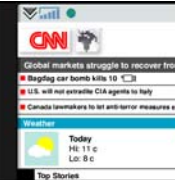


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BlackBerry maker, NTP ink \$612 million settlement

Research in Motion averts shutdown of wireless e-mail service, announces fourth-quarter warning.

By **Rob Kelley**, CNNMoney.com staff writer

March 3, 2006: 7:29 PM EST

NEW YORK (CNNMoney.com) - BlackBerry maker Research in Motion said Friday it agreed to pay \$612.5 million to patent holding company NTP to settle a long-running dispute that had threatened to shut down the popular wireless e-mail service for its 3 million users.

Canadian-based [Research in Motion](#) ([Research](#)) announced the settlement late Friday ahead of a U.S. judge's expected ruling on damages in the case.

Under the settlement, NTP granted RIM the right to keep running its BlackBerry business, the company said in a statement.

"The agreement has been finalized and NTP's lawsuit against RIM has been dismissed by a court order," the Canadian company said. "The settlement means no further court proceedings or decisions about damages are necessary."

RIM also issued a warning Friday, lowering its 4th-quarter revenue projections.

"This is an extremely positive development for RIM. The settlement basically makes the pre-warning irrelevant," said Peter Misek, an analyst with Canaccord Capital. "There's a lot of pent-up demand for RIM products, and competitors have not been able to capitalize on this."

"This settlement was less than Wall Street expected," he said.

Steve Maebius, an intellectual property lawyer with Foley & Lardner, said that recent developments at the patent office may have influenced the suit to be settled for less than the \$1 billion that NTP had once demanded.

"The patent office just issued its second final rejection on NTP's patents -- meaning that it was almost to point where the patents were ruled invalid," he said. "But that development just came about too late to be relevant to the district court proceedings."

However, he said the development may have given RIM more leverage in its bargaining.

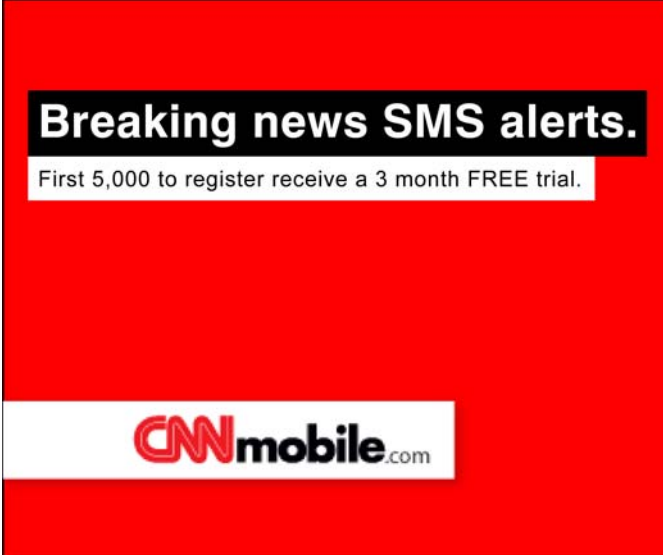
"NTP wanted a one-time payment for the whole life of these patents, not just current sales -- and the patents last until 2012," he said. "\$612 million is a big number, but when you look at overall life of patent, this ends up being a relatively normal size settlement."

RIM had negotiated a 2004 settlement with NTP of \$450 million, but the deal fell apart before it was completed.

"The settlement was a hair higher than we had expected," said Barry Richards of Paradigm Capital. "But this was the first time that the lawsuit had tangibly affected business."

Richards said the higher price of this settlement was mitigated by ushering in an end to the negative effect the NTP lawsuit was having on RIM's business.

Richards said Microsoft and Motorola could have capitalized on RIM's situation by introducing major wireless products, but that they had not done so.



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"Microsoft and Motorola missed a gigantic opportunity," he said.

Palm will benefit somewhat in the current quarter from the lawsuit, Richards believes.

"But RIM's shortfall -- around 100,000 subscribers -- is only two weeks worth of business for them. They can claw their way back either in the current quarter or Q2," he said.

The price of RIM's shares was halted at \$72.00 at 4:37 p.m. in anticipation of the announcement.


RIM's stock price soared after shares began trading after-hours, reaching as high as \$86.30 in after-hours trade.

[Palm](#) ([Research](#)) shares fell after news of the RIM settlement.

-- Richards owns shares of both RIM and Palm. His company has done no banking business with either company. ■

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