03-1615

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

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 01-CV-767, Judge James R. Spencer

PLAINTIFF-APPELLEE NTP'S RESPONSE IN OPPOSITION TO RIM'S MOTION TO STAY APPEAL AND REMAND FOR ENFORCEMENT OF SETTLEMENT AGREEMENT

James H. Wallace, Jr.
John B. Wyss
Gregory R. Lyons
Floyd B. Chapman
Scott E. Bain
Kevin P. Anderson
WILEY, REIN & FIELDING
1776 K St., NW
Washington, DC 20006
(202) 719-7000
Attorneys for NTP, Inc.

June 9, 2005

Certificate of Interest

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

NTP, INC. v. RESEARCH IN MOTION, LTD.

No. 03-1615

Counsel for the Plaintiff/Appellee NTP, INC certifies the following (use "None" if applicable; use extra sheets if necessary):

1. The full name of every party or amicus represented by me is:

NTP, INC.

2. The name of the real party in interest (if the party named in the caption is not the real party in interest) represented by me is:

NTP, INC.

3. All parent corporations and any publicly held companies that own 10 percent or more of the stock of the party or amicus curiae represented by me are:

NONE

4. There is no such corporation as listed in paragraph 3.

5. The names of all law firms and the partners or associates that appeared for the party or amicus now represented by me in the trial court or agency or are expected to appear in this court are:

James H. Wallace, John B. Wyss,
Greg R. Lyons, Floyd B. Chapman,
Scott E. Bain, Christopher M. Mills,
Kevin P. Anderson, Christopher P. Hale,
David B. Walker, Robert J. Scheffel
WILEY REIN & FIELDING LLP
1776 K. Street, N.W.
Washington, D.C. 20006

Jack E. McClard
Maya M. Eckstein
HUNTON & WILLIAMS
Riverfront Plaza, East Tower

951 East Byrd Street
Richmond, VA 23219-4074

June 9 2005
Date

Kevin P. Anderson
WILEY REIN & FIELDING LLP
1776 K. Street, N.W.
Washington, D.C. 20006
P: (202) 719-7000 F: (202) 719-7049

03-1615

IN THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

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 01-CV-767: Judge James R. Spencer

---

NTP'S OPPOSITION TO RESEARCH IN MOTION, LTD'S MOTION TO STAY PROCEEDINGS

Plaintiff-Appellee NTP, Inc. ("NTP") opposes Defendant-Appellant Research In Motion Ltd.'s ("RIM's") Motion To Stay Appeal. RIM's motion is without legal foundation and, viewed as an appeal to this Court's management discretion, simply continues RIM's ceaseless campaign to avoid facing the consequences of its adjudged and affirmed ongoing willful infringement of NTP's patents.

Given the uncontested fact that the parties to this case do not agree that the underlying dispute has been resolved, this Court should exercise its indisputable Article III jurisdiction to dispose of RIM's pending petition for rehearing and rehearing *en banc* and then remand the case to the District Court for further proceedings on enforcement of the judgment as modified by this Court's mandate.

In the course of those proceedings, RIM (to the extent it is not judicially estopped) can advance its contentions that enforcement is precluded by a settlement agreement.

RIM knows it cannot win its purported enforcement action at the District Court. RIM simply seeks to start another multi-year appellate cycle regarding the District Court's eventual decision on RIM's unfounded claims. If RIM had any confidence whatsoever in prevailing on its unfounded alleged enforceable settlement, RIM would have previously, or concurrently with its present motion to stay, moved to dismiss RIM's appeal as moot. RIM simply wants it both ways: RIM wants to take a shot at prevailing on forcing unacceptable interpretations of a vague term sheet on NTP and, when that does not work, RIM wants to revive its petitions for rehearing and rehearing *en banc*. Even RIM's own cited cases note that "[a] party cannot have its cake and eat it too" with such unacceptable, inconsistent actions before an appeal court. *Guinness PLC v. Ward*, 955 F.2d 875, 898-99 (4th Cir. 1992)(estopping litigant from asserting settlement after acting inconsistently with regards to an alleged settlement).

