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RIM Settles Patent Suit for \$450 Million

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RIM announced today that it has settled a years-long patent fight by agreeing to pay US\$450 million to NTP, a U.S. patent-holding company. In exchange, RIM will be allowed to continue operating its BlackBerry wireless business.

NTP sued RIM, a Canadian company, for infringing on 16 patents for radio frequency wireless communications in electronic mail systems in 2002, and won, but RIM appealed that decision.

On Foreign Soil

Under the settlement, which is expected to be finalized in the next few weeks, RIM has the right to grant sublicenses under the NTP patents for products or services that interact with RIM's products, services or infrastructure.

In a press release, RIM said \$137 million of the settlement comes from an established escrow account and that the money is mainly for past damages.

One of RIM's arguments in its appeal had made many patent holders nervous, attorney Dennis Crouch, who writes [Patently-O: Patent Law Blog](#), told TechNewsWorld.

"RIM argued that it was not infringing because an important element of the BlackBerry network was located in Canada,

not the U.S. Under traditional legal notions, U.S. patent law does not extend to activities that extend beyond the U.S. border," he said.

"Many patent holders have been afraid that a company could set up computer servers in a foreign country in order to avoid patent infringement -- then provide an access point through the Internet to U.S. customers."

The U.S. Court of Appeals for the Federal Circuit rejected that argument and found RIM liable because "control and beneficial use" of its BlackBerry network occurred within the U.S.

Wider Implications

Whether or not this case will stop that from happening is still unknown. "The hope of the patentees is that this case provides precedent for stopping that type of activity. In reality, however, it is unclear whether the case will encompass those results," Crouch said, adding that he thinks the issue must be dealt with by the U.S. legislature.

The patent news follows on the heels of another big step forward for RIM: its announcement Monday that it had reached partnership agreements with two of the three big instant messenger services, [AOL](#) (NYSE: AOL) and [Yahoo](#) (Nasdaq: YHOO). No specific release date was given, but the companies said [AOL Instant Messenger](#) and Yahoo Messenger would be available on BlackBerrys in the coming months. RIM stock was up more than 20 percent from Friday's close.