This article is taken from the book Building Location-Aware Applications. The authors discuss two main ways of unlocking the Intellectual Property (IP) within applications—licensing or white labeling.

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The Intellectual Property (IP) within applications can be unlocked to provide revenue for the developer. The two main ways of doing so are by licensing or white labeling.

**Licensing**

Licensing the application to third parties normally takes the form of a Technology License Agreement. Your ability to license will depend on whether you can successfully patent your IP, with US-based developers generally having more possibilities for patenting software than non-US based ones. More detailed information is available from the World Intellectual Property Organization (WIPO).

The advantages of licensing are that you retain ownership and control over the use of the intellectual property right and that you can maximize your commercial returns by obtaining a continuous royalty stream. The disadvantages are that you still have to maintain, police, and enforce your intellectual property right.

In general, a license can be granted either on an exclusive basis or a non-exclusive basis. If you grant an exclusive license to a third party, only that third party will, for the duration of the license, have the right to use the intellectual property right in accordance with the contractual terms. For this very reason, you should expect to be paid much higher royalties for an exclusive as opposed to a non-exclusive license.

On the other hand, if you grant a non-exclusive license, this means that you can continue to enter into additional non-exclusive licenses with other third parties.

Before entering into license negotiations you should consider:
- Whether you want to enter into an exclusive or non-exclusive license.
- Price and payment structure.
- What geographic area you want the license to cover.
- How long you want the license to last.
- Whether the licensee can grant sublicenses.
- How to deal with the ownership and availability of improvements (relevant to patent licenses).
- How much technical assistance and cost should be provided by the licensee to the licensor.
- The marketing obligations on the licensee and the marketing support from the licensor.

If you decide to go down the licensing road, consult a specialized trademark and intellectual property attorney.

**White labeling**

White labeling of applications refers to taking your application and changing its look and feel to market it to interested parties. While this can be done by sharing the mobile application and the server backbone (that processes requests from the application), the recommended approach is to use an API model. This protects the IP of the application by only exposing certain elements to the buyer of the solution.

For example, Gypsii offers the Gypsii Open Experience API targeted at handset manufacturers. The idea is to allow these manufacturers to incorporate location-based social networking functionality into embedded mobile clients and applications. Gypsii’s solution, in fact, is offered for free to the market.

An interesting, niche market segment for white label LBS solutions is that of high-value travel content providers (like Lonely Planet City Guides, shown in figure 1). These can charge high prices for their applications (each Lonely Planet iPhone City Guide is priced at around $20 on the iTunes store, for example) and offer good revenue share opportunities to the developer company.

![Figure 1 Screenshots from Lonely Planet’s range of iPhone City Guide applications, which currently are available in 20 different versions for cities around the world](image)

**Summary**

LBS offers developers great opportunities to capitalize on their efforts by tapping into a burgeoning market for location-aware applications and services. The key to success is to make a sensible guess at which approach may work best initially (analyzing your market potential and understanding the perceived value of your application), learn from any mistakes, and adapt according to feedback from the market.

In such an innovative environment, flexibility is fundamental to stay on top of developments. This is especially true when it comes to mobile advertising, which offers developers an ever greater range of options for maximizing valuable screen space.

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