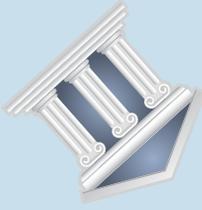
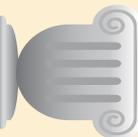


<p>JUST VISITING</p> 	<p>SOUND RECORDINGS</p>	<p>MUSIC, LYRICS, AND COPYRIGHT</p> 	<p>MUSICAL COMPOSITION</p>	<p>BRAND PROTECTION IN THE APPS ERA</p> 	<p>APP DEVELOPERS</p>	<p>APP MARKETPLACE OPERATORS</p>
<p>LANGBORD 10</p>	<p>GOLD RESERVE ACT OF 1934</p>	<p>RARE COINS</p> 	<p>1933 DOUBLE EAGLE</p>	<p>CULTURAL PROPERTY</p> 	<p>ANTIQUITIES</p>	<p>ARTWORK</p>
 <p>Property in the 21st Century</p>						

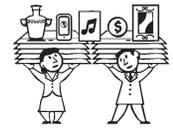
One Bad App Spoils the Bunch

Brand Protection in the App Era

BY DAVID BELL AND HOPE HUGHES

Alan has a meeting with a potential client in a neighboring city this morning. He uses a GPS app on his cell phone to guide him to his destination. While commuting to the office by train, Bianca uses apps to read her favorite newspaper. Meanwhile, Carl plays a word puzzle on his e-book reader as he travels by airplane. Diane downloaded an app that, through her cell phone camera lens, translates languages so that during her upcoming trip to Brazil she can translate Portuguese signs and menus into English by simply pointing her phone at them.

Many reading this article will recall experiencing the new issues and questions that arose in the late 1990s and early 2000s when corporate websites dramatically increased in popularity. To many lawyers, that era was reminiscent of the Wild West as we struggled to apply existing laws to a new form of communication and commerce.



The Internet and methods of communication have undergone drastic change since then. Certainly, social networking has commanded the attention of lawyers in multiple practice areas. Also growing at remarkable speed and capturing the attention of consumers, businesses, and marketers — but of lawyers significantly less so thus far — are mobile applications.

It is unquestionable that the mobile apps market will have an increasingly significant impact on the global marketplace. Legal professionals might want to familiarize themselves with the basics of this emerging market.

This article will provide some background on what apps are, as well as trademark and copyright issues they raise and methods of addressing those issues.

Apps: Little Things Making a Big Impact

For the uninitiated, an “app” — which is the common shorthand term for a software application — is a program that facilitates performance of a task or retrieval of information. Put more simply, it is a data add-on for technology devices, such as computers. Mobile apps are developed for use on handheld electronic devices, including the following device categories:

- Smart phones, which are mobile phones that provide a broader range of technological options than a standard cell phone, and include the popular Apple iPhone, RIM BlackBerry, phones that support Google’s Android platform, and Microsoft Windows phones;
- Electronic book (ebook) readers, such as the Amazon Kindle, Endless Ideas BV’s BeBook Neo, and Barnes & Noble’s Nook;
- Tablets, such as the iPad and HP EliteBook 2730p personal computers; and
- Personal digital assistants, which may also function as smart phones.

Apps are not limited to mobile devices. Google’s relatively new Internet browser, Google Chrome, is a community-oriented browser that features apps.

The appeal of apps is that they allow consumers to customize and add functionality to their electronic devices, as enumerated by the following app categories:

- *Communications* — allowing people to send and receive emails and instant messages, browse the web, receive news and other information, and access on-device portals and social networking sites;
- *Games* — including puzzle or strategy games, such as chess and board games; card and casino games such as solitaire and poker; adventure games, such as “Doom,” “Pirates of the Caribbean,” and role-playing games; sports games, such as football and basketball; and leisure sports games, such as bowling, pool, and air hockey;
- *Multimedia* — including image and presentation viewers

and streaming players for audio and video;

- *Productivity* — including calendars, calculators, diaries, notepads, word processors, spreadsheets, directory services, and banking services;
- *Travel* — including city guides, currency converters, translators, GPS. maps, itineraries, and weather; and
- *Utilities* — including profile managers, screen savers, address books, task managers, and file managers.

