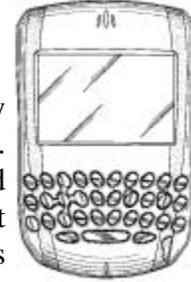


***RIM, with the support of Canada and Intel, Ask Court for Another Review of BlackBerry Patent Case***

*NTP v. Research-in-Motion (en banc review).*



A new flurry of appeal briefs further complicates this closely watched case involving the fundamental question of how the U.S. patent laws can be asserted against foreign activities. Canada based Research-in-Motion (RIM) was at the losing-end of a 2003 patent infringement trial that resulted in a permanent injunction against its popular BlackBerry system. That judgment is stayed pending a series of appeals that have included two appellate court opinions. Now, RIM is asking the Court of Appeals for the Federal Circuit (CAFC) to hear the appeal as an *en banc* panel of all twelve judges.

**Background**

In August, 2005, the CAFC released a second appellate opinion in the case. The new opinion focused on the extent that a patent must be practiced *within the U.S.* to fall under the guise of § 271 of the Patent Act and specifically highlighted on the difference between system claims and method claims with relation to international activities. A system, the court held, is used “within the United States” so long as the United States “is the place at which the system as a whole is put into service, *i.e.*, the place where control of the system is exercised and beneficial use of the system obtained.” A method, however, is only used “within the United States” if “each of the steps is performed within this country.”

As such, RIM (RIMM) was able to avoid infringement of NTP’s *method claims* but not the *system claims* because “RIM’s customers located within the United States controlled the transmission of information and benefited from the resulting exchange of information.”

The court also opined on the inapplicability of other portions of 271 to method claims:

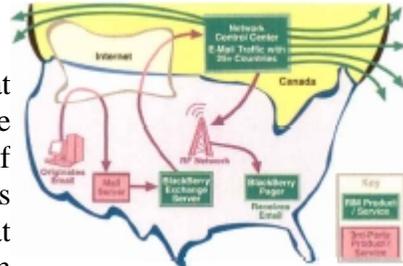
- **Sale:** The CAFC found it unlikely that a method claim could infringe through the sale provision of 271(a).
- **Component:** Distinguishing *Eolas*, the CAFC implied that a method claim would rarely if ever trigger 271(f).
- **Section 271(g):** The import provision only applies to physical articles — and thus cannot be used to find infringement of a method for transmitting information (as claimed by NTP).

## Rehearing *en Banc*

In the wake of the revised appellate opinion, RIM has renewed its request for an *en banc* rehearing – hoping that a full panel of appellate judges will eliminate the “control and beneficial use” standard for transnational infringement. NTP opposes the rehearing.

### RIM’s Petition for Rehearing

In its brief, RIM questioned the panel decision that “use” of a “patented invention” occur can “within the United States” under 35 U.S.C. 271(a) even if significant components or acts specified by the claims are outside the United States. RIM further argued that the panel’s distinction between method and system claims was not given any justification and is “untenable.”



The Panel erred on multiple grounds. First, the Panel fails to follow the plain statutory language extraterritorially limiting § 271(a) liability to “uses . . . within the United States.” As a result, the Panel makes an unsupported distinction between method claims and system claims creating a generic rule for all system claims that fails to consider the nature of the actual patented invention. Second, the Panel ignores basic canons of statutory construction that forbid extending the patent statute extraterritorially absent clear Congressional direction. Third, the Panel erroneously finds § 271(a) liability based on *Decca*, a case decided under 28 U.S.C. 1498, the statutory language and purpose of which are entirely different from § 271(a). Fourth, the Panel misapplied that analysis and decided fact issues that should be left for the jury.

### NTP’s Opposition to the Rehearing

In its opposition brief, NTP continues its barrage on RIM for its “attempts to delay purely for delay purposes.”

The Panel properly focused on the only pertinent activities for the 271(a) question presented: the acts of millions of U.S.-located BlackBerry users that put into service their U.S.-located BlackBerry handhelds to send and receive wireless emails millions of times each day using U.S.-located transceivers and US.-located email systems equipped with thousands of U.S.-located email gateway redirectors sold by RIM. The only pertinent RIM activities are those establishing inducement and contributory liability - activities conceded by RIM on appeal. Other acts that RIM raises are irrelevant. Indeed, under RIM’S reasoning, use by BlackBerry customers in other countries negates the tort of infringement arising from use in the United States. Such analysis lacks any basis in law, precedent, or reason.

NTP argued that the longstanding principles of the *Decca* case clearly guide this case, and that “unless [the CAFC] *sua sponte* intends to overturn *Decca* and *Decca II* in a manner that the Supreme Court and Congress have refused, RIM presents no issue that warrants further review.”

### **Microsoft’s Amicus Brief in Support of the Petition**

Microsoft took time to point-out the inconsistencies between the NTP decision and the handful of other recent cases involving extraterritorial application of U.S. patent laws, and the software giant asked the court to rehear this case in conjunction with its own pending *AT&T v. Microsoft* to ensure a “uniform and consistent body of case law concerning the territorial reach of 35 U.S.C. § 271.”

- *NTP v. Research in Motion*, (271(f) “component” does not apply to method claims).
- *AT&T v. Microsoft*, 414 F.3d 1366 (Fed. Cir. Jul. 13,2005) (271(f) “component” applies to method claims and software being sold abroad);
- *Eolas v. Microsoft*, 399 F.3d 1325 (Fed. Cir. Mar. 2,2005) (271(f) “component” applies to method claims);
- *Pellegrini v. Analog Devices*, 375 F.3d 1113 (Fed. Cir. 2004) (271(f) “component” does not cover export of plans/instructions of patented item to be manufactured abroad);
- *Bayer v. Housey Pharms*, 340 F.3d 1367 (Fed. Cir. 2003) (271(g) “component” does not apply to importation of ‘intangible information’).

