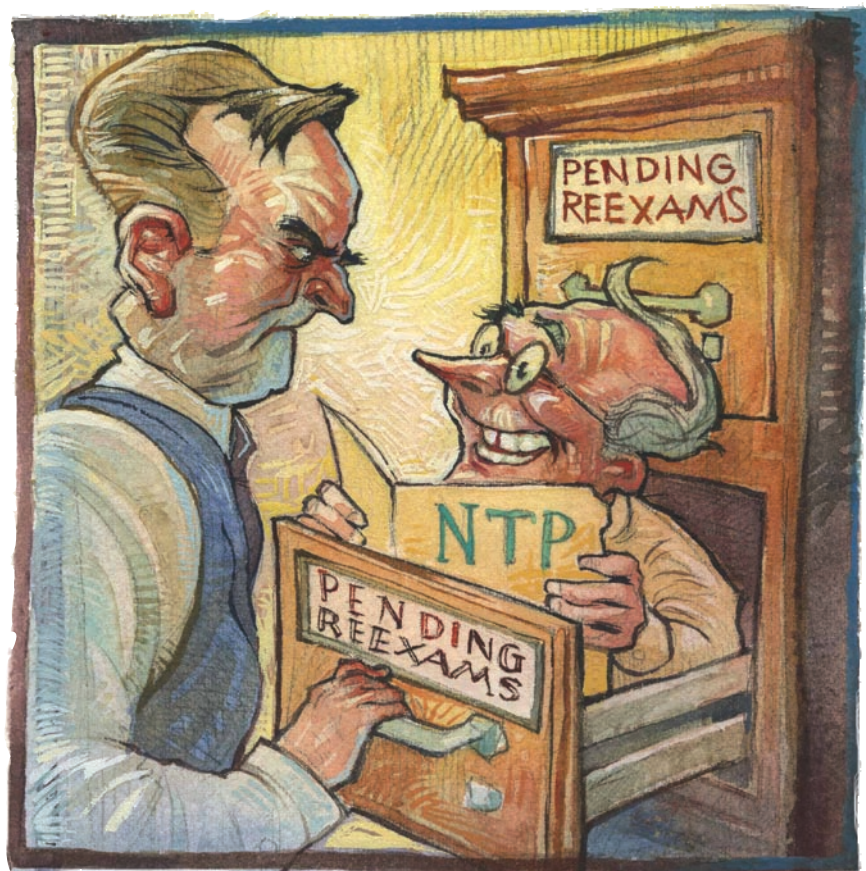


OPENING STATEMENTS

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New Light on the BlackBerry Litigation

Documents unearthed by NTP show meddling by RIM and raise questions about the PTO.—By Raymond Alexander Mercado

"FYI—It just happened again." So begins an internal Patent and Trademark Office e-mail released under Freedom of Information Act (FOIA) requests made by attorneys for NTP, Inc., the patent-holding company that sued BlackBerry manufacturer Research In Motion Limited. An attorney for RIM "was found wandering around on the eighth floor today," the e-mail continues. Another PTO e-mail warns "examiners to keep their doors locked," after reporting how "an elderly gentleman walked into my office inquiring as to the status of the

NTP reexams." The same writer noted, "Seems these third parties are getting a little creative in how they try to access information that should not be made available to them."

The elderly gentleman was David Stewart—who himself had once served as a PTO examiner as well as a judge at the Board of Patent Appeals and Interferences (BPAI), and who was then a lawyer with Orlando-based Allen, Dyer, Doppelt, Milbrath & Gilchrist representing RIM. In fact, Stewart himself had filed RIM's requests for reexamination that eventually led to the invalidation of some of NTP's

patents on wireless e-mail technology.

NTP became aware of rumors of contact between RIM and the PTO and, in 2006, directed its attorneys at Wiley Rein and Hunton & Williams to file FOIA requests with the PTO and the U.S. Department of Justice seeking documents related to its reexams. Several thousand pages were produced, but many were redacted or withheld altogether; the agencies cited exemptions to the FOIA for documents containing inter- and intra-agency deliberations. These documents are the subject of two lawsuits filed by NTP attorneys and currently on appeal at the U.S. Court of Appeals for the Fourth Circuit, after the U.S. district court in Richmond ruled the remaining documents exempt from release. Oral arguments in the first FOIA appeal, *Hunton & Williams v. Dept. of Justice*, are scheduled for September.

