

Case No. 03-1615

**INFORMATION TECHNOLOGY ASSOCIATION OF CANADA'S
BRIEF AS *AMICUS CURIAE* SUPPORTING
RESEARCH IN MOTION'S COMBINED PETITION
FOR REHEARING AND FOR REHEARING *EN BANC***

**In the
United States Court of Appeals
for the Federal Circuit**

NTP, INC.,

Plaintiff -Appellee,

v.

RESEARCH IN MOTION, LTD.,

Defendants-Appellants.

**On Appeal from the United States District Court
for the Eastern District of Virginia
in case no. 01-CV-767, Judge James R. Spencer**

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August 23, 2005

CERTIFICATE OF INTEREST

Counsel for *amicus curiae*, Information Technology Association of Canada (“ITAC”), certifies the following:

1. The full name of every party or amicus represented by us in this appeal is:

Information Technology Association of Canada

2. The name of the real party in interest represented by me is:

Information Technology Association of Canada

3. All parent corporations and any publicly held companies that own 10 percent or more of the stock of the *amicus curiae* represented by me are:

N/A

4. The names of all law firms and the partners or associates that are expected to appear for this *amicus curiae* in this court are:

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TABLE OF AUTHORITIES

Cases

<i>Decca Ltd. v. United States</i> , 544 F. 2d 1070 (Ct. Cl. 1976)	5
<i>Deering Precision Instruments, L.L.C. v. Vector Distrib. Sys., Inc.</i> , 347 F.3d 1314 (Fed. Cir. 2003).....	4
<i>In re Kollar</i> , 286 F.3d 1326 (Fed. Cir. 2002).....	4
<i>In re Swinehart</i> , 439 F.2d 210 (C.C.P.A. 1971)	4
<i>Joy Techs., Inc. v. Flakt, Inc.</i> , 6 F.3d 770 (Fed. Cir. 1993).....	4
<i>Roberts Dairy Co. v. United States</i> , 530 F.2d 1342 (Ct. Cl. 1976)	4
<i>Subafilms Ltd. v. MGM – Pathe Communications</i> , 24 F.3d 1088 (9th Cir. 1994).....	9
<i>ZMI Corp. v. Cardiac Resuscitator Corp.</i> , 844 F.2d 1576 (Fed. Cir. 1988).....	4

Statutes

35 U.S.C. § 102(b)	4
35 U.S.C. § 271(a).....	1, 2, 3, 10

Other Authorities

<i>Adams</i> , “Intellectual Property Infringement in Global Networks: The Implications of Protection Ahead of the Curve,” International Journal of Law and Information Technology, Vol. 10 No. 1, pp. 546-550, 584.....	9
<i>Agreement on Trade-Related Aspects of Intellectual Property Rights</i> (“TRIPs”).....	9

<i>Burk,</i>	
“Patents in Cyberspace: Territoriality and Infringement on Global Computer Networks” 68 Tul. L. Rev. 1 (1993).....	7
<i>Chaikovsky et al.</i>	
“Globalization, Technology Without Boundaries & The Scope Of U.S. Patent Law,” Intellectual Property Law Bulletin, Spring 2005 (WL 9 No. 2 IPLB 95).....	8
<i>North American Free Trade Agreement</i>	
(“NAFTA”).....	9
<i>Paris Convention for the Protection of Industrial Property</i>	
(the “Paris Convention”).....	9

Rule 29(a) Statement Of Parties' Consent

Pursuant to Federal Circuit Rule 29(a), counsel for ITAC has discussed this motion with counsel for Research in Motion and NTP. Research in Motion consents to the filing of this brief and does not plan to file a response. NTP also consents to the filing of this brief, but expects to file a response.

Rule 35(b) Statement Of Counsel

Based on my professional judgment, I believe this appeal requires an answer to the following question of exceptional importance: Whether “use” of a patented apparatus or system invention occurs “within the United States” under 35 U.S.C. § 271(a), even though necessary components of the claimed apparatus or system are located outside the U.S., and even through such components are owned and controlled by a foreign company that is also located outside the U.S.

Statement Of Interest

Amicus curiae is the Information Technology Association of Canada, (“ITAC”). ITAC is the voice of the Canadian information and communications technology industry. Together with its affiliated organizations across the country, ITAC represents 1300 companies in the information and communications technology industry, including telecommunications and Internet services, information technology and communications consulting services, hardware, microelectronics, software and electronic content. ITAC's network of companies accounts for more than 70% of the 550,000 jobs, \$130 billion in revenue, \$5.2 billion in R&D investment, \$18.7 billion in exports, and \$10.8 billion in capital expenditure contributed annually to the Canadian economy. Research in Motion is a member of ITAC, and two of RIM's executives are among the several individuals who serve on various ITAC boards.

