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Mobile Apps: Navigating Intellectual Property, Data Privacy, and Cybersecurity

TUESDAY, OCTOBER 27, 2020

1pm Eastern | 12pm Central | 11am Mountain | 10am Pacific

Today's faculty features:

Matthew D. Asbell, Principal, **Offit Kurman**, New York

Alan S. Wernick, Of Counsel, **Aronberg Goldgehn Davis & Garmisa**, Chicago

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Intellectual Property in Mobile Apps

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Overall Agenda

- Considerations from Perspective of Mobile App Developer
- Patents & Trade Secrets
- Trademarks & Names

- Copyrights
- Licensing & Infringement
- Data Privacy & Cybersecurity

Why?

- Avoid liabilities
 - violating the rights of others
 - failure to properly comply with government regulations
- Competitive advantages from monopoly-like rights
- Readily discernable assets
 - Revenue generation
 - Transfer or license
 - Support investment and/or loans
- Advance society, culture, technology

IP Available for Mobile Apps

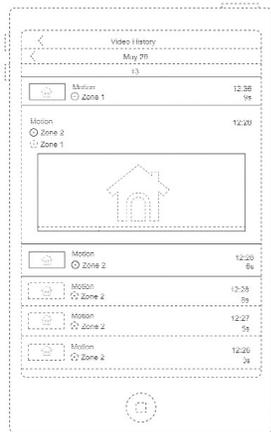
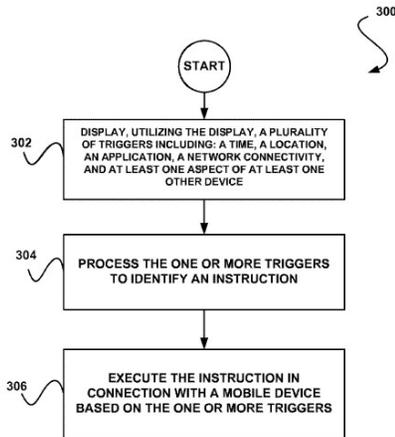


FIG. 1

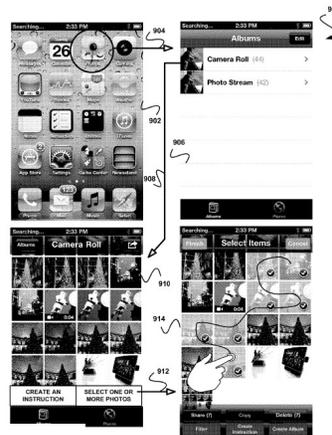


FIGURE 9



Type of Work: Computer File
Registration Number / Date: TXu001858456 / 2013-03-19
Application Title: Mobile Application.
Title: Mobile Application.
Description: Electronic file (eService)
Copyright Claimant: Old Dominion Freight Line, Inc. Address: 500 Old Dominion Way, T
Date of Creation: 2013
Authorship on Application: Old Dominion Freight Line, Inc., employer for hire; Citizenship: Uni
Rights and Permissions: Phi Lan Tinsley, K&L Gates LLP, State Street Financial Center, One I
Names: [Old Dominion Freight Line, Inc.](http://OldDominionFreightLine.Inc)

What is protectable?

- What does the app do? (Function)
- How does the app appear? (Design)
- How do users interact with the app? (Function & Design)
- How do users recognize & distinguish the app? (Source)
- How was the app coded? (Expression)
- What images, sounds, words are incorporated? (Expression)
- Whose name, image, likeness is used to promote the app? (Publicity)
- What information is collected and maintained? (Data)

What IP is implicated?

- Function = Utility Patents, Utility Models, and Trade Secrets
- Design = Design Patents and Industrial Designs
- Source = Trademarks, Service Marks, Trade Dress
- Expression = Copyright
- Publicity = Rights of Publicity and Privacy
- Data = Data Protection and Privacy

- Third Party Activities and Rights?

Mobile Apps are often **global**;
IP rights are **territorial**



Function: Patents & Trade Secrets

- Fundamental decision between disclosure and secrecy
- Must be made early
- Patent applications must be filed
 - In the US: Within 1 year of publication/public disclosure
 - Outside: Before publication/public disclosure
- Strong rights for limited term
- Different needs of different industries
 - Patentability of software varies by jurisdiction
 - U.S. Supreme Court (see, Alice v. CLS Bank, 2014) requires that abstract idea must be concretely grounded in an inventive concept

Patents

The Constitution of the
United States of America

Article 1, Section 8, Clause 8

The Congress shall have the Power...

To promote the Progress of
Science and useful Arts, by
securing for limited Times to
Authors and Inventors the
exclusive Right to their respective
Writings and Discoveries;

- Derived from U.S. Constitution, Art. 1, Sec. 8
- Title 35, U.S. Code
- A right to exclude others from making, using, offering to sell, selling, or importing the invention
- Invention is new and useful process, machine, article of manufacture, or composition of matter or improvement thereof.
- Utility patent term is generally 20 years from filing, subject to maintenance payments
- Design patent term is generally 15 years from grant.
- Design in many jurisdictions protected differently

Trade Secrets *(discussed more later)*

- Any formula, pattern, device or compilation of information
 - used in one's business, and
 - advantage over competitors who do not know or use
- Requires maintenance of secrecy
- No registration
- Protectable indefinitely
- National law: Defend Trade Secrets Act (2016)

