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Book Review [Ideas in the Workplace: Planning for Protection]

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BOOK REVIEW

IDEAS IN THE WORKPLACE: PLANNING FOR PROTECTION,
by H. Clarke Anawalt. North Carolina: Carolina Academic
Press. 1988. Pp. 154. Hard Cover.

*Reviewed by Gordon T. Yamate**

Today's marketplace for ideas and innovation is the driving force behind the vitality of both emerging and mature technology companies. Part of this process involves the interplay of risks and rewards. The risks include expending enormous amounts of capital on developing technology that may not function as intended or prove to be commercially practicable. The rewards might include technological advances that result in a new generation of products, a new industry standard or improved performance of a particular manufacturing process or method of doing business. The essential relationship in this process may often focus on the inventor-employee and the employer.

Professor Anawalt's book *Ideas in the Workplace: Planning for Protection* offers a practical examination of the competing demands on inventors of new technologies, processes and ideas. As Professor Anawalt observes, the concern is twofold: (1) the employer seeks to obtain the skills of talented employees to pursue the employer's business objectives; and (2) the employee seeks to retain much of the critical element of his or her innovation, which that employee could in turn bring to a new employer or use in that employee's own business venture. The divergent objectives of the various applicable intellectual property laws reflect the difficult balance of these competing concerns.

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The author is concerned with making the law less of a mystery and more accessible to the non-lawyer. He is also interested in the activities of the high technology community surrounding the Santa Clara University School of Law where he currently teaches. These concerns and interests are combined in a book well-suited for both the inventor-employee and the employer. The book is geared for quick reading: the text is relatively short and contains several valuable appendices, including sample agreements¹ and excerpts of relevant statutory references. The materials and references are self-contained, which makes the author's approach ideal as a useful resource for the non-lawyer inventor.

At the outset, Professor Anawalt outlines two basic premises of intellectual property law: (1) ideas cannot be owned by any particular individual; and (2) our legal system seeks to reward innovation and the creative process in order to advance the public welfare. These premises clearly reflect that we live in an age of information. Those who have access to information or control its dissemination also control the valuable products derived from such information. As Professor Anawalt observes, it is the *process* of developing ideas, materials or products which is susceptible of legal protection.

Ideas in the Workplace initially focuses on the basic forms of protection which may be afforded to new discoveries: patent, copyright and trade secret. Chapter 2 offers a general overview of these protections, highlighting the essential elements of each legal doctrine. One observation warrants comment. The author suggests that copyright and trade secret protection offer more effective means of protecting most software developments. Although most software products today are in fact sought to be protected under copyright and trade secret laws, the scope of copyright protection, especially as to the "look and feel" of certain software products, continues to be debated.² Patent protection also deserves another look. The great un-

1. The author has furnished several examples of nondisclosure and invention assignment agreements between the employer and employee which cover the spectrum of the allocation of proprietary rights among the parties. While Professor Anawalt criticizes several provisions in these agreements as being intrusive, unreasonable and overbroad, in the reviewer's experience the "boilerplate" confidentiality agreement containing such provisions is frequently utilized for its prophylactic effect and is often signed by prospective employees without careful consideration, especially where the employer represents that "everyone in the company has signed the company's standard form of agreement." The new employee may find it difficult to negotiate a more reasonable agreement when employees with greater seniority and technical expertise (and far more at stake in the potential contributions that they may make to their employer) have already signed the same agreement.

2. On March 17, 1988, Apple Computer, Inc. filed a complaint against Hewlett-Packard Company and Microsoft Corporation alleging, among other things, that the defendants'

certainty of the patentability of software was put to rest by the U.S. Supreme Court in 1981 in two decisions, *Diamond v. Dier*³ and *Diamond v. Bradley*⁴ when the Court determined that software-related inventions constituted patentable subject matter under Section 101 of the Patent Act.⁵ Since that time, the U.S. Patent and Trademark Office has experienced increased activity by software developers seeking patent protection for software products. Although the patent prosecution process has often been criticized as overly expensive and time-consuming, the ability to combine certain copyright and trade secret protection during the application phase together with the benefits of a potentially greater scope of protection afforded by patents over copyright and trade secret protection should not be overlooked.⁶

The principal focus of Professor Anawalt's book is the analysis of intellectual property rights in the employment relationship.⁷ Here, the author examines the basic tenets governing the formation of a contract between the employee and the employer. The author offers five observations or guidelines concerning the formation of this relationship, the most revealing of which reads:

In keeping with the obligation of good faith, the employer should take into account both the specific legal requirements related to employment and the essential interests of each party. The employee's interests include: a fair contract, mobility, adequacy of compensation, and fair recognition of invention rights.

