TECHNOLOGY LAW UPDATE

NTP, Inc.* *v.* *Research in Motion, Ltd.

No. 03-1615
Federal Circuit
Dec. 14, 2004

[S]ection 271(a) does not preclude infringement where a system . . . alleged to infringe a system or method claim, is used within the United States even though a component of that system is physically located outside the United States.

On December 14, 2004, the Federal Circuit, *inter alia*, vacated and remanded the district court's judgment entering the jury verdict that the RIM BlackBerry™ system infringed U.S. Patents No. 5,436,960, No. 5,625,670, No. 5,819,172, No.6,067,451, and No. 6,317,592, and awarding NTP $53.7 million in damages. The Federal Circuit upheld all of the district court's claim constructions except for that relating to "original processor." On the infringement issue, the Federal Circuit stated:

> The territorial reach of a patent right is limited, so that section 271(a) is only actionable against patent infringement that occurs within the United States. Ordinarily, section 271(a) can be applied without difficulty. [W]here the accused infringer's conduct does not precisely map on to the structure of section 271(a), a patentee may resort to other sections of 35 U.S.C. § 271 to make his or her case. The various subsections of section 271, (a) through (g), address different infringement scenarios. For example, subsection (f) speaks to the manufacture of substantial portions of a patented invention within the United States for export, assembly, and use abroad. Subsection (g), on the other hand, addresses the foreign use of a patented process to manufacture a product that is subsequently imported into the United States. . . .
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> This case presents an added degree of complexity, however, in that: (1) the "patented invention" is not one single device, but rather a system comprising multiple distinct components or a method with multiple distinct steps; and (2) the nature of those components permits their function and use to be separated from their physical location. . . . According to RIM, the statutory requirement that all steps of the allegedly infringing activity take place "within the United States" was not satisfied because the BlackBerry Relay component of the accused system is located in Canada. . . .
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> The question before us is whether the location of a component of an accused system abroad, where that component facilitates operation of the accused system in the United States, prevents the application of section 271(a) to that system. . . . The plain language of section 271(a) does not preclude infringement where a system such as RIM's, alleged to infringe a system or method claim, is used within the United States even though a component of that system is physically located outside the United States. [W]e conclude that when two domestic users communicate via their BlackBerry devices, their use of the BlackBerry system occurs "within the United States," regardless of whether the messages exchanged between them may be transmitted outside of the United States at some point along their wireless journey. . . .
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> The claims are directed to systems and methods for sending email messages between two subscribers; the transmission is made between an originating processor and destination processor. Although RIM's Relay, which is located in Canada, is the only component that satisfies the "interface" of the "interface switch" limitation in the asserted claims, because all of the other components of RIM's accused system are located in the United States, and the control and beneficial use of RIM's system occur in the United States, we conclude that the situs of the "use" of RIM's system for purposes of section 271(a) is the United States. [W]e conclude that the location of RIM's customers and their purchase of the BlackBerry devices establishing control and beneficial use of the BlackBerry system within the United States satisfactorily establish territoriality under section 271(a).

For more information, contact Lawrence M. Sung, Ph.D. • 202.306.3481 • lsung@s2iplaw.com