

Intellectual Property Ethics - Instructor Script & Outline

>>>> *Prior to class, print out approximately 75-100 double-sided copies of Handout 1 & 2*

- *Remind students not to write on the handouts.*
- *Collect the handouts at the end of each class to reuse for the next section*

>>>> *Before beginning, bring up the MGMT301 course guide on the screen.*

PART 1

Business ethics is a set of issues that you will encounter both here at Purdue and potentially out in the workplace. Tim from CCO focuses on ethical behavior during the interview and hiring process. There are many other facets of business ethics across management, strategy, and HR. We will primarily focus on ethics related to intellectual property. Instead of just lecturing, this component will be interactive with discussion questions that you will brainstorm with the group at your table. Use the whiteboards during the brainstorming.

There are many different stories of unethical actions taken in the workplace. These can include:

- **Flow-Tex Scandal:** Flow-Tex was a company that built and operated horizontal drilling equipment for wires and pipes. They built a limited number of these machines and by manipulating identification plates would resell the same equipment to multiple customers. The executives were charged with fraud and tax evasion.
- **The Enron Scandal:** Through the use of accounting loopholes, special purpose entities, and manipulation of its auditor, Arthur Andersen, the leadership of Enron hid billions of dollars in debt from their shareholders. This resulted in federal prosecutions and the dissolution of Enron and Arthur Andersen.
- **The Diesel Dupe:** The Environmental Agency found that many Volkswagen cars being sold in America had a 'defeat device' in the diesel engines that could detect when they were being tested, changing performance accordingly to improve results, and thus cheating emissions standards. This forced a recall of millions of cars and a potential fine of \$18,000,000.

>>>> *Distribute Handout #1 to every student*

Now to the first activity, the handout you are receiving contains a variety of excerpts from articles. These excerpts provide a variety of perspectives related to business ethics. I want you to take the next few minutes and read through these quotes. I then want you to discuss with your table the following questions:

Could you turn in a coworker for unethical behavior? What issues do you foresee with this situation?

>>>> *Allow them to read the document for about 4-5 minutes. After they have discussed it for about 3-4 mins begin the debrief. Move around the room selecting a couple of tables to respond to the*

questions below.

Debrief

Now let's debrief. Could you turn in a coworker?
Does the seriousness of the unethical behavior matter?
Does it matter if it is a colleague or a supervisor? Why?

Here's a real world example: a friend of mine worked in Quality Control at a pharmaceutical manufacturing company. Due to pressure from management safety protocols were being skipped to get more product shipped, in spite of the QC department trying to stop this practice. The QC department felt it had no recourse to try and stop this unethical practice. This led to corrupted medications being used that triggered an FDA investigation into the facility. People could have died. The parent company of this drug manufacturing facility finally stepped in. Their solution was to fire everyone and sell the plant off to another company.

>>>> Finish up in about 4 - 6 minutes. Now move on to the Intellectual Property component.

PART 2

Intellectual Property

One area that is relevant in the workplace is Intellectual Property. The ideas and issues around who owns the work that you and the company create. The key areas that relate to intellectual property include:

>>>> Open in separate tabs the USPTO link, Merck Code of Conduct, Eli Lilly Redbook, and Nondisclosure Agreement on the MGMT301 page

- Copyright
 - When you write something original it is effectively copyrighted to you. You can go through the process of registering it with the Copyright Clearance Center but that is not required. You simply can write a little c with a circle and the year.
- Patents
 - This is protection for concrete items and software which is designed to protect from copycats. You would need to license the idea from the patent holder to utilize it.
- Trademarks
 - This consists of protection for service marks, catchphrases, slogans, and logos.
- Trade Secrets
 - Like the recipe to Coca-Cola or the chemical makeup of WD-40 are kept locked away and known by only a few people, providing even more rigorous protection than a patent.