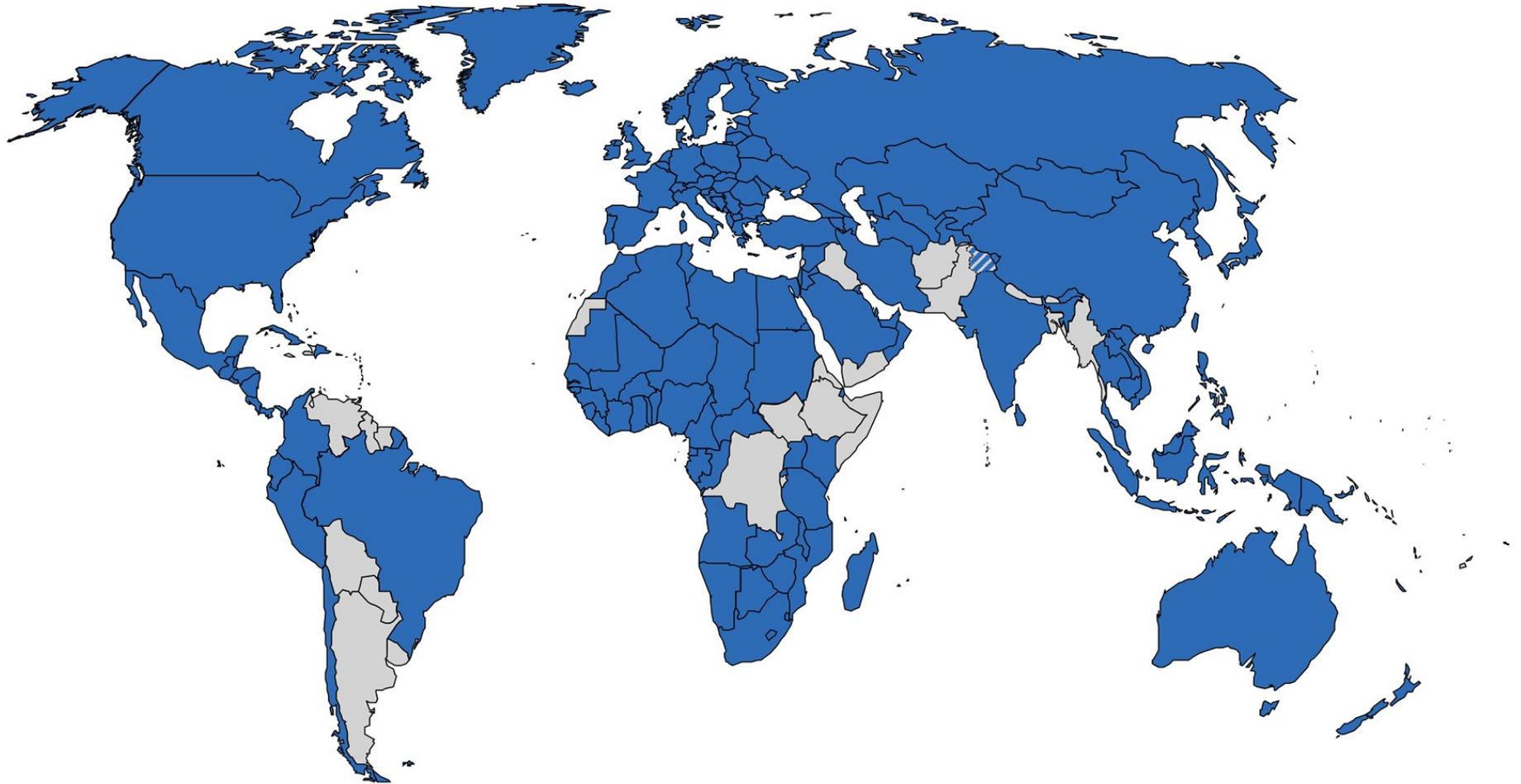
Options to Apply for U.S. Patent

- Provisional Utility Patent Application
 - Less expensive way to begin while testing the market and continuing to develop the invention
 - Early effective filing date; 1 year to “convert”
 - Allows use of “patent pending”
 - Limited to utility patents
 - Claims not required
 - Not examined
 - Balance between speed/cost and sufficiency of disclosure
 - Sequential filing strategy available
 - Filing Costs: Typically ~ \$4K
 - Discounted government fees for smaller businesses

Options to Apply for U.S. Patent

- Non-Provisional Utility Patent Application
 - Full specification, including figures, claims, abstract
 - Claim breadth: likelihood of allowance vs. ability to design around
 - Typically takes 2-4 years to grant
 - Consider speed of technological development in the industry
 - Filing Costs: Typically ~ \$15K
 - Discounted government fees for smaller businesses
- Utility Models not available
- Design Patent Application
 - Filing Costs: Typically ~ \$2K
 - Discounted government fees for smaller businesses
 - Article of Manufacture
 - Single Claim Only; Numerous Figures

Foreign Rights: Patent Cooperation Treaty (PCT)



Source: Trademarks

- How does the consumer know which app to download?
- Recognition: consumers prefer shorter names that identify the nature or function of the product
- Distinctive vs. descriptive
- Rules of the marketplace

All iPhone Apps for "calculator"



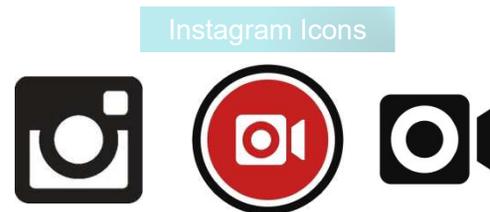
Trademarks

A trademark is a source identifier that helps consumers distinguish one's product or service from similar products and services in the marketplace.

Multiple elements of an app may serve as trademark:

- App Name, Word or Phrase
- App Logo/Icon(s)/Graphic(s) (still or animated)
- App Slogan or Tagline
- App Color(s)
- App Trade Dress
- App Sound(s)

Offit | Kurman
Attorneys At Law



Instagram Icons

The App Store
There's an app for that.
Over 500,000, actually.

Every app you download from the App Store makes your iPhone do even more. And with hundreds of thousands of apps to choose from, we mean a whole lot more.



GROUPON

Apple Samsung



Brand Identity and App Trademarks

- Trademarks lie at the core of brand identity.
- Brand identity functions for app creators on at least two levels:
 - The identity associated with the product and
 - The brand associated with the company that makes the product.
- Drives sales; highly successful brands like Apple or Google come to stand not only for a stable of products, but for a lifestyle and a set of beliefs.
- While a company might not yet be a household name, building a strong brand, bolstered by well-deployed trademarks, is a good first step.

