

# “Will They Steal My Design?”

How to protect your hardware idea when you hire an external design partner

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A practical, plain-English guide for hardware founders, startup teams, and product companies.

Published by Uilatech LLP · [uilatech.com](http://uilatech.com)

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*This guide is written for non-legal readers. It does not constitute legal advice. For complex situations, always consult a qualified intellectual property attorney.*

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# 01

## Let's Talk About the Elephant in the Room

You've spent months—maybe years—developing a hardware product idea. You've sketched circuits on napkins, built rough prototypes at your kitchen table, and perhaps even filed a provisional patent. Now you need professional help to turn that idea into a real, manufacturable product.

### And here's where the anxiety creeps in.

You need to share your design with an external team—a design studio, a contract manufacturer, a freelance engineer. But a voice in the back of your head keeps asking: *“What if they steal my idea? What if they take my design and build it themselves? What if I hand over my schematics and lose control of everything?”*

That fear is completely valid. And the good news is: there are straightforward, practical steps you can take to protect yourself—without needing a law degree or a six-figure legal budget.

This guide will walk you through exactly what those steps are, in plain English, so you can confidently partner with external teams and get your product to market—without losing sleep over your intellectual property.

#### WHO IS THIS FOR?

This guide is for **hardware founders, startup teams, product managers, and small companies** who are about to work with—or are already working with—an external hardware design partner for the first time. No legal background needed.

# 02

## What Exactly Are You Protecting?

Before you can protect something, you need to understand what “it” actually is. Most founders use the word “idea” loosely, but in the world of hardware, your intellectual property is usually made up of several distinct pieces. Let’s break them down.

### The Building Blocks of Your Hardware IP

What It Is	What It Looks Like	How Protectable?
Your circuit design (schematic)	Schematic files, component choices, circuit topology	Highly protectable
Your PCB layout	Gerber files, board design, layer stackup	Highly protectable
Your firmware / software	Source code, algorithms, logic	Highly protectable (copyright + trade secret)
Your mechanical / enclosure design	CAD files, 3D models, industrial design	Protectable (design patent + trade secret)
Your Bill of Materials (BOM)	Component list, suppliers, pricing	Moderately protectable (trade secret)
Your product concept / idea	The general notion (“a smart irrigation controller”)	Difficult to protect on its own

#### INSIGHT

**The key takeaway:** A vague idea (“I want to build a smart thermostat”) is very hard to protect. But the *specific way* you’ve designed the circuit, written the firmware, and laid out the board—that’s where your real, protectable IP lives. The more concrete and documented your work is, the stronger your position.

## Ideas vs. Execution

Here's an uncomfortable truth that's actually good news: **ideas alone are not worth stealing.** What's valuable is the execution—the specific design decisions, the tested circuit, the optimised firmware, the validated BOM. A competitor who only has your high-level concept still has months (or years) of engineering work ahead of them.

This means you can often share your concept-level idea with potential partners without enormous risk. The detailed design files—schematics, source code, Gerber files—are what you need to protect carefully, and those are typically shared later in the engagement, once trust and agreements are in place.

# 03

## Before You Share Anything: Your Preparation Checklist

Preparation is your first and best line of defence. Before you email a single file or hop on a call with a potential design partner, take these steps.

### Step 1: Document What You Have

Take stock of exactly what you've created so far. Write it down. This serves two purposes: it helps you understand what needs protecting, and it creates a dated record that you had the design before sharing it with anyone.

Your documentation might include: rough sketches and block diagrams, any prototype photos or videos, notes on how your design works and why you made certain choices, a list of components you've selected, and any firmware or software you've written (even if it's rough).

#### TIP

Email these documents to yourself or store them in a cloud service with automatic timestamps (Google Drive, Dropbox). This creates a simple "poor man's timestamp" showing you had these files on a specific date. It's not a substitute for a patent, but it's a useful, free starting point.