The present motion appears to be more related to RIM's unswerving efforts to continue willful infringement by delaying this case with dilatory motions and attempts to prop up RIM's stock price, rather than any realistic assessment that the

parties reached an agreement. NTP respectfully requests that this Court deny RIM's attempt to break this case up into piecemeal subsequent appeals.

I. THERE IS NO SETTLEMENT AGREEMENT DIVESTING THIS COURT OF JURISDICTION.

RIM contends that its assertion that NTP refused to honor the alleged agreement to negotiate a final definitive license and settlement agreement somehow ousts this Court of jurisdiction to act on RIM's pending petitions for rehearing (pp. 2, 5-6). Whatever jurisdictional consequences might flow from some future successful negotiation of such agreements, those consequences clearly do not presently exist in this case. Indeed, as shown below, the parties have widely differing views on the interpretation of the vague term sheet and remain locked in a jurisdictional case and controversy under the patent laws. Nothing in the case law supports RIM's proposition that one side's contested assertions that it is entitled to a license and settlement agreement ousts this Court's jurisdiction.

A. The Course Of Dealings Between The Two Parties Makes Clear That There Was And Is No Meeting Of The Minds Sufficient to Settle The Underlying Dispute.

Throughout this litigation, NTP made repeated offers for settlement to RIM. Some offers went without any response from RIM. Finally, in February 2005, after RIM had lost the panel decision and fully briefed its *en banc* petition, RIM suggested mediation to NTP. Consistent with its long-term efforts to amicably resolve the litigation, NTP agreed to mediation.

On March 10-12, the parties met and appeared to have reached a tentative agreement. NTP strongly pressed for complete conclusion of a fully-developed set of settlement documents at that time. Nevertheless, because of RIM's pressing need to leave town, the signed agreement was limited to a vague, ambiguously-worded term sheet that required the parties to reach a full agreement by March 31. Both parties contemplated that, because of the sparse nature and generality of the term sheet, substantial negotiations would be needed to reach agreement on the specific terms of the settlement. Indeed, RIM, no doubt appreciating the tenuous finality of the term sheet, did not proffer payment of the license fee on the March 31 deadline or any time subsequent.

Unfortunately, it very quickly became evident that the parties had interpreted the vague term sheet in entirely different manners regarding virtually every significant provision. For example, the parties had significant differences in the scope of the non-exclusive license grant and RIM's ability to sublicense NTP's patents and thereby deprive NTP of additional royalties. Indeed, NTP and RIM even disagreed as to the basic element of who the parties to the agreement were.[1]

One additional problem became immediately apparent: RIM was prepared to advance various proposals that no licensor (and successful litigant) like NTP would ever accept. From RIM's perspective, endless multi-year negotiations were ideal

[1] Recognizing that this concept is difficult to comprehend and without divulging any details, RIM sought to add many additional parties beyond NTP, Inc. (the plaintiff and patent owner) to the settlement agreement.

because RIM was receiving the benefit of its bargain (protection from the imminent injunction) without RIM ever having to actually pay the licensing fee.

In good faith, NTP continued negotiation even after the March 31 deadline, but, ultimately, several months of negotiations proved fruitless. Both parties have recognized for a long time that there was no meeting of the minds on critical terms. In an effort to bridge this gulf, NTP has given RIM an offer that fully protects RIM's existing business and business partners and which is fully compliant with the term sheet – just as RIM sought. Unfortunately, as RIM has indicated, RIM believes it is entitled to something beyond what NTP has offered. Thus, succinctly, there was, and is, no agreement.