Some apps are preloaded on devices before sale to the end user. Increasingly, consumers also download additional apps after purchasing the device — some are free, while others require a fee (often a few dollars or less).

Who makes, markets, and authorizes apps? The list of those developing and publishing apps seems endless — large brand owners, device makers, telecommunications companies, small- or mid-sized developers/publishers (including software companies), and individuals with very little software experience. Ostensibly, this flurry of activity is justified because consumers download an astronomical number of apps. A December 2010 report estimated that the numbers of app downloads would reach 10.9 billion in 2010 and 76.9 billion by 2014.¹

In fact, the mobile apps market is a multibillion-dollar busi-

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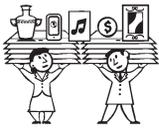
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ness which, unlike most other industries, has not been affected by the latest recession.² One industry report indicates that mobile apps generated \$6.8 billion in revenues in 2010, and that by 2015, the market will balloon to \$25 billion.³ While Apple's App Store is expected to contribute 20.5 percent of the expected \$25 billion in total revenues for 2015,⁴ its competitors, including Google's Android Market, Palm's App Catalog, Nokia's Ovi Store, App World for BlackBerry, Windows Phone MarketPlace, the Samsung Application Store, and Amazon's Kindle apps offerings, are all also vying for a piece of the lucrative mobile apps pie.

Further illustrating the financial apps bonanza, companies are already litigating to build a protective moat around their apps and obtain a larger portion of the apps pie. For example, on July 6, 2010, Microsoft filed an opposition with the U.S. Trademark Trial and Appeal Board against Apple's application for the phrase "App Store." Apple uses the phrase to identify its online store, where it offers apps for use on iPhone, iPod Touch, and iPad devices.⁵ Microsoft has argued that the phrase is "generic for retail store services offering software applications, as well as for searching and downloading such applications," and, therefore, the term should be free for all to use.⁶ App developers can also be protective of their own app names.

A Slice of the App Pie

Although apps are plentiful and often quite useful or fun, unfortunately for brand owners, there can be a downside. In the enormous app universe with a low barrier to entry, trademark and copyright infringement is inevitable. App content often uses company names, logos, or copyrighted material without the rights holder's consent.

Other problems also exist. Apps, often designed by unaffiliated third parties, do not always work well. Some can be very simple, consisting of a mere website link to forward users to a specified website. At best, the link works, but the consumers who download it may be unimpressed or disappointed. Worse, the link might not work at all — or, in other cases, the webpage to which it previously directed has moved or the linked page may have been hijacked by unsavory online elements. Other times, the app consists of something other than a simple link, but nevertheless does not work due to poor programming.

Similarly, an app could claim to interface with a certain brand owner's website, platform, or phone type, but, in reality, the app lacks the claimed compatibility.

Another frustrating problem that arises is caused not by faulty or infringing apps, but rather by scheming developers, platform operators, or hackers. In this situation, an illegitimate version (essentially, a counterfeit piece of software that poses as a true, valid app) could be offered on a platform where it should not exist or, perhaps, even on the same platform as the valid app.

Apps all too frequently contain a virus that infects users' electronic devices and content stored within them. In fact, to

address this problem, most leading antivirus vendors now offer some type of mobile antivirus capabilities. For various other reasons, many faulty apps temporarily or permanently "crash" a user's electronic device.

Moreover, occasionally an app presents a potential concern of data theft, data or web scraping, or phishing. As an example of data theft, an app that appears to be affiliated with a bank may request the user's login user name and password for that bank. The app developer may then be able to capture and store the login details for future illegitimate use. If that app appeared to be nearly identical to the bank's own app — so much so that the user entered password information — then this would be an example of phishing. Data or web scraping involves an app's accessing the code of a brand owner's website or other software, and using it for improper purposes.

