

# Yahoo! accuses Facebook of patent infringement (Update)

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Pedestrians walk by a Yahoo sign in Times Square, New York City. Yahoo! filed a lawsuit against Facebook on Monday accusing the social networking giant of patent infringement.

Yahoo! filed suit against Facebook in a California court on Monday accusing the social networking giant of infringing on 10 patents held by the Internet pioneer.

Yahoo!, in a 19-page lawsuit filed in US District Court for the Northern District of California, accused Facebook of infringing on patents in several areas including advertising, privacy and messaging.

The Sunnyvale, California-based Yahoo! asked the court in San Jose to order Facebook to halt its alleged patent-infringing activities and to assess unspecified damages.

"Yahoo! has invested substantial resources in research and development through the years, which has resulted in numerous patented inventions of technology that other companies have licensed," Yahoo! said in a statement.

"These technologies are the foundation of our business that engages over 700 million monthly unique visitors and represent the spirit of innovation upon which Yahoo! is built," the company said.

"Unfortunately, the matter with Facebook remains unresolved and we are compelled to seek redress in federal court," it said. "We are confident that we will prevail."

Yahoo!'s lawsuit comes about five weeks after Facebook filed to go public on Wall Street with an estimated valuation of up to \$100 billion.

Patent suits are a frequent occurrence among smartphone and tablet computer makers and the world's best known brands are ensnared in a complex web of legal claims but such suits are relatively rare among social media companies.

Facebook, which was founded in 2004, a decade after Yahoo!, expressed disappointment with the Yahoo! move.

"We're disappointed that Yahoo, a longtime business partner of Facebook and a company that has substantially benefited from its association with Facebook, has decided to resort to litigation," a Facebook spokeswoman said.

"Once again, we learned of Yahoo's decision simultaneously with the media," the spokeswoman said. "We will defend ourselves vigorously against these puzzling actions."

In the suit, Yahoo! said that Facebook's growth to more than 850 million users "has been based in large part on Facebook's use of Yahoo!'s patented technology."

"For much of the technology upon which Facebook is based Yahoo! got there first and was therefore granted patents by the United States Patent Office to protect those innovations," Yahoo! said.

"Yahoo!'s patents relate to cutting edge innovations in online products, including in messaging, news feed generation, social commenting, advertising display, preventing click fraud and privacy controls," it said.

"Facebook's entire social network model, which allows users to create profiles and connect with, among other things, persons and businesses, is based on Yahoo!'s patented social networking technology," it said.

Yahoo! said Facebook's popular "News Feed" feature, for example, is "directly linked to Facebook's infringement" of Yahoo! patents and its advertising model is based on advertising patents held by Yahoo!

Once seen as the Internet's leading light, Yahoo! has struggled in recent years to build a strongly profitable, growing business out of its huge Web presence and global audience.

Scott Thompson, formerly head of mobile payments firm PayPal, became chief executive at Yahoo! at the beginning of January promising urgent action to turn the company around.

Thompson came in after many months of turmoil over the company's direction, including deadlocked talks over possibly selling off valuable assets in China and Japan.

Two weeks after Thompson was recruited, Yahoo! co-founder and

former chief executive Jerry Yang resigned from the board of directors.

A few weeks later the chairman and three other directors said they would step down, opening the way for Thompson's agenda.

Yahoo! shares were up 0.62 percent to \$14.58 in after-hours trading.

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