Brand Identity and App Trademarks



Facebook
Social Networking



Facebook Messenger
Social Networking



YouTube
Photo & Video



Google
Utilities



Gmail - email from
Productivity



Google Maps
Navigation



Yahoo Mail - Free
Productivity



WhatsApp
Social Networking



Pinterest
Social Networking



Spotify Music
Music



Snapchat
Photo & Video



Instagram
Photo & Video



Twitter
Social Networking



Netflix
Entertainment



Amazon App
Lifestyle



eBay
Lifestyle



Uber
Travel



Skype for iPhone
Social Networking



Candy Crush Saga
Games



The Weather Channel
Weather

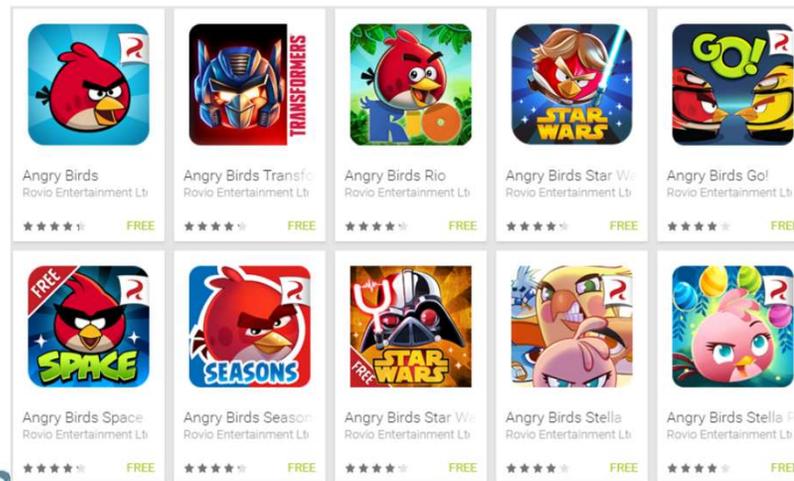


Yelp
Travel



Mobile App Trademarks

ANGRY BIRDS



“Angry Birds, the computer game of choice of the UK prime minister, [was] the most downloaded game of all time, [said] its creator, Finland’s Rovio.”

A name by any other rose...

- Not all names are trademarks / not all trademarks are names
 - Trade Names: Corporate, Assumed or Fictitious name
 - Domain Names: Shorthand for location on the Internet
 - Social Media Names/Handles/Pages
 - App Name
 - Function Name
 - Event Name
 - Individual Legal Name
 - Nickname

Domain Names

- Top Level Domains (TLDs) – To the right of the dot
 - Generic (gTLDs)
 - Legacy generic TLDs (.com, .net, .org, .biz, .gov, etc)
 - “New” TLDs
 - 1,930 applications filed
 - 1,228 domain names delegated
 - Some app-related TLDs: .mobi, .mobile, .tech, .technology, .app, .blog, .chat, .cloud, .computer, .dev, .data, .download, .network
 - Country Code (ccTLDs) (.us, .co, .br, .cn, .in, etc)
- Reservation of domain name does not provide IP rights
- Portfolio vs. Individual Domains
- Trademarks can be enforced against domain name registrations under the Uniform Dispute Resolution Policy (UDRP), ACPA, URS, and other mechanisms depending on the TLD

Selecting mobile app name

- Make sure the trademark is easy to read, write, spell and remember and is suitable to all types of advertising media.
 - short
 - easy to say
 - catchy and memorable
- Check that your mark of choice meets all the legal requirements for registration and does not violate the rules of the marketplace
- Obtain a clearance search to make sure that it is not confusingly similar to existing trademarks
 - Check the App Stores too
- Check that the corresponding domain name and social media usernames/pages are available for registration
- Avoid undesired connotations in other languages if it will be available in markets where those languages are spoken

Spectrum of Distinctiveness

Generic	Descriptive	Suggestive	Arbitrary	Fanciful
A common term that fails to distinguish one product source from another	Words that describe the nature, quality or contents of a product	A word or phrase that hints at product attribute	A common word used in an unrelated context	Wholly invented sign, symbol, word, or phrase
Not protectable	Protectable ONLY with secondary meaning	Generally protectable	Almost always protectable	Most protectable

- **Calculator**
- **Number
Combiner**
- **Number
Cruncher**
• **Bean Counter**
- **Beanstalk**
• **Jackal**
- **Zorb**



Less distinctive



More distinctive

Distinctiveness in the U.S. ≠ Distinctiveness in other jurisdictions

Examples

THE BEST APP TO DATE



Serial No. 85746575 (October 16, 2014)
Mere descriptiveness refusal of THE BEST APP TO DATE for "Downloadable software applications for mobile telecommunications devices and handheld computing devices for organizing personal relationships and dating, for providing coupons, rebates, discounts, vouchers or special offerings on goods and services from participating merchants and for receiving information on events, activities and attractions"

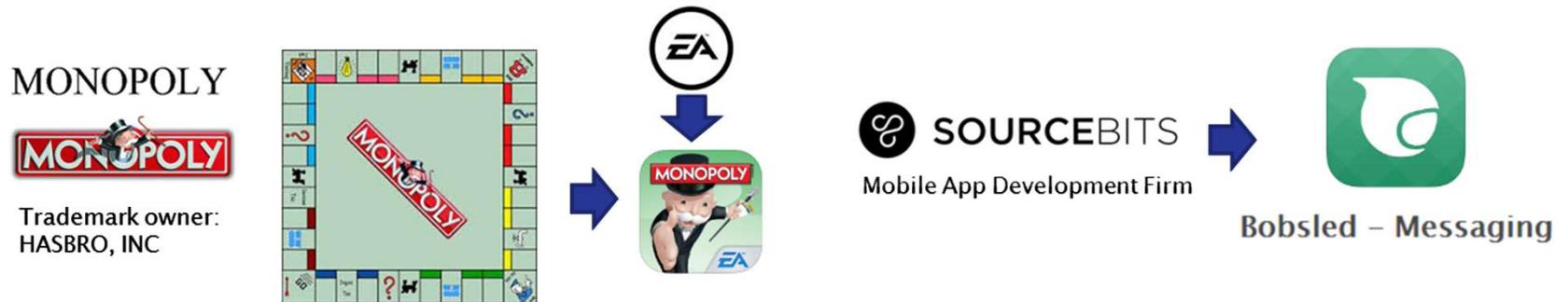
Application refused as descriptive and laudatory; abandoned after appeal affirmed

Examples for App names for TIP CALCULATOR:



Clearance of Mobile App Trademark

What is the purpose and/or industry in which the app will be used?



Clearance of Mobile App Trademark

Offline Apps



TETRIS®



MeshMe

Online Apps



WhatsApp



Citi Bike

Both



Shazam



Google Maps

- Makes a difference whether content is downloaded to the end-user or is only accessed in the cloud.
- Some Apps work by downloading software to your mobile device and do not require internet access to function.
- Other Apps are more of a gateway or service allowing you to access content via the App on the Internet
- Often, an App does both.