Most of the above examples present trademark infringement and unfair competition concerns. Moreover, where the brand is well-known or famous, the brand owner might have a dilution claim even if likelihood of confusion (and thus infringement) might be difficult to prove. Not only might a plethora of phony apps weaken a brand owner's trademark, but also some of the above-described activities certainly would constitute a degradation or tarnishment of a brand. Either a weakening or tarnishing of a brand could be actionable under federal or certain state dilution laws.

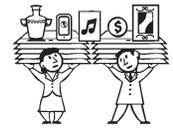
Addressing App Misuse

We can offer several suggestions for tackling these concerns. Our current position is that, unless and until the landscape involving apps dramatically changes, brand owners should address infringement with respect to apps generally just as they do in other contexts. The rules of enforcement have not entirely changed; only the platforms have.

Monitor platforms proactively.

Brand owners should strongly consider monitoring across multiple platforms for possible intellectual property infringement or other problems. As is typically the case with addressing IP infringement, identifying (and taking action against) infringing apps sooner rather than later is paramount. Consider the typical, traditional infringing website or physical store. If a demand letter was sent, and the website was deactivated or the store's name changed, then the future harm may be minimal in many cases. Some lingering advertisements and references may continue to pose a problem, but at least the infringing establishment no longer exists or has changed names.

Yet, if an infringing app is deactivated, then (depending on the platform) at least two possibilities remain, neither of which is a great outcome for the intellectual property rights owner. The app may still reside on the devices or webpages of those consumers who had previously downloaded it and, thus, the consumer will continue to see the infringing content. Alter-



nately, the app may no longer work on those devices or webpages, which means that some of those consumers who had downloaded (and especially paid) for that app may become upset and blame the intellectual property rights owner.

Fortunately, brand owners have numerous monitoring options. A brand owner's employee or law firm could review platforms on a regular basis. Most app marketplaces are readily searchable online, on a computer, or on the device itself. Until very recently, Google's Android Market was not available at an official online site, but rather only accessible through an Android phone.

Admittedly, monitoring a large number of platforms, and, moreover, repeatedly taking action by dispatching notice or demand letters, can become time-consuming and costly. Many brand owners, including some of the largest U.S. brand owners, have not yet implemented formal monitoring programs for proactive app marketplace reviews. Understandably, in light of time and cost constraints, some brand owners take action only upon receiving a customer or employee (or executive) complaint about a problematic app.

Occasional monitoring is nonetheless significantly more effective at protecting a brand than no monitoring at all. Consider, at a minimum, monitoring quarterly or semi-annually, the most popular platforms, like Apple's App Store or the Android Market.

Also, consider creating and implementing a procedure for the company's employees to inform the legal department about problematic apps that they encounter. This could involve a chart in which employees can list the app, relevant platform, specific problems the app raises, and information about the developer, including contact information and whether it has an affiliation or history with the company.

Some trademark vendors will monitor app platforms for brand owners. For instance, MarkMonitor and Corporation Service Company (CSC) offer options to monitor multiple platforms, including those of Apple, Android, and Windows, and will advise the brand owners of potential concerns. The authors have spoken with representatives from other leading brand service providers, who have confirmed that they have or may have the capability to do such monitoring, and have been considering offering such monitoring tools, but are not yet specifically targeting the app marketplaces.

Contact the companies behind app marketplaces.

Upon awareness of an infringing or otherwise problematic app on a platform, strongly consider sending a notice letter with a take-down request to the platform operator. We have contacted Apple and Google several times to request apps available through, respectively, the App Store and the Android Market be taken down. We find both to respond promptly and to completely deactivate apps upon receipt of a good faith and detailed notification of trademark, copyright, or data privacy concerns.

Contact the developers directly.