Regarding policy, Microsoft argued that limiting 271(a) U.S. patent law to not include any foreign actions, would create “an incentive for American companies to locate certain aspects of their systems outside the United States, primarily to avoid infringement liability. Such an outcome would likely result in loss of jobs, skilled workers, capital, and information technology, abroad.” On the other hand, Microsoft argued that allowing infringement for export of components under 271(f) creates “an incentive to move their research aid development abroad.”

### **Canadian Government’s Amicus Brief in Support of the Petition**

In a rare move, the [Government of Canada](#) filed a brief supporting the petition for rehearing *en banc*. The brief notes that the panel opinion does not include any discussion of the principles of comity and international law that should be considered when determining the extent that U.S. laws should be interpreted to limit activities taken on foreign soil.



“The reissued panel opinion lacks any acknowledgment or discussion of the effect of, or the effect upon, long-established international understandings and agreements regarding national jurisdiction over intellectual property. Because the decision of the panel was neither explained

nor justified in terms of contemporary, internationally-accepted principles of national jurisdiction, the opinion raises questions concerning fundamental principles upon which this international intellectual property system has harmoniously been based for well over a century.”

The brief recognized that the eventual conclusion may well be that patent laws should extend transnationally. However, the thrust of this brief is that an expansion of extraterritorial application of the law should include a thorough analysis of the international implications.

### **Canadian Chamber of Commerce in Support of the Petition**

The group of Canadian businesses argue that the standards created by the RIM opinion create confusion by the artificial distinction between system and process claims. Further, the group argue that the court should respect the rule of comity when construing a statute.

As the Supreme Court recently stated, courts "ordinarily construe[] ambiguous statutes to avoid unreasonable interference with the sovereign authority of other nations." *F. Hoffman-La Roche v. Empagran*, 542 U.S. 155 (1994).

### **Seven Networks, Inc. Brief in Support of the Petition**

Seven Networks argues simply that patents are “national in scope.” And, without congressional action, patents should remain national in scope.

On its face, 35 U.S.C. §271(a) is national in scope, and the statute has no extraterritorial reach. It applies to "whoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States". When a statute is silent as to its extraterritorial application, the presumption is that the statute does not have extraterritorial effect.

With reference to “control and beneficial use” standard derived from *Decca*, Seven argued that Decca’s decision required ownership of the foreign-located system elements. Because RIM customers do not own the Routers located in Canada, they cannot be said to have control or be beneficially using that element.

### **Information Technology Association of Canada Brief in Support of the Petition**

The ITAC brief takes the stance that method and system claims should be treated consistently. ITAC correctly points out that it is often quite easy to draft a “system” claim that contains the same limitations as a parallel “method” claim.

## NTP's Consolidated Response to the Amicus Briefs

1. No amici disputes the fact that one of the patents does not even give rise to the issue of territoriality (NTP wants to avoid this altogether and just get paid).
2. The Canadian Gov't Brief confirms that U.S. patent laws apply when the RIM system is used Within the U.S.
3. Microsoft supports the decision finding infringement of the system claims.
4. The Canadian Chamber of Commerce seeks an improper advisory opinion (on product-by-process claims).
5. The ITAC brief, prepared by RIM's patent firm (Kirkland & Ellis) merely rehashes RIM's old arguments.
6. Seven Networks hopes to avoid infringement by placing its own routers abroad.

## Intel's Amicus Brief in Support of the Petition

In a brief supporting an *en banc* rehearing, Intel first noted that this issue is of great importance to today's economy where many thousands of businesses operate multinationally. Like RIM, Intel could find no "principled or policy basis" for the outcome of a multinational infringement case to depend on the form of the preamble of the claim.

There is no reason to hold that practicing every step is essential to infringement of a claimed process, yet hold that use of every component is not essential to infringement of a claimed system.

Regarding 271(f), Intel discussed the fact that, although the four recent Federal Circuit cases discussing 271(f) purport to distinguish one another, "the ultimate holdings are difficult to square, and they lack a common analytical approach." (See, [Eolas](#), [AT&T](#), [Pellegrini](#), & NTP). "The Court has yet to take a consistent and holistic view of infringement liability in the transnational context."

Finally, Intel asked the court to place the burden on patent drafters — arguing that it is possible to draft claims to virtually any invention that avoids the need to extend 271(a) to cover extraterritorial activities.

In a brief filed specifically in response to Intel's brief, RIM argued (i) that it had been filed after the deadline and thus should be considered untimely; (ii) that Intel does have a [financial interest in the case](#); and (iii) that Intel's brief simply rehashes old arguments.

## Documents:

- [RIM Petition For Rehearing](#)
- [NTP's Response to RIM's Petition for Rehearing](#)
- [Microsoft Amicus Brief in Support of Petition](#)
- [Canadian Government Brief in Support of Petition](#)
- [Canadian Chamber Amicus Brief in Support of Petition](#)

- [ITAC in Amicus Brief Support of Petition](#)
- [Seven Networks Amicus Brief in Support of Petition](#)
- [NTP's Response to Amicus Briefs](#)
- [Intel Amicus Brief in Support of Petition](#)
- [NTP's Response to Intel's Brief](#)

**Links:**

- [Link](#): Discussion of the *NTP v. RIM* CAFC Replacement Opinion, August 3, 2005.
- [Link](#): Discussion of RIM/NTP Settlement Problems, June 26, 2005.
- [Link](#): Expanding reach of U.S. patent law, March 6, 2005.
- [Link](#): *Eolas v. Microsoft*, March 2, 2005.
- [Link](#): Canada Challenges NTP ruling, January 18, 2005
- [Link](#): Discussion of Original *NTP v. RIM* decision, December 14, 2004.