Legal Issues: **Lawsuit threatens BlackBerry shutdown**
By George H. Pike*

The BlackBerry Wireless Handheld device has emerged one of the dominant tools for providing ubiquitous, wireless communication. One of the most fascinating accounts of 9/11 that I read was that of members of a World Trade Center based law firm communicating via their BlackBerry PDA's as they tried to track down their staff. (Fortunately, all were saved.) Although other PDA's exist in the market, the BlackBerry has become virtually synonymous with wireless e-mail.

Which is why BlackBerry's 3.5 million plus users are concerned about an increasingly intense patent infringement legal battle over the BlackBerry's underlying technology. For over four years a dispute has raged between Research in Motion (RIM), the Ontario, Canada based manufacturer of the BlackBerry, and NTP, a Virginia company which holds several patents covering wireless e-mail technologies. NTP sued RIM claiming that the BlackBerry infringes on eight of NTP's patents. A trial court agreed and awarded damages to NTP and issued and injunction preventing RIM from continuing to use the patented technology.

So far, the injunction has been delayed by the courts. However, following four years of trial and appellate court decisions generally favoring NTP, a federal court in late November denied a proposed settlement. The court also agreed to consider imposing the long delayed injunction, which would prevent RIM from using the patented technology. Such an injunction could shut down the BlackBerry communications network.

The lawsuit highlights the incredible complexity of patents governing the technology that we have come to take for granted. It also represents the difficulties associated with applying patent law to those patents.

Like many "new" technologies, the technology and patents at the center of the dispute have a long history. In the late 1980's RIM developed a early wireless e-mail device for use by the Canadian company's employees, continued development through the 1990's, particularly in the radio-frequency receiver and electronic processor led to the BlackBerry in the late 1990's..

During a similar time-frame, a Chicago communications engineer developed a system to deliver e-mail through paging networks. He applied for three patents on his developments in 1991, receiving them and later receiving five additional patents on derivative technologies. NTP was formed in 1992 as a holding company to manage the patents, particularly licensing the technology to wireless communication providers.

Unlike copyrights, which legally exist the moment a work is created and fixed, a U.S. patent must be applied for an approved by the U.S. Patent and Trademark Office (USPTO). Patents can be awarded for processes as well as inventions, but must be unique and a not an obvious extension of an existing patented process or invention, or something so inherently obvious that it is not considered as invented. Patents can also be

challenged after the fact by any interested party. Challenges are often based on an argument that the technology in question is not new or unique. The patent challenge will often seek out "prior art" or objective evidence that the invention or process existed prior to the issuing of the patent.

The issuance of patents for software, computer processes and other technologies have exploded over the last several years. The average growth of issued patents in the data processing and computing classes is about 8% to 10% per year and totaling over 140,000 patents issued since 1977.

This dramatic growth in technology patents has been the subject of intense criticism. The USPTO has come under fire for issuing patents for inventions and processes that are not unique or patentable. This puts pressure on the post-patent review process and on patent infringement lawsuits to shake out the legitimate patents from the chaff.

The growth of technology patents has also lead to a practice known as patent trolling. Patent trolling refers to a process of obtaining patents the patent owner does not intend to commercially use. (Patent owners are not legally obligated to use their patents, just as copyright owners have no legal obligation to publish their works.) The "troll" then seeks out potential infringers of the patent and proposes licensing agreements or threatens litigation. With the growth of complex and often very finely distinct technology patents, the line between legitimate challenges to patent infringement and patent trolling is very fine.

The NTP patents have always been owned by NTP as a holding company formed by the original inventor. However, NTP was established primarily for the purpose of entering into agreements with other companies who would actually use the patented technology. NTP has recently entered into licensing agreements with Nokia, Visto, and Good Technologies. However, a licensing agreement with RIM has remained elusive. A proposed settlement of $450 million fell apart over issues of patent ownership and who would have the power to license the patented technology.

Complicating the BlackBerry litigation is a challenge by RIM that the NTP patents are not valid. By late December 2005 the USPTO found evidence that many of the NTP patents may not be valid. While that is considered a positive development for RIM, the Patent Office's decision is only preliminary. The patent review process can take years, and the court has indicated it will not wait–nor delay an injunction–while the patent review process is completed. Also, as long as there remains even one valid patent that the BlackBerry infringes, the risk of an injunction remains.

RIM continues to have a number of options to pursue. Press reports have indicated that RIM has developed a "workaround" that would allow BlackBerry devices to continue to function without using the NTP technologies. Skeptics have wondered why such a workaround has not already been implemented, and point out that any workaround would likely be very disruptive to BlackBerry users.

There has also been some speculation that RIM could move its servers to Canada. The NTP patents are territorial and enforceable only in the United States. RIM has argued that as a Canadian company the patents could not be enforced against it. However, the court noted that the servers and most of BlackBerry users were in the U.S., therefore the patents were being used in the U.S. Moving the servers to Canada would not change the user base. Also, RIM recently was sued in London, for allegedly infringing on a United Kingdom patent. This development indicates that RIM may be vulnerable wherever there is a substantial user base.

Obviously, the most likely option is to seek a settlement with NTP over the patents. A shutdown of the BlackBerry network is of no benefit to NTP. NTP needs BlackBerry devices to continue to generate revenue so as to support licensing fees and motivate a settlement. For its part RIM has seen a 30% drop in its stock market price, yet reportedly retains as much as $1.8 billion in cash to fund a settlement. Given the looming threat of an injunction, a settlement may occur even as this article is published.

But the underlying challenge of patents in the technological age will not go away even if the BlackBerry patent lawsuit is resolved. Microsoft, Nokia and Palm have all entered the wireless e-mail market. But already Microsoft has been sued for patent infringement by Visto–a licensee of NTP's technology. Efforts in Congress to reform U.S. patent law are progressing, but only slowly. Global patents leave global businesses vulnerable around the world. Licensing will address many patent conflicts, but a cost that is usually passed on to the consumer. But compared to a possible shutdown, the cost may be a necessary part of doing business in the technological age.

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