

Mobile App Development: Intellectual Property Protection



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Roadmap

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 - Mobile Apps and Patents: Enforcing your Intellectual Property Rights
- Other Legal Issues You Should be Aware of

What Developers Should Know About Intellectual Property Protection

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- As an app developer, the intellectual property of your business is your main asset
 - You are developing your new app, and someone claims that they have ownership rights to the app. What do you do?
 - You have an app and users identify its logo with your business. That is a great selling point for you. What happens if another developer starts using your logo?
 - A competitor steals your mobile app's name. You spent time and effort on choosing that name. What can you do?

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Mobile Apps and Trademarks: Overview

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- App owners should always consider protecting the brand name of the app by filing a trademark application
 - Trademark lies at the core of brand identity
 - Trademarks constitute element of your mobile app that identify the source of your products or services (e.g., logo and title of the app)
 - Trademark is not the app functionality or code

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Mobile Apps and Trademarks: Overview

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- What is the difference between the ™ symbol and the ® symbol?
 - ®: registered trademark
 - U.S. trademark registration establishes legal presumption of ownership and right to use trademark nationwide
 - ™: trademarks used in connection with goods or services without registration – it’s free!
 - However: ™ means common law protection applies and trademark rights are limited to geographical areas where the trademark is used
 - In case of litigation, an unregistered trademark is generally at a disadvantage compared to a registered trademark

Mobile Apps and Trademarks: Overview

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- There is no “one size fits all” for trademark application
 - It is important to understand how your mobile app works as a product or service and explain it to your IP attorney
 - A trademark registrable for one product or service might be unregistrable for another
- All apps might include registrable trademarks:
 - An app name, icon, or logo used consistently and prominently to identify your product or service
 - To be registrable, an app name should not merely describe the function or nature of the app itself

Mobile Apps and Trademarks: Overview

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- Before registering the name of your software or app program, you should consider two preliminary issues with your attorney:
 - Is it worth it to commit expenses to one or more federal trademark registrations?
 - Has someone else already registered a similar trademark for software or related goods or services?

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Mobile Apps and Trademarks: *Candy Crush Saga* Example

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- *Candy Crush Saga*
 - In many countries, including the U.S., King has asserted trademark rights for the words CANDY and SAGA in the field of software and video games
 - However, King's CANDY and SAGA trademark applications worldwide have been abandoned, refused, or contested by third parties



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Mobile Apps and Trademarks: *Candy Crush Saga Example*

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- How would it work for King? If an app developer releases a similar game and name it, for instance, *Candy Star* or *Great Candy Casino Slots*, King may demand that they change the name based on similarity to the trademark CANDY CRUSH SAGA
 - However, King is not entitled to a claim against each and every game that uses the words CANDY or SAGA
- Trademarks are more about protecting a brand as a whole and less about owning a word
 - The "senior user": King would not prevail in a lawsuit against a company that made a game with the word CANDY in its title if it dates back to before *Candy Crush Saga*
 - King, as the plaintiff in a lawsuit against an app developer, has the burden to prove that a reasonable consumer in that market would be confused into thinking that the defendant's product originates from King, or is endorsed/sponsored by King

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Mobile Apps and Trademarks: *Candy Crush Saga Example*

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- What did King do right?
 - Filed trademark applications on a timely basis to establish priority in countries where it operated
 - Monitored trademark usage in the field of its operations and took prompt action against possible infringers
 - Agreed to coexistence agreements against third parties ultimately determined to not infringe
- What did King do wrong?
 - Claimed overbroad trademark rights – trademark registrations are not granted for individual words in a trademark
 - By making highly publicized and broad trademark claims, effectively invited interested third parties to contest their trademark applications
 - Generated bad publicity by targeting small developers on the basis of controversial trademark claims – to the public, appeared to be attempting to “own a word”

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Mobile Apps and Copyrights: Overview

