

Committee on Development and Intellectual Property (CDIP)

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OVERVIEW OF THE WIPO HANDBOOK ON KEY CONTRACTS FOR MOBILE APPLICATIONS – A DEVELOPER’S PERSPECTIVE

prepared by the Secretariat

1. The Annex to this document contains an overview of the WIPO Handbook on Key Contracts for Mobile Applications – A Developer’s Perspective, undertaken in the context of the Project on Enhancing the Use of Intellectual Property for Mobile Apps in the Software Sector (document CDIP/22/8).

2. The handbook has been prepared by Mr. Andrew Katz, chief executive officer (CEO) and Head of Technology Department at Moorcrofts Limited Liability Partnership (LLP) and CEO of Orcro Limited, as well as Ms. Usha Guiness, Associate Solicitor in the Technology Department at Moorcrofts.

3. *The CDIP is invited to take note of the information contained in the Annex to the present document.*

[Annex follows]

Overview of the WIPO Handbook on Key Contracts for Mobile Applications – A Developer’s Perspective

Creative app development has been recognized as a global phenomenon with the value of the mobile app economy on a continuous exponential rise. Therefore, it is essential for companies to remain within the legal frameworks, which differ from jurisdiction to jurisdiction in which they operate, as the problems that arise when such issues are not addressed equally have high financial ramifications.

Effective commercialization of mobile apps is only possible within a framework of various intellectual property (IP) rights, which impinge upon all aspects of the app, from the software through to the content that it contains. This handbook provides the context necessary for developers to understand the applicable IP frameworks, and understand the risks of potential infringement, the scope of protections available and the applicability of appropriate licensing and contractual structures.

This handbook is intended to complement other WIPO materials that pertain to mobile applications (mobile apps) and IP rights. It provides a practical tool to help one particular segment of the mobile app market sector: app developer organizations, alerting them to the issues that need to be addressed at the various stages of the mobile app life cycle. It highlights potential problem areas that can be solved through effective contracts and other legal structures.

The handbook has adopted a pragmatic approach, which is reflected in its structure as follows:

(a) Setting the foundation for achieving success when dealing with mobile apps through the following critical initial steps:

- An understanding of IP especially as they apply in the context of mobile apps;
- An understanding of a high level life cycle of the app to help identify and address issues as the app progress through the key stages;
- Understanding the composition of an app from a contracts and IP perspective.

(b) The Tools:

These are the contracts and / or legal issues that arise during each stage of the life cycle of the app. Developers are alerted to the fact that certain issues, such as IP and data protection are likely to arise through the entire life cycle of the mobile app.

(c) Success

The recipe for success suggested in this handbook is straightforward. If the developers are equipped with the necessary foundational knowledge and implement the tools required, then their app will be successful. If things do go wrong (which sometimes is inevitable despite all the tools), the handbook recommends use of other WIPO tools, such as the alternative dispute resolution process.

Bearing in mind the above structure, Chapter 1 deals with a general overview of IP, which comes into play in the development and use of mobile apps and the various risks developers should be aware of throughout the life cycle of a mobile app. It emphasizes that developers

should think about IP not only in terms of the computer program but also other aspects of the app, such as images, text, sound, video and design of the app icon, all of which may be protected and licensed separately. Accordingly, the chapter discusses copyright, patent, trademarks, design rights. It also introduces a simplified life cycle for mobile apps to aid visualization issues that arise in each stage and across all stages.

Chapter 2 deals with Non-Disclosure Agreements (NDA). Planning and launching new software is often a sensitive activity. Accordingly, confidentiality or NDAs are widely used in the software development industry. NDAs can be useful for various purposes from protecting trade secrets, protecting confidential information between the parties, minimizing risks when working with external specialists (contractors and third-party agencies), and allowing developers to operate in “a stealth mode”, while the mobile app is under development. The chapter then goes on to detail some of the key clauses required in an NDA.

Chapter 3 addresses the importance of understanding and differentiating between the mechanisms of IP assignment and licensing in determining whom to and how the IP created should hold. This is because developers often use their own in-house employees to work on apps but may also have to outsource elements of app development to specialized individuals or agencies – perhaps to cover needs for additional staffing or technical or creative inputs. In most jurisdictions, when an agency develops a software element for a mobile app on behalf of a developer, the agency, not the developer, owns the IP in that piece of work – by default. The chapter then deals with key clauses that form part of the assignment agreement.

Chapter 4 goes into a more detailed analysis of Mobile App Development Agreement, which can also deal with assignment covered in Chapter 3. Other considerations discussed in this chapter include the importance of due diligence when selecting an agency, requiring agency involved in software development to provide a software bill of materials, which is a comprehensive list of the app’s components, understanding the composition of the app and whether any agency software, third party software or open source software are being used. The chapter also presents the terms on which these are being provided and compliance requirements in the case of open source licenses. The chapter then goes into details of the key clauses in software development agreements.

Chapter 5 discusses third party service provider agreements. Apps may require integration with other services to enrich their functionality, as opposed to building such services from scratch. Common examples include payment services, third-party data feeds and social media, such as Facebook and Google Maps. Such integration is achieved *via* application programming interfaces (“APIs”). The chapter discussed considerations when choosing a third party provider and identifies key clauses to pay attention when reviewing and negotiating such contracts, where possible.

Chapter 6 deals with distribution agreements with an app store. It is recognized in this chapter that negotiating the terms of these agreements may be very difficult. Nonetheless, the chapter recommends key areas of app store terms of distribution that developers should be aware of before selecting an app store.

Chapter 7 deals with advertising agreements. Advertising on mobile apps occur through ad networks, who also tend to deal on their standard terms. The Chapter highlights that it is critical that the advertising network offers ads that are appropriate for the developer’s app, and particularly the age ranges and jurisdictions targeted. Inappropriate ads will not only affect revenue and potentially generate bad public relations (PR), they may also cause an app store to remove the app concerned. As with preceding chapters, this chapter delves into the key clauses of such ad terms that developers should be aware of.

Chapter 8 explains what end user license agreements (EULA) cover and their importance in relation to making clear to end user the rights they obtain, restrictions they are subject to and addresses issues, such as the liability of the developers. Key considerations include paying attention to any specific requirements of local consumer laws. It then discusses key clauses that typically are covered in such EULAs.

Chapter 9 elaborates on the complexity of the mobile ecosystem and how the features and characteristics of mobile devices make them vulnerable to data privacy breaches. Data privacy laws vary from country to country with certain initiatives such as the European General Data Protection Regulation (GDPR), which tends to have wider reach than Europe, therefore, making it imperative for developers outside of the European Economic area to be aware of its rather stringent requirements. Then the chapter briefly covers some of the key aspects of this legislation and key documents, which may be required to be put in place. A few special considerations are presented when dealing with certain types of sensitive data. Developers are reminded that they need to comply with their own local legislation.

Finally, the concluding note is a summary reiterating the need to understand the foundational elements of mobile apps before implementing the tools in order to achieve success. The concluding note also encourages to avail of the various resources made available by WIPO and recommends that developers:

- Familiarize themselves with the IP rights that are specific to mobile apps and with the requirements of applicable data protection laws.
- Thoroughly study (at the very least) the key issues that will arise throughout an app's life cycle. Seek legal advice at the earliest stages.
- Protect their IP.
- Conduct basic due diligence when dealing with third parties.
- Following serious consideration, put in place the contracts needed for the arrangements to be clear, meet expectations and minimize the risk of time-consuming and costly disputes.

[End of Annex and of document]