

Microsoft sells AOL patents on to Facebook

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Facebook announced Monday it would pay Microsoft \$550 million for some of the patents the software giant recently acquired from AOL.

Microsoft, which just bought patents from AOL for \$1 billion, is now turning around and selling most of them to Facebook for \$550 million.

Facebook is buying about 650 of the 925 AOL patents and patent applications that Microsoft bought, Microsoft and Facebook said Monday.

Facebook will also get a license to use the rest of the AOL Inc. patents that Microsoft bought. Similarly, Microsoft Corp. will get a license to use the patents Facebook is buying. This part of the arrangement amounts to an agreement between Facebook and Microsoft not to sue each other over any of the AOL patents. The companies are not saying what the patents cover.

Microsoft said the deal enables it to recoup half the cost of the AOL deal

while reaching its goals for the purchase. Facebook's general counsel, Ted Ulyot, called the move a "significant step in our ongoing process of building an intellectual property portfolio to protect Facebook's interests over the long term."

Patents have become a valuable commodity for technology companies in recent years, and companies frequently use them in lawsuits against one another.

Facebook, which is expected to go public in May, is embroiled in a patent suit with struggling Internet company Yahoo Inc. Yahoo had sued Facebook saying the company violates 10 of its patents covering advertising, privacy controls and social networking. Facebook responded with its own lawsuit this month accusing Yahoo of violating 10 of its patents.

The patents from AOL are adding to Facebook's quickly expanding patent portfolio. The company recently acquired 750 patents from IBM Corp. covering technologies that deal with software and networking. At the end of 2011, Facebook had just 56 U.S. patents, which was a relatively small number compared with other big tech companies.

Facebook has said it expects to raise \$5 billion in its initial public offering. The actual figure is expected to be higher, however, and could value the Menlo Park, Calif.-based company at as much as \$100 billion.

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