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- Your mobile app is a work protected under the United States Copyright Act (Title 17)
 - The Act protects “original works of authorship”
 - Examples: text, software, images, graphics, film, user-generated content
- Copyright protection grants the author the exclusive right to distribute, display and duplicate the work to the public
 - In general, copyright protection lasts for the life of the author plus an additional 70 years

Mobile Apps and Copyrights: Work-for-Hire Agreements

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- Generally, a person who creates the copyright work is the author for copyright purposes
- However, when the work is created by an employee within the scope of the employment and employee sign a work-for-hire agreement, the employer owns the work for copyright purposes
 - Work-for-hire agreements only apply to copyrights
- **For companies:** without the work-for-hire agreement, the app developer who writes the source code, design, or other aspect of the company’s app, holds the copyright to that material

Mobile Apps and Copyrights: Work-for-Hire Agreements

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- **For developers:** if a developer signs the work-for-hire agreement and was promised a stake in the company for the work, he or she may have a written agreement with the company's owners that details the terms of the equity grant in the company

Mobile Apps and Copyrights: Enforcement

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- **You cannot sue for copyright infringement unless the work is registered**
 - An app copyright registration makes you eligible for statutory damages up to \$150,000.00
- **Copyright protection may prevent competitors from releasing an app that is identical to yours, or take a “substantial part” of your mobile app, in creative content or look and feel**
 - However, it cannot stop competitors from using your idea to create a program with similar function

Mobile Apps and Patents: Overview

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- Patents are the best way to protect your idea/invention
- U.S. patent laws provide for patenting of systems, devices, and methods, including ones relating to mobile apps
 - Software itself cannot be patented in its intangible form, unless it is at least disclosed and claimed in the context of methods of interacting with a computer or mobile device
 - Recent court cases have raised the bar further

Mobile Apps and Patents: Overview

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- Patents provide the greatest commercial benefit where:
 - The expected lifespan of the technology exceeds 3 years
 - The technology has general application and broad general interest
 - There is scope for competitors to use the technology in the own apps

Mobile Apps and Patents: Overview

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- For an invention to be patentable it must be:
 - Statutorily eligible subject matter
 - Useful
 - New
 - Non-obvious
- An app is patentable, or patent-eligible subject matter if falling into a statutory category:
 - Process, machine, manufacture, or composition of matter
 - Certain subject matter is excluded from patentability, even if the inventions are novel and non-obvious: laws of nature, natural phenomena, and abstract ideas

Mobile Apps and Patents: Subject Matter Eligibility

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- Patents directed to inventions implemented on computers may be rejected for lack of patent subject matter eligibility
- Software patent claims could be rejected if found to constitute an abstract idea implemented on a computer
- *Alice Corp. Pty. Ltd. v. CLS Bank Intern.*, 573 U.S. __ (June 19, 2014) – the Supreme Court applied a two-part test
 - 1. Determine if the claim is directed to an abstract idea
 - 2. If so, determine whether the claim specifies additional elements that add “significantly more”
 - A claim found to be abstract under part 1 must pass part 2 in order to survive

Mobile Apps and Patents: What Is an Abstract Idea?

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- Rather than a general rule, courts rely more on comparisons to established examples of abstract ideas from past cases
- Examples include:
 - Fundamental economic practices – “business method patents”
 - Certain methods of organizing human activities
 - An idea “of itself”
 - Mathematical relationships or formulas
- However, an application of such an abstract idea “to a new and useful end” remains patent-eligible

Mobile Apps and Patents: What Is “Significantly More”?

