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03-1615

United States Court of Appeals  
For The Federal Circuit

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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.*

---

**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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**MOTION BY RESEARCH IN MOTION TO STAY  
APPEAL AND REMAND FOR ENFORCEMENT OF  
SETTLEMENT AGREEMENT**

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**CONFIDENTIAL MATERIAL OMITTED**

The material omitted from page 4 of this motion relates to proprietary and business information prepared during settlement discussions and is subject to a protective order.

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**CERTIFICATE OF INTEREST**

Counsel for the Defendant/Appellant, identified in the record as RESEARCH IN MOTION, LTD., but properly known as RESEARCH IN MOTION LIMITED, certifies the following:

1. The full name of the party we represent is Research in Motion Limited.
2. The name of the real party in interest we represent is Research in Motion Limited.
3. There are no parent companies, subsidiaries, or affiliates that have issued shares to the public of the party we represent.
4. The names of all law firms and the partners or associates that have appeared for the party we represent in the trial court or are expected to appear for the party in this court are:

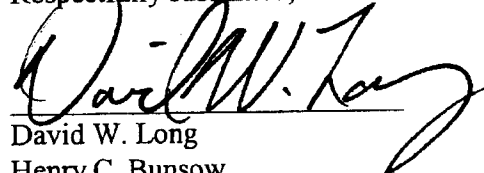
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June 8, 2005

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**MOTION BY RESEARCH IN MOTION TO STAY APPEAL AND  
REMAND FOR ENFORCEMENT OF SETTLEMENT  
AGREEMENT**

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Defendant-Appellant Research In Motion, Ltd. (“RIM”) moves the Court to stay this appeal and remand to the district court to construe and enforce a settlement agreement between RIM and Plaintiff-Appellee NTP, Inc. (“NTP”).<sup>1</sup>

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<sup>1</sup> On June 8, counsel for RIM discussed this motion with counsel for NTP, Mr. James Wallace, who declined to indicate whether or not NTP opposes this motion or whether it would file a response.

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While RIM's combined petition for rehearing and rehearing *en banc* has been pending in this Court, the parties mediated their controversy before a U.S. magistrate, agreed to settle this case, and executed a binding Term Sheet that resolves all current litigation. The parties agreed to work together in good faith to finalize and execute definitive license and settlement agreement documents during the following weeks. For nearly three months now, RIM has been working in good faith to complete that process and obtain the final license and settlement documents. However, despite numerous exchanges between the parties, and even additional mediation before the magistrate, NTP refuses to honor all of its obligations under the Term Sheet and finalize the definitive documents that would resolve the parties' entire controversy required by the Term Sheet.

If the parties' Term Sheet constitutes a binding and enforceable agreement, the underlying case (including this appeal) is moot and this Court lacks jurisdiction to proceed in the appeal as of March 13 when the Term Sheet was executed. Given this basic jurisdictional issue, and the need to preserve the status quo between the parties as it existed at the time of their settlement, RIM respectfully requests the Court to follow the established procedure followed in other appellate courts when a dispute arises en route to finalizing a settlement reached while an appeal is pending – *i.e.*, stay the appeal process and remand to the district court to resolve any remaining disputes related to memorializing and executing the parties' final agreement. To the extent that disputed factual issues require further exploration, the district court is the proper forum in which to

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permit necessary discovery, conduct an evidentiary hearing, enforce the Term Sheet, and construe the terms of the parties' settlement.

**I. BACKGROUND**

On December 14, 2004, this Court issued a panel decision that, upon issuance of the mandate, would affirm-in-part and vacate-in-part the decision of the district court below, and remand the case for further proceedings.<sup>2</sup> On January 11, 2005, RIM timely filed a combined petition for rehearing and rehearing *en banc* on several significant issues, including whether the panel decision improperly extends U.S. patent law to extraterritorially cover use of one or more components of a patented invention in other countries. The significance of this extraterritoriality issue alone led to the filing of several *amicus* briefs supporting *en banc* review of the panel decision. Indeed, the Canadian government took the rare action of filing an *amicus* brief expressing concern about the panel's decision and strongly urging *en banc* review. This Court requested a response to RIM's petition, which NTP filed on January 24, 2005.

