

Disruptive Telephony

Dan York on how Voice over IP is rewriting (almost) everything you thought you understood about telephony...

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Does the Skype/Mangosoft patent settlement about "dynamic directory service" bode ill for the emerging P2P landscape?

Now that we see some incredibly powerful peer-to-peer (P2P) technology models emerging in the telephony/communication space, will we see that innovation being challenged or delayed by patent lawsuits?



The New Hampshire Business Review reported this week that [Skype has settled a patent lawsuit with Mangosoft](#) for \$2.3 million over a patent apparently related to "dynamic directory service". Now [per the NHBR article](#), it would appear that Mangosoft is fading away as a company and indeed while [the website](#) appears on initial view to be there, [the management team is simply the one CEO](#) and the newest "[news](#)" [on the web site](#) dates from early 2007. Their [news release](#) about the settlement with eBay is very brief and refers now to "MangoSoft Intellectual Property, Inc." Phil Wolff over at Skype Journal [notes that MangoSoft's SEC filing](#) is also brief (but discloses the amount). Looking back at [MangoSoft's 2007 annual report](#), they are themselves very clear on what they are doing:

BUSINESS STRATEGY

We no longer develop new software products or services. We continue to market, sell and support our software services. Our strategy also includes seeking strategic business partnerships and distribution channels to leverage our patented technology. All of our business operations are overseen by our sole officer and director, who utilizes third party contractors, as required, to implement the Company's business strategy.

Though I had not heard of Mangosoft until this article (even though I was living in southern NH during their height), I will say that their [technology sounds interesting](#) and indeed in reading Mangosoft's patent 6,647,393 on "Dynamic Directory Service" (either at [the US Patents and Trademark Office](#) or over on [Google Patents](#)) their invention filed back in 1997 does appear to be essentially what we would call today a peer-to-peer distributed directory service, where "directory" is used in the truly generic form as referencing a list of objects of any form (ex. file descriptors, user info, any pieces of information). [Obvious HUGE caveat - I am NOT a patent lawyer, nor do I play one on TV or the Internet or anywhere else.] From what I know of Skype's architecture, it would seem that they do use a distributed directory service and so it is perhaps no surprise that they eventually settled.

The question is really - *is this just the beginning of more lawsuits in the P2P space?* MangoSoft's [annual report for 2007](#) shows a debt of \$89 million as of December 2006 and [the NHBR articles](#) notes that the trend in operating losses has continued with a \$680,000 loss in 2008 year-to-date. There is obviously an incentive for them to continue on to try to recoup the ~\$90 million that investors have sunk into the company. Beyond this patent, Mangosoft [holds several other patents](#) that are related to distributed architectures. It could very well be that this \$2.3 million from Skype will be invested now in future lawsuits against other players in the space. Or perhaps not... perhaps it will simply be distributed to some of the existing investors as the operation fades away. I guess that will largely depend upon how much of a solid case to proceed MangoSoft's investors and sole employee believe they have.

While I am definitely sympathetic to inventors who pursued a new technology but were perhaps too far ahead of their time, I must say that I'm not personally excited to see more lawsuits hitting the industry as we see more and more companies (startups, typically) exploring new ways to build communications technologies based on P2P networks. We're in a fascinating time from a network technology point-of-view, as massively distributed networks are now possible and through systems like Skype and BitTorrent we've seen that they are very possible to create. I'd like to hope that this innovation will continue unimpeded by legal battles... although I realize that that's probably an idealistic dream. Even if MangoSoft does *not* pursue others, over time other larger players will challenge the startups in court should they become more of a competitive threat.

Ah, well, we shall have to see. In the meantime, I guess the good news for Skype is that with their one-time licensing of MangoSoft's patents, they will at least be protected from any further issues in court on these particular patents.

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