

03-1615

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IN THE UNITED STATES COURT OF APPEALS  
FOR THE FEDERAL CIRCUIT

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NTP, INC.,

*Plaintiff-Appellee,*

v.

RESEARCH IN MOTION, LTD.,

*Defendant-Appellant.*

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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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**THE CANADIAN CHAMBER OF COMMERCE'S  
BRIEF *AMICUS CURIAE* IN SUPPORT OF REQUEST  
FOR REHEARING *EN BANC***

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January 14, 2005

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## CERTIFICATE OF INTEREST

Counsel for *amicus curiae* CANADIAN CHAMBER OF COMMERCE certifies the following:

1. The full name of every party represented by us is: CANADIAN CHAMBER OF COMMERCE.
2. The name of the real party in interest represented by us is: CANADIAN CHAMBER OF COMMERCE.
3. All parent corporations and any publicly held companies that own 10 percent or more of the stock of this *amicus curiae* represented by us is: None.
4. The names of all law firms and the partners or associates who are expected to appear for this *amicus curiae* in this court are: Foley Hoag LLP, Philip C. Swain, Denise W. DeFranco, Carla Miriam Levy.

January 14, 2005

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### **Rule 35(b) Statement Of Counsel**

Based on our professional judgment, we believe this appeal requires an answer to the following precedent-setting question of exceptional importance: Whether § 271(a) of the patent statute can be construed to have extraterritorial effect.

### **Statement of Interest**

The Canadian Chamber of Commerce (the “Canadian Chamber”) is a not-for-profit organization that, together with its affiliated Chambers of Commerce and Boards of Trade across the country, represents more than 170,000 members including businesses of all sizes and from all sectors and all regions of Canada. Petitioner Research in Motion, Ltd. (“RIM”) is a member of the Canadian Chamber. RIM is among many members of the Canadian Chamber in the technology sector and all members of the Canadian Chamber are engaged in or with that sector of the economy. Therefore, the questions at issue in this appeal affect the business interests of all Canadian Chamber members. The mission of the Canadian Chamber is to foster strong, competitive, and profitable economic environments that benefit its members.

Canadian businesses are increasingly global in their commercial dealings, especially in light of the explosive growth of international electronic commerce. Accordingly, the Canadian Chamber is interested, on behalf of its members, in ensuring comity and balanced treatment in the laws affecting commerce between Canada and other countries, including the

United States. One area of particular interest to the Canadian Chamber is the competition law and intellectual property laws that affect its members. The Canadian Chamber's interest in this case arises from the extraterritorial application of U.S. patent laws to hold a Canadian business liable for activities occurring at least partially within Canada.

### **Summary of Argument**

As a friend of the court, the Canadian Chamber seeks certainty concerning the extraterritoriality of U.S. patents so that our members can plan their businesses and design their technology accordingly.

We believe that prior to this case, the law was clear that the patent statute would not support a claim of infringement for conduct taking place at least partially outside of the United States unless Congress clearly and certainly signals its intent to do so. *See Deepsouth Packing Co., Inc. v. Laitram Corp.*, 406 U.S. 518 (1972). The holding in the present case creates uncertainty because, despite the absence of specific statutory language, the panel, relying on a Court of Claims case, *Decca Ltd. v. United States*, 210 Ct. Cl. 546 (1976), concluded that activity outside the United States can support an infringement claim under § 271(a).

This Court should rehear the case en banc to reconcile *Decca* with *Deepsouth's* presumption against reading the patent statute to apply extraterritorially.

## Argument

Acts of Congress are presumed to have no extraterritorial application. *EEOC v. Arabian American Oil Co.*, 499 U.S. 244 (1991) (“*Aramco*”). The United States Supreme Court has made clear that the patent statute is no exception. In *Deepsouth*, the Supreme Court refused to read any extraterritorial scope into 35 U.S.C. § 271(a), which, by its plain terms, reaches only conduct “within the United States.” *See* 406 U.S. at 531 (“Our patent system makes no claim to extraterritorial effect.”); *Brown v. Duchesne*, 19 How. 183, 195 (1857). The *Deepsouth* Court explicitly stated that extending the patent monopoly beyond the borders of the United States “would require a clear and certain signal from Congress.” 406 U.S. at 531.

Since *Deepsouth*, Congress has explicitly added extraterritorial scope to the patent statute twice, in 1984 (98 Stat. 3383) and in 1988 (102 Stat. 1563-64), each time adding the clear statement *Deepsouth* required. *See* 35 U.S.C. § 271(f) (infringing combination of components abroad); *id.* § 271(g) (performance of infringing process abroad). Congress did not, however, amend § 271(a) to add any extraterritorial reach to that section. Indeed, as the panel in this case recognized, “*Deepsouth* construed [§] 271(a) to avoid giving patent law any extraterritorial effect,” an interpretation that “remains binding precedent on the limits of direct infringement liability under that section.” *Op.* at 53 & n.11.



**I. This Court Should Rehear This Case En Banc to Reconcile *Deepsouth* and *Decca*.**

Despite the Supreme Court’s admonition in *Deepsouth*, the panel in this case gave extraterritorial effect to § 271(a) by concluding that both a system in which a claimed element was located outside of the United States, and a process in which a claimed step was performed outside of the United States, nevertheless infringed the patents at issue. Op. at 50.

