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## Patent Wars Erupt Again in Tech Sector

Consortium Including Apple, Microsoft, Ericsson Sues Google and Makers of Android Phones

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By ASHBY JONES

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Nov. 3, 2013 6:31 p.m. ET

The long-running patent war among the technology industry's heavyweights just grew a whole lot bigger—and more controversial.

After a brief hiatus for major new litigation, a joint venture owned by [Apple Inc.](#), [AAPL +0.12%](#) [Microsoft Corp.](#) [MSFT -3.59%](#), [BlackBerry Ltd.](#) [BB.T -4.45%](#), Ericsson Inc. and [Sony Corp.](#) [6758.TO -2.77%](#) launched a barrage of new lawsuits against a group of defendants that include [Google Inc.](#), [GOOG -4.03%](#) [Samsung Electronics Co.](#) [005930.SE -0.63%](#), [LG Electronics Inc.](#), [066570.SE -3.48%](#) [HTC Corp.](#) [2498.TW -2.51%](#) and Huawei Technologies Co.



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The suits, brought by the so-called Rockstar Consortium, largely position companies that don't sell smartphones built around Google's Android operating system against those that do. *Reuters*

The suits, brought by the Rockstar Consortium, largely position companies that don't sell smartphones built around Google's Android operating system against those that do. The suits accuse most of the defendants of violating patents involving smartphone designs and features. The litigation also targets parts of Google's core Web-search technology, based on patents Rockstar bought from Nortel Networks Inc. in 2011 after defeating Google in a bidding war.

That purchase of the 6,000 Nortel patents caused anxiety at the Justice Department. A chief concern was that Apple and [Microsoft](#), which took ownership of many patents related to wireless standards, rather than leave them with Rockstar, would use the patents to quash competition.

The Justice Department ultimately blessed the deal last year after getting concessions from the companies that they would agree to license the patents on "fair, reasonable and nondiscriminatory" terms.

The patents at the heart of the Rockstar suits filed last week don't pertain to standards. Also, the Justice Department's agreements were with Apple and [Microsoft](#), not the consortium, which was formed during the bidding for the Nortel patents. Rockstar took ownership of most of the patents that the companies bought.

Rockstar says the handset makers have infringed patents related to some basic features of many smartphones, including a 2000 patent that relates to navigating through documents on a hand-held device. Rockstar is seeking injunctions to prevent the handset makers from infringing its patents and pursuing unspecified damages from the handset makers and Google.

Some legal experts expect the lawsuits will trigger new attention to Rockstar, largely because it gives the appearance that three leading competitors to Android are teaming up

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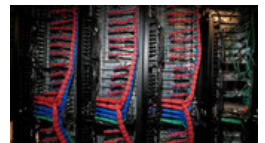
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against it.

"Alarm bells have to be going off at the Justice Department," said Michael Carrier, a professor at Rutgers School of Law who specializes in antitrust and patents.

The Justice Department declined to comment.

Rockstar Chief Executive John Veschi said the consortium, not the shareholder companies, made the decision to sue. "This really has nothing to do with Apple or Microsoft," he said.

Mr. Veschi said that his efforts to license the patents hadn't gone as well as he had hoped in 2011. "I figured that given the price that parties were willing to pay for these patents, talks to license them would be much easier," Mr. Veschi said. "We were reluctant to sue, but since we've paid the ante, I'm more than eager to enter good-faith negotiations."

Google, Samsung, LG and Huawei declined to comment on the lawsuits. HTC and three other defendants—Pantech Co., ZTE Corp. [\(000063.SZ -1.70%\)](#) and [Asustek Computer Inc.](#)

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"Although BlackBerry owns shares in Rockstar...BlackBerry does not have the voting power to control Rockstar's actions with respect to litigations," a BlackBerry spokeswoman said. Apple, Microsoft and Ericsson declined to comment. Sony, which makes Android phones, also declined to comment.

Technology companies have gotten used to patent litigation in recent years. The biggest players have sued and countersued in the U.S. and elsewhere, accusing each other of stealing their inventions.

Little has been resolved. Some of the suits have settled. Judges or juries have decided several others, most notably the Apple-Samsung dispute that ended last year in a \$1.05 billion jury verdict in favor of Apple. The judge on that case later cut the award by about 40% and ordered a retrial on several damages issues, which is set to begin next week. Several cases are on appeal.

Nevertheless, the Rockstar lawsuits, filed Thursday in federal court in Marshall, Texas, sent shock waves through an industry for which courtroom brawling has become the norm.

The Nortel patent portfolio at the center of the suits had been the subject of a high-stakes battle between Google and the Rockstar group 2 1/2 years ago. Google bid as much as \$4.4 billion for the patents, but Rockstar won with a \$4.5 billion bid.

The new wave of suits reflects a marketplace where Android-powered phones have outsold their competitors by a wide margin in recent years. Android controls three-quarters of the world-wide market for smartphones, according to research firm IDC. Phones powered by operating systems owned by Apple, Microsoft and BlackBerry make up the bulk of the rest.

Mr. Veschi said Rockstar's lawsuit is legitimate under the settlement with the government. He said the agreements made by Apple and Microsoft and the Justice Department only applied to the patents that the companies held on to, not to Rockstar or its 4,000 patents. "We got the OK to go off and assert these patents, and that's exactly what we're doing," he said.

—Rolfe Winkler and Daisuke Wakabayashi contributed to this article.

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