RIM's contested assertions of a comprehensive meeting of the minds is simply an effort to abuse the mediation process. Through its present motion, RIM merely seeks to foist upon NTP a set of settlement conditions for which RIM could never have bargained and that NTP never would have accepted.[2]

[2] RIM's purported attempt to "return to the status quo" of March 12 is indisputably inconsistent with its citation to subsequent events occurring in reexamination. As RIM is fully aware, NTP continues to be very confident in the ultimate outcome of reexamination now having seen the prior art cited by the PTO. Indeed, at least one of the primary PTO references is a patent that RIM intentionally dropped at trial because NTP had so conclusively established priority of invention before the reference date and, thus, removed the reference as "prior" art. RIM's gratuitous comments are simply an inappropriate attempt to re-file RIM's previous motion to stay pending reexamination which was quickly denied by this Court.

B. Under Established Legal Precedent, This Court Retains Jurisdiction.

This Court retains jurisdiction to complete the pending appellate proceedings, issue its mandate and return jurisdiction to the District Court over all remaining issues.

The mootness cases cited by RIM all involve signed definitive settlement agreements filed with the district court that eliminated any further case and controversy between the parties. *E.g.*, *Gould v. Control Laser Corp.*, 866 F.2d 1391 (Fed. Cir. 1989) (formal written settlement agreement filed in and accepted by district court, including provisions by which two litigating parties came under common control); *Auberback, Inc. v. F.H.A.*, 103 F.3d 156 (D.C. Cir. 1997) (disputed agency orders conditionally rescinded; formal consent order entered; appellant waived right to challenge consent order); *Pressley Ridge Schs. v. Shimer*, 134 F.3d 1218 (4th Cir. 1998)(written settlement agreement formally entered as a consent order in the trial court); *see Key Enters. of Delaware, Inc. v. Venice Hosp.*, 9 F.3d 893 (11th Cir. 1993) (joint motion filed in court of appeals representing that settlement agreement fully disposed of plaintiff's claims and that no case or controversy remained).[3] Here, in sharp contrast and as described above, at best the

[3] This Court does not follow the Eleventh Circuit practice discussed in *Key Enterprises* that, "when a case becomes moot after the panel publishes its decision but before the mandate issues, we dismiss the appeal, vacate the district court's judgment, and remand to the district court with instructions to dismiss." 9 F.3d at 894. Rather, consistent with Supreme Court precedent, if there is a post-appeal settlement agreement, this Court will dismiss the appeal as moot, but will not disturb the underlying judgment of the district court. *E.g.*, *Aqua Marine Supply v. Aim Machining, Inc.*, 247 F.3d 1216 (Fed. Cir. 2001).

parties "agreed to try to agree further." Not a single one of RIM's cases involved a situation in which one of the parties was disputing that a settlement occurred and RIM itself acknowledges (p. 6) that it mootness contention is "now dependent upon whether the parties have in fact settled their controversy..."

As RIM's own case makes clear, this Court has jurisdiction to determine whether or not a case or controversy still exists between NTP and RIM. *See Key Enters. of Delaware, Inc. v. Venice Hosp.*, 9 F.3d at 897 n.9 (court had jurisdiction to determine whether, as parties "represented in their joint pleadings, the case had settled and, thus, that no case or controversy remained"). Where, as here, the existence of any settlement is very much in dispute, the case and controversy between NTP and RIM remains alive.

II. THE COURT SHOULD NOT EXERCISE ITS DISCRETION TO GRANT RIM'S EXTRAORDINARY REQUEST AND PERMIT RIM ENDLESS, SERIATIM, PIECEMEAL APPEALS.

Since this Court clearly retains jurisdiction, RIM is asking for, at best, some form of discretion from this Court permitting piecemeal remands to the District Court. This Court should not exercise such discretion because it nonsensically divorces a defense from its corresponding cause of action and permits defendants, such as RIM, to delay litigation proceedings, manipulate this Court's docket and willfully infringe for years – even a full decade – without fear of the consequences of its tortious behavior.

RIM's purported settlement position is properly raised as a defense tied to some enforcement action. When NTP seeks to enforce the judgment by seeking an injunction or executing on a past damages, RIM may seek to interpose a post-judgment settlement as a defense.