Clearance

- Due diligence before investing a lot of time and money in launching a new app
- Lack of knowledge is normally not a defense to trademark infringement
- Having knowledge may increase punishment of trademark infringement



vs



Facebook

Global social networking service (SNS) giant

Flybook

Korean startup company offering SNS-based book information-sharing service



vs



Tinder

Dating app

WildFireWeb -Tinder

Web design company that provides website design, hosting, programming and other web services to small- and medium-sized companies, nonprofit groups and school districts. Registered "Tinder" mark in connection with its content management services since 2011.

Goods and services related to mobile apps

IC 009 - Downloadable software in the nature of a mobile application for {specify the function of the programs, e.g., for use in database management, for use as a spreadsheet, for word processing, etc. and, if software is content- or field-specific, the content or field of use}

IC 042 - Providing temporary use of on-line non-downloadable cloud computing software for {specify the function of the programs, e.g., use in database management, use in electronic storage of data, etc. and, if software is content- or field-specific, the field of use} [this does not include providing on-line computer games that are played on-line]

IC 042 – Computer software design and development

IC 041 – non-downloadable publications and game software

IC 038 - Transmission of sound, video and information from web cams, video cameras or mobile phones, all featuring live or recorded materials

IC 036 - Banking services; financial services, namely, providing financial analysis, consultation, planning and management.

Trademark Rights

- U.S. Constitution – Commerce Clause
- Title 15, U.S. Code
- Unregistered “common law”
- State Registration
- Federal / National Registration
 - Filing Basis, incl. ability to file based on intended future use
 - Constructive Notice
 - Access to Federal Courts
 - Damages & Injunctive Relief
 - Enforcement off and online
 - Filing / Registration Costs: ~ \$1K - \$3K
- International / Foreign Registration
 - First to File
 - Absolute v. Relative Grounds of Refusal

Global reach of digital goods/services

- App may be available in certain countries and later expand, or App may be instantly available globally
- Global trademark registration is costly relative to the income generated from most Apps
- Rights arising from first to register vs. use
- Proactively registering marks in the relevant countries helps to ensure that the marks can be used and to get a head start in keeping others from free-riding on the success of the app
- Not seeking registration creates a risk the mark will be hijacked
- Monitoring and enforcement

Foreign Rights: Madrid Protocol



Case Studies



vs



Spotify Music
Music

Spotimote
Develop by Nodria.
"Turn your device into a remote for Spotify".

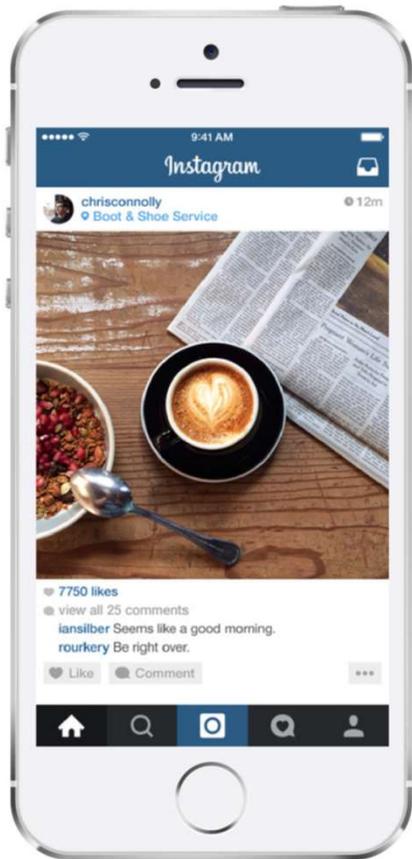
Case Studies



Use Requirements

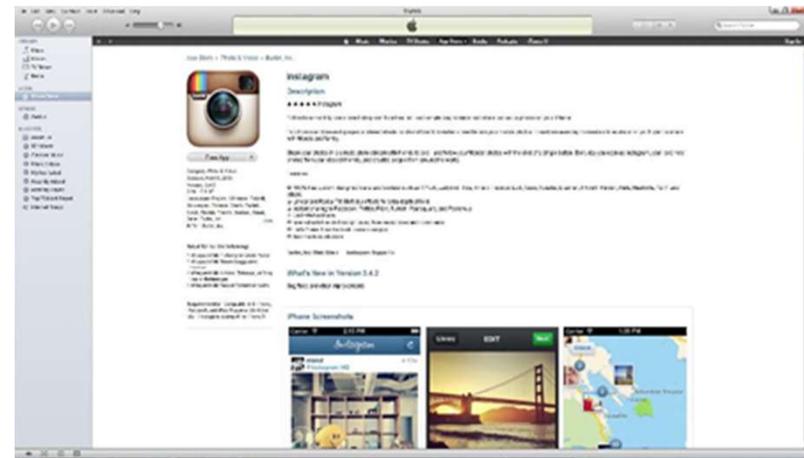
- Use as a prerequisite to U.S. registration
 - Goods (Classes 1-34)
 - On product or packaging, labels, tags affixed to goods
 - A screenshot of the splash screen or interface showing the mark
 - A user manual
 - On point-of-sale display associated with goods
 - Screenshot of page where app can be downloaded
 - Services (Classes 35-45)
 - On advertising or marketing materials
 - In course of providing the services
- Use after registration
 - Maintenance, renewal, audits
 - Non-use cancellation
 - Non-Trademark Use

Use as a trademark



➔ INSTAGRAM

➔ Instagram

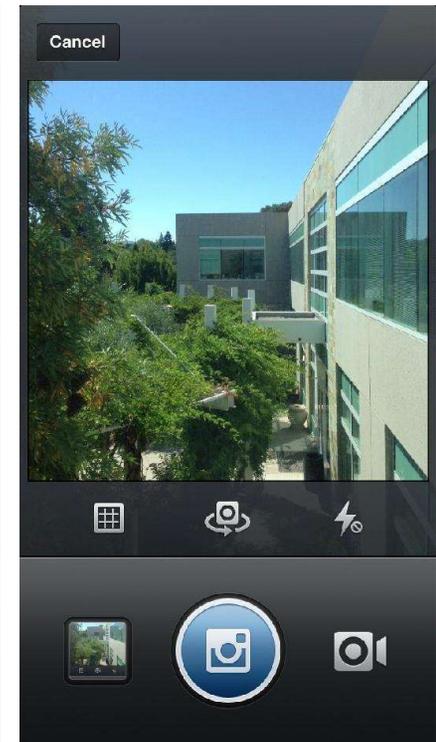
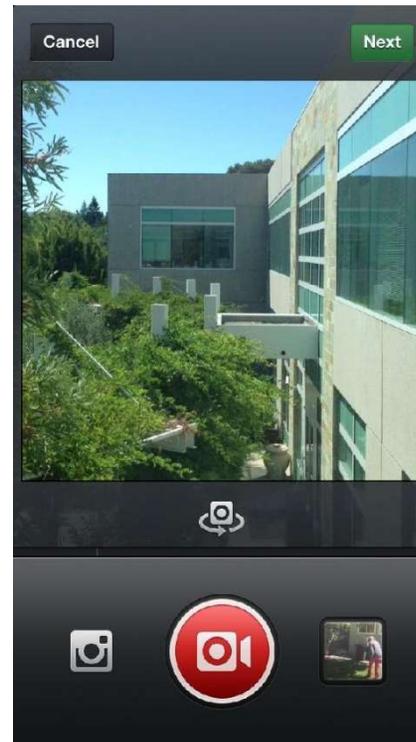