During the pendency of RIM's petition for rehearing, the parties mediated this matter before Magistrate Judge Dohnal, a federal magistrate based in the Eastern District of Virginia where the underlying case was tried, and on March 13, 2005, signed a binding Term Sheet that the parties agreed resolved the litigation between them.<sup>3</sup> The Term Sheet is attached as Exhibit 2. The Term Sheet

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<sup>2</sup> *NTP, Inc. v. Research In Motion, Ltd.*, 392 F.3d 1336 (Fed. Cir. 2004).

<sup>3</sup> Joint Press Release, Research In Motion And NTP Agree To Resolve Litigation, dated Mar. 16, 2005. (Ex. 1) (hereinafter "Joint Press Release")

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incorporates by reference terms from a letter that is attached as Exhibit 3. The Term Sheet requires RIM to pay \$450 million in exchange for NTP and its shareholders granting RIM and its customers unfettered rights to continue RIM's BlackBerry-related wireless business without further interference from NTP or its patents.<sup>4</sup> The parties agreed that the Term Sheet was fully binding and enforceable.<sup>5</sup> Under the Term Sheet, the parties agreed to finalize the terms of this resolution in a definitive licensing and settlement agreement in the following weeks.<sup>6</sup> The parties further agreed that [

] The negotiations of final definitive license and settlement agreements have reached an impasse, because NTP now refuses to honor its agreement and obligations under the Term Sheet.

While the parties were seeking to finalize the definitive agreements, the U.S. Patent and Trademark Office ("Patent Office") has taken significant action raising serious questions about the viability of NTP's patents in suit. For over two years, the Patent Office has been reexamining eight NTP patents, including the

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<sup>4</sup> *Id.*

<sup>5</sup> Joint Press Release (Ex. 1).

<sup>6</sup> *Id.*

<sup>7</sup> Email Agreement (Mar. 15, 2004) (Ex. 4).



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five at issue here. The Patent Office has now begun issuing first office actions in those reexaminations. To date, the Patent Office has issued first office actions for half of the NTP patents under reexaminations that reject all claims in those patents, including all claims of U.S. Patents 5,436,960 and 5,625,670 at issue here. Based on the strength and scope of those rejections, it is expected that first office actions similarly will reject all claims in the remaining NTP patents-in-suit (U.S. Patents 5,819,172, 6,067,451 and 6,317,592). These reexaminations should be resolved within a matter of months. In recent testimony by Patent Office Director Jon Dudas during a Senate hearing, Mr. Dudas testified that, by the end of fiscal year 2005, the Patent Office intends to resolve all instances of *ex parte* reexaminations that have been pending with an examiner for more than two years (which is the case here).<sup>8</sup>

## II. ARGUMENT

Under well-established law, this Court lacks the jurisdiction to proceed with this appeal if the parties have entered a binding settlement agreement.<sup>9</sup> As one

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<sup>8</sup> The Patent System: Today and Tomorrow, Hearing Before the Subcomm. On Intellectual Property of the Senate Comm. On the Judiciary (Apr. 21, 2005) Statement of the Honorable Jon W. Dudas, Under Secretary of Commerce for Intellectual Property and Director of the United States Patent & Trademark Office.

<sup>9</sup> See *Gould v. Control Laser Corp.*, 866 F.2d 1391, 1392 (Fed. Cir. 1989) ("Settlement moots an action.") (citing *Lake Coal Co. v. Roberts & Schaefer Co.*, 474 U.S. 120 (1985)); see also *Aulenback, Inc. v. F.H.A.*, 103 F.3d 156, 161 (D.C. Cir. 1997) ("The general rule, however is that complete settlement moots an action," citing *Gould*, 866 F.2d at 1392.); *Pressley Ridge Schs. v. Shimer*, 134 F.3d 1218, 1220 (4<sup>th</sup> Cir. 1998) ("Because the parties have entered into a settlement,

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striking example on virtually identical facts, the Eleventh Circuit ruled that it did not have jurisdiction to proceed with an appeal that was mooted by a settlement entered after an original panel decision had issued, but while a petition for rehearing of that decision was still pending.<sup>10</sup> Hence, this Court's jurisdiction to take any further actions in this appeal is now dependent upon whether the parties have in fact settled their controversy as of the execution of the Term Street on March 13, 2005.

