**Intellectual property in mobile applications: the practicalities**

Smartphone applications are a new route to market for businesses, but they touch on many grey areas that need to be considered in regards to intellectual property rights. Steven James, an Associate, and Ruth Arkley, a Trainee Solicitor at Latham & Watkins, examine the risks that can arise with regard to IP rights in apps, and consider the methods used to protect IP in this area.

Apps are a great way of boosting revenue and brand equity. But what are the main intellectual property issues app developers should consider? There are various intellectual property rights which may subsist in mobile apps, depending on the nature of the application, and various risks in relation to IP of which developers should be aware.

**Copyright**

Most users’ experience of an app will consist of (moving) images, text, sounds and videos— all of which may be separately protected by copyright to the extent they are ‘original’ (a low threshold which will usually be met provided that the work has not been copied, although at least some degree of creativity is now required for copyright protection in databases, and possibly also for software and photographs, pursuant to statute and recent decisions by the Court of Justice of the European Union (the CJEU)). The design of the app icon will be copyright protected and if the app icon is also a trade mark, that will give double protection. Copyright may also subsist in the app’s underlying source code. However, following the CJEU’s ruling in *SAS Institute Inc v World Programming Ltd* and a series of cases in the UK and Europe, it is plain that copyright will not protect the functionality of an app, its programming language or the format of data files, because they consist of the overarching ideas behind the app. The overwhelming message coming from the CJEU and the UK courts is that copyright protection in the underlying software of the app will be limited to the source code, and patents are the right which should be relied upon to protect functionality.

The beauty of copyright, of course, is that in the UK and the rest of the EU it arises automatically, which is valuable given the commercial imperative of bringing apps to market quickly, for example. The downside is that copyright requires you to prove ownership and a causal connection between the source work and the infringing work, which may be difficult to demonstrate. Developers should date and put copyright notices on all of their design materials to establish an audit trail for their own design documents (copyright notices are not required under English law but would help defeat any defendant’s claim to be an ‘innocent infringer’). Since the act of infringement is the copying of the protected work, it is possible to infringe the copyright of others unwittingly, either when developing the app or if the app hosts user-generated content and the developer chooses to moderate such content (the safer option is usually not to moderate, and to instead rely upon the safe harbour afforded under the European E-Commerce Directive and/or the Digital Millennium Copyright Act 1988 in the US), app developers should always ensure appropriate licences are in place to cover all of the ways in which they intend to use any protected material.

Following the CJEU’s decision in *Football Dataco & Ors v Yahoo! & Ors*, it is now increasingly unlikely that app developers will be able to rely on copyright protection in databases in the app (such as listings of football fixtures or compilations of news or data). The court in Football Dataco held that in order for copyright to subsist in a database, the database must constitute the ‘original expression of the creative freedom of its author’, free from technical or other restraints. Similarly, the EU *sui generis* database right, imported into English law through the Copyright and Related Rights Regulations 2003, requires there to be substantial investment in either obtaining, verifying or presenting the data in the database, and not the creation of the data itself, which will be very difficult for most app developers to establish (although it would appear that data does have to pre-exist in material form for the right to subsist).

Problems for developers can arise particularly in the context of open source software (OSS), made available to the public under a number of different ‘copyleft’ licences. OSS-derived source code is the bedrock of many apps as it is free to use, but OSS codes come with a health warning. The most common licence, the GNU GPL, allows OSS to be used and developed only if the resultant code is also made available and licensed under the GPL. As a result developers should consider the terms of such licences carefully and seek legal advice before using OSS, as a developer who has invested considerable time and money in an app may find (depending on which licence he uses) that he has lost all claim over any copyright in his proprietary code by having incorporated even a tiny amount of OSS in the source code. Further, most app platform operators prohibit developers from...
combining their code with open source code in their operator agreements (and ask for warranties that the app submitted does not infringe third party IP rights and will ask for an indemnity in respect of the same) and many will remove those apps which use OSS.

**Patents**

Patent protection may be sought in relation to the novel functionality of an app. The enormous value of patent rights, which confer 20 years of monopoly protection, as well as an increasingly lucrative and crowded smartphone market, has led to the ‘patent wars’ – a stream of well-publicised patent cases between many of the major technology companies. It also helps explain one of the motives behind a series of huge patent acquisitions, including Google’s acquisition of Motorola in 2011, which has increased Google’s patent portfolio twofold to over 18,000.

The software itself is unlikely be patentable in the UK unless it produces some kind of novel effect outside the app (to take it beyond the realms of being software ‘as such’ (which merely causes a computer to execute a number of commands relating to the running of the software but nothing outside of this). Further, apps which purely consist of methods of doing business ‘as such’ are likely to be excluded from patent protection (applications such as identifying a user of internet or telephone services or incorporating companies house documents have been rejected as business methods ‘as such’ in the past). However, the rules relating to the patentability of software are generally interpreted in a more relaxed fashion elsewhere in Europe, especially in the EPO (where if the software/business method provides a solution to a technical problem and is novel and inventive, it should pass muster) and even more so in the US, where courts have stated that the starting point is that ‘anything under the sun that is made by man’ should be patentable and where Amazon (unlike in the UK and in Europe) managed to patent its ‘one click’ method of ordering retail gifts. In general, merely implementing a method used in the offline world through an app is unlikely to be patentable – something further, such as a technical effect outside of the computer program or method, is required to render such program or method patentable.