Use as a trademark

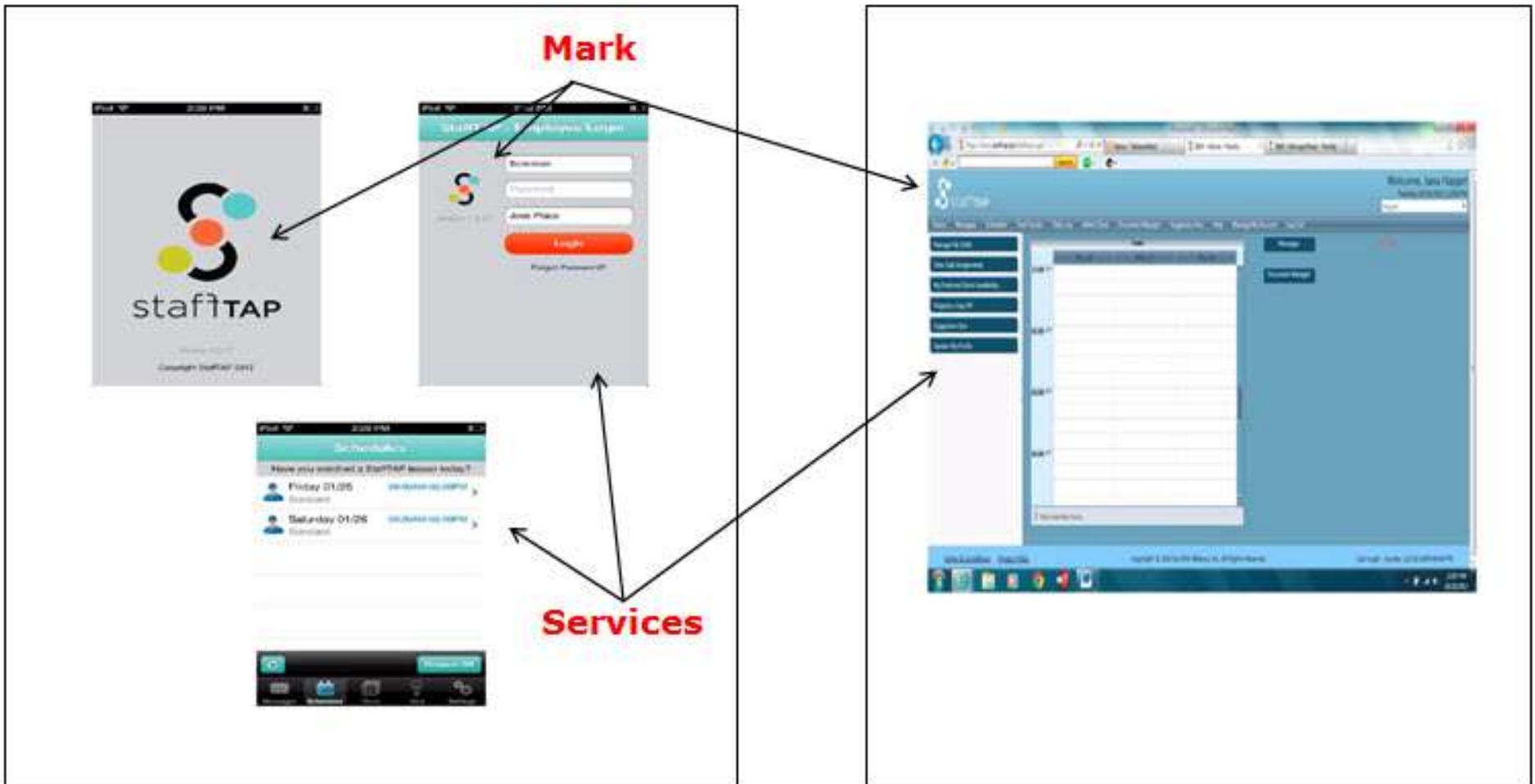
INSTAGRAM



Instagram



Use as a service mark



Use as a service mark

Mark: 

Services: Online social networking services, in Class 45.



- “Screenshot of applicant’s software”.
- Services are indicated by the following:
 - A highlighted "People" tab appears at the top of the screen, as does a search bar containing the wording "Search for people."
 - The wording "People I Follow (41)" indicates that the user follows 41 people and the screen shows a list of people being followed, each specifying the number of "people in common."
- Mark-services association is present because the mark appears on the screen of an electronic device via which the online services are accessed, rendered, and experienced. Additionally, the mark is displayed on the screen below indicia implying the services as well as showing the services as they are accessed and rendered via the device.

iTunes Preview

What's New What is iTunes iTunes Charts

iTunes is the world's easiest way to organize and add to your digital media collection.

We are unable to find iTunes on your computer. To download the free app KurbKarma by KurbKarma, LLC, get iTunes now.

Already have iTunes? Click here (help) to open it now.

Open iTunes

Free Download

KurbKarma
By KurbKarma, LLC

Mark

View More By This Developer

Open iTunes to buy and download apps.



Description

YeshCraich Startup Profile
As seen on USA Today, CNN and Jay Leno

KurbKarma, LLC Web Site • KurbKarma Support

What's New in Version 1.0.2

Added a tutorial to teach users how parking exchanges work.
Minor bug fixes.

Services

Free
Category: Navigation
Updated: May 21, 2012
Version: 1.0.2
Size: 4.1 MB
Language: English
Seller: KurbKarma, LLC
© 2012 KurbKarma, LLC
Rated 4+

Requirements: Compatible with iPhone, iPod touch, and iPad. Requires iOS 4.0 or later.

