

BT loses in hyperlinking patent infringement action against Prodigy

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On 22 August 2002, McMahon J of the US District Court, Southern District of New York, handed down a decision in British Telecommunication plc's (BT) action against Prodigy Communications Corp (Prodigy) for infringement of US Patent 4,873,662, known as the "Sargent patent" which covered a form of hyperlinking.¹

A hyperlink is essentially a means of connecting one object with another through links pre-determined by the publisher or programmer of the material or content. Hyperlinks are typically depicted by underlined text or some form of graphic notation. Whilst hyperlinking is not used exclusively on the Internet, the concept does nonetheless underlie the world wide web. Therefore, any successful patent claim over all forms of hyperlinking technology, particularly in relation to the Internet, would have substantial ramifications for the Internet industry.

BT's European patents had expired, however, the US Sargent patent was still current, having been issued in the US on 10 October 1989 after initial filing on 12 July 1977. The Sargent patent describes a system in which numerous users access data stored on a central computer via remote terminals. Data on the central computer is stored in blocks which are identified by an address. Each block contains two components: the data itself and the addresses of related blocks of information.

The patent resulted from research conducted by an employee of the then British Post Office which in the '70s had responsibility for both post and telephone services.

BT asserted that the patent applied to the Internet's world wide web and commenced a test case against US Internet service provider Prodigy.

BT's principal arguments were that:

1. Each Web server on the Internet is a "central computer" as defined

in the Sargent patent because each Web server has its own centralized data store.

2. HTML files qualify as "blocks of information" either literally or under the doctrine of equivalents.
3. Each URL address is a "complete address" within the meaning of the Court's construction of the term, either literally or under the doctrine of equivalents."²

In granting Prodigy's motion for summary judgement, McMahon J found that "as a matter of law, no jury could find that Prodigy infringes the Sargent patent, nor that Prodigy contributes to the infringement of the Sargent patent..."³

The Sargent patent applies to a system with a central computer at its core, being "a single device, in one location", connected to remote terminals by telephone lines. The Internet on the other hand does not infringe the Sargent patent because there is no single central computer. Similarly, the Sargent patent's central computer has a core information database, which the Internet does not.

McMahon J concluded that:

"BT cannot dispute that any user throughout the world can access information stored in any of the millions of computers connected to the Internet. In contrast, the Sargent patent claims revolve around a central computer, a single device, in one location, with one main data store. The Internet is, in short, an entirely different beast from the system described in the Sargent patent. Consequently, the Internet does not infringe the Sargent patent either literally or under the doctrine of equivalents."⁴

The Court then considered whether data on the Internet can be characterised as "blocks of information" within the meaning of the Sargent patent. This was held to be

not the case as HTML code (the "code" of the web) is not constructed in blocks, certainly not of the form of the Sargent patent.

Finally, the Court drew a distinction between the "complete address" scheme of the Sargent patent and the URL addressing scheme employed on the Internet. The Court correctly concluded that "In the absence of the server information, the user's PC could not know which one of the millions of computers on the Internet is supposed to give it the desired information. This problem does not arise in the context of the Sargent patent, of course, since it requires a central computer. But in the context of the Internet, a path name cannot be a complete address."⁵

Given that the Internet itself was non-infringing it followed that Prodigy was not liable for contributory infringement or inducement for providing users with access. Neither are Prodigy's web servers in breach because they do not contain blocks of information or complete addresses within the meaning of the patent.

BT is said to be assessing its options following Prodigy's comprehensive win. Given the wide-ranging ramifications of BT's claim, no doubt much of the Internet community would agree with Prodigy's parent, SBC Communications Inc, who are reported as saying "We are hoping that this puts the issue to rest".⁶

1 *British Telecommunications Plc v Prodigy Communications Corporation*, 2002 U.S. Dist Lexis. 15521 (S.D.N.Y. 2002).

2 See *British Telecommunications Plc v Prodigy Communications Corporation*, 2002 U.S. Dist Lexis. 15521 (S.D.N.Y. 2002) at 11.

3 Note 1 at 1.

4 Note 1 at 15.

5 Note 1 at 24.

6 http://www.idg.net/crd_idgsearch_0.html?url=http://www.computerworld.com/governmenttopics/government/legalissues/story/0,10801,73731,00.html