

Vonage Barred from Using Verizon Patents

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A federal judge has ruled that Vonage Holdings Corp. may not use patents held by Verizon Communications in operating its VOIP phone service.

The ruling follows a decision on March 8 in which a federal jury found Vonage was infringing on Verizon's patents. Judge Claude Hilton said that he would delay the injunction for two weeks so that Vonage would have a chance to try for a stay while it appeals the decision.

In theory, this means that Vonage might have to stop operating its public VOIP service until it can find a way around the use of Verizon's patents, or it can convince Verizon to license those patents. However, the company has said that its customers will not be affected, and in public statements attorneys for the company have said that they anticipate getting a stay on the injunction while they appeal. Considering the speed of the federal appeals process, that could take months.

The judge, in his decision, agreed with Verizon that the company would suffer harm that could not be overcome simply by making royalty payments. Verizon operates a public VOIP service that competes with Vonage.

CNN is reporting that Vonage stock dropped after the decision was

announced, dropping immediately by \$0.72. The Alexandria, Va., District Court will hear arguments for the stay in two weeks. The judge has said he will render his decision then.

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