Customer Ratings

Current Version: 13 Ratings
All Versions: 17 Ratings

Top In-App Purchases

1. KarmaCredit \$0.99

iPhone Screenshots



Public Notice: Marking & Attribution

- Notice advising the public, consumers and competitors, of the status and ownership of the mark
- ®, Reg., TM and SM
 - ® and Reg. indicate that the mark is registered in one or more countries
 - TM and SM usage reflects the owner's intent to claim trademark rights in the mark
- Trademark attribution statements



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2015

MachineWorks N...

★★★★☆ (36)

Offers In-App Purchases



TETRIS® FREE

Electronic Arts

★★★★☆ (37)

Offers In-App Purchases



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Trademarks vs Copyrights: Logos, Icons & Other Graphics

- Copyrights are broader because they are not tied to particular goods or services
- Copyrights do not require use; term is usually life + 70 years
- Statutory protection for internet service providers encourages notice & takedown regimes
- Cover derivative works
- More discussion about copyrights
- Trademarks are narrower because they are tied to goods and services
- Trademarks last as long as they continue to be used
- Internet service providers tend to adopt notice & takedown regimes despite absence of statute requiring same
- Use must correspond to registration

Monitoring and Enforcement

- Traditional trademark application watch services
- Domain name watch services
- Domain name blocking services
- Trademark use monitoring
- Google Alerts
- Regular Common Law Searches
- Social media monitoring
- Pixel-matching monitoring

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MOBILE APPS: NAVIGATING INTELLECTUAL PROPERTY, DATA PRIVACY, AND CYBERSECURITY

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CLE WEBINAR: TUESDAY, OCTOBER 27, 2020

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OVERVIEW – MOBILE APPS

1. IP protection (copyrights, trade secrets).
2. Licensing.
3. Infringement.
4. Data privacy and cybersecurity.

IP PROTECTION FOR MOBILE APPS – COPYRIGHT

- What are copyrights?
 - Federal statute: Title 17, U.S. Code.
 - Protects the form of expression, not the idea.
 - Protects “original works of authorship,” including literary, dramatic, musical, artistic, and certain other intellectual works.
 - Copyright protection is available to both published and unpublished works.

*The Constitution of the
United States of America*

Article 1, Section 8, Clause 8

The Congress shall have the Power...

*To promote the Progress of
Science and useful Arts, by
securing for limited Times to
Authors and Inventors the
exclusive Right to their respective
Writings and Discoveries;*

IP PROTECTION FOR MOBILE APPS – COPYRIGHT

- Copyright owner has the exclusive right to do, and to authorize others to do, the following:
 - Reproduce the work in copies or phonorecords.
 - Prepare derivative works based upon the work.
 - Distribute copies or phonorecords of the work to the public by sale or other transfer of ownership, or by rental, lease, or lending.

IP PROTECTION FOR MOBILE APPS – COPYRIGHT

- Copyrights owner has the exclusive right to do, and to authorize other to do, the following : (continued)
 - **Perform** the work publicly, in the case of literary, musical, dramatic, and choreographic works, pantomimes, and motion pictures and other audiovisual works.
 - **Display** the work publicly, in the case of literary, musical, dramatic, and choreographic works, pantomimes, and pictorial, graphic, or sculptural works, including the individual images of a motion picture or other audiovisual work.
 - **Perform** the work publicly (in the case of sound recordings*) by means of a digital audio transmission.

*Sound recordings are defined in the law as “works that result from the fixation of a series of musical, spoken, or other sounds, but not including the sounds accompanying a motion picture or other audiovisual work.”

IP PROTECTION FOR MOBILE APPS – COPYRIGHT

- Examples of copyrighted works MAY include (among other works):
 - Mobile apps coding.
 - Marketing materials.
 - Advertisements.
 - Content in a mobile app or on a website.

IP PROTECTION FOR MOBILE APPS – COPYRIGHT

- Distinguish between “copy” and “contents.”
(Note, this will be on the quiz....)

Example:

- DVD or CD-ROM = copy
- Computer software, movie, songs, or books recorded on DVD or CD-ROM = contents

IP PROTECTION FOR MOBILE APPS – COPYRIGHT

First Sale Doctrine

(one reason the copy vs. contents distinction is important)

COPYRIGHTS – REGISTRATION & REMEDIES

- While registration is not mandatory to obtain copyright protection, copyright registration is a relatively low cost, and provides great benefits.
- Statutory damages (17 U.S. Code §504) that may be available if copyrights are registered before the infringing act include:
 - Where a court finds that infringement was committed willfully, the court in its discretion may increase the award of statutory damages to a sum of not more than \$150,000.
 - Attorneys' fees.

COPYRIGHTS – REGISTRATION & REMEDIES

Even without registration a copyright owner whose copyrights have been infringed may be entitled to:

- Injunctive relief.
- Actual damages and any additional profits of the infringer.

TRADE SECRETS

What is a “trade secret?”

- *Restatement of Torts*, §757 (1939) “Misappropriation of Trade Secrets.”
- A trade secret “may consist of any formula, pattern, device or compilation of information which is used in one's business, and which gives him an opportunity to obtain an advantage over competitors who do not know or use it.”

TRADE SECRETS

- Uniform Trade Secrets Act ("UTSA") – adopted by the National Conference of Commissioners on Uniform State Laws.
- UTSA provides a relatively compact definition of misappropriation:
 - (i) acquisition of a trade secret of another by a person who knows or has reason to know that the trade secret was acquired by improper means; or

TRADE SECRETS

- UTSA provides a relatively compact definition of misappropriation: (continued)
 - (ii) disclosure or use of a trade secret of another without express or implied consent by a person who
 - (A) used improper means to acquire knowledge of the trade secret; or
 - (B) at the time of disclosure or use, knew or had reason to know that his knowledge of the trade secret was
 - (I) derived from or through a person who had utilized improper means to acquire it;
 - (II) acquired under circumstances giving rise to a duty to maintain its secrecy or limit its use; or
 - (III) derived from or through a person who owed a duty to the person seeking relief to maintain its secrecy or limit its use; or
 - (C) before a material change of his [or her] position, knew or had reason to know that it was a trade secret and that knowledge of it had been acquired by accident or mistake.
- UTSA is not adopted in every state.

