

Careful Contracting

Responsible Engagement with
Engineering Firms and Investors

ASHLEY SLOAT, Ph.D. | January 25, 2024

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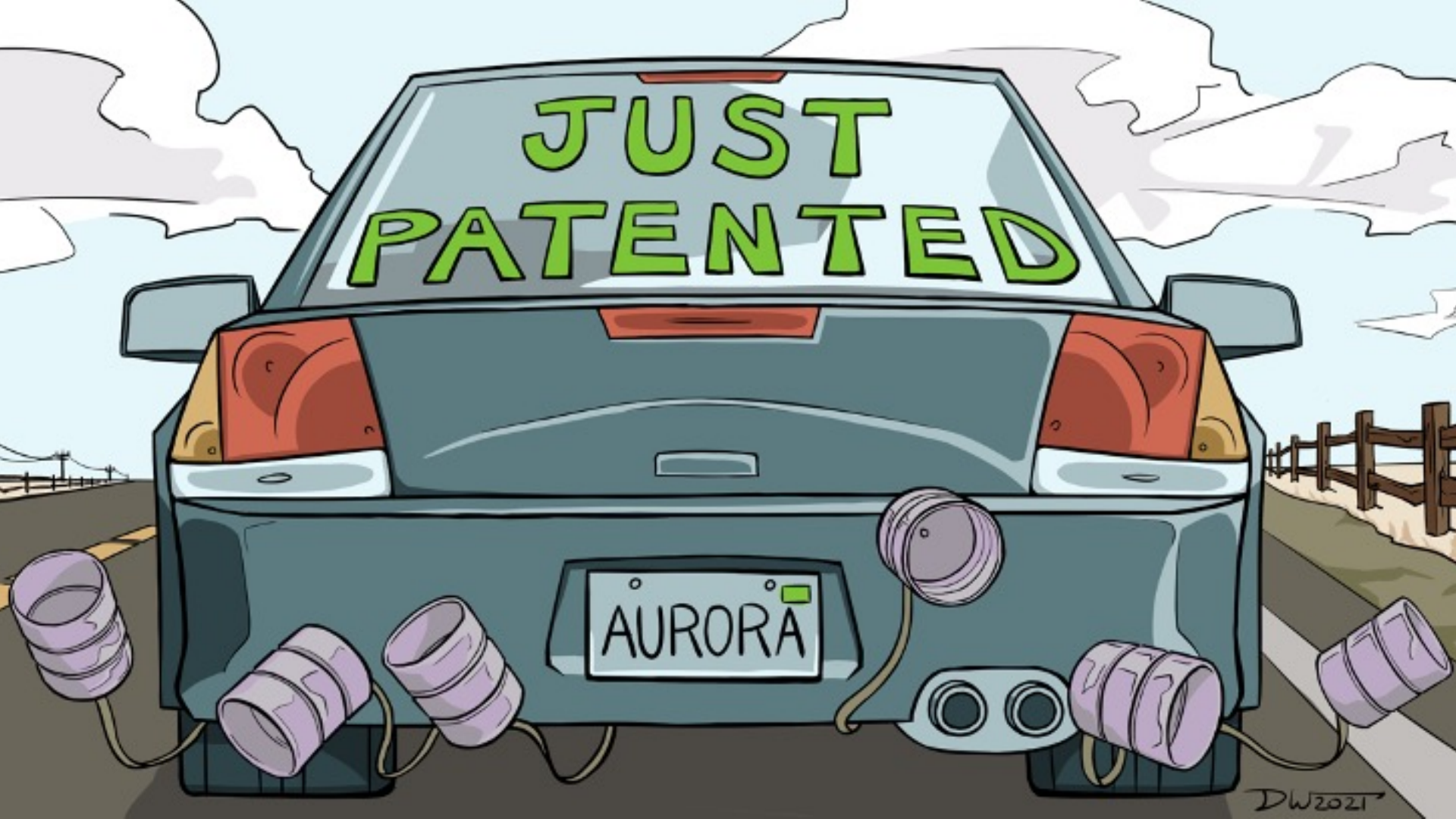
Ashley Sloat, Ph.D.

