

# Patent wars plague Internet Age

April 15 2012, by Glenn Chapman

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A man shows the smartphone photo sharing application Instagram on an iPhone on April 10, 2012. The Internet Age is becoming known for patent litigation as rivalries spread from marketplaces to courtrooms.

The Internet Age is becoming as known for patent litigation as it is for online innovation.

From the makers of [computer chips](#) to creators of smartphones and designers of videogames, rivalries have spread from marketplaces to courtrooms with combatants warring over rights to use technology.

"For many years, there was basically a stalemate in the patents arms race with an understanding that companies wouldn't sue each other," said Colleen Chien, a law professor at Santa Clara University in Silicon Valley.

"That was disrupted by a new business model of patent assertion," she continued. "It has become acceptable to violate the gentlemen's agreement of not suing and now it is the new norm."

The break in the unofficial truce was inspired in part by "patent trolls," entities that buy or file patents with the sole intent of some day suing entrepreneurs who use the ideas.

Ranks of patent trolls are growing, as is the number of large companies turning to [patent litigation](#) not just to cash-in but to gain or protect market terrain, according to Chien.

"What do you call an AOL or a dying company that turns to patent lawsuits?" she asked rhetorically. "Do they become corporate trolls?"

Struggling [Internet pioneer](#) Yahoo! last month filed a lawsuit against Facebook accusing the social networking star of infringing on 10 of its patents.

The suit claimed that "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."

Facebook returned fire with a [countersuit](#) accusing Sunnyvale, California-based Yahoo! of being the one infringing on patents, and not the other way around.

Even business software giant Oracle has weighed in. A trial will get underway on Monday in a patent case Oracle filed against [Google](#) based on software used in Android operating systems.

As patent suits proliferate, [Internet firms](#) with ample war chests are

spending small fortunes to arm themselves with portfolios purchased from technology companies selling off intellectual assets.

AOL this week announced plans to sell more than 800 patents to Microsoft in a \$1.056 billion deal giving the faded Internet star a needed cash injection.

Microsoft general counsel Brad Smith said that the software giant is getting "a valuable portfolio that we have been following for years."

Facebook in March confirmed that it bought 750 software and networking patents from IBM to beef up its arsenal on an increasingly lawsuit-strewn technology battlefield.



Customers try the latest iPad 2 at the Apple store on Fifth Avenue in New York. The Internet Age is becoming known for patent litigation as rivalries spread from marketplaces to courtrooms.

Early this year, Google bought 188 patents and 29 patent applications related to mobile phones from IBM but did not disclose how much it paid.

Last year, IBM sold Google 2,000 or so patents ranging from mobile software to computer hardware and processors.

Google has been strengthening its patent portfolio as the fight for dominance in the booming smartphone and tablet computer markets increasingly involves patent lawsuits - with Apple a prime litigator.

The Mountain View, California, technology titan behind Android mobile device software last year transferred patents to smartphone giant HTC Corp. to help the Taiwan-based company in an intellectual property clash with iPhone maker Apple.

Apple has accused HTC and other smartphone makers using Google's Android mobile operating system of infringing on Apple-held patents.

Some of the patents that HTC got from Google had belonged to Motorola Mobility, which Google is buying for \$12.5 billion in cash in a quest for precious patents.

"Our acquisition of Motorola will increase competition by strengthening Google's patent portfolio, which will enable us to better protect Android from anti-competitive threats from Microsoft, Apple and other companies," Google chief executive Larry Page said when the Motorola Mobility buy was announced.

Motorola Mobility chief executive Sanjay Jha told financial analysts the US maker of smartphones and touchscreen tablet computers has over 17,000 issued patents and another 7,500 pending.

Meanwhile, Apple and Microsoft allied in a consortium that outbid Google to buy thousands of patents from bankrupt Nortel Corp. in what was branded the largest transfer of intellectual property of the Internet Age.

"The reality is, there is more and more liability in making a product," Chien said. "Companies like Google and Facebook with few patents but big roles in the marketplace have the most to lose."

Patent suits in hot Internet markets are not necessarily bad news for consumers, provided that companies cashing in use windfalls to develop even more innovative products, according to Chien.

Managing patents could also become a potential source of competitive advantage for startups.

"The [Facebook](#) example shows that you can go out and buy patent protection," Chien said. "It is only when you are making money that you become interesting as a target, and when you are making money you can afford to buy [patents](#)."

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Citation: Patent wars plague Internet Age (2012, April 15) retrieved 23 June 2024 from <https://phys.org/news/2012-04-patent-wars-plague-internet-age.html>

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