The only pending action remaining in this Court is RIM's pending petition for rehearing and rehearing *en banc* hearing. This Court should act on that petition, expedite the issuance of the mandate and returned full jurisdiction to the District Court for consideration of the issues remanded in the Court's December 14, 2004 opinion. NTP would then file a prompt request for reinstatement of the injunction applicable to the 11 claims for which infringement was affirmed because RIM's ongoing, unlicensed infringement is irreparably damaging competitors that are willing licensees to the patents RIM willfully infringes. During the injunction hearing, RIM can attempt to assert its meritless contention that the parties reached an enforceable meeting of the minds.[4]

At every step in this appeal, RIM has made the maximum efforts to delay adjudication so as to continue reaping the benefits of Tom Campana's wireless email patents. RIM's constant dilatory actions just at the Federal Circuit include: (1) motion to stay pending reexamination; (2) motion to delay the briefing schedule for its initial brief; (3) motion to delay the briefing schedule for its reply

[4] During the previous injunction hearing, RIM conceded that "the general rule [is] that a finding of infringement does entitle one to a permanent injunction." District Court Dkt. # 337 at p. 56-7.

brief; (4) motion to delay the oral argument; (5) deluging the Court with at least a dozen sur-reply briefs filed in the form of Rule 28(j) letters; (6) a pre-opinion petition for *en banc* consideration; (7) a motion to delay the briefing schedule for its *en banc* petition; (8) a post-opinion petition for *en banc* consideration and (9) the present dilatory motion.[5] RIM has now prolonged this appeal, of a very simple willful infringement case with few disputed facts, for almost two full years.

RIM's present litigation tactic invites this Court to approve continued delay and piecemeal appeals for the next several years. RIM wants to stay everything but its purported enforcement action. After the District Court rules against it, RIM will undoubtedly seek appeal again – thus resetting RIM's ability to tie up the appellate process for another two years. After RIM's piecemeal appeal of its enforcement action, RIM has promised to seek further review of the merits in this case after the petition for *en banc* treatment is heard (p. 7).[6]

RIM has already purloined the economic benefit of the Campana inventions for the last six years. If RIM is permitted to indulge in this piecemeal appellate process, RIM will successfully tie up this litigation for many more years. Patents are time-limited, wasting property rights. It is improper for a litigant such as RIM

[5] This list does not include RIM's similar campaign to delay the proceedings at the district court level.

[6] RIM is estopped from challenging the likely issuance of an injunction by the District Court because RIM did not appeal the injunction in the primary proceedings.

to abuse the legal process to steal an inventor's property rights for the vast majority of the temporal scope of the inventor's right to exclude.

III. CONCLUSION

In these circumstances, the Court should exercise its discretion to act on the pending petition for rehearing and, when those proceedings are concluded, promptly issue its mandate returning the case to the District Court for resolution of all remaining issues. The District Court can proceed expeditiously to move forward on issues not affected by the Court's remand, entertain any arguments by RIM regarding the purported "settlement," and address the few issues identified in this Court's panel opinion that might require further consideration.

Respectfully submitted,

By: _____

James H. Wallace, Jr.
John B. Wyss
Kevin P. Anderson
Wiley Rein & Fielding LLP
1776 K Street NW
Washington, DC 20006
Attorneys for Plaintiff NTP, Inc.

Dated: June 9, 2005

CERTIFICATE OF SERVICE

I hereby certify that on this 9th day of June, 2005, I caused copies of the foregoing document to be served in the following manner:

1 copy of the document via UPS to:

Attorney for Research in Motion, Ltd.

Henry C. Bunsow
Howrey Simon Arnold & White, LLP
525 Market Street, Suite 3600
San Francisco, CA 94105
T: (415) 848-4900
F: (415) 848-4999

1 copy of the document via hand delivery and email to:

Attorney for Research in Motion, Ltd.

David W. Long
Howrey Simon Arnold & White, LLP
1299 Pennsylvania Avenue
Washington, DC 20004
T: (202) 783-0800

Kevin Anderson