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Research in Motion blocked from Nortel wireless bid

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By [Gabriel Madway](#)

SAN FRANCISCO (Reuters) - Research In Motion Ltd said on Monday Nortel Networks had effectively blocked the BlackBerry maker from bidding potentially \$1.1 billion for the bankrupt Canadian company's wireless business.

Analysts said the smartphone maker, which vies with Apple's iPhone and Palm's Pre in the booming market, was zeroing in on Nortel's library of wireless patents at a bargain price.

RIM said it wanted to be qualified as a bidder in Nortel's auction of its CDMA and LTE wireless technology businesses, set for July 24, but was told it would qualify only if it pledged not to submit offers for other Nortel assets for a year.

RIM said it had been prepared to pay roughly \$1.1 billion for the wireless business, based on a preliminary review. That would easily trump the \$650 million stalking horse deal with Nokia Siemens Networks announced last month.

The smartphone maker's surprise statement comes as Nortel, once one of the world's largest technology companies and a Canadian icon, tries to hive off parts of its businesses after failing to turn itself around.

Nortel, in an emailed statement, said it diligently attempted to work with RIM on acceptable confidentiality terms relating to Nortel's intellectual property assets, but "RIM refused to comply with the court approved procedures."

Nortel added it "continues to be willing to provide RIM with the opportunity to participate in the auction," but said even without RIM's participation, it "believes that an active auction will result in maximizing the value of Nortel's assets."

Also on Monday, Nortel said it had struck a deal to sell its enterprise unit, which builds networks for corporations, to Silver Lake- and TPG Capital-owned Avaya for \$475 million.

Shares in RIM held steady in after-hours trade on Monday, after closing on the Nasdaq up 3.5 percent at \$74.97.

OTHER ASSETS?

Charter Equity Research analyst Ed Snyder believed RIM was interested in getting its hands on some of Nortel's intellectual property (IP) portfolio.

Another analyst added that it was unlikely RIM would be attempting to make inroads into a wireless infrastructure market now dominated by the likes of Nokia Siemens.

"It doesn't make a lick of sense for RIM to buy this business from a product point of view ... but they need IP. They're getting killed on 3G and GSM because they didn't invent any of this, so they're a net payer of IP to everybody else."

Nortel's operations are roughly divided between the wireless business, the enterprise unit, and the Metro Ethernet Networks unit.

RIM also said Nortel was aware of its desire to purchase other Nortel assets, "as part of a solution to retain key portions of Nortel's business under Canadian ownership."

But the handset maker said Nortel, its advisors and a court-appointed monitor rebuffed RIM's attempts to engage them in talks.

The company did not say which other parts of Nortel it was interested in acquiring. RIM could not be reached for comment.

"RIM remains extremely interested in acquiring Nortel assets through a Canadian ownership solution that would serve the dual purpose of keeping key wireless technologies in Canada and extending RIM's leadership in the research, development and distribution of leading edge wireless solutions," Jim Balsillie, co-chief executive officer, said in a statement.

Toronto-based Nortel, which in its heyday employed more than 90,000 and could sway entire stock markets in Toronto and New York with just a blip in its share price, filed for bankruptcy protection in Canada and the United States in January.

(Additional reporting by [Ajay Kamalakaran](#) in Bangalore; Editing by [Edwin Chan](#) and [Lincoln Feast](#))

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