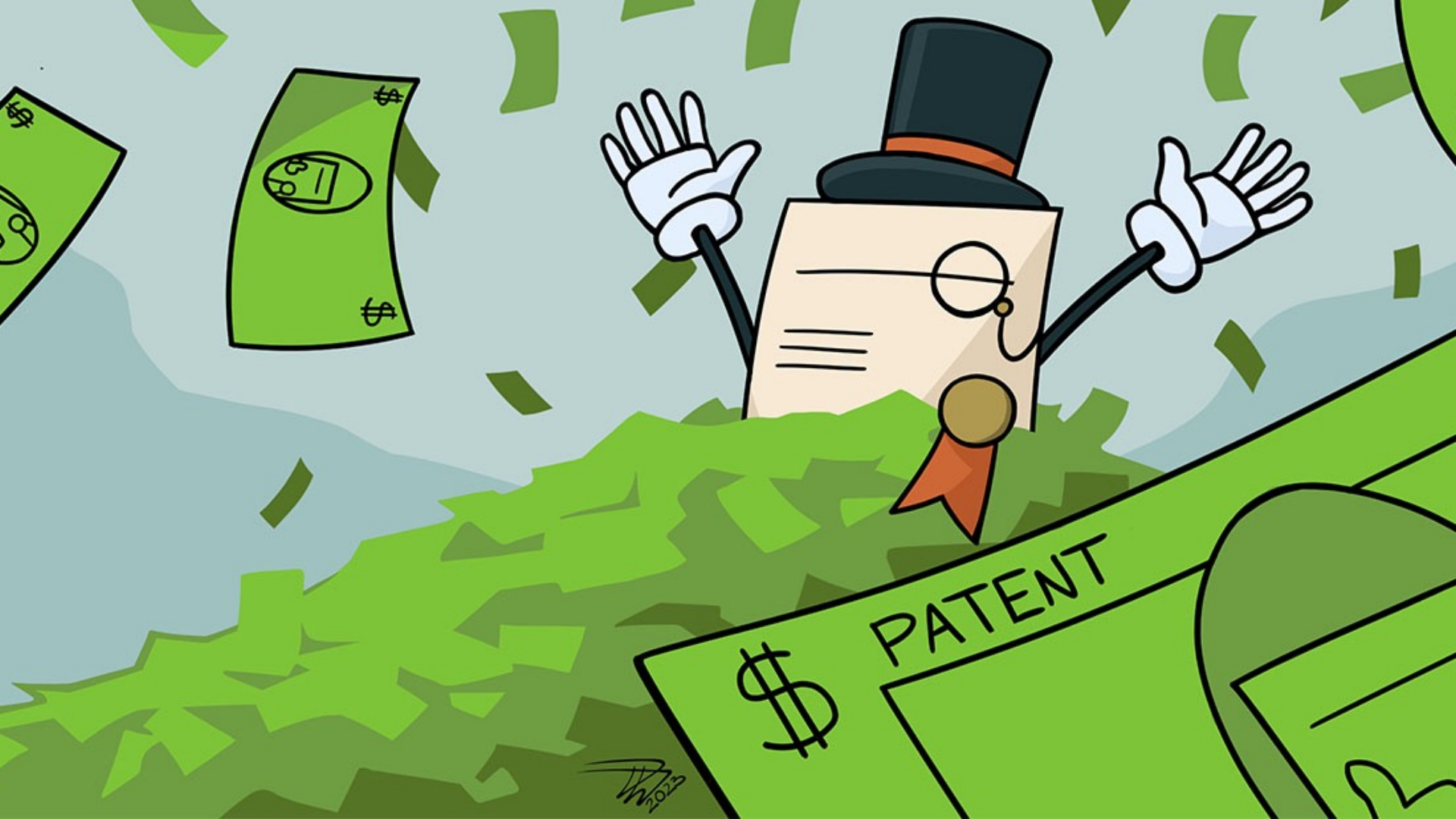
President & Director of Patent Strategy

JUST
PATENTED

AURORA

DW2021



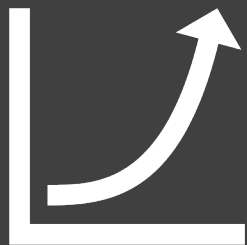
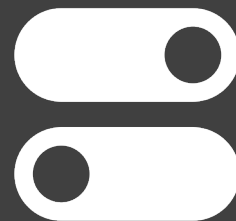


PATENT

\$

2012

Value of **outsourcing**



The jigsaw problem



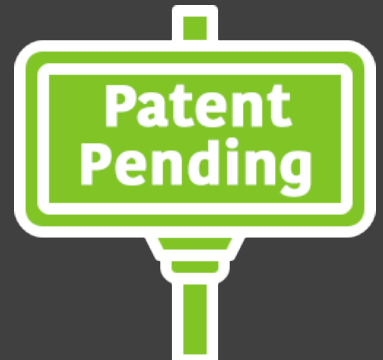
Overview



- **Single life** – getting your \$%^& together
- **Dating** – vetting the right partner
- **Engagement** – prenuptial period
- **Marriage** – product development
- **Divorce** – post development
- **Anecdotal Experiences**

