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Federal Communications Commission
Office of the Secretary

August 21, 2009

Ms. Ruth Milkman
Chief
Wireless Telecommunications Bureau
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Dear Ms. Milkman:

Attached is Apple's response to the questions asked in the letter from James D. Schlichting to me dated July 31, 2009. We appreciate the opportunity to provide this information to the Commission.

Please let me know if you have further questions.

Sincerely,

Catherine A. Novelli

Catherine A. Novelli
Vice President
Worldwide Government Affairs

Attachment

cc: Secretary, Federal Communications Commission (w/ attachment)

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Apple's Response to the Wireless Telecommunications Bureau's Questions of July 31, 2009

We are pleased to respond to the Wireless Telecommunications Bureau's inquiry dated July 31, 2009, requesting information regarding Apple's App Store and its application approval process. In order to give the Bureau some context for our responses, we begin with some background information about the iPhone and the App Store.

Apple's goal is to provide our customers with the best possible user experience. We have been able to do this by designing the hardware and software in our products to work together seamlessly. The iPhone is a great example of this. It has established a new standard for what a mobile device can be—an integrated device with a phone, a full web browser, HTML email, an iPod, and more, all delivered with Apple's revolutionary multi-touch user interface.

Apple then introduced something altogether new—the App Store—to give consumers additional functionality and benefits from the iPhone's revolutionary technology. The App Store has been more successful than anyone could have ever imagined. Today, just over a year since opening, the App Store offers over 65,000 iPhone applications, and customers have downloaded over 1.5 billion applications.

The App Store provides a frictionless distribution network that levels the playing field for individual and large developers of mobile applications. We provide every developer with the same software that we use to create our own iPhone applications. The App Store offers an innovative business model that allows developers to set their own price and keep more (far more in most cases) of the revenue than traditional business models. In little more than a year, we have raised the bar for consumers' rich mobile experience beyond what we or anyone else ever imagined in both scale and quality. Apple's innovation has also fostered competition as other companies (e.g., Nokia, Microsoft, RIM, Palm and Verizon) seek to develop their own mobile platforms and launch their own application stores.

Apple works with network providers around the world so that iPhone users have access to a cellular network. In the United States, we struck a groundbreaking deal with AT&T in 2006 that gives Apple the freedom to decide which software to make available for the iPhone. This was an industry first.

We created an approval process that reviews every application submitted to Apple for the App Store in order to protect consumer privacy, safeguard children from inappropriate content, and avoid applications that degrade the core

experience of the iPhone. Some types of content such as pornography are rejected outright from the App Store, while others such as graphic combat scenes in action games may be approved but with an appropriate age rating. Most rejections are based on bugs found in the applications. When there is an issue, we try to provide the developer with helpful feedback so they can modify the application in order for us to approve it. 95% of applications are approved within 14 days of their submission.

We're covering new ground and doing things that had never been done before. Many of the issues we face are difficult and new, and while we may make occasional mistakes, we try to learn from them and continually improve.

In response to your specific questions, we would like to offer the following:

Question 1. Why did Apple reject the Google Voice application for iPhone and remove related third-party applications from its App Store? In addition to Google Voice, which related third-party applications were removed or have been rejected? Please provide the specific name of each application and the contact information for the developer.

Contrary to published reports, Apple has not rejected the Google Voice application, and continues to study it. The application has not been approved because, as submitted for review, it appears to alter the iPhone's distinctive user experience by replacing the iPhone's core mobile telephone functionality and Apple user interface with its own user interface for telephone calls, text messaging and voicemail. Apple spent a lot of time and effort developing this distinct and innovative way to seamlessly deliver core functionality of the iPhone. For example, on an iPhone, the "Phone" icon that is always shown at the bottom of the Home Screen launches Apple's mobile telephone application, providing access to Favorites, Recents, Contacts, a Keypad, and Visual Voicemail. The Google Voice application replaces Apple's Visual Voicemail by routing calls through a separate Google Voice telephone number that stores any voicemail, preventing voicemail from being stored on the iPhone, i.e., disabling Apple's Visual Voicemail. Similarly, SMS text messages are managed through the Google hub—replacing the iPhone's text messaging feature. In addition, the iPhone user's entire Contacts database is transferred to Google's servers, and we have yet to obtain any assurances from Google that this data will only be used in appropriate ways. These factors present several new issues and questions to us that we are still pondering at this time.

The following applications also fall into this category.

Name: GVDialer / GVDialer Lite
Developer: MobileMax
info@mobile-mx.com

Name: VoiceCentral
Developer: Riverturn, Inc.
4819 Emperor Blvd., Suite 400
Durham, NC 27703

Name: GV Mobile / GV Mobile Free
Developer: Sean Kovacs
sean@seankovacs.com

We are continuing to study the Google Voice application and its potential impact on the iPhone user experience. Google is of course free to provide Google Voice on the iPhone as a web application through Apple's Safari browser, just as they do for desktop PCs, or to provide its "Google-branded" user experience on other phones, including Android-based phones, and let consumers make their choices.

Question 2. Did Apple act alone, or in consultation with AT&T, in deciding to reject the Google Voice application and related applications? If the latter, please describe the communications between Apple and AT&T in connection with the decision to reject Google Voice. Are there any contractual conditions or non-contractual understandings with AT&T that affected Apple's decision in this matter?

Apple is acting alone and has not consulted with AT&T about whether or not to approve the Google Voice application. No contractual conditions or non-contractual understandings with AT&T have been a factor in Apple's decision-making process in this matter.