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- If a claim is directed to an abstract idea, it must specify additional features that embody a meaningful application of the abstract idea
- Examples include:
 - Improvements to another technology or technical field
 - Improvements to the function of the computer where the idea is implemented
 - Implementation on a particular computer rather than a generic computer
 - Causing a transformation of an article to another state or another article
 - Adding steps beyond the performance of generic computer functions that are well-understood, routine and conventional

Mobile Apps and Patents: Lower Court Decisions Since *Alice*

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- A computer system for managing a bingo game
 - The claims recited basic computer functions such as storing, retrieving, and verifying a set of bingo numbers against winning numbers
 - Each step only requires generic computer
 - Every step can be carried out manually
 - Claims found to constitute the abstract idea of organizing human activity, without more
 - Claims were not subject matter eligible

Mobile Apps and Patents: Lower Court Decisions Since *Alice*

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- An e-commerce system that combines visual elements of a host website and the products or services of a third-party merchant to create a composite webpage with the look and feel of the host website
 - The claims identify a solution to a problem specific to the Internet
 - The claims identify steps involving the execution of particular algorithms
 - The claims were found subject matter eligible

Mobile Apps and Patents: Enforcing your Intellectual Property Rights

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- **What else should you consider:**
 - You have one year from the date of sale, offer to sale or public disclosure to file a patent application to protect your rights
 - Freedom-to-operate searches for NPEs (*patent trolls*) and third-party rights are recommended

Mobile Apps and Patents: Enforcing your Intellectual Property Rights

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- **Diligent monitoring – most apps can be found online. You may:**
 - Create internal tracking of apps and platforms
 - Target specific app stores and platforms
 - Engage third-party vendors that monitor brands
 - Alternative: take action only after receiving a complaint
- **Takedown notice**
 - Notice request may be sent to a platform operator and the app may be deactivated
 - A deactivated app may still be found in a user's mobile device, and every time the user opens the app, there is an infringement
 - More commonly, notices may be sent to the developer instead

Mobile Apps and Patents: Enforcing your Intellectual Property Rights

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- Consider informing the user with statements and notices in marketing materials to establish your apps
- Use digital watermarks and tags for online work
- Consider effects on public relations before taking aggressive actions
 - For instance, sending legal notices or submitting a complaint or notice to a platform operator before considering contacting the app developer

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Other Legal Issues to be Aware of...

Privacy Laws

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- Privacy is a key legal consideration when developing a mobile app
- If the mobile app collect data, general federal and state privacy laws apply covering entities that collect, use, share, store personal information
- Some types of collected data have special treatment:
 - Financial
 - Health
 - Programs that target children

Privacy Laws: Federal

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- Federal Trade Commission (FTC) Act §5
 - Prohibits and makes unlawful “unfair methods of competition in or affecting commerce, and unfair or deceptive acts or practices in or affecting commerce”
- The FTC may bring charges against app developers and companies
 - Make sure you know and follow your own privacy practices
 - Inform consumers about your actual privacy practices

Privacy Laws: State

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- States authority and laws are similar to the FTC authority and the FTC Act (mini “FTC Acts”)
 - Most states have data security breach notification laws that require entities holding personal data to provide notices in case of breach
 - Location of the consumer is a key factor to the applicability of state laws
 - **Illinois: Personal Information Protection Act (815 ILCS 530)**
 - The Act defines breach of the security of the system data as “unauthorized acquisition of computerized data that compromises the security, confidentiality, or integrity of personal information maintained by the data collector”
 - “Any data collector that owns or licenses personal information concerning an Illinois resident shall notify the resident that there has been a breach of the security of the system data following discovery or notification of the breach” (815 ILCS 530/10)

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Privacy Laws: The Children’s Online Privacy Protection Rule

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- Children’s Online Privacy Protection Act (COPPA) apply to mobile apps that collect information from children under 13
- If you target children, you need to provide additional services and information
 - Parents must be notified before collecting information from their kids
 - The privacy policy must clearly and comprehensively describe how information collected online from kids is handled
 - Procedures shall be implemented to protect kids’ personal information

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Privacy Laws

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- In developing privacy practices, app developers and companies should take into account:
 - Specific legal requirements that may apply based on the type of information being collected
 - Special legal requirements for regulated industries or sensitive information (e.g. kids)
 - Industry guidance and best practices

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