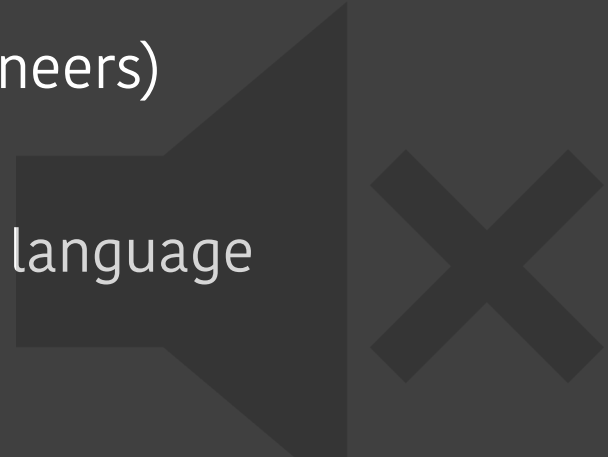
Single Life

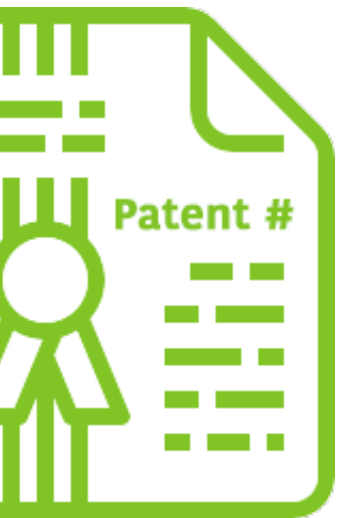
- **Reduce disclosure risk.** Get an NDA before talking with anyone.
- **Inventorship/ownership.** Get as much of your IP on file asap to establish clear lines (file provisionals!).
- Clearly **identify** existing IP.



Define: Non-Disclosure Agreement

- Ensures full confidentiality of all IP assets
- Limits 3rd party disclosure without permission
- Signed by firms (ensure it covers all engineers)
- Should not include SOW or IP agreement language



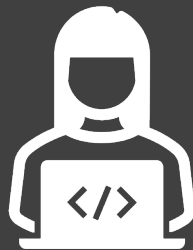


**Comprehensive
Protection**

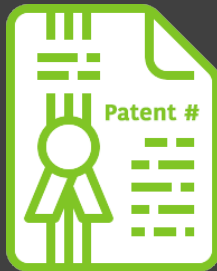
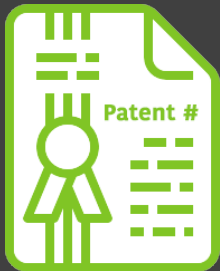
TM



Comprehensive IP Considerations



Acme
Widgets



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- **Anecdotal Experiences** – only the names change

Dating (swipe left a few times)

- Geography and jurisdiction
- Security / Conflict of interest management
- Relevant expertise
- Working model
- Cascading contractors

