

Case Study: Scenario 3

Intellectual Property Theft at a Tech Company

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1. Legal Issues

What laws are relevant?

- **Copyright Law:** The company owns the code, not the employee. This is because they were paid to write it while working there (the "Work for Hire" rule).
- **Trade Secrets:** The code is a secret that gives the company an edge. Taking it is legally considered stealing a trade secret.
- **Contracts:** The employee probably broke their Non-Disclosure Agreement (NDA) and non-compete rules.

How can the company protect itself?

They should make sure everyone signs strict NDAs and IP agreements when they are hired. If someone steals code, the company needs to use lawyers to sue them and legally force them to stop using it.

2. Ethical Issues

Was it ethical for the employee to take the code?

No. The employee might feel like it belongs to them because they typed it, but the company took all the financial risks, paid their salary, and provided the tools. Using company property to start a rival business is basically cheating and breaks trust.

How should the company respond ethically?

They should stick to the facts and handle it professionally through the legal system. It wouldn't be right to try and ruin the ex-employee's personal life or badmouth them online; they just need to protect their business legally.

3. Professional Issues

What professional standards apply?

In the IT world, professional codes of conduct say you must respect your employer's property and keep things confidential. Taking code without permission and becoming a competitor is a huge conflict of interest and shows a lack of professional integrity.

How can the company fix its policies?

- **Limit Access:** Stop giving every developer access to the entire project. Only let them see the code they actually need to work on.
- **Revoke Access Quickly:** The minute someone quits or gets fired, their access to the network, email, and code should be cut off instantly.
- **Monitor Downloads:** Set up alerts to block people from downloading huge amounts of code to USB drives or personal clouds.