

Flooded Gates

By Reg P. Wydeven
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Last week was not a good one for Bill Gates. Typically, life is pretty good when you're one of the wealthiest, well-respected and philanthropic family men on the planet, but even guys that get to hang out with Bono can have a bad week.

A U.S. federal jury held that Gates' Microsoft Corp. had infringed on audio patents owned by Alcatel-Lucent and was ordered to pay \$1.52 billion in damages. Alcatel-Lucent developed and subsequently patented technology used for playing MP3 digital music files. It is this technology that the company accused Microsoft of using without permission, prompting the lawsuit that originally sought \$4.5 billion.

Microsoft claims it properly licensed the technology in question from the German company Fraunhofer for \$16 million. Accordingly, the company intends to file motions with the court requesting the judge to reduce the ruling, and even appeal the decision if necessary.

Legal and industry experts agree with Microsoft that it's not over. Microsoft has 10 counterclaims pending against Alcatel-Lucent, potentially resulting in a lengthy appeals process or more probably a negotiated settlement. The two companies are also fighting over patents involving the video-decoding technology in my beloved Microsoft Xbox 360 video game console.

In the meantime, those same experts believe Alcatel-Lucent may seek similar restitution from payments from other providers of software and hardware that support MP3 files, including Sony Corp., Creative Technology Ltd., Napster Inc. and Apple Inc.'s iPod and iTunes.

Speaking of Apple, Bill Gates' week got worse after long time rival Steve Jobs' company settled two lawsuits out of court. In the first case, Apple and Cisco Systems Inc. agreed to share the rights to the "iPhone" name, the moniker the software company gave to its electronic Swiss army knife consisting of a phone, PDA, video and MP3 player.

Cisco filed the lawsuit on January 10 after Jobs unveiled the iPhone, claiming Apple violated its trademark of the name it owned since 2000. Cisco used the name for its line of Linksys phones that make free long-distance calls over the Internet using a technology called Voice over Internet Protocol, or VoIP.

Apple claimed the suit was without merit because unlike Cisco's phone, Apple's iPhone operates over the cellular network instead of the Internet, so the companies' products would not be competing with one another.

Cisco allowed Apple to use the name in exchange for Apple agreeing to collaborate on "interoperability" between Cisco's offerings and Apple's famously closed products. Insiders believe Cisco's network services expertise and Apple's user-friendliness make a powerful combination.

To make matters worse for Gates, Apple also settled its long-standing trademark dispute with The Beatles over use of the Apple trademark. Apple Corps Ltd. is the holding company that owns the licensing rights to The Beatles song catalog. Both companies have fought over the use of "Apple" in their names.

The settlement allows Jobs' company to have control over the "Apple" name and the right to license certain trademarks back to Apple Corps for continued use of the name. In addition, the settlement should now allow Apple to offer The Beatles song catalog online on its iTunes website. Coincidentally, Apple Corps has purportedly been preparing new masters for digital download of the Fab Four's tunes.

Well, if Bill Gates' money 'can't buy him love' in the courts, at least he can now download the song on his new iPhone.

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