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Patent Fever

The big patent story in 2006 was the Blackberry case. A company called NTP did no particular business, but owned some patents for certain email features.¹ Another company, RIM, was wildly successful selling millions of Blackberry email devices. NTP sued RIM for patent infringement and won at trial. In parallel, the Patent Office determined that the NTP patents were invalid.²

Apparently the invalidity of the patents was not so important because RIM agreed to pay millions to settle the case.³ It was the settlement amount – \$612,500,000.00 – that got everyone’s attention.⁴ I assume that that amount contains some significant discount reflecting the invalidity of the patents, and if the patents had been upheld by the Patent Office, the settlement would have been a lot more.

Since the Blackberry case, the pages of the newspapers have been bursting with news of Company X suing Company Y for patent infringement seeking astronomical dollars such as were previously only dreamed of by professional athletes. A gold rush hysteria has swept over the land, and we’ll all be rich! Rich! RICH!!

During a gold rush, the hills filled up with hordes of novice gold miners who just before catching gold fever were farmers, shopkeepers, and teachers. All they knew about mining, they had learned on the train out from the other wannabe miners. It feels the same now with patents, that there are suddenly a lot of new patent lawyers eager to use their newly adopted expertise to lead their clients to the next big claim that they just know is sure to be there. But to continue the metaphor, real serious gold mining is difficult back-breaking work. It requires special

understanding and a lot of experience to read the geology of the surrounding mountains to see where the veins of gold are likely to be found.

There is no reason to think that the basic rules have changed with regards to patents. It is more important than ever to have a clear understanding of what patents mean to your overall business strategy. That is, you want to get your own strong well-crafted patents for the important new ideas you generate. And you need to know how your

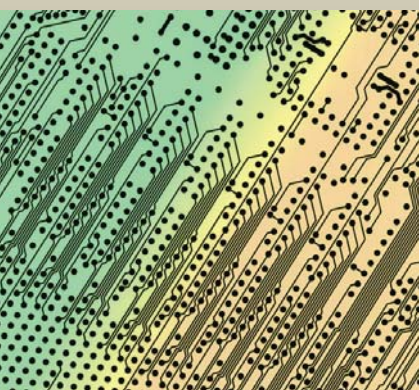
competitors’ patents influence your business environment. When genuinely necessary, you

may need to protect your rights and markets with intelligent patent assertion strategies. And on the flip side, more than ever before, you need bold and creative responses to threats of frivolous patent litigation from the gold-crazed hordes.

As a patent lawyer, I would be very pleased if I could tell my clients that we could get patents that were worth as much as the invalid NTP patents. No doubt, many clients would be satisfied with somewhat less. But let’s return to the notion of a gold rush for a couple of closing questions. First, during a gold rush, do the hills suddenly have more gold in them than before? And assuming that there is gold in your hills, who do you think is more likely get it, one of the new guys who just knows he is in the right place at the right time, or one of the tough old guys who has been there before?

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THE BIG PATENT STORY IN 2006 WAS THE BLACKBERRY CASE.



Patent Fever CONTINUED FROM PAGE 2

¹ These seem to be the patents at issue:

- **U.S. Patent No. 5,438,611** – Electronic mail system with RF communications to mobile processors originating from outside of the electronic mail system and method of operation thereof
- **U.S. Patent No. 5,625,670** – Electronic mail system with RF communications to mobile processor
- **U.S. Patent No. 5,631,946** – System for transferring information from a RF receiver to a processor under control of a program stored by the processor and method of operation thereof
- **U.S. Patent No. 5,745,532** – System for wireless transmission and receiving of information and method of operation thereof
- **U.S. Patent No. 5,751,773** – System for wireless serial transmission of encoded information
- **U.S. Patent No. 5,819,172** – Electronic mail system with RF communications to mobile radios
- **U.S. Patent No. 6,067,451** – Electronic mail system with RF communications to mobile processors

- **U.S. Patent No. 6,198,783** – System for wireless serial transmission of encoded information
- **U.S. Patent No. 6,272,190** – System for wireless transmission and receiving of information and method of operation thereof
- **U.S. Patent No. 6,317,592** – Electronic mail system with RF communications to mobile processors

² The PTO proceedings appear to have been the following:

Ex Parte Reexaminations:

- 90/006,491 filed on 12-26-2002
- 90/006,493 filed on 12-26-2002
- 90/006,494 filed on 12-26-2002
- 90/006,495 filed on 12-26-2002
- 90/006,678 filed on 06-24-2003
- 90/006,680 filed on 06-24-2003
- 90/006,681 filed on 06-24-2003
- 90/007,723 filed on 09-16-2005
- 90/007,726 filed on 09-22-2005
- 90/007,735 filed on 09-28-2005

Inter Partes Reexaminations:

- 95/000,011 filed on 04-17-2003
- 95/000,020 filed on 05-29-2003

³ See, e.g., Official Blackberry Press Release, *Research In Motion and NTP Sign Definitive Settlement Agreement to End Litigation*, www.blackberry.com/news/press/2006/pr-03_03_2006-01.shtml.

⁴ Id. ✧

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