

## Developers: How To Protect Your Intellectual Property During The iPhone and iPad App Development Gold Rush

### *Six things developers must consider when initiating work on an app and throughout the product's life cycle*

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April 20, 2010, 02:08 PM — Lowenstein Sandler PC — When the iPhone launched in the summer of 2007, it created an entirely new market for mobile software applications. The initial hype surrounding the iPhone focused on the device's convergence of media player, telephone, and web access tool into a sleek handheld device. However, much of the excitement shifted to the 150,000 mobile applications, commonly referred to as "apps", available for download onto the iPhone and, now, the iPad through Apple's App Store. The success of the App Store has forced competitors, like Android and Blackberry, to create similar application marketplaces.

For consumers, apps transformed expectations regarding the functionality of a mobile device. For developers, the explosion of apps provided a fertile landscape for solo entrepreneurs and small development companies to quickly reach millions of potential customers. However, the ease with which developers can launch apps created a "Wild West" mentality within the app development community, where apps are released without the same scrutiny to intellectual property issues as may be offered in more traditional business ventures.

In three short years, various apps have been the subject of copyright, patent, and unfair competition disputes. To avoid this in the future, developers should consider following the below six guideposts to best build and protect their intellectual investment.

#### **1. File First, Launch Second**

The production of apps allows for rapid development cycles, however, potential patent rights may be lost by rushing an idea to market without adequate patent protection. If a new and useful idea is included in an app that is available for download or described in documentation accessible by the public prior to filing a patent application, foreign patent rights may be lost. In addition, if an inventor waits more than a year from the date of sale, offer for sale, or public disclosure to file a patent application, the U.S. patent rights are lost. To reduce this risk, a developer should consider filing a patent application in the United States Patent and Trademark Office prior to offering an app for download or initially disclosing an idea. Filing a patent application can be a costly investment, however, there are economical options that could be pursued to secure one's patent rights, while deferring any larger financial investments until the viability of an app has been market tested.

## **2. Stay Covered**

For developers who have an existing patent portfolio, the value of any portfolio may decrease if a portion of an app has evolved beyond coverage of the patents within the portfolio. If investors are aware of this disparity, they are less likely to invest in a company and this will hurt the start-up's efforts to raise capital.

To ensure that a patent portfolio supports a given product line, developers should periodically consult with their patent attorney to update their patent portfolio to reflect product changes. In addition, timely review can prevent loss of rights due to public disclosure.

## **3. Choose Your Name Wisely**

Developers must avoid selecting a name for an app that causes confusion with a similar name in the marketplace. Use of a confusing name for an app or development company is an invitation to a lawsuit that could result in an injunction against the use of that name. A trademark search should be conducted prior to adoption of a name to determine whether any registered marks exist that will prohibit the use or registration of the new name. This search will also uncover unregistered marks that still may prevent a trademark owner from utilizing the mark in specific geographic areas. Once cleared for availability, a trademark application should be filed.

## **4. Open Source - You May Get What You Pay For**

Incorporating open source software into an app may help decrease development time and associated costs, but doing so may result in substantial loss of rights. For example, certain open source software licenses may require that any distributed app which includes any portion of the open source software be distributed for free and in open source format. As a result, developers need to carefully review all license agreements associated with any open source code included in an app to insure that any developed code is not dedicated to the public and all rights are lost. The use of open source software is not prohibited when developing apps, but programmers must be mindful of all restrictions associated with any open source software.

## **5. Know What You Own**

Developers often assume that ownership of all intellectual property rights, including copyrights, such as software code, icons, graphics and even advertising materials are automatically secured by the company because they were produced by employees or by contractors. Generally, ownership of intellectual property can only be transferred in writing. Companies will be hard pressed to prove that the original work is theirs unless they institute a company-wide protocol for the written assignment of ownership of all intellectual property from employees of the company. In situations where third party contractors are used to create code or content for an app, a written agreement must be executed to convey all intellectual property created in support of an app to the company.

## **6. Secrets Are Useful...Provided They Remain Secret**

In the infancy of an app, developers often rely on trade secrets to protect critical information without implementing the necessary company wide procedures to insure

such protections. A company-wide strategy and policy should be implemented to prevent loss of trade secret rights through public disclosure, which does not handcuff the company's promotional efforts. Furthermore, a decision must be made early on whether to obtain trade secret protection or patent protection, because use of a trade secret as a competitive advantage may void the ability to later obtain patent protection for the same idea.

These six guideposts should be considered when a developer is initiating work on an app and throughout the life cycle of the product. Adhering to these guideposts may help to create a solid foundation for building a software development company to address the growing mobile market.

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