### Step 2: Decide What to Share and When

Not everything needs to be shared upfront. Think of information sharing in layers:

Stage	What to Share	What to Hold Back
Initial conversations	High-level concept, target market, general requirements	Detailed schematics, source code, proprietary algorithms
After NDA is signed	Block diagrams, rough schematics, feature specifications	Full source code, trade secrets, supplier pricing
After contract is signed	Detailed design files, firmware, BOM	Nothing—your contract should protect you at this point

### Step 3: Research Your Potential Partner

Before you share anything, do your homework on the design studio or freelancer you're considering. Look for: a track record of completed projects (ask for case studies or references), an established business entity (registered company, proper website, professional communication), experience in your industry or a related one, and willingness to sign an NDA before discussing details.

A legitimate design partner will *expect* you to ask for these things. If they seem offended or evasive, that tells you something important.

### Step 4: Consider a Provisional Patent (If Applicable)

If your design includes a truly novel invention—a new way of solving a problem that doesn't exist in the market—consider filing a provisional patent application before sharing your design with anyone. A provisional patent gives you a 12-month priority window at a relatively low cost. It establishes a filing date and lets you use the phrase “patent pending.” This isn't necessary for every project, but if novelty is central to your product's value, it's worth the investment.

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# 04

## The Agreement That Protects You

### (NDAs Explained Simply)

NDA stands for Non-Disclosure Agreement. In plain English, it's a written promise between two parties that says: *"I won't share your confidential information with anyone else, and I won't use it for my own purposes."*

An NDA is typically the **first formal step** in protecting yourself when engaging with a design partner. It should be signed before you share any detailed technical information.

### What a Good NDA Should Cover

Not all NDAs are created equal. Here's what to look for in a solid, practical NDA, explained without the legal jargon:

#### > Clear definition of confidential information

The agreement should spell out what counts as "confidential." This includes your schematics, firmware, design files, business plans, customer data, pricing, and anything else you share. Vague language here weakens the whole agreement.

#### > Mutual obligations

A good NDA is typically "mutual"—meaning both sides agree to protect each other's information. This is fair and standard. Your design partner may also share proprietary methods or tools with you.

#### > Clear scope of allowed use

The NDA should state that your information can only be used for the specific purpose of the project. Your partner shouldn't be able to use your design to develop competing products or share it with their other clients.

#### > Duration

How long does the confidentiality obligation last? Typical durations range from 2 to 5 years. Longer is generally better for you, but even 2 years provides meaningful protection.

> **What happens if someone breaks it**

The NDA should outline consequences for a breach—typically, the right to seek legal remedies including damages and injunctive relief (a court order to stop the misuse). This is what gives the NDA teeth.

> **Exceptions**

Every good NDA lists reasonable exceptions: information that was already public, information the other party already knew, or information required to be disclosed by law. These are standard and fair.

**PRO TIP**

A professional design studio will often have their own NDA ready for you to review. This is actually a **good sign**—it means they take confidentiality seriously and have invested in getting it right. At Uilatech, for instance, we use a comprehensive NDA drafted by a qualified lawyer, specifically tailored for hardware design engagements. Don't hesitate to ask your potential partner if they have a standard NDA.

## One-Way vs. Mutual NDAs

A **one-way (unilateral) NDA** protects only your information. A **mutual (bilateral) NDA** protects both parties. In most hardware design partnerships, a mutual NDA makes sense—your partner may share proprietary tools, processes, or technical knowledge with you as well. Mutual NDAs also tend to feel more balanced and professional, making them easier for both sides to agree to.

**WARNING**

**Don't skip the NDA.** Even if the partner seems trustworthy, even if they come recommended, even if "it's just a quick consultation." An NDA takes minutes to sign and establishes a legal foundation you'll be grateful for if anything goes wrong. Any reputable partner will sign one without hesitation.

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# 05

## During the Project: Staying Protected as Work Progresses

Signing an NDA is a critical first step, but protection doesn't stop there. As the project unfolds and files start flowing back and forth, there are practical steps you can take to stay in control of your IP.

### Use a Clear, Written Contract

Beyond the NDA, you need a project contract (sometimes called a Statement of Work or Master Service Agreement). This document should clearly state:

- > The scope of work—what exactly is being designed, to what specifications.
- > Timelines and milestones for deliverables.
- > Payment terms tied to milestones (not just time).
- > Ownership of all deliverables (see Section 6).
- > Confidentiality obligations (reinforcing the NDA).
- > Termination clauses—what happens if you need to end the engagement early, and who keeps what.