New Wave and Windows 2.03, respectively, infringed Apple's copyrights by virtue of their use of certain Macintosh visual displays and images. See *Apple Computer, Inc. v. Microsoft Corporation and Hewlett-Packard Company*, No. C 88 20149 RPA (N.D. Cal. Mar. 17, 1988).

3. 450 U.S. 175 (1981).

4. 450 U.S. 381 (1981).

5. 35 U.S.C. § 101 (1982).

6. See Rinkerman, *Emerging Patterns in Software-Related Patent Law*, 6 *COMPUTER L. REP.* 218 (1987).

7. Unfortunately, this work does not cover the issues in the ownership of copyrights by independent contractors, who are frequently hired by software developers or other technology-based companies on a discrete project basis. Special rules apply in the "work for hire" area in the case of independent consultants with respect to ownership of copyrights. See, e.g., Grogan, *Ownership of Copyright and Other Proprietary Rights in Software by Employees and Independent Contractors*, 1 *COMPUTER LAW*. 22 (1984); Alexander, *When is a Software Program Made for Hire?*, 3 *COMPUTER LAW*. 18 (1986). The interests of the parties in an independent contractor relationship are not, however, unlike those in the employee/employer scenario. For example, the independent software developer who contracts with particular clients on discrete projects will be concerned with retaining as much of the proprietary rights to the software he or she develops under that customer contract so that developer can market the resulting product to other prospective customers. Conversely, the customer is concerned with receiving "full value" for the work provided by the developer and with minimizing the release of valuable information regarding its product specifications and designs which may serve in "educating" the developer as to improvements and ideas for other clients.

The employer's interests include: employee loyalty, job performance, preservation of secrets, and fair treatment of the employer's investment of time and energy.⁸

This guideline reflects the overall philosophical orientation of Professor Anawalt's work: the importance of the responsibilities of the parties to an employment relationship. This reciprocity is required by the interdependence of the employer and employee in the inventive process. The employer often furnishes the financial and tangible resources, and the employee furnishes the inventive or "intellectual" effort. This has in turn led to the development of a range of legal doctrines and statutes regarding the allocation of rights among the employee and the employer: the "shop rights" doctrine, the "work for hire" doctrine, and certain statutory schemes regarding ownership and assignment of inventions. While the author observes that traditional legal doctrines can be modified by contract, in the long run "the employee and employer are most likely to serve their own interests if they treat each other fairly and recognize each other's important interests."⁹ This observation may be self-evident, but the author points out that legal remedies are available and often resorted to where this balance is not present.

The author concludes by offering practical applications of the legal rules of intellectual property claims in the employment relationship. These rules are largely based on common sense but also stress the importance of a sense of fairness in the negotiating process. The author also focuses on the employee who, by his or her proven expertise, has greater leverage in dealing with prospective employers. Professor Anawalt cautions those employees not to push too far. The author also offers guidelines for those employees who wish to develop a sideline business outside their primary work relationship which might involve inventions, technologies, ideas or subject matter common to both.

Despite the author's practical approach to the definition of intellectual property rights for the parties to an employment relationship, the author surprisingly does not focus on the practical issues of determining the proprietary rights in specific inventions of the various parties. This issue is principally evidentiary—that is, the method of documenting changes and enhancements to preexisting inventions or technologies is crucial in establishing rights in such developments by the developer and the hiring party. For example, counsel would