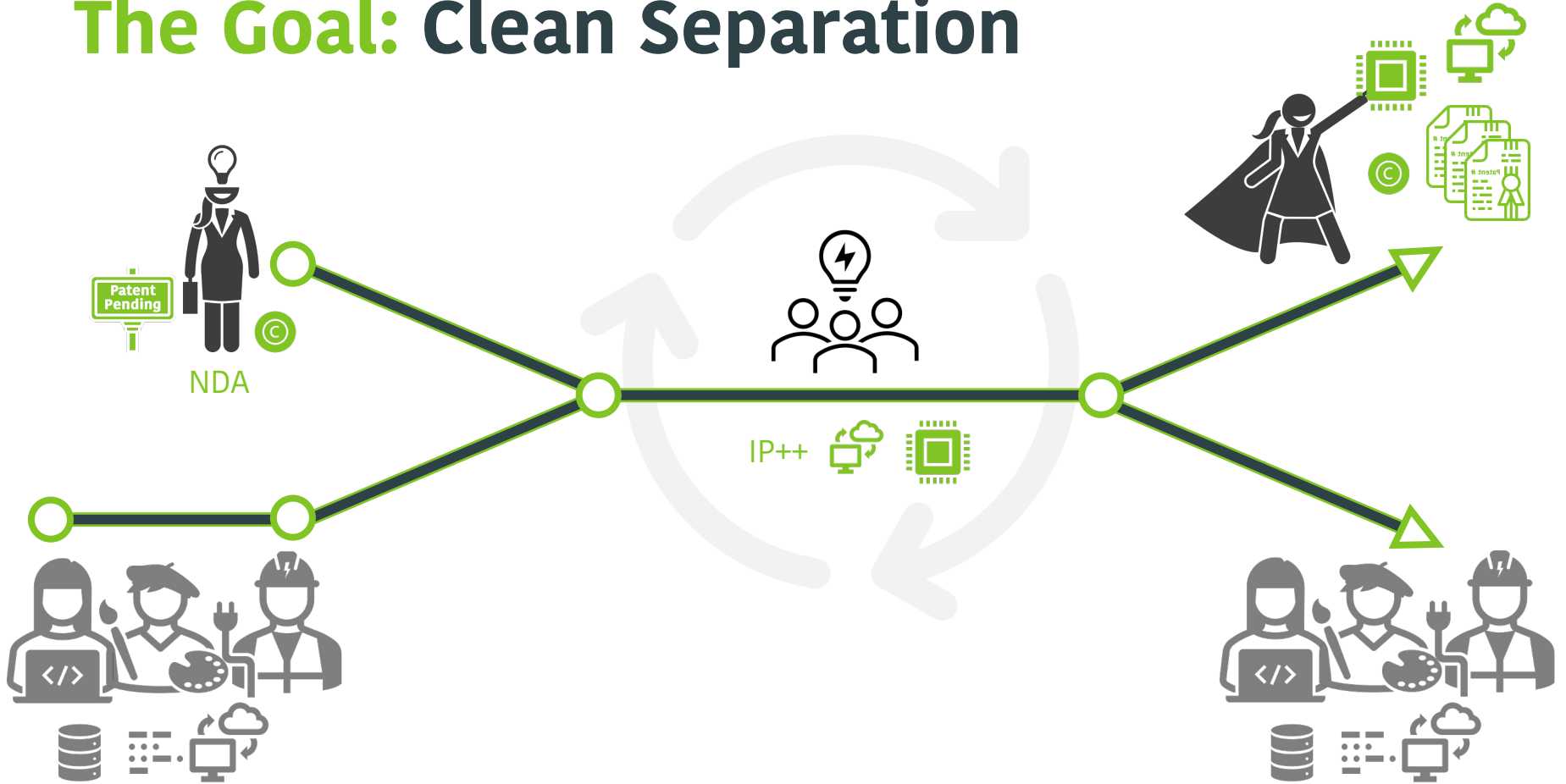


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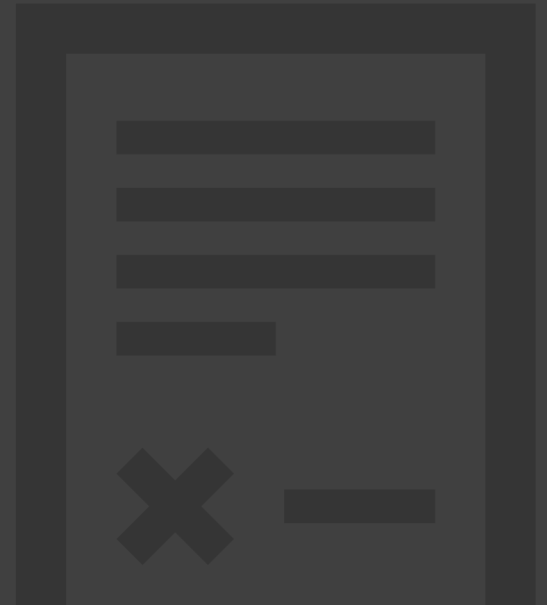
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The Goal: Clean Separation



Prenuptial Contract Considerations

- Scope of Work
- Non-Disclosure Agreement
- Intellectual Property Ownership
- Termination Clause
- Other Legal Clauses



Prenuptial: Scope of Work

- Expectations
- Deliverables
- Timeframes
- Guarantees



We're all in agreement then.

Prenuptial: Inventorship \neq Ownership



Ownership. An entity with the authority to file patent apps and enjoys all the rights and benefits granted by the patent, *if the patent is assigned to the entity.*



Inventorship. A person who has contributed to conception of the invention, to the point that their idea is clear enough to reduce to practice.

Prenuptial: IP Ownership

- Creator is the owner unless contract says otherwise
- Include “Work-for-Hire” provision
- Ensure your ownership of IP that results from marriage
- Require firm and its employees to participate in IP requirements

Prenuptial: Termination & Other Legalities

- Course of action
- Jurisdiction for resolution of issues
- Indemnity clause (who pays)
- Right to Audit Clause
- Joinder Agreement



Overview



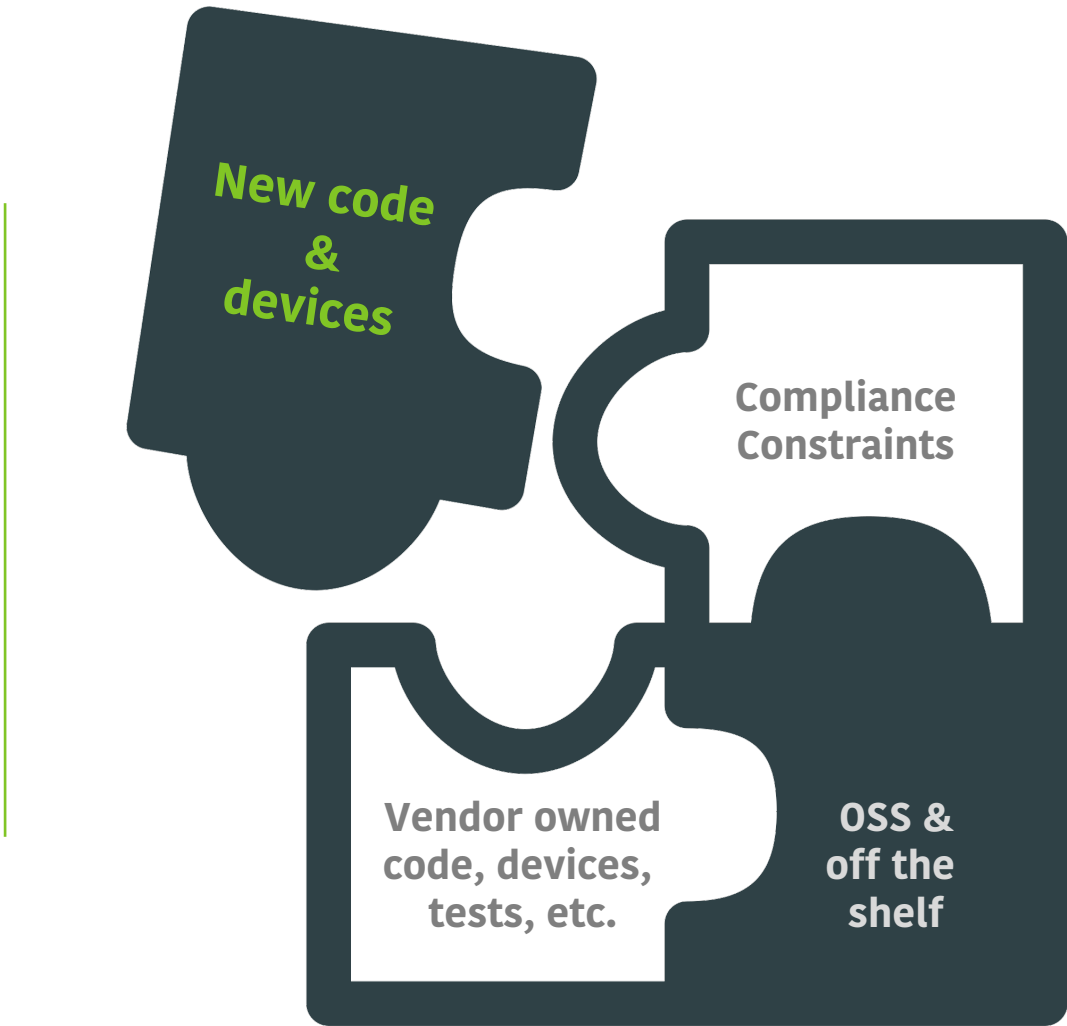
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An active role: **Don't let yourself go!**