### Control How Files Are Shared

Be intentional about how design files move between you and your partner:

**Use shared workspaces with access controls.** Tools like Google Drive, Dropbox Business, or dedicated project management platforms let you control who can view, edit, or download files. You can revoke access if the engagement ends.

**Keep a record of what you shared and when.** Maintain a simple log of files sent, received, and the dates. This doesn't need to be complicated—a shared spreadsheet works. If a dispute ever arises, this paper trail is invaluable.

**Use version control for firmware and code.** If your partner is writing firmware for you, insist on a shared code repository (like GitHub or GitLab) where all changes are logged with

timestamps and author names. You should have admin access to this repository.

## Manage Revisions Carefully

As the design evolves, keep clear records of each revision. Number your design revisions (Rev A, Rev B, etc.) and maintain a changelog. This helps you track what was changed, when, and by whom. If your partner makes improvements to your original design, the changelog helps establish what was your original contribution versus what was developed collaboratively.

## Conduct Regular Reviews

Schedule regular design reviews—weekly or biweekly, depending on the project pace. These serve a dual purpose: they keep the project on track technically, and they give you regular touchpoints to review what's being created with your IP. If anything feels off, you catch it early.

### INSIGHT

Think of IP protection during a project like locking your doors at home. The NDA is the lock on the front door. But you also close windows, don't leave valuables visible from outside, and know who has a spare key. It's about building layers of sensible precautions, not a single magic solution.

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# 06

## Who Owns What? Understanding Design Ownership

This is one of the most important—and most commonly overlooked—aspects of working with an external design partner. If you don't address ownership clearly and in writing, you could end up in a situation where the design partner has legitimate claims to the work they created for you.

### The Default Rule (and Why It May Surprise You)

In many jurisdictions, the default legal position is that **the creator of a work owns it**—even if you paid for it. This means that if your contract doesn't explicitly state otherwise, the design studio could technically own the schematics, firmware, or PCB layouts they created, even though you commissioned and paid for the work.

This surprises many founders, but it's easily addressed with the right contract language.

### What Your Contract Should Say About Ownership

Your project contract should include clear "IP assignment" language. In plain English, this means the contract should state something like:

*"All designs, documents, firmware, source code, and other deliverables created during this project are the property of the Client. The Designer assigns all intellectual property rights in the deliverables to the Client upon payment."*

#### Key ownership points to address:

**Design files** (schematics, PCB layouts, Gerbers): You should own these outright.

These are the core of your product and you need unrestricted access to manufacture, modify, or share them with future partners.

**Firmware and source code:** You should own the source code and have full rights to modify and distribute it.

Make sure the contract specifies source code, not just compiled binaries. Owning only the compiled firmware without the source code locks you into your partner.

**Mechanical / enclosure designs:** Same as above—full ownership, including CAD files in editable formats.

Watch for partners who only deliver STL files (which can't be easily edited) instead of the native CAD formats (STEP, SolidWorks, etc.).

**Background IP:** Your partner may use pre-existing libraries, tools, or modules that they've developed independently.

It's reasonable for them to retain ownership of these, while granting you a licence to use them in your product. The contract should clearly distinguish between background IP and project IP.

**WARNING**

**Watch out for “licence” vs. “ownership.”** Some contracts say the studio “grants you a licence” to use the deliverables. That's very different from owning them. A licence can have restrictions, can be revoked, and doesn't give you full control. For your core product design, you want **ownership**, not a licence.

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# 07

## Red Flags: When to Walk Away

Most design studios and freelancers are professionals who respect client IP. But not all are equal, and some practices should make you pause—or walk away entirely. Here are the warning signs to watch for:

> **They refuse to sign an NDA**

This is the most basic step in protecting confidential information. A reputable studio will sign an NDA without pushback. If they won't, that's a fundamental trust issue.

> **They won't discuss IP ownership upfront**

If a potential partner is evasive about who owns the final design, or tries to defer the conversation until later, that's a red flag. Ownership should be clearly established before work begins.