8. ANAWALT, IDEAS IN THE WORKPLACE: PLANNING FOR PROTECTION 47 (1988).

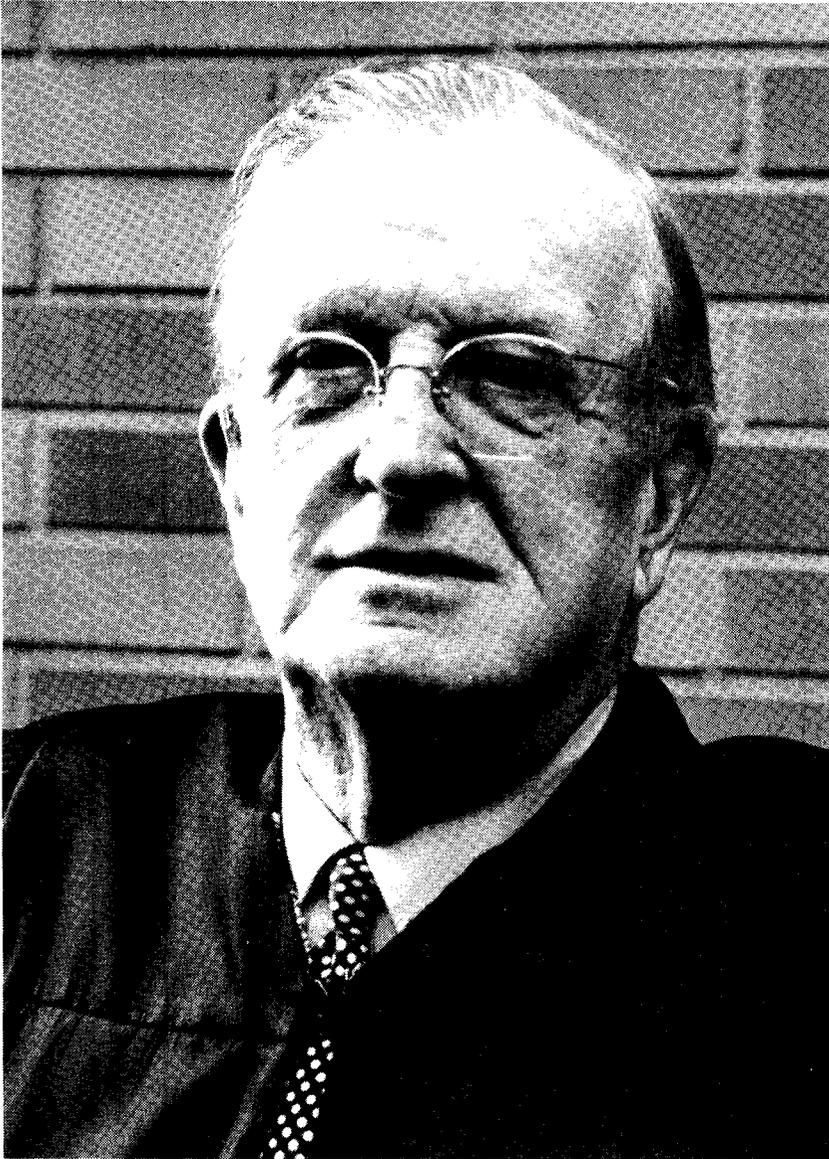
9. *Id.* at 72.

be well advised to consider whether traditional engineering notebooks are sufficient to document changes to existing technologies and other inventive efforts, and whether more elaborate methods of verification such as technology escrows or detailed annotations to source code listings may be warranted.¹⁰

The strength of Professor Anawalt's book is its realistic and pragmatic approach to the reconciliation often necessary for resolving the conflicting rights and interests of employers and employees. Most important, both the inventor-employee and the prospective employer must have a working understanding of the basic principles of intellectual property law in order that their expectations of what can be protected and how in fact ideas and discoveries are protected can be reasonable.

While *Ideas in the Workplace* is best geared for the business person, in terms of its approach and understandability, the author does not ignore the useful role of attorneys. This book educates the intellectual property client in a manner that helps identify issues more precisely and establishes a framework in which disputes may be carefully analyzed, thereby reserving for legal counsel the challenging task of devising creative solutions to situations involving conflicting rights and obligations.

10. For a good discussion of these issues, see Friedlander & Greenstein, *How to Evidence Software Ownership Through Effective Documentation . . . the Do's and Don'ts*, 7 COMPUTER L. REP. 195 (1988).



Judge Edwin J. Owens