ITAC's interest in this case arises from the Panel's decision to apply, extraterritorially, the strict liability provision for direct infringement under 35 U.S.C. § 271(a) to cover “systems,” components of which are not “in the United States.” In recent years, there has been a dramatic increase in global business and personal communications. ITAC members in Canada sell products and offer

services worldwide. The Panel's holding that a person directly infringes a U.S. "system" patent, even though the accused "use" requires operation of system component(s) that are located in Canada, and which are owned and controlled by a Canadian company also located in Canada, represents a significant expansion of the reach of § 271(a). Such extraterritorial expansion of U.S. patent rights will detrimentally impact ITAC members and international commerce, particularly electronic commerce.

ITAC seeks to provide this opportunity for this Court, in the context of the rehearing and/or rehearing *en banc* of this case, to consider input from those companies and other entities that are affected by such extraterritorial expansion of U.S. patent law.

Summary Of Argument

In its August 2, 2005 reissued opinion, the Panel correctly found that a claimed *method* cannot, as a matter of law, be performed "in the United States," as required by § 271(a), when the equipment alleged to perform that method is physically located outside the U.S., even if the alleged "user" of the claimed method is physically located in the U.S. Slip Op. at 58. However, by reaching the opposite conclusion with respect to *system* claims, the Panel's opinion neglects important issues of extraterritoriality and international comity.

When it comes to "use" under § 271(a), the case law is clear that each and every limitation of the claim must, in fact, be used, regardless of whether the invention is a method or an apparatus/system. The Panel's reissued opinion creates a new, unworkable, geographic distinction unsupported by the plain language of § 271(a) or the relevant case law: An individual located in the U.S. who physically

operates one component of a multi-component, multi-national invention does not, as a matter of law, “use” the method “within the United States.” However, at the same time, and by very same activity, that person somehow “uses” “within the United States” the international *system* that performs that same method.

This new form of extraterritorial “system” liability is not contemplated by the plain language of § 271(a) and significantly increases the risks of infringement liability for foreign companies, particularly those in the fields of telecommunications and Internet-based networks. The decision has the potential to interfere with trade between Canada and the United States. ITAC believes the issue is of sufficient importance that the Panel should further re-consider its decision, or the case should be reheard *en banc*.

Argument

ITAC respectfully submits there is no reasonable basis for the Panel’s inconsistent treatment of method and system claims. The plain language of § 271(a), which requires “use[]” of the “invention within the United States,” draws no geographical distinction between method and system claims. If even a single limitation of an asserted claim is not physically located “within the United States,” then the plain language of § 271(a) does not support a finding of infringement.

The Panel’s opinion notes the distinction between method and apparatus claims when it comes to making, selling or offering to sell an invention. However, that distinction is not based on the geographical location of the alleged infringing activity. Instead, that distinction is based on the simple fact that making, selling,

or offering to sell a piece of equipment does not equate to practicing the claimed method invention.¹

The Panel's new distinction between extraterritorial infringement of "method" and "system" claims risks arbitrary and anomalous results, based simply on the draftsman's choice of the word "method" or "system" in the claim preamble. In reality, inventions can be systems that perform certain steps or methods,² and "system" claims may include method limitations. See *In re Swinehart*, 439 F.2d 210 (C.C.P.A. 1971); *ZMI Corp. v. Cardiac Resuscitator Corp.*, 844 F.2d 1576, 1581 (Fed. Cir. 1988). Thus, it is possible for a single patent to contain two claims, one a "method" claim, and one a "system" claim, both of which recite an *identical* method limitation. Under the Panel's opinion, if equipment is located in Canada, then the exact same limitation, could not, *as a*

¹ The cases cited by the Panel do not support a geographical distinction between the "use" of methods and apparatus/systems. *In re Kollar*, 286 F.3d 1326 (Fed. Cir. 2002), addresses sales for purposes of the on-sale bar of 35 U.S.C. § 102(b). Likewise, *Joy Techs., Inc. v. Flakt, Inc.*, 6 F.3d 770 (Fed. Cir. 1993), addresses the "sale" of a process invention. The Panel's reliance on *Roberts Dairy Co. v. United States*, 530 F.2d 1342, 1354 (Ct. Cl. 1976) is also misplaced. That case merely stands for the general proposition that each and every limitation of a claimed invention must be satisfied before infringement may be found. The same general proposition applies equally to apparatus/system claims. See, e.g., *Deering Precision Instruments, L.L.C. v. Vector Distrib. Sys., Inc.*, 347 F.3d 1314, 1324 (Fed. Cir. 2003).

