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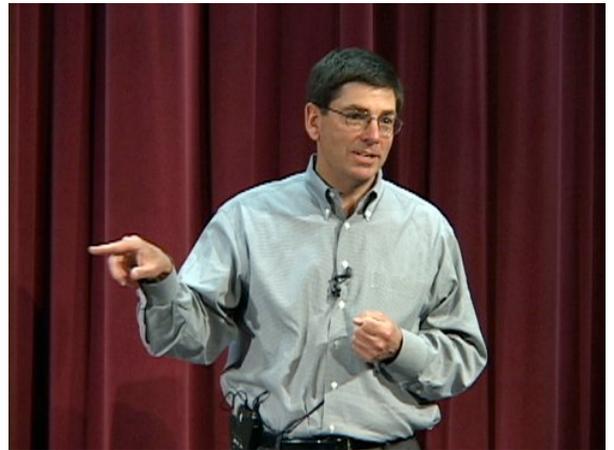
The Decision to Become a Lawyer in Silicon Valley

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Gordon caught the startup bug while working for Measurex, but wondered if there was a way he could work for multiple startups at a time, as an advisor for many companies rather than as an executive at just one. He attended law school and Apple was one of his first clients. He deeply regrets not accepting Steve Job's request to pay the \$500 legal fees in stock instead of cash!



Transcript

Then my first real job was for a startup company called Measurex. It was literally in a garage down near the San Jose airport. I was about the 40th employee. I was hired by Dave Rosinger at Dalmane, who were the founders. It took off and later went public. And it got acquired about five years ago by Honeywell. In fact, I just pulled this off the Web here, one of the double-E courses here has tied Eric Dalmane's famous formula for feedback loop to control a paper mill, which uses the same HP2100's to run a paper mill, so 32k with paper tape readers. Anybody know what that is? No? Oh, good, a couple here. Imagine paper mills, 3 inches of water on the floor and 98% humidity. It's a read-once medium, paper tape.

If you have a bug in your program, 26 feet wide paper spills on the floor and nobody's happy. So it's a bad thing to have a bug in your program but you learn fast if it keeps bugging. Anyway, that was kind of my introduction to engineering. But I got bitten by the startup bug when I was working at Measurex. I met a lawyer and I thought, "Gee, I wonder if there's a way to work with multiple startup companies at the same time." I had planned to go to business school but I decided instead to try law school to see if there is a way to be an adviser to many companies instead of being an executive of one company. And that turned out to be right. And again, being at the right place at the right time, a little bit like Forrest Gump, I think. One of the clients that walked in the door was Apple Computers. And then I've worked with all of the companies here and many that aren't here. These are some of the names that you'll recognize and I'd be happy to talk with you at length about any of them.

There are some fun stories about them. Probably the most embarrassing incident of my legal career was representing VisiCorp which was the software supplier to the Apple Computers, essentially. And VisiCorp had their exclusive rights to the very first successful spreadsheet, VisiCalc. And it was authored by a couple of guys at MIT and marketing rights were gained by a fellow named Ben Foster, who's my client at VisiCorp. And one of the early employees was a fellow named Mitch Kapur who had done a plotting program to go with VisiCalc so he can output the spreadsheet into a graph. And Mitch had authored the program and licensed it to VisiCorp and at one time, became an employee at VisiCorp. And Mitch came from Cambridge Law and came to the Boston and ultimately, decided to leave VisiCorp as an employee. And we negotiated a buyout of all of his future royalty rights to the trend platform which ran with the plotting. And as we were putting the finishing touches on the contract, Mitch's lawyer asked me if it would be OK to carve out from the non-competition clause a combination database, plotting, and spreadsheet program. I went to the CEO of VisiCorp and said, "They want to carve this thing out.

Of the non-compete." We're paying them \$500,000, which was a small fortune at that time. "I don't think we ought to do it." The CEO told me, "Ah. It's OK. That's a dumb idea. No one would ever want to do that." And so Mitch went back to Cambridge

and taught transcendental meditation for awhile and met a venture capitalist named Ben Rosen. They started talking about founding a company. Ben asked him about his non-compete, looked at it and said, "You know what we could do? We could do only one product, Lotus 123. And we could do it for the IBM PC," which VisiCorp was not doing because the software developers did not believe in the PC. They believed in the Apple II at the time, and the rest was history. Lotus 123 just wiped out VisiCorp because we created a carve-out to the non-compete.

That's why I'm checking it back. I've had fun with all of these companies. Again, I'll tell you some more stories and interesting questions as we go along. The interesting one is with Apple though. They were one of our first significant clients in the law firm I ended up, instead of starting a company. I hoped to start a law firm back in the early '70's. We had the first Silicon Valley client of note was Apple Computers' Steve Jobs and Steve Wozniak. They had walked in, looking approximately the way they do on the picture on the left and had only the VW van to their name. And we asked for our standard fee for incorporating a new company which was \$500. They said, "We don't have \$500.

Would you take stock?" And we said, "No, we're a cash business. We'll take the cash." And so they somehow scraped the \$500 and we didn't get the stock. And then 1980, when they went public, \$500 worth of stock would have been, in my estimate, is \$10 million. So that's the single reason why they should teach entrepreneurship in law school. And that's the lesson that I haven't forgotten.