TRADE SECRETS – DEFEND TRADE SECRETS ACT (“DTSA”)

- 2016 – Congress passed a nationwide trade secrets law.
- Unlike the UTSA, the DTSA allows for *ex parte* seizure of property necessary to preserve evidence or prevent dissemination of a trade secret.
- Private right of action in federal court for trade secrets owners.
- Damages for actual loss, unjust enrichment, or (in lieu of other damages) a reasonable royalty.
- Punitive (“exemplary”) damages available for willful and malicious misappropriation.
- Criminal penalties.

TRADE SECRETS – DTSA (2016)

- If defendant proves (including proof by circumstantial evidence), that plaintiff brought DTSA claim in “bad faith,” then defendant may collect reasonable attorneys fees.
- Whistleblower protection provided.
- DTSA allows for certain limited confidential disclosures of trade secrets.
- Requires employers to proactively provide certain notices in order to be eligible for exemplary damages or attorney fees.

TRADE SECRETS

[A] substantial element of secrecy must exist, so that, except by the use of improper means, there would be difficulty in acquiring the information. An exact definition of a trade secret is not possible. Some factors to be considered in determining whether given information is one's trade secret are: (1) the extent to which the information is known outside of his business; (2) the extent to which it is known by employees and others involved in his business; (3) the extent of measures taken by him to guard the secrecy of the information; (4) the value of the information to him and to his competitors; (5) the amount of effort or money expended by him in developing the information; (6) the ease or difficulty with which the information could be properly acquired or duplicated by others. §757 Comment (b).

TRADE SECRETS

- Examples of trade secrets may include:
 - Computer software and mobile apps.
 - Personally Identifiable Information (“PII”).
 - Customer list.
 - Business plans.
 - Financial information.
 - The secret formula to Coca Cola.
 - Google's proprietary search algorithm.
 - WD-40.
 - Blackburne Baseball Rubbing Mud – for removing the sheen from baseballs (used in professional baseball).

TRADE SECRETS – NO REGISTRATION

- Registration of trade secrets with any government or regulatory agency does not create trade secret legal rights.
 - In fact, inappropriate filing of trade secrets with a government or regulatory agency may cause the loss of trade secret rights.
- Trade secrets are protected through appropriate contracts, processes, and procedures by the trade secrets owner.
- Remedies may include injunctive relief and monetary damages (note requirements and limits on remedies under DTSA and other applicable laws).

TRADE SECRETS PRIVACY BRIDGE

- If you're a trade secrets owner and handle PII, PHI, or have concerns about cybersecurity, then consider building bridges between the business' trade secrets legal infrastructure and your privacy and cybersecurity compliance processes and procedures.
- If your mobile app collects PII, then you must be aware of privacy and cybersecurity compliance.
- Can your mobile app provide an entry point for malware into an organization's main network?

LICENSING

- What are your business objectives?
 - Brand expansion?
 - Brand protection?
 - Revenue generation?
- What are the impacts of this license on current or future licenses?
- How does this particular license fit into the business's overall licensing strategy?



LICENSING

- Consider some alternatives to a license agreement including:
 - A coexistence agreement (e.g., where two parties agree to certain terms and conditions for coexistence of their respective marks in a certain defined marketplace).
 - A permission letter (e.g., where the requested use is of a very specific, limited use of the subject mark). Depending on the facts, this may be a quicker, less expensive, alternative to a fully negotiated trademark license.

LICENSING

- Due diligence regarding the licensee.
 - Licensee's financial status.
 - Licensee's reputation in the licensed geographic territory and on the Internet?
 - Licensee's internal operations. Do they have the management leadership and staff to effectively implement and manage the requirements of the trademark license?
 - What is the licensee's track record?
 - Have they licensed trademarks from others and, if so, how did that work out for the licensor and the licensee?
 - Have they had any disputes with other trademark licensors (e.g., infringement or registration problems with other licensors)?

LICENSING

- Trademark License: Checklist of terms and conditions.
 - Identify the marks (e.g., are they registered marks and, if so, where? Are they common law unregistered marks?).
 - License grant.
 - Specifications on how the marks appear in use (e.g., any trademark notices, specified formats, use with other marks).
 - Licensed territory (e.g., can the licensee use the mark worldwide or only in specific, defined territories based on IP address or other territorial criteria?).
 - Ownership of the marks by licensor – Is the license agreement language clear about licensor's ownership rights in the marks?

LICENSING

- Trademark License: Checklist of terms and conditions. (continued)
 - Quality control.
 - Licensee required to submit materials to licensor showing all uses of the marks.
 - Licensee requirements regarding all uses of the mark (e.g., conformance to licensor specified criteria).
 - Licensor audit rights to inspect licensee concerning uses of the marks (e.g., right to examine source code).
 - Licensee advertising and promotional commitments.
 - Minimum dollars committed by licensee to advertising and promotion of the marks.
 - Clearly specify who is liable for advertising and promotional expenses (e.g., licensee or licensor).
 - Minimum sales requirements (e.g., monthly, quarterly, annual, platform specific, etc.).

LICENSING

- Trademark License: Checklist of terms and conditions. (continued)
 - License fees.
 - Is it a royalty-free license?
 - Periodic (e.g., ongoing) or one-time payment?
 - Milestone payments?
 - What is the royalty rate and how is it calculated? Give specific hypothetical examples. Show the math.
 - Are there any advanced royalty payments due?
 - Are there any guaranteed minimum royalty payments?
 - If royalty payments are due, specify when and how paid.
 - What are licensor's audit rights to audit the royalty payments?
 - What are remedies for non-payment (e.g., late fees, interest, suspend or terminate the license)?

LICENSING

- Trademark License: Checklist of terms and conditions. (continued)
 - Term and termination.
 - What are the parties' obligations at termination? How does it differ if terminated with or without cause, or simply upon expiration of the license?
 - What licensee and licensor representations and warranties are appropriate to the license?
 - What indemnification obligations are appropriate to the license?
 - Any limitations on assignment by either licensor or licensee?
 - What insurance options, if any, are appropriate for the licensor or licensee in the allocation of risk in the license agreement?
 - Carefully consider the *force majeure* provision – would a pandemic trigger it?
 - Note, this is not an exhaustive list of all applicable terms and conditions of a trademark license!