- Sources of innovation
- Code ownership
- Impact of Agile
- Patentability and FTO responsibility
- Open-source considerations
- Device considerations
- Wearing pants occasionally

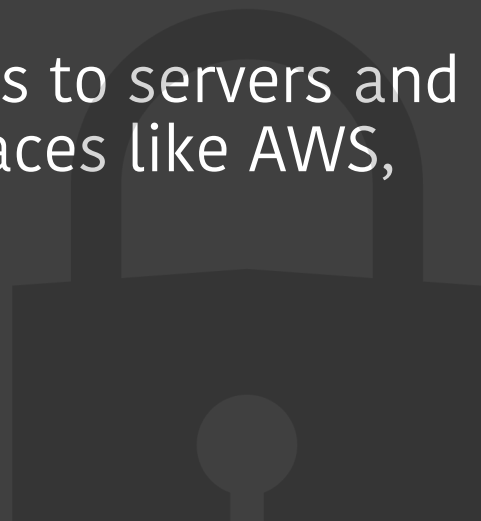


Sources of
innovation
contribution

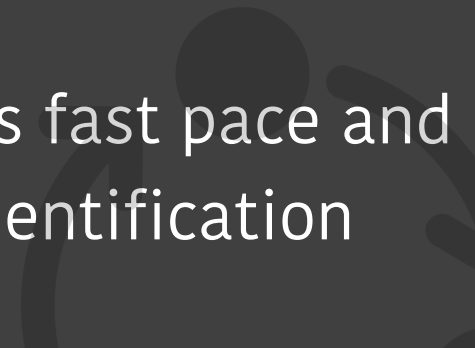


Code **Ownership**

- Don't wait for project completion
- Admin access to code repositories
- Passwords, certs, and tokens for access to servers and other infrastructure components in places like AWS, Google Cloud, Azure, etc.