> **They only deliver compiled code or non-editable files**

If your partner delivers compiled firmware (but not source code) or exports design files in view-only formats, they're creating dependency. You should always receive editable source files for everything you've paid for.

> **They work on competing products simultaneously**

Ask your potential partner: "Do you currently work with any companies in my space?" Some overlap is inevitable in a design studio, but if they're actively developing a competing product for another client, that's a conflict of interest.

> **They have no formal business entity**

Working with an unregistered individual or entity makes legal recourse much harder if something goes wrong. Prefer partners who operate as registered companies with traceable business identities.

> **They want to retain rights to "derivative works"**

Watch for contract language that lets the design partner keep rights to anything "derived from" your project. This could let them build a competing product using your project as a starting point.

> **They pressure you to skip formal agreements**

“We trust each other, we don’t need paperwork” is exactly the attitude that leads to problems. Professionalism and trust are demonstrated by a willingness to put things in writing, not by avoiding it.

**INSIGHT**

**A good design partner will welcome your diligence.** Asking tough questions about IP, ownership, and confidentiality isn’t rude or paranoid—it’s professional. The best studios will respect you more for it, not less.

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# 08

## Your Quick-Reference Protection Checklist

Use this checklist as a practical reference before, during, and after engaging with a hardware design partner. Print it out, save it, share it with your co-founders.

### Before Engaging a Partner

- Document your existing designs with dates (email to yourself, cloud storage).
- Classify your information: what's shareable vs. what's sensitive.
- Research the partner: registered business, portfolio, references.
- Prepare or review the NDA before the first detailed discussion.
- Consider a provisional patent if your design includes a novel invention.
- Decide on your information-sharing layers (concept → details → full files).

### When Signing Agreements

- NDA is signed by both parties before any detailed information is shared.
- NDA clearly defines what counts as confidential information.
- Project contract specifies ownership of all deliverables (not just a licence).
- Contract distinguishes between your IP, new project IP, and the partner's background IP.
- Contract includes termination clauses: who gets what if the project ends early.
- Payment milestones are tied to deliverables, not just calendar dates.

### During the Project

- Design files are shared via controlled platforms (not just email attachments).
- You maintain admin access to shared repositories and cloud folders.
- Firmware development uses version-controlled repositories.

- Design revisions are numbered and logged.
- Regular review meetings are scheduled and documented.
- You keep records of all files shared and received, with dates.

## At Project Completion

- You receive all source files in editable, native formats.
- Firmware source code (not just compiled binaries) is delivered to you.
- All design files are transferred to storage you control.
- The partner's access to your shared repositories/folders is revoked or reduced.
- You have a complete archive of the project: every revision, every file, every communication.
- Final invoice references the IP assignment clause in your contract.

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# 09

## A Final Word

If you've read this far, you're already ahead of most hardware founders when it comes to protecting your design. The steps in this guide aren't complicated, and they don't require a legal team. They require awareness, preparation, and a willingness to have honest conversations with your design partner.

Here's the thing many founders don't realise: **the best protection for your IP isn't a legal document—it's choosing the right partner in the first place.** A design studio that's transparent about their processes, proactive about NDAs and ownership, and invested in your success won't want to steal your design. They want to build a reputation for trustworthiness, because that's how they get more clients like you.

So do your due diligence, get the paperwork right, use the checklist in this guide—and then focus your energy where it belongs: building a great product.

*Good luck with your hardware journey.*

## Ready to Build Your Hardware Product with a Partner You Can Trust?

At Uilatech, we provide end-to-end hardware product development—from PCB design and firmware to prototyping and production. We start every engagement with a lawyer-drafted NDA, clear IP ownership terms, and full transparency.

Whether you're at the napkin-sketch stage or ready to go from prototype to production, we'd love to hear about your project.

**Get in touch: [hello@uilatech.com](mailto:hello@uilatech.com)**

**Visit us: [uilatech.com](https://uilatech.com)**

Disclaimer: This guide is for informational purposes only and does not constitute legal advice. For specific legal questions about intellectual property protection, please consult a qualified attorney in your jurisdiction.

*This guide was created with AI assistance and reviewed by the Uilatech team.*

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