² See, e.g., claims 652-654 of NTP's '592 patent, which recite "a computer program . . . for use in a communication **system** comprising a wireless **system** . . . an originating **device**, mobile processors . . . said computer program when executed causes said destination processor to **perform the steps of** . . . receiving . . . and transmitting" Claims 652-654 also raise the additional issue of whether a "computer program" is properly classified as an apparatus/system or a method – an important distinction under the Panel's opinion.

matter of law, be met with respect to the method claim, but could simultaneously be met with respect to the “system” claim.

Consider dependent claims 15 and 32 of NTP’s ‘960 patent, each of which adds the identical method limitation to the claim from which they depend. Under the Panel’s opinion, claim 32, which is a “method” claim, cannot be infringed, as a matter of law, if the recited step was performed by equipment located in Canada. However, the identical limitation in “system” claim 15 could be met under the exact same facts. Moreover, suppose the additional limitations recited in claims 15 and 32 were “key” limitations in the sense that they were essential in order to distinguish those claims from the prior art. The fact that a “key” function, method, or component of a claimed invention is in Canada, rather than the U.S., should preclude a finding of “use[] . . . within the United States,” regardless of the preamble’s characterization of the invention as a “method” or “system.” ITAC respectfully submits that, at the very least, if the Court continues to distinguish “methods” from “systems” for purposes of extraterritorial application of § 271(a), then “method” limitations in claims otherwise directed to “systems” should be required to be performed in the U.S.

The Panel’s opinion also continues to misapply *Decca Ltd. v. United States*, 544 F. 2d 1070 (Ct. Cl. 1976) by assuming that a person in the U.S., who physically operates and controls only a handheld pager, can fairly be considered to be “controlling” each and every component of an entire telecommunications network, and is therefore “using” each and every component “within the United States,” even though that person does not enjoy any ownership, authority, or control over the rest of the components of (or connected to) that network, and even

though some of the remote components are located outside the U.S. By finding that RIM's U.S. customers "control" and therefore "use" the entirety of the BlackBerry network "within the United States," including the Relay that is physically located in Canada (and owned, operated, and controlled by RIM from within Canada) the Panel creates a new type of extraterritorial infringement for telecommunications or Internet-based systems.

Consider, for example, the non-telecommunications example of a fictional, courier service called Canadian Express ("Can-Ex") operating a "system" that spans the U.S. and Canada. A person located in Chicago sends a letter to a person in Buffalo by dropping the letter in a Can-Ex drop-box in Chicago. An independent trucking company ("Carrier A") drives the letter to Can-Ex's Toronto facility, where the letter is placed in a sorting/redirecting machine, which sorts and redirects the letter to Buffalo. Another independent trucking company ("Carrier B") drives the letter from Toronto to Buffalo, where the letter is picked up by a Can-Ex delivery person, who delivers it to the addressee in Buffalo.

In this example, the sender of the letter could arguably be described as putting the "system" into operation by "using" the drop box, and that person arguably enjoys the "benefit" of the entirety of the Can-Ex "system." However, it does not follow that the Chicagoan has controlled each and every component of the entire system, including the first truck (owned and controlled by Carrier A over both U.S. and Canadian roadways), the sorting/redirecting machine (owned and controlled by Can-Ex and located exclusively in Canada), and the second truck (owned and controlled by Carrier B over both Canadian and U.S. roadways). Nor has the Chicagoan "controlled," or "used in the United States," each and every

limitation of a patent claim that recites a courier “system” comprising a drop-box, a first truck, a sorting/redirecting machine, and a second truck. However, such logic was applied by the Panel to find infringement by RIM’s U.S. customers who set into motion an analogous electronic system (including components owned, operated, and controlled by others located in whole or in part in Canada, including RIM as well as independent, third-party wireless network carriers and Internet service providers) by sending an “electronic” letter rather than a paper letter. *See Slip Op.* at 57 (“When RIM’s United States customers send and receive messages by manipulating the handheld devices in the possession in the United States, the location of the use of the communication system as a whole occurs in the United States.”) In fact, under the Panel’s “control and beneficial use” test, which focuses exclusively on the geographic location of the *sender* of the message, a letter sent via “Can-Ex” to a recipient in Waterloo, Ontario, Canada, would also arguably constitute an infringement of the hypothetical “system” claim discussed above, even though the recipient is located in Canada and the “Carrier B” trucking company would be operating exclusively within Canada.

Moreover, when considering the Internet, in general, the Panel’s “control and beneficial use” test could arguably be applied to encompass even more tenuous “uses” of complete electronic “systems” that cannot reasonably be considered to be “controlled” by local users and therefore used “within the United States.”³ Commentators have noted as much with respect to the Panel’s original opinion,⁴

³ *See, e.g., Burk*, “Patents in Cyberspace: Territoriality and Infringement on Global Computer Networks” 68 *Tul. L. Rev.* 1 (1993).