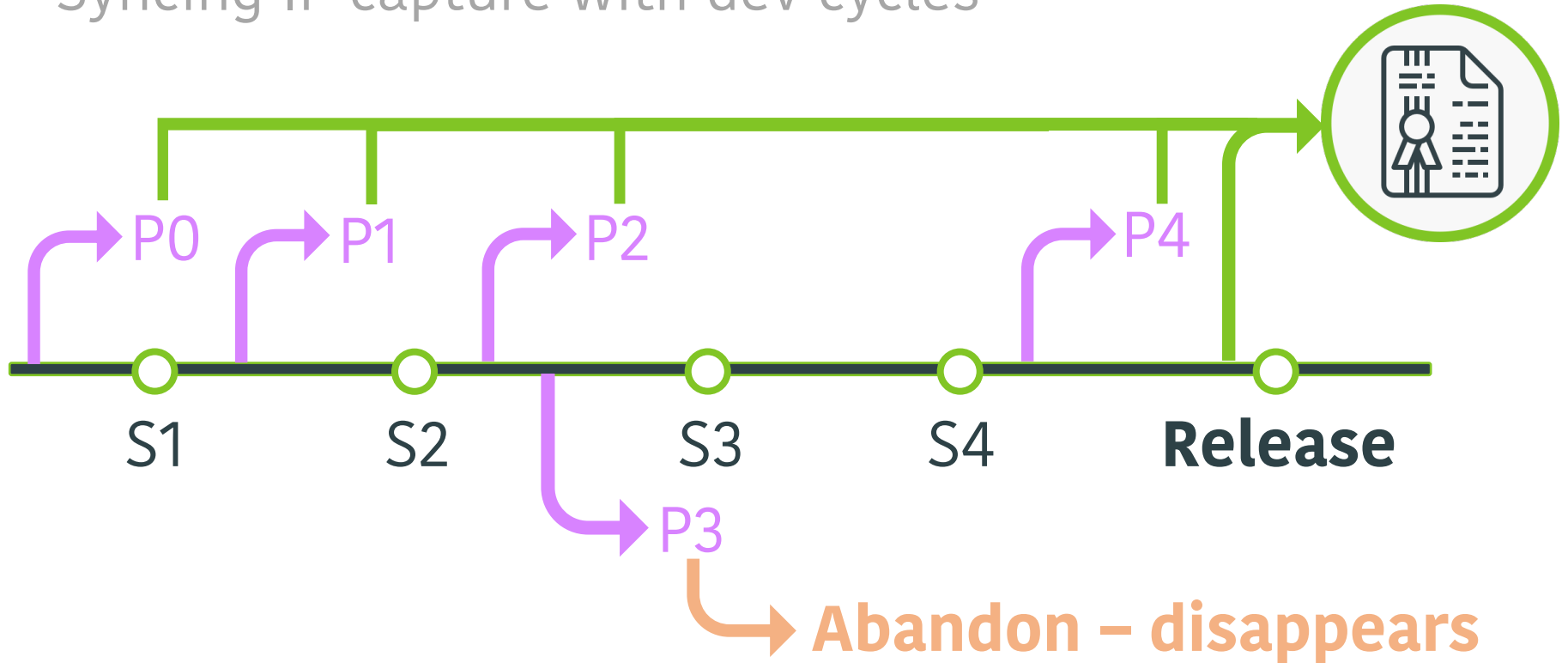


Impact of **agile** methodology

- **Manage public disclosure.** Allowing for user review without jeopardizing patentability.
 - **Capture Inventions.** Matching agile's fast pace and iterative nature, and incorporating identification into your development lifecycle.
- 

Matching Agile's Rhythm: Filing

Syncing IP capture with dev cycles



Patentability & FTO of newly developed product

- **No Guarantees.** Engineering firm may conduct some light searching, but patentability & FTO responsibility rests on **YOU and your IP COUNSEL**
- **Search, search, and search some more.** Conduct highly targeted, brief searches on all key concepts or components
- **Bond.** IP counsel should work closely with engineering firm and closely with you!

Patentability **vs.** Freedom-To-Operate

- Patentability: **your technology is new and inventive** over prior publications, patents, journal articles, websites, etc.
- Freedom-To-Operate: **there is not an issued patent that prevents you** from making, using, selling, or importing your invention into the United States

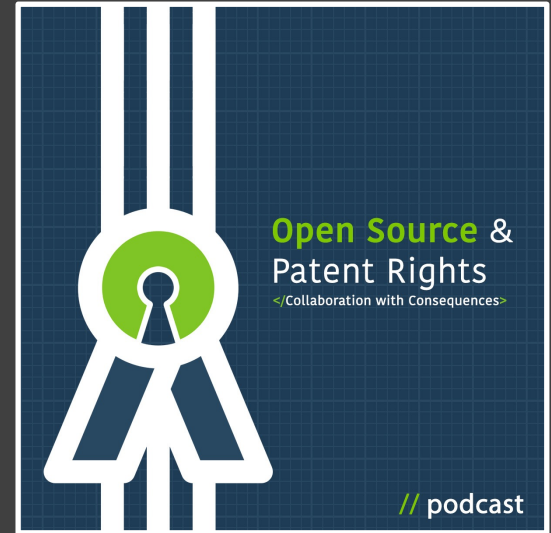


Open-source Considerations

```
if (usingOpenSource) {  
    proceedWithCaution();  
}
```

Open-source: Copyrights w/ Consequences

- **OSS Licenses.** Royalty-free, copyright licenses granting 3rd parties the rights to copy, modify and distribute computer code ... **with strings attached.**
- **Copyleft.** Viral type of OSS license requiring derivative works to distribute using the same terms (example: GPL), making your software open-source and eliminating proprietary rights.



Open-source tips when outsourcing

- **Lead the conversation.** Take an active role.
- **Set expectations.** Establish clear expectations around open-source inclusion and contribution policies.
- **Ensure disclosure.** Obtain a Firm-provided list of all used software packages.

FDA Compliance



Device Considerations

- **Food and Drug Administration.** Preparation of required documentation, test data, etc.?
- **Materials.** Use of medical grade materials, particular components, power requirements, etc.?
- **End Goal in Mind.** Are you prototyping? Proof of concept? End user ready?

