

Yahoo Escalates Patent Battle With Facebook

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SAN FRANCISCO (AP) — Yahoo is bringing out more artillery in its patent battle with Facebook.

It is adding new allegations of intellectual property theft to its six-week-old lawsuit against Facebook. In court papers filed Friday, Yahoo Inc. now says Facebook's online social network infringes on 12 of its Internet patents, up from 10.

Yahoo also denied allegations that it has been infringing on 10 of Facebook's patents and accused its rival of engaging in shady behavior.

Among other things, Yahoo says Facebook violated an agreement between the two companies to notify each other of possible patent infringements before filing a court claim.

"We remain perplexed by Yahoo's erratic actions," Facebook said in a statement. "We disagree with these latest claims and we will continue to defend ourselves vigorously."

Yahoo questioned Facebook's integrity in the new filing in San Francisco federal court. It said Facebook recently bought several patents for the sole purpose of counter-suing Yahoo and then guessed which Yahoo services might rely on the technologies covered by the intellectual property rights.

"Unless Facebook has unlawfully acquired Yahoo confidential business information, Facebook could not have developed a good-faith basis for many of the infringement allegations in its counterclaims," Yahoo's lawyers wrote in the papers.

Shortly after Yahoo filed its lawsuit March 12, Facebook bought 750 patents from IBM Corp. And on Monday, Facebook agreed to pay \$550 million for 650 patents that Microsoft Corp. had just bought from AOL Inc.

The acrimony between Yahoo and Facebook is spilling out as Facebook is preparing to raise \$5 billion in an initial public offering of stock that is expected to be the richest in Silicon Valley history.

Yahoo's decision to sue Facebook has been widely perceived in Silicon Valley as a desperate grab for a piece of the IPO action.

Once an Internet powerhouse, Yahoo first was eclipsed by online search leader Google Inc. and in recent years has been losing more traffic and advertising to Facebook. The shift has siphoned revenue away from Yahoo, with impacts including 2,000 layoff notices earlier this month, and it has depressed the company's stock price.

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Yahoo shares gained four cents Friday to close at \$15.57. The stock hasn't traded above \$20 since September 2008.

Yahoo hired a new CEO, Scott Thompson, at the start of 2012 in its latest attempt to engineer a turnaround. Thompson, Yahoo's fourth CEO in less than five years, is hoping he can boost the company's stock by getting Facebook to pay patent royalties through a settlement or court ruling. But if there's no truce, the legal skirmish could last years.

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