

# **INTELLECTUAL PROPERTY LAW FOR MOBILE TECHNOLOGY DEVELOPERS**

## **Chapter 2**

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## **Chapter II. A Basic IP Framework**

The purpose of this chapter is to convey a basic IP rights framework that can be utilized to maximize value for mobile technology developers. Like most areas of the law, IP has countless rules, exceptions, and uncertainties. For the moment, set aside the myriad of laws and rules and just consider that at the simplest level, there are three fundamental concepts that make up the IP framework:

1. Obtaining IP Rights
2. Transferring IP Rights; and
3. Enforcing IP Rights

With this framework in mind, developers can approach the IP rights issue at a much more strategic level, and at the very least, ask the right questions. An important question to ask is whether you should even worry about IP. Let's assume that you are developing a mobile App and you believe that there is some unique feature about your mobile App -- maybe it's a unique platform you developed; maybe it's a unique algorithm; maybe it's a unique look and feel; maybe it's a unique process or business method; maybe it's a unique name. The types of questions you need to ask yourself include whether:

- (1) You would like to protect the feature so no one else can copy it;
- (2) You believe that others may be willing to pay you to use it; and/or
- (3) You are concerned that someone else may have some rights.

If you answer yes to either of these, then you need to first understand how IP rights are established.

### Obtaining IP Rights

In the world of IP law, rights are obtained in various ways and afford different types of protection. In the next chapters, we will provide a more detailed discussion of how the various types of IP rights can be used to protect Mobile technologies. For the moment, however, here are some things to consider:

- (1) Some forms of IP rights can be established without actually registering the IP, (e.g., copyright and trademark), but can be expanded upon with a registration;
- (2) Some forms of IP require a registration (e.g., utility patent rights);

- (3) Failing to file for a registration within prescribed time periods can result in a loss of rights;
- (4) Some forms of IP afford broader types of protection than others;
- (5) In some cases, different forms of IP can be used to protect the same inventive feature, e.g., software can be protected by copyrights and patents; and
- (6) The costs involved in registering IP can vary greatly.

The following table provides a summary of different IP rights, what is protected, how rights are acquired, what the benefits of registration are, and what an illustrative cost might be to file an application for registration. Keep in mind that the information contained in the table is somewhat "over-simplified," and should not be relied up as legal advice. Your best bet is to consult with an IP professional regarding your specific situation.

IP Domain	Protection Offered	How Acquired	Registration Benefits	Illustrative Cost
Patent	Protects Novel Functional Innovations	USPTO Application	Exclusive national rights	\$7500+
Design Patent	Protects Novel Ornamental Designs	USPTO Application	Exclusive national rights	\$2000+
Copyright	Protects Original Ideas	Record in a tangible medium/ Copyright Office Application	Enhanced Damage Awards	\$250+
Trademark	Protects Names , Slogans and Logos	Use in commerce/ USPTO Application	Nationwide Rights	\$1000+
Tradedress	Protects Look and Feel	Use in commerce/ USPTO Application	Nationwide Rights	\$1000+
Trade Secret	Protects business secrets	Maintain as secret	N/A	N/A

## Transfer of IP Rights

The next concept to consider involves how rights are transferred. IP rights are generally transferred in one of three ways:

- (1) A non-exclusive license;
- (2) An exclusive license; and
- (3) An assignment of rights.

Non-exclusive licenses are typically utilized to license rights to a large set of licensees. Generally speaking, when an end user downloads an App, the user is receiving a non-exclusive license to use the App per the terms of a licensing agreement. The terms would typically include that the user agrees not to distribute the App, reverse engineer the App, copy aspects of the App, etc. Non-exclusive licenses can be implemented with nothing more than an end user clicking on a button that asserts that the end user accepts the terms of the agreement. In some situations, a non-exclusive license can arise without a specific agreement between two parties, e.g., based on a relationship of the parties.

Exclusive licenses and assignments come into play typically at a more strategic level, e.g., when a developer invents something (e.g., a development platform, an algorithm, etc.) that they want to outright sell or sell to a limited number of entities for a limited period of time. In many cases, these types of transfers require a signed writing by the parties. Beyond negotiating price, the terms and conditions that go into such agreements should be well thought out by both parties.

Transfers of rights are generally guided by contract law, which can vary from state to state. Like any other area of the law, contract law has default provisions that kick in when there is no written contract. One of the most common traps involves the use of an independent contractor by a customer to develop software. Absent a written agreement to the contrary, the copyrights in the software belong to the contractor, even though the contractor was paid in full to develop the code under the direction of the customer.

Accordingly, mobile technology developers should fully understand any agreements involving the transfer of rights and pay special attention to the relationships they engage in. Employee-employer relationships, independent contractor relationships, joint developers and student-university relationships may all impact the transfer of IP rights.

## Enforcement of IP Rights

Enforcement of intellectual property rights occurs when a holder of IP rights believes that another party has infringed their rights. Enforcement is generally done through the Federal Court Systems. By and large, this is an expensive and time consuming process in which having deep pockets can provide a decided advantage.

Enforcement of IP rights by a plaintiff against a defendant usually involves the following inquiries:

- (1) Are the IP rights held by the plaintiff valid?
- (2) Is the defendant actually "infringing" the IP rights of the plaintiff?
- (3) Does the defendant have some affirmative defense that can act to negate the infringing activity?
- (4) What are the damages that should be awarded to the plaintiff?
- (5) Are there counter-claims the defendant can assert against the plaintiff?

For various reasons, IP litigation, particularly involving patents, typically involves a high level of sophistication that can often require millions of dollars of legal fees to obtain a desired result. Even simple trademark litigation can cost tens or hundreds of thousands of dollars. Accordingly, having a fully developed IP strategy way before litigation is ever contemplated, either as a potential plaintiff or defendant, is critical for maximizing the value of your mobile technology.

## Summary

Ultimately, the goal of a mobile technology developer is to maximize the value of their technology, which is typically contained in a set of associated IP rights. The takeaway of this chapter is to recognize that a proper IP strategy should begin with an understanding of how IP rights are acquired, transferred and enforced. With that framework in mind, developers should be able to take a more strategic approach to utilizing IP rights to maximize value. The chapters that follow are intended to provide more detailed guidance of how specific intellectual property issues apply within mobile device technologies.