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Divorce

- Develop transition or exit plan well ahead of time
- Where possible, get assignments/declarations signed before you fully disengage
- Provide notice
- Transition ownership of infrastructure, code, devices, etc. to whomever will now be responsible
- Cutoff access to networks, systems, assets and data
- Vendor data destruction
- Pay your bills
- Continue third-party monitoring



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IT'S TIME
FOR
ANOTHER...

GOOD

IDEA

BAD

IDEA

GOOD IDEA BAD IDEA

Development agreement on file

- **GOOD IDEA:** Have development agreements on file before starting development.
- **BAD IDEA:** Without a development agreement in place, Company paid Acme Engineering for the software development of a new product that incorporated at least some of the base code developed by Acme Engineering.

GOOD IDEA

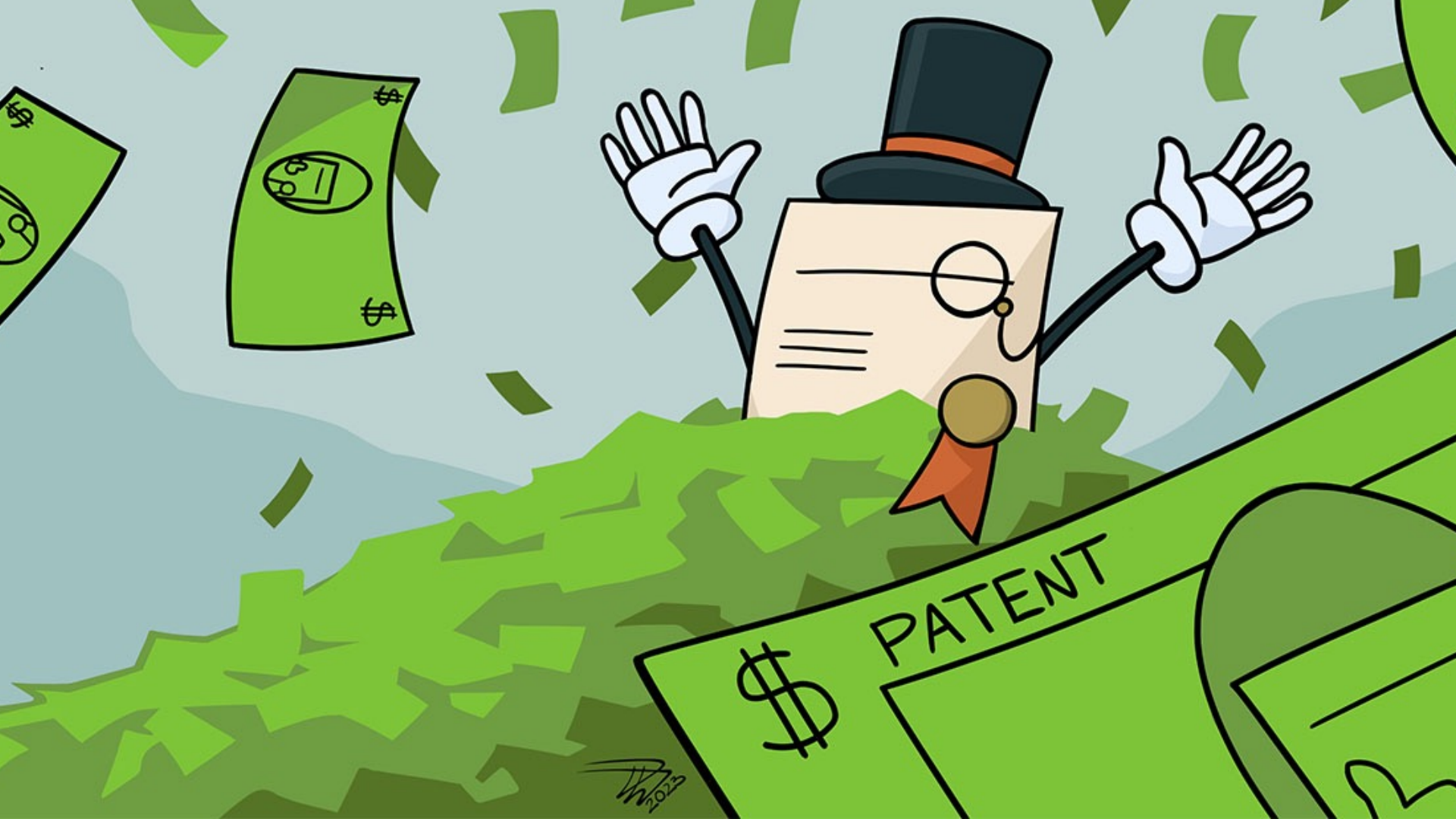
BAD IDEA

Inventorship Inclusion

- **GOOD IDEA:** In general, when brainstorming sessions, development, etc. has resulted in gray areas of inventorship, be over-inclusive.
- **BAD IDEA:** Acme Engineering develops device product for Company. The product was Company's idea, but innovative concepts came about in how Acme Engineering actually reduced it to practice. Company failed to list the Acme engineer as an inventor.