Disputes as to the terms or enforceability of a settlement agreement entered during appeal must be resolved before this Court can proceed with the underlying action, which may require discovery and an evidentiary hearing. Accordingly, because appellate courts are not designed to resolve such disputes in the first instance, the Fourth Circuit (the regional circuit in which this case was tried) and other appellate courts have stayed pending appeals and remanded to allow the parties to conduct further proceedings in the district court where, as here, the parties agree to settle a case pending appeal but a dispute has arisen as to the terms of that settlement:

Where the existence or validity of . . . a settlement [agreement] is legitimately contested by one of the parties, appellate courts, of course, will not normally act as a court of original jurisdiction and litigate the matter. Rather the appropriate course in such an instance

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however no live dispute between them currently exists. Accordingly, we lack jurisdiction to consider the case.”).

<sup>10</sup> *Key Enters. of Delaware, Inc. v. Venice Hosp.*, 9 F.3d 893, 897-99 (11<sup>th</sup> Cir. 1993).

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would appear to be that of continuing or staying the appeal so that a competent court may decide the issue.<sup>11</sup>

By this motion, RIM respectfully requests that this Court follow the procedure established by those cases under the present circumstances.

Staying further appellate action on the underlying case until the settlement dispute is resolved is not only a jurisdictional requirement under the mootness doctrine, but is critical to preserve the *status quo* of the underlying substantive action as of the time that the settlement was entered.

This Court should grant the requested stay so that the parties can focus their efforts and resources on resolving the settlement dispute and ending this controversy. If the appeal process proceeds and RIM's petition for rehearing is granted, then the parties would need to divert resources from the settlement dispute toward preparing substantive briefs and oral argument for that rehearing. If rehearing is denied, then the parties still must divert resources toward preparing a petition for Supreme Court review, including review of the substantial extraterritoriality issues raised in this appeal. Accordingly, a stay of the appeal process is further appropriate because it would enable the parties properly to focus their efforts on confirming settlement of this entire case and controversy.

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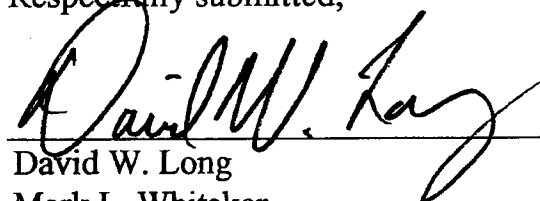
<sup>11</sup> See *Guinness PLC v. Ward*, 955 F.2d 875, 897 (4<sup>th</sup> Cir. 1992) (discussing limited remand of a case to decide a substantive issue before a competent court); see also *Bergstrom v. Sears, Roebuck & Co*, 532 F. Supp. 923, 934-35 (D. Minn. 1982) (if settlement reached pending appeal, authority of a district court may be limited by terms of the remand to take evidence "on the issue of whether a settlement was reached.").

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**III. CONCLUSION**

For the foregoing reasons, RIM respectfully requests this Court to stay the appeal and remand the case to the district court for further proceedings limited to enforcing the Term Sheet and determining the terms of the parties' settlement in this action, including any discovery, briefing, and/or an evidentiary hearing as necessary to resolve that issue.

Respectfully submitted,



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June 8, 2005

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**CERTIFICATE OF SERVICE**

I hereby certify that I have caused two true and correct copies of  
DEFENDANT-APPELLANT RESEARCH IN MOTION, LTD'S MOTION TO  
STAY AND FOR REMAND and Certificate of Interest to be served on this 8<sup>th</sup>  
day of June 2005, as noted, on the following:

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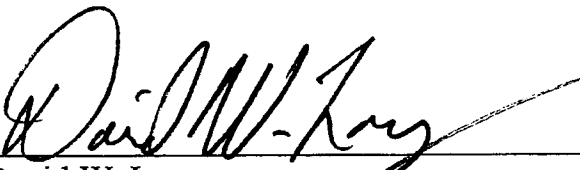
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