

CANADIAN GOVERNMENT SUPPORTS REHEARING IN US BLACKBERRY PATENT CASE

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Following a Federal Circuit judgement in 2004 which upheld a lower district court verdict of infringement, Research-in-Motion (RIM), the maker of BlackBerry handheld devices, has requested a rehearing of its case at the Federal Circuit in order to appeal a multi-million dollar damage award and probable injunction against its BlackBerry system. In support of Canadian-based RIM, the Government of Canada has filed an amicus brief in support of the request for rehearing.

Factual Background

NTP is the owner of five patents generally related to technology involving systems for integrating existing electronic mail systems with radio frequency wireless communication networks, to enable a mobile user to receive e-mail over a wireless network.

Using a more concrete example to illustrate how BlackBerry technology functions, an e-mail originating in the United States is sent through the Internet to a mail server which transfers the message to a BlackBerry enterprise server located within the United States. The BlackBerry server can then send the message to a relay located in Canada (the relay in Canada can also receive e-mail traffic from several other countries). The relay can transfer the message from Canada to a radio frequency network in the United States which then transmits the message to a BlackBerry user located in the United States. Hence, one of BlackBerry's products and/or services, more particularly the relay, is located in Canada, outside of what is considered to be general U.S. patent jurisdiction.

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NTP sued RIM for patent infringement and obtained a favourable judgement against RIM (*NTP, inc. v. Research in Motion, Ltd.*, No. 03-1615, (Fed. Cir. Dec. 14, 2004)). Based on claim construction, both the district court and the Court of Appeals of the Federal Circuit determined that the location of the RIM's relay in Canada does not prevent application of US patent laws to the overall BlackBerry system.

Under U.S. Patent law (35 U.S.C. 271 (a)), infringement of a patent right is considered to occur when an individual, without authority, makes, uses, offers to sell, or sells any patented invention, within the United States. As shown above, certain elements of RIM's technology are located in Canada. However, the Federal Circuit found that the wording of section 271 (a) does not prevent RIM's BlackBerry system from infringing NTP's patents, when RIM's technology is used within the United States, even though a component of that system is physically located outside the United States. The standard set out by the Court can be considered to be a less restrictive interpretation of the territoriality restrictions of U.S. Patent law. Indeed, the Court stated the test has not being whether infringement took place within the United States, but whether "control and beneficial use" of the infringing system or technology was within the United States.

Canadian Government Amicus Brief

The Government of Canada's support of RIM's rehearing request has found other supporters among the Canadian business community, including the Canadian Chamber of Commerce and the Information Technology Association in Canada. Being an important trading partner with the United States as it shares with it the largest bilateral trading relationship in the world, the Government of Canada stated in its brief that it has a strong interest in the protection of intellectual property rights and in ensuring that such rights including patent rights are clear and predictable while respecting liabilities that may arise under the applicable laws.

In its brief, the Canadian government further states that the Federal Circuit decision was susceptible to interpretations that may have "unfortunate, and unintended consequences, affecting Canada's interest, as well as the interest of Canadian companies carrying on multi-jurisdictional operations". More particularly, the government argues that, given the Federal Circuit decision, section 271 (a) may be applied differently in a inconsistent manner depending on whether potential infringing conduct occurs entirely within the United States, or partly within United States and partly outside the United States. Hence, the Court's interpretation may result in an appropriate extraterritorial application of patent laws contrarily to basic principles of

comity, the practice of courtesy existing between countries such as the United States and Canada, whereby the laws and institution of each are to be recognized and respected by the other.

Given the increasing number of businesses that conduct integrated operations across the Canada/United States border, including network, telecommunications and e-commerce companies, the Federal Circuit decision is considered to have a potential of being applied in an inappropriately extraterritorial or discriminatory fashion and consequently disrupt the business and legal climate in Canada.

If the rehearing request is granted, the Federal Circuit appeal's Court will take another look at the RIM's argument that the limits of United States jurisdiction mean that the allegedly infringed patents do not apply to the BlackBerry system (which is used by over a million users in the United States). Closure in this case will set an important precedent in the debate on a territorial application of patent law to technologies related to the Internet or e-commerce located in different countries.

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