

Case Study: Who Can Change Proprietary Source CodeX

This week's case study presents a deceptively complicated scenario. Derek's gotten himself into a tough situation and the possible implications and consequences involve multiple parties, all of whom appear to have a solid legal argument for their positions.

Derek is a software developer who worked for a small development firm. He was a part of the team who developed a customer service software that became integral to the firm's operations. This firm never had Derek sign any agreement stating the works he creates, including software, that result from his employment and as a part of his employee responsibilities would belong to the company.

Derek left that position and began work at a much larger company. His new job involves speaking directly to customers who are experiencing problems and cross-reference large amounts of information. He realizes the software he developed at his previous company would help him with his new tasks, and he thinks he can modify it with adaptations more specific to his new role.

At a party that weekend, he discusses the idea with some friends including a man named Horace, who questions it, making the observation that it seems unethical to do so. In the moment, Derek defended his idea by claiming it made his work more efficient, he wasn't going

to sell it, it was just for personal use, he helped to design it, and he's modified it, so it isn't the same system.

At work that next Monday, Derek implemented the software and adapted it to his new job. Peers and superiors noticed the increased efficiency, and the superiors wanted Derek to implement the software in other areas of the company. Remembering the conversation at the party, Derek suggests the smaller firm be contacted to set up essentially a licensing agreement of some kind, but his superiors refuse and insist the software is their property. When Derek resists, he's told the software would be implemented anyway, with or without him.

Derek is in a tough position now, especially considering some of the finer details of the situation. To approach it sequentially, then first, the original software was created at the smaller firm, during working hours, and by a team of developers, not just Derek. Regardless of the fact Derek didn't sign an agreement stating his creations while acting as an employee belong to the firm, the default state according to work for hire laws is that the copyright for the created works, in this case the software, belong exclusively to the employer, in this case being the smaller firm.

However, Derek modified the software with adaptations during work hours. As far as his new employers see it, a piece of software was developed by an employee during business hours for use in fulfilling his job requirements. If this were a wholly original work, then the larger firm would have every right to claim legal copyright ownership for the software, and it appears that this is the position taken by the firm, given their intent to implement the software throughout the company regardless of Derek's involvement or lack of.

I would argue that this does not seem to be the case, though. When considering derivative works, the copyright owner of the original work from which the derivative is derived has the sole right to “prepare, or to authorize someone else to create, an adaptation of that work.” (copyright.gov) This means that even though Derek had modified the software into something different, it was still derived from the original software, the copyright for which belongs to the smaller firm, and is an infringement of that copyright.

This creates the situation where software was developed for two different companies by, in part, the same employee, during business hours, for the purposes of work. The original software is owned by the smaller firm, and because unauthorized derivatives are infringements of copyright, and because according to law, “the work in question needs to be created exclusively for the person or entity commissioning it.” (Lubin Austermuehle, thebusinesslitigators.com) So while Derek’s actions may not have been malicious, it created the potential for copyright infringement by a large firm of a smaller firm’s product, which may result in expensive legal fees for both firms.

The smaller firm would have to find out somehow in order to bring forward a legal claim of copyright infringement, but as stated earlier, Derek’s friend Horace has friends at the smaller firm, and he may tell them about Derek’s unauthorized use of the software.

Derek has a difficult decision ahead of him. He can choose to implement the software at the larger firm, but by doing so, he not only forces liability for infringement onto his new employer, but also would add the “malicious” element to his actions, which is taken heavily into consideration when charges are considered and a case is presented.

He can instead choose to act as a whistleblower with a reporting agency for software infringement. By choosing this option, he takes accountability for the situation he created for his former employer and prevents further infringement from happening, though it would likely cost him his job and harm his reputation as trustworthy in the industry, resulting in difficulty finding work in the future.

However, by coming forward, he does avoid that “malicious” quality, potentially reducing any charges that may be made against him, while also giving him immunity to backlash from his current employer.

I think the best solution isn’t going to be one where everyone comes out clean. From a utilitarian perspective, the larger firm can produce more work, and in producing more work, can have a greater impact on the world. By this logic, a utilitarian would probably argue that the larger firm should be allowed to use the software, and that Derek should display loyalty to his new employer.

But I believe the ideal solution would be to come forward, both as a whistleblower and also to reach out to his former superiors at the smaller firm and, whether anonymously or not, inform them of the situation. I believe that it is ethically just to move towards a solution weighted in favor of the original victim of infringement, and by coming forward rather than relying on Horace to do so, he guarantees for the smaller firm the ability to seek legal recourse, lessens his own consequences, and he clears his conscience of moral failings.

Sources:

- Copyright.gov – Copyright in Derivative Works and Compilations,
(www.copyright.gov/circs/circ14.pdf)
- Lubin Austermuehle – Copyright Law as It Relates to Work for Hire,
(<https://www.thebusinesslitigators.com/copyright-law-as-it-relates-to-work-for-hire.html>)