The panel relied on *Decca*, which applied a judge-made test to find infringement by a system having components outside the United States, contrary to the clear holding of *Deepsouth*. The *Decca* court relied upon the case’s unique facts to reach its result, noting that “this conclusion does not rest on any one factor, but on the combination of circumstances here present, with particular emphasis on the ownership of the equipment by the United States, the control of the equipment from the United States, and *on the actual beneficial use of the system within the United States.*” 210 Ct. Cl. at 569 (emphasis added). In *Decca*, however, the “actual beneficial use” on which the court relied was allegedly unlicensed use *by the defendant*, the United States government. See 28 U.S.C. § 1498(a). To the contrary, here, the panel relied upon beneficial use in the United States *by third parties*. Op. at 52, 55.

Moreover, the *Decca* court ruled that it was sufficient for a finding of infringement that *most* of the claimed elements were in the United States. See *Decca*, 210 Ct. Cl. at 554 (concluding that system was within United

States because it “has planted several of its feet” in United States). This is clearly inconsistent with *Deepsouth*, which noted that a patent “covers only the totality of elements in the claim, and that no element, separately viewed, is within the grant.” 406 U.S. at 528. Indeed, *Deepsouth* rejected the contention that the “substantial manufacture of the constituent parts of [a] machine” in the United States could meet the statutory requirement that the allegedly infringing conduct be “within the United States.” 406 U.S. at 527-28. The panel’s “control and beneficial use” (or “substantial use”) theory appears identical to the “substantial manufacture” argument rejected by the Supreme Court in *Deepsouth*. If so, that theory cannot be applicable to claims for direct infringement under § 271(a).

By applying *Decca* to the present case, therefore, the panel has in essence supplanted the clarity mandated by *Deepsouth* and the plain language and intent of § 271(a) with an inappropriate and uncertain judge-made test--which was created on unique facts--for extraterritorial application of the statute.

Prior to the panel decision, the text of § 271(a) itself offered dependable guidance concerning the geographic scope of United States patent law. In a similar manner, the patent statute also requires clarity concerning the scope of individual patents. *See* 35 U.S.C. § 112 (requiring that the claims of a patent “particularly point[] out and distinctly claim[] the subject matter” of the invention). Section 112 serves public notice and teaching functions, which ensure that others can order their affairs

accordingly to avoid infringement. *See Amgen, Inc. v. Hoechst Marion Roussel, Inc.*, 314 F.3d 1313, 1341-42 (Fed. Cir. 2003).

In combination, § 271 and § 112 define the geographic and substantive scope of particular patents. Companies in Canada (and other nations) require clear and consistent application of these statutes to plan their business activities relative to the United States. The panel decision, however, replaces a clear limitation on extraterritoriality of the United States patent statute with a blurrier and more fact-dependent standard, hinging on so-called “beneficial use and function” without regard to the specific claim limitations at issue. *Op.* at 54. This result erodes the certainty that Canadian companies need when they plan cross-border projects.

## **II. Compelling Policies Support a Presumption Against Interpreting United States Patent Infringement Law to Cover Activities in Canada.**

Compelling policy considerations support the presumption that extraterritorial application of intellectual property laws must be rooted in clear statutory language rather than extrapolated through judge-made doctrine. First, such a presumption is more respectful of standards of international comity, allowing each country to set its own standards and helping to ensure reciprocal regard for American intellectual property law in other nations. *Deepsouth*, 406 U.S. at 531 (describing reciprocity); *see Aramco*, 499 U.S. at 248 (stating that presumption against extraterritoriality protects against “international discord”). The United States and Canada

have agreed to respect one another's intellectual property regimes. The North American Free Trade Agreement ("NAFTA"), for example, depends on "the fundamental premise of . . . national enforcement of national laws, not supranational enforcement nor one country's enforcement of its laws within another country's borders."<sup>1</sup>

Congress should determine under what circumstances patents or copyrights should be given extraterritorial reach. *Deepsouth*, 406 U.S. at 530; *Subafilms, Ltd. v. MGM-Pathe Communications Co.*, 24 F.3d 1088, 1095-96 (9th Cir. 1994) (en banc) (enforcing presumption against extraterritoriality in copyright law). In doing so, Congress exercises its constitutionally-assigned power over both intellectual property and international affairs. U.S. Const. art. I § 8.<sup>2</sup>

In the coming decades, this problem will arise more frequently. Innovations in information technology, from wireless communication to computer networks, are rapidly transcending geographic boundaries. Components of an allegedly patented combination or system may be located in different places, based on factors such as efficiency, cost effectiveness, or

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<sup>1</sup> Letter from Michael Kantor, United States Trade Representative, to Representative John D. Dingell (September 29, 1993), reprinted in House Energy & Commerce Committee Report *available at* <http://www.customs.ustreas.gov/nafta/hec000b.htm>.

<sup>2</sup> For a more general discussion of these considerations, *see generally* Curtis A. Bradley, *Territorial Intellectual Property Rights in an Age of Globalism*, 37 U. VA. J. Int'l L. 505, 513-16 (1997).

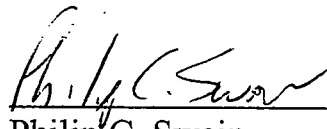
the location of the original design. Unpredictability concerning whether activities give rise to liability under United States law will discourage trans-national businesses from undertaking such projects partially within the United States.

### **Conclusion**

The Court should grant rehearing en banc to reconcile *Deepsouth* and *Decca* and to provide clear guidance as to whether § 271(a) can ever be applied to activity occurring at least partially outside the United States.

Respectfully submitted,

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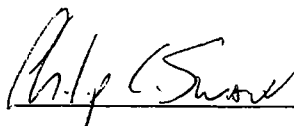
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## CERTIFICATE OF SERVICE

I certify that I caused two copies of this Brief of the Canadian Chamber of Commerce as Amicus Curiae Supporting Petition By Research In Motion Ltd. For Rehearing *En Banc* to be served this 14<sup>th</sup> day of January, 2005 on the following:

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