There are documents that you will come in contact with, once you move on into the

workplace, that directly relate to business ethics. Specifically, these documents all relate to the intellectual property area of business ethics.

Documents to be aware of include:

>>>> *Show the 2 codes of conduct and click on the following links in the MGMT301 page. Scroll thru the table of contents a little.*

- Merck Code of Conduct
- Eli Lilly – Redbook

These are 2 examples of companies' codes of conduct that govern an employee's business behavior. From basic business ethics to reporting incidents relating to coworkers to accepting gifts from clients. It is likely that many of you will have a document like this governing your actions.

>>>> *Show the Nondisclosure Agreement*

Often you will have to sign a NDA which blocks you from talking about company projects and products. These agreements can often last beyond the time you are still employed by a company.

>>>> *Distribute Handout #2 to everyone*

Now we will move on to the 2nd case study. You are receiving a double sided document. ONLY READ PART A do not look at PART B until instructed to do so.

Part A

Read through Part A and then discuss with your table the questions at the bottom of the page.

- Should G & H Corp have won the intellectual property court battles?
- Did they make a mistake selling the complete rights?
- Was M Corp practicing unethical behavior?
 - When they created their own version?
 - When they attempted to acquire the rights?

>>>> *Allow 4-5 minutes for reading, then allow 5-6 minutes for discussion. Then another 5 minutes for the debrief.*

Debrief Part A

>>>> *Again go around the room to a few tables having them respond to one of the questions.*

Part B

>>>> *As the tables begin to read Part B and discuss it with their table. You will need to quickly and secretly open the Image Links 1 – 4 into separate tabs. You will then need to be ready to display them after you have debriefed for a few minutes, keep them hidden until the big reveal.*

Read through Part B and then discuss with your table the questions at the bottom of the page.

Debrief Part B

>>>> *Again go around the room to a few tables having them respond to one of the questions.*

- Who's right?
- Does MGA's product belong to M Corp because it was created by one of their employees?
- Every variation of the product or just the original version?
- Does MGA have the right to countersue that M Corp's 'New' product is actually just a copy of the MGA product?
- Was there unethical behavior anywhere?

>>>> *Finally, ask them if anyone knows who this is?*

Who are these companies in the case?

So here's what happened....

>>>> Show Image Link 1

G & H Corp created a product called Bild Lilly which was really an adult gag gift. You would purchase one of these so that you could have a sexy secretary in your office. There was a comic strip in the newspaper where she would get into all sorts of risqué situations.

Ruth visits from the United States, and Ruth is the wife of the CEO of Mattel... she brings the doll back and creates Barbie. This is all during the 1960s so there is no Internet, and news doesn't travel very quickly over to Europe.

>>>> Show Image Link 2

Barbie becomes the #1 selling toy of all time! G & H Corp finds out about it and sues...while at the same time unknowingly selling the rights to Mattel. G & H Corp eventually goes out of business due to the inability to compete with Mattel's money and influence. Another company buys up the remnants of G & H.

So now jump to the 1990s, when an employee of Mattel consults with MGA to

create.....

>>>> Show Image Link 3

Bratz! Bratz enters the marketplace and starts to kick Barbie's ass. So Mattel sues and at the same time creates....

>>>> Show Image Link 4

The MyScene dolls.

So the in the courts, Mattel wins the first case but only in regards to the initial doll created. All subsequent variations still belong to MGA.

MGA wins their countersuit against Mattel, deciding that Mattels version was a copy of MGA's dolls.

So millions of dollars exchange hands...

And then in the early 2000s. The holding company that had purchased the remaining pieces of G & H Corp tries to sue Mattel AGAIN over the infringement of Lilly and Barbie. This one is subsequently thrown out of court.

All this over some dolls. Billions of dollars worth of dolls.

So...pay attention to your company's policies. Ask about codes of conduct during the interview process. Pay close attention to what you are agreeing when you sign a contract or a nondisclosure agreement. Determine what your ethic foundation is.