Key **Engineering Engagement** Takeaways

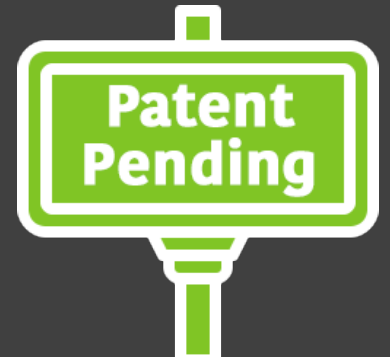
- Protect as much as possible before disclosure (provisionals)
- Carefully vet potential partners
- CONTRACTS – particular attention to assignments and work for hire
- Maintain access to physical and digital assets
- Match an iterative IP approach to your development workflow
- Know what's getting baked into your product and the implications of its commercial use
- Execute a well-thought exit plan



2022

Protect **Before** You Pitch

- **NDA**s = Investor Handcuffs
- **Provisional patent:** placeholder patent application
- Pends for one year
- Lowest cost option for securing legal stake

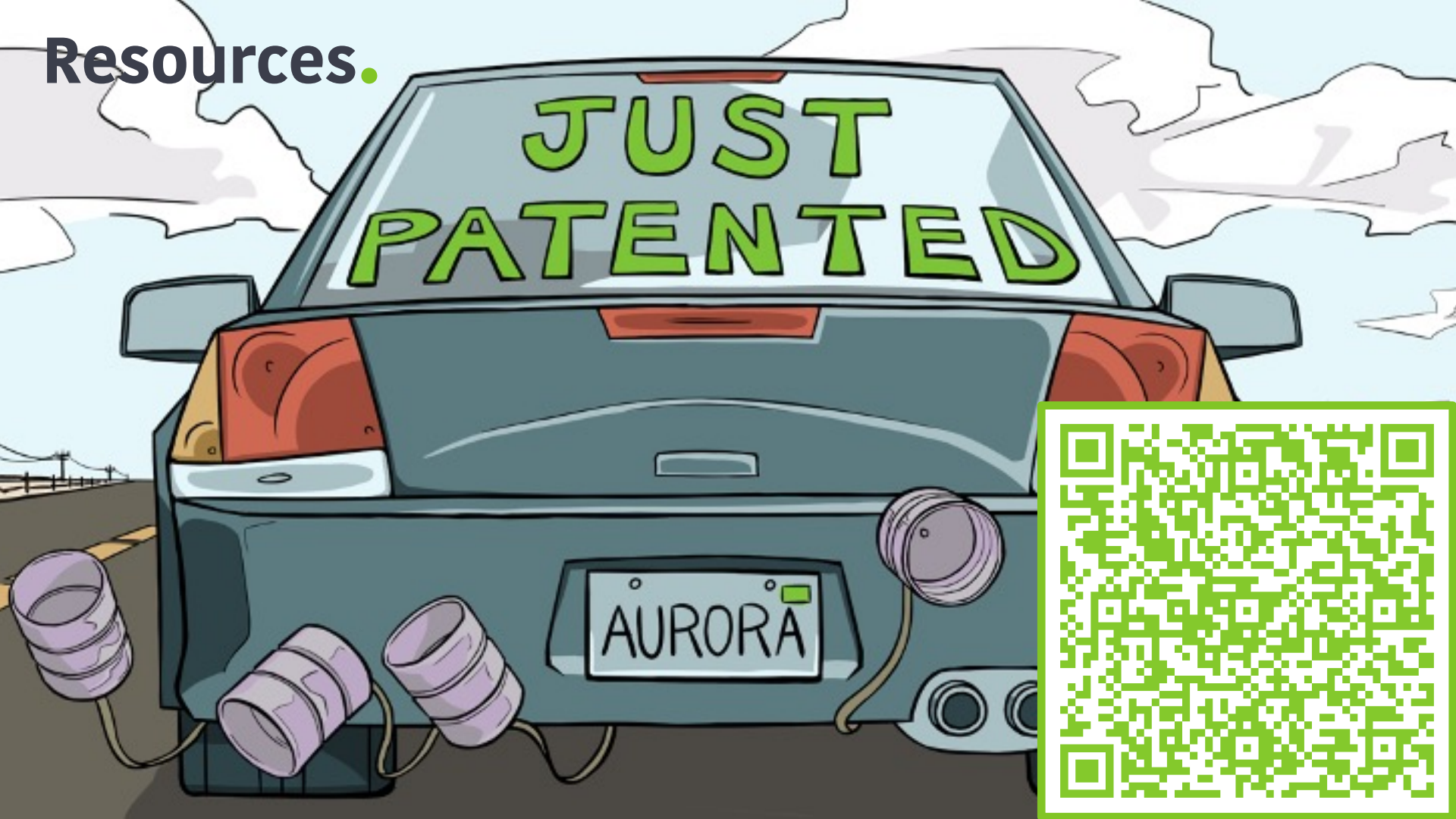


Pitching: What **Investors** Want

- Coverage and **Moat**
- Understanding the **IP Landscape**
- Material Manifestation of **Values**



Resources.





**Questions or Comments?
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