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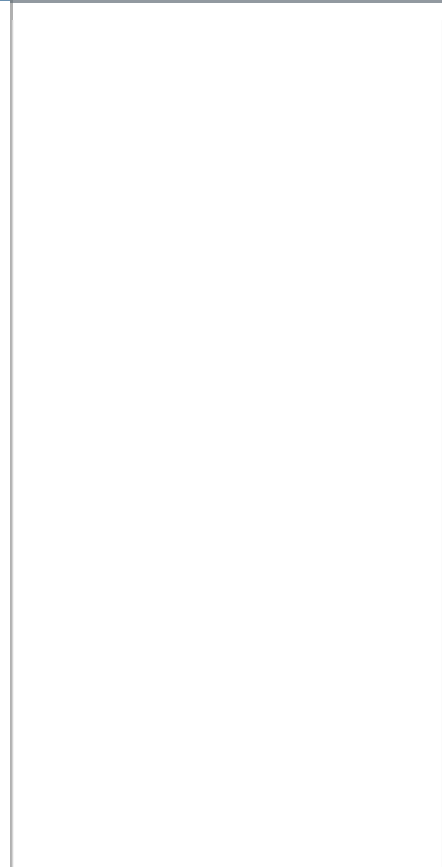
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# Shiny, Shiny Patents

TAL PINCHEVSKY FEB 06, 2009 3:00 PM



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	US Oil Fund	36.40	(+3.00%)

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A boom [industry](#) due for a major facelift could potentially help America.

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The biggest tech news of the past month didn't involve a flying car or a hybrid scooter. Both fascinating (not to say absurd) concepts have been in the news lately, but the big headlines came courtesy of a [patent](#) entitled "Display Housing for Computing Device" recently awarded to **Apple** ([AAPL](#)). Not exactly the catchiest title - but that patent has already started making waves

While the basic patent hints at an iPhone-like touchscreen portable computer, referred to by bloggers as "big iPhones," it also made reference to "a digital-video camera application" and support for "video conferencing." That potential watershed for [Apple](#) has some wondering if the company now owns touchscreen technology entirely. In addition, it casts a spotlight on the patent industry, a virtual boomtown that could soon see increased checks and balances.

Following record years for patent filings in 2006 and 2007, last month **IBM** ([IBM](#)) announced that they had earned 4,186 patents in 2008. That marked the first time an American company had ever broken the 4,000-patent ceiling, exceeded the number of patents issued to **Microsoft** ([MSFT](#)), **HP** ([HP](#)), **Oracle** ([ORCL](#)), **Apple** ([AAPL](#)), and **Google** ([GOOG](#)) combined.

The record numbers have created a new cottage industry. One example is the growth of companies like **Acacia** ([ACTG](#)), which specializes in buying patents and licensing them to other companies like **Verizon** ([VZ](#)), **Dell** ([DELL](#)), and **Siemens** ([SI](#)) while simultaneously going after companies that may be violating those patents.

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It's symptomatic of an oversized industry, but also of an inefficient one. "There are some who would stick the moniker 'troll' on Acacia. They don't invent anything. They just buy patents and enforce them," says Mark Webbink, a visiting professor at New [York Law](#) School and Director of the Center for Patent Innovations, an organization partnering with the US Patent and Trademark Office to tighten up the way patents are issued.

Webbink adds, "It helps the economy by making the marketplace more efficient. If we have greater confidence in the patents and their validity, the better they can be enforced. Patent [litigation](#) is just exploding. Major companies like Microsoft and **Cisco** ([CSCO](#)) are just inundated with these lawsuits. It is semi-inefficient the way it is."

Even if the current economic climate has seen a drop in patent filings, it's negligible compared to the decline in other markets. And with the Center for Patent Innovations looking to expand its program, there could be greater implications for the economy as a whole.

"I think it helps the economy by making the marketplace more efficient," says Webbink. "People lose confidence in the system because some patents don't have value, it distorts the marketplace. New innovation gets stifled for fear of being sued under a patent that has no merit whatsoever."

With increased vigilance and the encouragement of real innovation, the exploding patent industry could someday save the US economy. If it does happen, by that time we'll likely be reading about it on our new big iPhone.

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what he said, could he? There are many patents that don't have "value" but are nonetheless valid and enforceable. And this dolt is working to improve the PTO? Gawd help us.

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