One important practical consideration to bear in mind is that it is expensive to register patents - often several thousand pounds, which will vary depending on in which countries you are looking to register the patent. It also usually takes at least 24 months to register a patent, by which time the commercial value of the app may have peaked and the technology might have moved on.

Although it is likely to be rare that app developers would rely on the law of confidentiality once the app has been published (as it is unlikely that any part of the app, once disclosed to the public, would be capable of protection), maintaining the confidentiality of initial ideas and development concepts for the app is critical. In the UK, such confidentiality may arise under common law but NDAs should also be entered into with all third parties developers discuss the idea with (external designers, potential financiers etc) to ensure that there is contractual, as well as common law protection.

**Design right**

The images in an app may be registerable as design rights if they are new and have individual character. The definition of ‘product’ under the EC Designs Directive 98/71/EC and Registered Designs Act 1949 is sufficiently broad enough to include ‘get-up’, ‘graphic symbols’ and ‘typographic type-faces’, so could include many aspects of the appearance of the app. Although designs are relatively cheap and quick to register, designers may well be more inclined to rely on EU unregistered design protection, which arises.

**Trade marks**

Another method of protecting the IP in an app is to register its name and logo, as well as any distinctive images, slogans and characters, as trade marks. Developers should register their marks early (ideally before launching the app to market), and they should formulate, and ensure others adhere to, strict brand guidelines to prevent their marks from becoming generic. Such is the growth of the apps market that once distinctive terms, such as smartphones and app store, can no longer designate one entity as they have become generic/descriptive terms in the industry.

Strong trade mark protection is essential for businesses to capitalise on the goodwill accumulated in their products. In the UK an action for passing off may protect the look-and-feel or get-up of the app, although the evidential burden of proving passing off renders a stand-alone claim for passing off rarely viable on its own. This underlines the importance of registering key trade marks.

Some registration classes for app developers to consider are classes 9, 38 and 41. Even if the developer does not wish to apply for a trade mark, clearance searches should be carried out to ensure that no third party owns pre-existing rights in that mark in the jurisdictions in which the developer wishes to market the app.

**Maintaining the confidentiality of initial ideas and development concepts for the app is still critical.**

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automatically and lasts for 3 years (which may be sufficient protection for the commercial lifetime of the app), although copying of the design will have to be demonstrated in order to prove infringement. As a consequence, registered design rights have become more valuable for the device hosting the app rather than the app itself, as it is likely that the images in an app will already be protected by copyright or trade marks. A case in point is Apple’s registered design of its iPad, which it has relied upon in a series of infringement cases in the US, UK, the Netherlands and Germany against other device manufacturers. There will be an overlap between design right and copyright in relation to the design of the app itself.

Who owns it?
In England and Wales, the default position is that intellectual property will first belong to the person who created it. However, this is not always the case, the main exception being that the IP in work done by employees in the normal course of their job will belong to the employer. However, work done by contractors will not, save in respect of UK registered designs and unregistered design right, automatically belong to the party commissioning the work (although there will often be an implied licence for the commissioning party to use the IP), and work done by employees using their own time and resources will usually remain the employees’ own intellectual property. In the US, the work-for-hire doctrine makes the commissioner the owner of the rights in the work.

In any situation, it is safest to ensure that express agreements are in place between businesses, developers, contractors and employees so that it is clear from the outset who will own the IP in an app. Further, given the potential scope for third party actions, any agreement should include warranties and indemnities from developers to cover any infringement claims.

Jurisdictional issues
Establishing jurisdiction in the event of a dispute can be difficult. In Europe, the basic position under the Brussels Regulation (No. 44/2001) is that the claimant should sue in the domicile of the defendant, although there are exceptions, so that where the validity of IP is challenged, the question of validity must be tried in the country of registration regardless of whether it is used as a claim or a defence. Following the Supreme Court’s judgment in Lucasfilm v Ainsworth it is now much more likely that English courts will accept jurisdiction of a non-EU copyright infringement claim, while in patents cases the English courts have shown that they will look behind the technology to examine from where the infringement is being controlled. With patents the issue is their national scope, which can put pressure on claim construction, even where the patentee relies on the use of means essential to the carrying out of the invention (e.g. under Section 60(2) of the UK Patents Act 1977). Claims need to be written around the possibility that only part of the relevant process may be undertaken in any particular locality.

Conclusion
In many ways the IP issues to consider when building an app are no different to those you should consider when developing a website or other software. But apps bring into play most, if not all, IP rights simultaneously and do so in a spatial vacuum, such as the cloud, where it is very easy to trip up and make mistakes. Added to all of this are usually very onerous platform operator terms and conditions with which developers must comply. There is also the commercial issue of weighing up the advantages of registering rights against the initial costs and the fact that the technology might have moved on before you have even gone through the application stage of securing registration for a registerable interest. The key is to ensure that at least some of the building blocks of the app have been considered and implemented through careful management and exploitation of the IP, whether your app is the next Angry Birds or just an extension of your existing brand portfolio.

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