner, partner, manager, agent, or in any other capacity, or by means of any corporate or other device, in the [insert sector type] business within [insert geographical area].
4. The Second Party agrees that for a period of [insert number] months after the termination of the agreement for Services, it shall not, directly or indirectly, solicit business from, or attempt to sell, license or provide same or similar products or services as are now being provided by the Business to its customers or clients, or as the Business may provide to its customers or clients in future.
5. The Second Party further undertakes and agrees that it shall not, for a period of [insert number] months following the termination of the agreement for Services, directly or indirectly solicit, induce or attempt to induce any employee of the Business to terminate its employment with the Business for any reason,

Non Compete Agreement

Pro-Gole (Right to do Business)

Legal Services, B&SDS

including but not limited to working with the Second Party in any capacity, or working with any competitor of the Business in any capacity whatsoever.

6. The Second Party hereby acknowledges and agrees that if the Second Party breaches or threatens to breach any of the terms of this Agreement, the Business will sustain irreparable harm, and the Business shall be entitled to obtain an injunction to stop any breach or threatened breach of this Agreement from the Court of Law.
7. The Second Party agrees to pay liquidated damages in the amount of Rs. _____/- (Rupees _____) (insert amount) for any violation of the covenant not to compete contained in this Agreement.
8. If any part of these promises is void for any reason, the Parties accept that it may be severed without affecting the validity or enforceability of the remaining terms and conditions contained in this Agreement.
9. This Non-Compete Agreement shall extend only to [geographical area] and shall be in full force and effect for [insert number] months, commencing with the date of termination of the agreement of Services between the Parties.
10. This Agreement shall be binding upon and inure to the benefit of the Parties, their successors, assigns, and personal representatives.

IN WITNESS WHEREOF, the Parties have signed this Contract, having fully understood the conditions set therein, of their own free will, in the presence of witnesses.

For and on behalf of
The Business

For and on behalf of
The Second Party

Witnesses:

1. _____

2. _____

Name: _____

Name: _____

Address: _____

Address: _____

Non Compete Agreement

Pro-Gole (Right to do Business)

Legal Services, B&SDS
