IBM to Give Away 500 Patents

By Eric Auchard

SAN FRANCISCO (Reuters) - U.S. patent leader IBM said late on Monday it plans to donate 500 patents for free use by software developers, marking a major shift of intellectual property strategy for the world's top computer maker and a challenge to the high-tech industry.

Jim Stallings, IBM's vice president in charge of intellectual property, said in an interview that the move was meant to encourage other companies to unlock patent portfolios in order to spur technological innovation.

"This represents by far the largest pledge of patents in U.S. history," IBM said in a statement to be issued on Tuesday. "You can use them and grow and innovate (and)...to build something new," Stallings said in remarks aimed at developers.

As the leading provider of computer services, IBM also stands to benefit from helping other companies make use of new technology developed under the open licensing program.

The policy change for IBM, which over the past decade has stood out as a leader among global companies seeking to reap greater profits from its patent portfolio, allows the company to continue to receive royalties from thousands of patents it holds on everything from microchips to supercomputers.

The donation coincides with an announcement by the U.S. Patent and Trademark Office that IBM topped the list of annual patent recipients for the 12th straight year, with 3,248 patents -- or 1,314 more patents than No. 2-ranked Matsushita of Japan, known for its Panasonic brand.

IBM's move puts it at the vanguard of a movement to redefine patent laws in less restrictive ways. Critics of patent law reforms over the
past decade say they have undermined the ability of software developers to innovate with the same level of freedom that led to the PC and Internet revolutions.

But it also puts IBM at further loggerheads with rivals such as Microsoft, which argues that open source software development undermines corporate intellectual property rights. It also contrasts with zealous patent defenders such as major pharmaceutical and media companies -- big IBM customers.

Open source refers to a method for developing software in which developers share the underlying code but compete to introduce specific innovations. It contrasts with the proprietary model of creating software in which the underlying code is shielded by each company as trade secrets.

CALL FOR OTHERS TO FOLLOW

The IBM move is meant to encourage other patent holders to donate their own intellectual property in order to form what the company refers to as a "patent commons," a modern twist on shared public lands set aside under traditional laws.

"We think the way it's going to evolve is that other companies will want to pledge," Stallings said. "I think they will come together and decide how to manage the commons," he said, stressing that IBM was hoping to jump-start but not control any resulting organization to manage this process.

"I think other companies will follow suit," agreed Stuart Cohen, chief executive of Open Source Development Labs (OSDL) of Beaverton, Oregon, an industry consortium that promotes open source software. He believes 10 companies may come forward to offer a pool of 1,000 or more shared patents.

The 500 patents cover areas such as storage management, simultaneous multiprocessing, image processing, database management, networking and e-commerce, Stallings said.

Examples of what IBM will contribute include 39 patents in storage management and patents covering Dynamic Link Libraries (DLLs) used to invoke larger programs, the IBM executive said.
More Technology - Top Stories Stories

· New Hat in Phone Ring  (washingtonpost.com)
· Verizon Wireless expands multimedia service for cell phones (USATODAY.com)
· New Patch May Fix 'Extremely Critical' IE Flaw  (NewsFactor)
· Digital Gear: Going Mobile  (PC World)
· Nokia slashes research staff to cut costs  (AFP)