

# Facebook, Yahoo! patent battle heats up (Update)

April 27 2012, by Glenn Chapman

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A legal battle between Yahoo! and Facebook heated up Friday with the floundering Internet pioneer accusing the rising social network star of buying patents just to retaliate in court.

The accusation came in a 37-page response filed by Yahoo! to a countersuit Facebook filed charging that the Sunnyvale, California-based company is violating the social network's patents -- and not the other way around.

"In retaliation for Yahoo!'s good faith allegations of patent infringement, Facebook alleges infringement of 10 patents as counterclaims," Yahoo! attorney Kevin Smith said in a reply filed in federal court.

"Facebook lacks a good faith basis for most, if not all, of its counterclaims, particularly those patents that it purchased from others."

Along with asking a judge to rule immediately in its favor on all claims in the cases, Yahoo! wants Facebook to be made to pay its legal costs.

"We remain perplexed by Yahoo's erratic actions," a Facebook spokesman told AFP.

"We disagree with these latest claims and we will continue to defend ourselves vigorously."

In March, Yahoo! filed suit against Facebook in US District Court in San

Francisco, accusing the social networking giant of infringing on 10 patents.

The Yahoo! suit accused Facebook of infringing on patents in areas including advertising, privacy and messaging and contended that Facebook's growth "has been based in large part on Facebook's use of Yahoo!'s patented technology."

Yahoo! asked the court to order Facebook to halt its alleged patent-infringing activities and to assess unspecified damages.

Facebook, which is shifting operations to a former Sun Microsystems campus in the northern California city of Menlo Park, denied violating any valid Yahoo! patents.

Facebook went on to accuse Yahoo! of infringing on its patented technology in a broad array of products including online venues for news, games, cars, travel and photo-sharing service Flickr.

The social networking service asked the court to dismiss Yahoo!'s complaint entirely and make the Internet veteran pay damages as well as the social network's legal costs.

In its legal response, Yahoo! argued that Facebook essentially cheated by buying patents to use as legal ammunition in their fight.

"Facebook purchased and asserted patents tainted by inequitable conduct," Smith said in the filing.

"Furthermore, Facebook asserted its newly-acquired patents against aspects of Yahoo!'s products for which there is little to no publicly-available information," he continued.

"Facebook's infringement assertions appear to be based on nothing more than conjecture, assumptions, and unsupported inferences about how Yahoo!'s products may possibly operate."

Yahoo! also added a few more patents to the list of intellectual property it claims Facebook is abusing.

The legal brawl is taking place as Facebook prepares to go public on Wall Street with a valuation of up to \$100 billion.

Facebook recently amended paperwork filed with the US Securities and Exchange Commission to warn potential investors that Yahoo!'s patent lawsuit could deliver a significant blow to its business.

"This litigation is still in its early stages and the final outcome, including our liability, if any, with respect to these claims, is uncertain," Facebook said in the updated SEC filing.

"If an unfavorable outcome were to occur in this litigation, the impact could be material to our business, financial condition or results of operations."

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.

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