NTP, of course, can afford to pursue the FOIA suits: In March 2006 the company secured a \$612.5 million settlement with RIM. That put an end to a long and tortuous series of legal rulings that began with a jury verdict of infringement against RIM in 2002 and the threat of a permanent injunction. On appeal in 2004, that verdict was upheld for the most part by the Federal Circuit, prompting RIM to petition for a rehearing en banc. After granting the rehearing, the Federal Circuit in August 2005 reversed the infringement ruling for six of NTP's patent claims. At the same time, however, it affirmed RIM's infringement of seven claims, and sent the rest to the district court to reconsider.

At the same time, NTP's patents were in reexamination at the PTO. In February 2006 the PTO issued final rejections of the NTP patents that RIM had been found to infringe. The PTO's finding of invalidity in reexam

seems to have been a tipping point for settlement, giving RIM a strong argument in court against the looming injunction, and eliminating, at least for the time being, NTP's best leverage. Presently, all of NTP's patent claims have received final rejections from the PTO in the reexamination proceedings and are now on appeal at the BPAI.

But that hasn't stopped the Virginia-based company from continuing to sue. NTP has filed for infringement on the same patents in the Eastern District of Virginia against Palm, Inc.; T-Mobile USA, Inc.; Cellco Partnership (better known as Verizon Wireless, Inc.); AT&T Mobility, and Sprint-Nextel Corp. But this round of suits isn't getting very far. All have been stayed, pending the resolution of the reexam appeals; a new lawsuit, filed against Alltel Corp. in May 2008, is in its early stages but may be stayed as well.

So it's no wonder NTP wants to see the outcome of its appeals. Its IP has been under a cloud since 2002, when five of its patents were put into reexam at the request of the director of the PTO. Most reexams are requested by competing companies, but, according to Stewart, the director's staff takes interest when a patent becomes an embarrassment with "potential for political damage." When asked why the patent office started the NTP reexams, a PTO spokesperson simply referred to the manual that describes the authority given to the director to initiate such proceedings. Subsequently, RIM filed reexamination requests of its own against NTP.

All of the NTP appeals were filed at the BPAI by January 2008, but to date only one of NTP's eight patents has even received a docketing number. "That's what's so pernicious about reexams," laments NTP president Donald Stout. "The patent life wastes while the PTO does nothing." In July, NTP filed a lawsuit against PTO director Jon Dudas, alleging that the BPAI

has exercised a "pocket veto" over the reexams by its inaction, and asking the district court to force Dudas to take action on the appeals.

Meanwhile, questions persist regarding past impropriety on the part of RIM and the PTO. PTO regulations strictly limit communications during ex parte and inter partes reexaminations, so Stewart's impromptu visits to examiners' offices would have been "probably unethical behavior," says Kevin Noonan of McDonnell, Boehnen, Hulbert & Berghoff. Federal regulations state that "where a party requests any information as to the merits of a reexamination proceeding, the examiner will not conduct a

of the patent bar" but "do not discuss particular matters pending before the Office," adding that this was the policy followed "during the meeting with RIM representatives."

Berman had heard word of a meeting that occurred in January 2005, when RIM faced a renewed threat of permanent injunction after the Federal Circuit upheld most of the district court's claim construction and affirmed the infringement verdict. RIM approached several government agencies as it tried to get a rehearing, including the U.S. Department of Homeland Security, the Department of Justice, and the Commerce Department, attempting to persuade them that the U.S. gov-

The U.S. Department of Justice became a cocounsel of RIM, with the common interest of preventing an injunction.

personal or telephone interview with that party." Stewart says he can't discuss this client matter. But in any case Noonan says, "the allegations that bother everybody" aren't Stewart's visits, but "the meetings of the high-level officials" with RIM.

In April, Congressman Howard Berman, chairman of the House subcommittee on courts, the Internet and intellectual property, was concerned enough about an alleged meeting between the CEO of RIM and high level PTO officials to include a question about it in a list of oversight inquiries he sent to director Dudas.

"Needless to say, Dudas's response to that letter was carefully worded," says Noonan. The PTO response described a meeting held by the U.S. Department of Justice and attended by PTO and other government officials to address only RIM's request that the PTO file an amicus brief in the pending litigation. Later the letter states that PTO officials "regularly meet with patentees and members

of the patent bar" but "do not discuss particular matters pending before the Office," adding that this was the policy followed "during the meeting with RIM representatives."

ernment, as the single largest user of BlackBerry devices, should help RIM in its fight against NTP. Eventually the Justice Department agreed that the U.S. government shared a common interest with RIM in preventing an injunction, maintaining a relationship essentially like cocounsel, according to court filings. NTP is questioning whether the PTO honored its responsibility to be an impartial arbiter of patent validity despite this agreement.