⁴ *See Chaikovsky et al.*, “Globalization, Technology Without Boundaries & The Scope Of U.S. Patent Law,” *Intellectual Property Law Bulletin*, Spring 2005

and the Panel's reissued opinion continues to raise the same questions. For example, any time a person sitting at a desktop computer in the U.S. sends or receives an e-mail to or from a geographically remote country, accesses a web page hosted on a server located in a geographically remote country, or downloads a file from a database located on a computer in a geographically remote country, does that person "control" and therefore "use" "within the United States" each and every network, router, server, computer, cable, and/or wireless "system" over which the electronic communication takes place? Has that person "controlled" and therefore "used" "within the United States" each and every software "system" that must be run somewhere in the world in order to effectuate that communication? Under the Panel's "control and beneficial use" test, can each of those components be considered to be "controlled" by several entities? From which components of each of these "systems" is the person receiving a benefit? Would both the sender and receiver of an e-mail each be subject to liability for infringement based on a single e-mail? At the very least, this Court should reconsider the Panel's test in order to provide some guidance as to how to determine where an international telecommunication "system" or Internet-based "system" is controlled and where any "beneficial use" of such a system takes place. The lack of any such guidance in the Panel's opinion makes it difficult, if not impossible, for ITAC members and other Canadian (indeed, any foreign-based) companies to determine whether their systems may infringe a "system" claim of a U.S. patent.

Moreover, this is not just an issue for foreign-located companies. U.S.-based entities whose systems interact or are combined with foreign systems are

(available on Westlaw as 9 No. 2 IPLB 95).

also affected by the Panel's opinion. If this Court extends the extraterritorial reach of U.S. Patent Laws to cover telecommunications and Internet-based systems with components located outside the U.S., other countries may likewise extend the reach of their patent acts, as well. Under such a scenario, a person who sends an e-mail from a desktop computer in the U.S. could theoretically be subject to the patent laws of each and every country through which that e-mail travels.

Given the policy considerations and international treaties and conventions to which the U.S. is subject,⁵ ITAC respectfully submits that it should be left to the

⁵ The Panel's extraterritorial expansion of U.S. patent rights violates several multilateral and bilateral patent treaties and conventions to which the U.S. is a party; notably, the *Agreement on Trade-Related Aspects of Intellectual Property Rights* ("TRIPs"), the *Paris Convention for the Protection of Industrial Property* (the "*Paris Convention*"), and the *North American Free Trade Agreement* ("NAFTA"). Each of TRIPs, the *Paris Convention*, and NAFTA are founded on two central principles: national treatment and minimum standards of protection. See TRIPs, preamble ("Recognizing the underlying public policy objectives of national systems for the protection of intellectual property, including developmental and technological objectives"); TRIPs, Article 1 (addressing the Minimum Standards of protection); TRIPs, Article 3 (addressing the National Treatment obligation). See *Paris Convention*, Article 2 (addressing National Treatment). See NAFTA, Article 1701 (addressing Minimum Standards); NAFTA, Article 1703 (addressing National Treatment).

The Panel's opinion reduces the benefit of seeking patent protection in countries that would be subject to the extraterritorial reach of U.S. patent law, thereby threatening the principles of national treatment and minimum standards. See *Subafilms Ltd. v. MGM – Pathe Communications*, 24 F.3d 1088, 1097-1098 (9th Cir. 1994). See also, Adams, "Intellectual Property Infringement in Global Networks: The Implications of Protection Ahead of the Curve," *International Journal of Law and Information Technology*, Vol. 10 No. 1, pp. 546-550, 584.

U.S. Congress to consider such issues and to determine whether, and to what extent, the U.S. Patent Act should be amended in order to cover international telecommunications and Internet-based networks that include physical components located outside the U.S. At the very least, this Court should consider these issues *en banc* before stretching the plain language of § 271(a) to cover international telecommunications and Internet-based systems. If there is to be such extraterritorial application of § 271(a), the process of *en banc* review should be used in order to develop a test that can be applied in a way that respects the principles of national treatment and minimum standards while also addressing the global nature of modern telecommunications and Internet-based networks.

Conclusion

The Panel's opinion raises questions of exceptional importance concerning the extraterritorial application of U.S. patent law, particularly as it relates to international telecommunications and Internet-based networks. ITAC therefore respectfully requests this Court grant RIM's petition for rehearing or rehearing *en banc*.

August 23, 2005

Respectfully submitted,



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CERTIFICATE OF SERVICE

I hereby certify that on this 23rd day of August, 2005, copies of the foregoing **INFORMATION TECHNOLOGY ASSOCIATION OF CANADA'S BRIEF AS *AMICUS CURIAE* SUPPORTING RESEARCH IN MOTION'S COMBINED PETITION FOR REHEARING AND FOR REHEARING *EN BANC*** was served

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