

ENT 610

Managing Innovation & IP for Entrepreneurs



CASE STUDY

TOPIC:
BLACKBERRY CASE

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What was Blackberry

- Tool for communication in the wireless age(2000s) designed by Research In Motion Inc (RIM)
- The device supports communication by wireless phone, broadband internet, SMS and email
- In the 2000s blackberry was widely used by senior executives at companies and high-ranking government officials



Research In Motion(RIM)

- A design company founded in Canada in 1984
- In 1998 RIM signed contracts with Canadian and American telecom companies that allowed Blackberry to carry voice signals
- Blackberry rolled out in 1999, became a very successful product and by 2007 had more than 8 million users



NTP

- A patent holding company founded in Virginia in 1992 to manage the patent portfolio of Thomas Campana, Jr.
- In the 1980s Campana focused on wireless pager technology and received around 50 patents for his inventions
- In the 1990s NTP had no intention or capability to practice Campana's inventions. It simply sought royalties through licensing



History of the case

- In the beginning of 2000, Mr. Campana sent a letter to several companies including RIM informing that they were infringing on NTPs patents
- Upon an internal review, RIM concluded that they were not infringing and no response was necessary - A decision that set in motion a legal process that threatened the very existence of RIM and blackberry
- In Nov 2001, NTP filed a complaint in US court that blackberry infringed on patent rights to wireless email delivery



The case

- NTP had alleged that blackberry was infringing 8 of its patents
- However RIM asked USPTO for a reexamination of validity of those eight patents, questioning their validity based on prior art. Had the patents been invalid RIM wouldn't have to pay any infringement penalties
- The NTP infringement suit went to jury trial in the United States in the second half of 2002



- In their defence, RIM had setup a demonstration of a prior art device and used it in courtroom
- However, during the trial it was determined that the demonstration used newer technology and was not prior art
- In Nov 2002, a jury in the US district court of Eastern district of Virginia reached a verdict in favour of NTP. The judge also ordered additional damages for the deception during the trial
- RIM appealed mentioning the reexamination of those eight patents



- In March of 2005, a settlement was announced. It was reported that RIM would pay NTP \$450 million which included fully paid up license, and legal fees as well as damages
- After an extensive research, in June of 2005 RIM announced that they had discovered a technical manual published by a Norwegian Telecom company, Telenor about wireless email messaging. These manuals were published between 1986 to 1989, before the 1991 filing date of the first of that patents regarding email of Mr. Campana



- On November 30, 2005 the court ruled that the settlement reached in March did not have a valid and enforceable settlement agreement. This was a very bad news for RIM
- In the later months Blackberry faced a near complete shutdown in US. The US department of defence filed a brief stating that Blackberry being operational is crucial for national security as most of the govt. Officials used that
- Nonetheless RIM had announced that they had engineered for NTP patents in case court ordered a complete shutdown



Final Settlement

- On March 3, 2006 RIM and NTP announced they had reached a final settlement to the patent dispute. RIM paid NTP \$612.5 million which included a perpetual and paid up license, legal fees and damages. The settlement covered all those eight patents controlled by NTP
- As a sign of the end of legal battle, the following Monday morning RIM's share price opened at \$27.05 per share up almost 13% from its Friday close of \$23.97



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THANK
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