Developers' names and, sometimes, their websites or other contact information are typically available in app marketplaces. Some investigation may be necessary to find a developer's legitimate contact information, but we have successfully tracked down several Android and App Store developers. We have enjoyed mixed success when dealing with those developers. Most agree to quickly fix or deactivate their apps. One, however, continued to submit revised versions of his problematic app to a platform operator, so we ultimately had to have the platform operator shut down his app entirely.

Consider public relations before taking aggressive action.

With all legal matters and notices, a risk exists that their dispatch will backfire. Suppose a brand owner is concerned about the icon used for an app, but is not otherwise concerned about the app's name or content. It may be better to directly reach out to the developer (politely) to request this change. Reaching out to the platform operator may cause the operator to deactivate the app altogether, causing more frustration and annoyance than is necessary to the developer and, potentially, your client's customer base.

Consider proactive public relations campaigns.

Companies may publicize that they are taking appropriate steps against infringing — and especially malicious — apps. When communicated with care, this can leave a favorable impression among their customers, as well as advise customers to beware of unauthorized apps.

Brand owners should also advise that, as with any downloads, care should be taken with downloading apps or letting friends or tech-savvy children do so on your mobile device.

Counseling App Developers and Marketplace Operators

Many companies, including brand owners not normally associated with software programs or games, contemplate the release or sponsorship of apps to better communicate with and reach their audiences. Developing apps, and even operating app marketplaces, does make business and marketing sense in many cases. Lawyers can provide some basic pointers when advising clients about brand considerations in the app context.

Keep in mind that, at least for now, the rules for trademark apply with equal force in the app context. Be careful about using others' marks, although certain nominative or trademark fair use defenses may allow for your client's use of a mark in the app itself, its description, or even in the app name in some circumstances.

Companies interested in setting up their own app marketplaces should consider providing for a copyright take-down policy under the Digital Millennium Copyright Act (DMCA). They should also at least seriously consider implementing a trademark policy whereby they screen apps for trademark and other concerns, whether copyright or public relations-related



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(e.g., adult or offensive content), or at least address complaints from brand owners as to infringement occurring through the app marketplace.

Interestingly, and as was seen in the 1990s during the proliferation of corporate websites, in the eyes of some courts, the more hands-off the company operating the app marketplace, the easier it may be to defend against contributory infringement claims under trademark law or copyright claims.

App marketplace owners who take a more active role in screening apps for obvious intellectual property and other problems and respond appropriately to take-down requests will be better positioned to avoid litigation or disprove liability. Thus, with some exceptions and at the sake of oversimplification, the authors suggest similar counsel be given to app marketplace operators as to operators of websites such as action sites, domain registrars, and social media apps.

The world is moving into a new frontier wherein mobile phones and other handheld devices dominate our lives and the global marketplace. Legal practitioners should be leaders in understanding some of the issues involved, but, at the very least, should be ready to closely follow the market.

Disclaimer: The opinions expressed herein are the opinions of the authors only and do not necessarily reflect the opinions of the law firm with which the authors are associated, or any of its other attorneys or clients.

Notes

1. Mobile App Market: \$25 Billion by 2015, ReadWriteWeb, <http://www.readwriteweb.com/mobile/2011/01/mobile-app-market-25-billion-by-2015.php> (last visited Jan. 25, 2011).
2. *Id.*
3. *Id.*
4. *Id.*
5. *Microsoft Corp. v. Apple, Inc.*, T.T.A.B., No. 91195582, *motion for summary judgment filed 1/10/11*
6. *Id.* at 1.

DAVID BELL

is a partner in Haynes and Boone, L.L.P. in Dallas. He focuses on intellectual property law. Bell can be reached at david.bell@haynesboone.com.

HOPE HUGHES

is an associate of Haynes and Boone, L.L.P. in Dallas. She has written several articles on trademark law. Hughes can be reached at hope.hughes@haynesboone.com.

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