Documents already released under the FOIA reveal that RIM, through Canadian lawyer Donald Cameron of Cameron MacKendrick, did request a meeting with PTO director Dudas. Deputy Commerce secretary Theodore Kassinger wrote to Dudas in order to set up a meeting with Cameron, and Dudas responded that his secretary could "set up a convenient time to meet with Mr. Cameron." E-mails already released under the FOIA also show that the PTO provided RIM with flow charts projecting

timelines in the reexamination proceedings, despite regulations stating that “a question relating to when the next office action will be rendered is improper as it relates to the merits of the proceeding.”

Perhaps the most questionable episode of the reexams occurred in February 2006, when a hearing had been scheduled before the district court judge on the issue of whether a permanent injunction should be entered. At the PTO, the pace of the reexaminations had been accelerating. But how fast is too fast? Only five business days after NTP sent in its 128-page reply brief on the reexam of one key patent, the PTO issued a 121-page final rejection. That happened just hours before the scheduled district court hearing that day on the injunction—thus allowing RIM to argue in court that no injunction should be issued for invalid claims.

Some experts view NTP’s concerns with skepticism. Former PTO commissioner Gerald Mossinghoff, now senior counsel at Oblon, Spivak, McClelland, Maier & Neustadt, finds nothing disturbing in RIM’s communications with Commerce and PTO officials. He says that “every person has the right to come to the seat of government and express his views.” RIM’s lawyer at Howrey, David Long, says, “NTP always tries to put the black hat on RIM,” adding that “whatever sound bite sounds good at the time is what you get.” In his view, the rejection of NTP’s patents is no surprise, considering the prior art, and the current allegations of impropriety are merely the best arguments NTP has left. Of course, if NTP’s FOIA requests are granted on appeal, there may soon be more information available with which to make a judgment. ■

The author is a graduate student in political science at Duke University. He has acted as a consultant on both sides of patent infringement cases.

Going After Cybersquatters

Pursuing offenders in court helps reduce the abuse of brand names online.—By David Hechler

Some brand owners complain that the policy change announced in June by the Internet Corporation for Assigned Names and Numbers, which was supposed to curtail the abuse of domain-name registrations known as “domain-name tasting,” doesn’t go far enough. But several large companies have already taken matters into their own hands and sued alleged offenders.

Verizon Communications Inc., for instance, settled three suits against typosquatters last year, and has brought another two this year. “We believe enforcement and lawsuits play a huge role in reducing the amount of cybersquatting,” says Sarah Deutsch, a Verizon associate general counsel.

In 1999 Congress made it illegal for anyone but the owner to register a domain name that was identical, or confusingly similar, to an existing trademark. But cybersquatters, ever resourceful, evolved. “We were surprised to find there were still large-scale efforts to divert our brand,” says Deutsch. The new breed of cybersquatters, known as typosquatters, register domain names similar to a trademark, set up Web sites for these slightly skewed addresses, and then ask Google to place ads on the sites. Some users will click on the ads, and squatters will receive a portion of the fees that the advertisers pay Google.

Typosquatters also figured out how to register domain names at no cost. ICANN had been allowing people who register a new name to wait five

days before paying for it. (The original purpose of the grace period—ironically—was to avoid penalizing people who inadvertently registered typos.) Typosquatters often set up Web sites for 1,000 domain names or more at a time. Then they monitor the traffic for five days before deciding which ones to pay for and which to abandon. Some squatters engage in domain kiting—canceling all of their registrations before the fifth day and simply reregistering them all over again.

The corporations that have recently pursued these squatters found out that most are domain name registrars—the companies accredited by ICANN to which entities apply to register new names. According to David Steele, a partner at Christie, Parker & Hale, in Newport Beach, California, who represents Verizon and Dell, few other companies have the technology to search all previously registered names and generate thousands of new ones.

Microsoft Corporation, represented by K&L Gates, filed one suit last year against Maltuzi, LLC in federal district court in San Francisco. Aaron Kornblum, the senior in-house lawyer who heads Microsoft’s Internet enforcement team, said that Maltuzi, which has also been sued by Verizon, is not itself a registrar but is closely aligned with one. And Dell Inc. brought two lawsuits last year against registrars.

As in most of these cases, Dell claimed trademark infringement and violation of the Anticybersquatting