INFRINGEMENT – TRADEMARKS

- Trademark infringement in mobile apps is still trademark infringement and subject to the same laws as other trademark infringing activity.
- But.... The mobile app eco-system nuances the risks and the remedies.
- Anticybersquatting Consumer Protection Act (“ACPA”).
- Uniform Domain Name Dispute Resolution Policy (“UDRP”).
- Uniform Rapid Suspension (“URS”).
- Pop-up advertisements.
- Key-word advertising.
- Social media – new opportunities to promote brands, new risks for trademark misuse and infringement.

INFRINGEMENT – TRADEMARKS

- Infringement alerts.
 - Traditional trademark watch services.
 - Domains Protected Marks List (“DPML”).
 - Trademark Clearinghouse (“TMCH”) – <http://newgtlds.icann.org/en/about/trademark-clearinghouse>
 - Donuts service: <https://donuts.domains/what-we-do/brand-protection>
- Screen scraping where the information harvested contains trademark use.
- Violation of trademark rights could trigger unfair and deceptive trade practices violations.

INFRINGEMENT – COPYRIGHTS

- Copyright can protect the creative elements used to create the mobile app. If a third party who does not have a license to use those creative elements and copies one or more of them to create their own mobile app for distribution into the mobile app eco-system, then (depending on the facts and applicable laws) they may be liable for copyright infringement, among other things. Creative elements may include, without limitation:
 - Computer code.
 - Graphics and Photos.
 - Music.

INFRINGEMENT – COPYRIGHTS

- Copyright infringement may result in the infringer being liable for either:
 - Actual damages; or
 - Statutory damages (assuming the infringing act occurs after the effective date of the copyright registration for the infringed copyrighted work).

OTHER IP RIGHTS INCLUDE*

- Certain aspects of the app, including its source code, may be protectable as trade secrets.
- Working with 3rd parties (independent contractors, mobile app developers, university and government entities)? How are the contractual rights allocating legal risks?
- Open Source Code issues.
- Legal implications of use of third party stock photos or music in mobile apps.
- Data rights.

* This is not an exhaustive list.

PRIVACY & CYBERSECURITY

A Very Brief Overview – PII Risks in Privacy and Cybersecurity in Mobile Apps.

- a. What types of personally identifying information (“PII”) or protected health information (“PHI”) does your mobile app handle?
- b. What are some steps you should consider in mitigating risks of a data breach related to your mobile app?

COST OF A DATA BREACH

Ponemon Institute 2020 Cost of Data Breach Study: Global Analysis (July 2020) sponsored by IBM:

- 524 companies in 17 countries, and 17 industries.
- \$3.86 million is the global average total cost of data breach.
- \$8.64 million is the U.S. average total costs of a data breach.
- Businesses with a remote workforce increased average global cost of a data breach about \$137,000 (or an adjusted average of cost of \$4 million).
- \$150 is the average cost per lost or stolen PII record globally (increased to \$171 per record when breach caused by malicious attacks).

PERSONAL IDENTIFYING INFORMATION ("PII")

What type(s) of data does your mobile app collect?

Depending upon the particular state's law, PII includes, by way of example and not limitation, an individual's first name or first initial and last name in combination with any one or more of the following data elements, when the name or the data elements are not encrypted or redacted:

PERSONAL IDENTIFYING INFORMATION ("PII")

- Social Security number
- Medicaid account number
- Food stamp account number
- Insurance policy numbers
- Utility account number
- Mother's maiden name
- Employment history
- Deoxyribonucleic acid (DNA) profile
- Digitized or other electronic signature
- Financial information
- Medical information
- Passport number
- Alien registration number
- Employer identification number
- Account number or credit or debit card number, or an account number or credit or debit card number in combination with any required security code, access code, or password that would permit access to an individual's financial account
- Taxpayer identification number (other than the individual's Social Security number)
- Biometric data including, without limitation, fingerprints, facial scan identifiers, voiceprint, retina or iris image
- Any professional, occupational, recreational, or governmental license, certificate, permit, or membership number

DATA BREACH

- Required notice of the data breach depends on the applicable law(s) and regulation(s):
 - Timing? Some statutory examples:
 - “...most expedient time and manner possible and without unreasonable delay, consistent with the legitimate needs of law enforcement or any measures necessary to determine the scope of the breach and restore the reasonable integrity of the data system.”
 - “...most expedient time possible, without unreasonable delay, consistent with any measures necessary to determine the scope of the breach and restore the reasonable integrity, security, and confidentiality of the system.”
 - “...most expedient time possible and without unreasonable delay, consistent with the legitimate needs of law enforcement and any measures necessary to determine the scope of the breach and restore the reasonable integrity of the system.”

DATA BREACH

- Notice of the data breach depends on the applicable law(s) and regulation(s):
 - To whom?
 - Depends on applicable law(s) and regulation(s).
 - Some require notice to certain government agencies (e.g., Office of the State's Attorney General, Federal Trade Commission, financial service companies regulators).
 - Consumers, employees, and/or patients depending on the facts of the particular breach and the applicable law(s) and regulation(s).
- Failure to give appropriate notices may result in substantial penalties depending on the applicable laws and regulations.

DEVELOPING A MOBILE HEALTH APP?

- What are the applicable laws?
 - Health Insurance Portability and Accountability Act (“HIPAA”)
 - Federal Food, Drug, and Cosmetic Act (“FD&C” Act)
 - Federal Trade Commission Act (“FTC” Act)
 - FTC’s Health Breach Notification Rule
 - Other applicable laws (e.g., collection of personal information from children under 13, the Children’s Online Privacy Protection Act puts parents in control; collection of financial information, The Gramm-Leach-Bliley Act Safeguards Rule, etc.)
- For some general information consider looking at the FTC’s Mobile Health Apps Interactive Tool (available at <https://www.ftc.gov/tips-advice/business-center/guidance/mobile-health-apps-interactive-tool>).

MOBILE APP CYBER SENSE

1. Don't ask for more permission than you absolutely need.
2. Avoid accessing any sensitive information on the user's device than absolutely needed for your app to properly function.
3. Watch out for app library permissions.
4. Be very clear with your users about what your app is accessing and why that access is necessary to use your app.

MOBILE APP CYBER SENSE

5. Provide appropriate ongoing disclosures of your app uses/access of user's data.
6. Use cybersecurity best practices to protect against hacking by cybercriminals.
7. Utilize walkthroughs, inspections, and technical reviews integral to quality data programming.
8. Consider data ethics as an integral thread woven into your mobile app.

Note, this is not an exhaustive list of all cyber sense principles for mobile apps.

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