Question 3. Does AT&T have any role in the approval of iPhone applications generally (or in certain cases)? If so, under what circumstances, and what role does it play? What roles are specified in the contractual provisions between Apple and AT&T (or any non-contractual understandings) regarding the consideration of particular iPhone applications?

Apple alone makes the final decisions to approve or not approve iPhone applications.

There is a provision in Apple's agreement with AT&T that obligates Apple not to include functionality in any Apple phone that enables a customer to use AT&T's cellular network service to originate or terminate a VoIP session without obtaining AT&T's permission. Apple honors this obligation, in addition to respecting AT&T's customer Terms of Service, which, for example, prohibit an AT&T customer from using AT&T's cellular service to redirect a TV signal to an iPhone. From time to time, AT&T has expressed concerns regarding network efficiency and potential network congestion associated with certain applications, and Apple takes such concerns into consideration.

Question 4. Please explain any differences between the Google Voice iPhone application and any Voice over Internet Protocol (VoIP) applications that Apple has approved for the iPhone. Are any of the approved VoIP applications allowed to operate on AT&T's 3G network?

Apple does not know if there is a VoIP element in the way the Google Voice application routes calls and messages, and whether VoIP technology is used over the 3G network by the application. Apple has approved numerous standard VoIP applications (such as Skype, Nimbuzz and iCall) for use over WiFi, but not over AT&T's 3G network.

Question 5. What other applications have been rejected for use on the iPhone and for what reasons? Is there a list of prohibited applications or of categories of applications that is provided to potential vendors/developers? If so, is this posted on the iTunes website or otherwise disclosed to consumers?

In a little more than a year, the App Store has grown to become the world's largest wireless applications store, with over 65,000 applications. We've rejected applications for a variety of reasons. Most rejections are based on the application containing quality issues or software bugs, while other rejections involve protecting consumer privacy, safeguarding children from inappropriate content, and avoiding applications that degrade the core experience of the

iPhone. Given the volume and variety of technical issues, most of the review process is consumed with quality issues and software bugs, and providing feedback to developers so they can fix applications. Applications that are fixed and resubmitted are approved.

The following is a list of representative applications that have been rejected as originally submitted and their current status:

- Twittelator, by Stone Design Corp., was initially rejected because it crashed during loading, but the developer subsequently fixed the application and it has been approved;
- iLoveWiFi!, by iCloseBy LLC, was rejected because it used undocumented application protocols (it has not been resubmitted as of the date of this letter);
- SlingPlayer Mobile, by Sling Media, was initially rejected because redirecting a TV signal to an iPhone using AT&T's cellular network is prohibited by AT&T's customer Terms of Service, but the developer subsequently fixed the application to use WiFi only and it has been approved; and
- Lingerie Fantasy Video (Lite), by On The Go Girls, LLC, was initially rejected because it displayed nudity and explicit sexual content, but the developer subsequently fixed the application and it has been approved with the use of a 17+ age rating.

Apple provides explicit language in its agreement with iPhone developers regarding prohibited categories of applications, for example:

> "Applications may be rejected if they contain content or materials of any kind (text, graphics, images, photographs, sounds, etc.) that in Apple's reasonable judgment may be found objectionable, for example, materials that may be considered obscene, pornographic, or defamatory; and
>
> Applications must not contain any malware, malicious or harmful code, program, or other internal component (e.g. computer viruses, trojan horses, 'backdoors') which could damage, destroy, or adversely affect other software, firmware, hardware, data, systems, services, or networks."

And we also provide a reference library that can be accessed by members of the iPhone Developer Program that lists helpful information such as Best Practices and How To Get Started.

Question 6. What are the standards for considering and approving iPhone applications? What is the approval process for such applications (timing, reasons for rejection, appeal process, etc.)? What is the percentage of applications that are rejected? What are the major reasons for rejecting an application?

As discussed in the response to Question 5, Apple provides guidelines to developers in our developer agreement as well as on its web site regarding prohibited categories of applications. These materials also contain numerous other provisions regarding technical and legal requirements that applications must comply with, and Apple uses these standards in considering whether or not to approve applications.

Apple developed a comprehensive review process that looks at every iPhone application that is submitted to Apple. Applications and marketing text are submitted through a web interface. Submitted applications undergo a rigorous review process that tests for vulnerabilities such as software bugs, instability on the iPhone platform, and the use of unauthorized protocols. Applications are also reviewed to try to prevent privacy issues, safeguard children from exposure to inappropriate content, and avoid applications that degrade the core experience of the iPhone. There are more than 40 full-time trained reviewers, and at least two different reviewers study each application so that the review process is applied uniformly. Apple also established an App Store executive review board that determines procedures and sets policy for the review process, as well as reviews applications that are escalated to the board because they raise new or complex issues. The review board meets weekly and is comprised of senior management with responsibilities for the App Store. 95% of applications are approved within 14 days of being submitted.

If we find that an application has a problem, for example, a software bug that crashes the application, we send the developer a note describing the reason why the application will not be approved as submitted. In many cases we are able to provide specific guidance about how the developer can fix the application. We also let them know they can contact the app review team or technical support, or they can write to us for further guidance.

Apple generally spends most of the review period making sure that the applications function properly, and working with developers to fix quality issues and software bugs in applications. We receive about 8,500 new applications and updates every week, and roughly 20% of them are not approved as originally submitted. In little more than a year, we have reviewed more than 200,000 applications and updates.