

PTAB Invalidates Two Patents Central To VLSI's \$2.2 Billion Verdict Against Intel From the Western District of Texas

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On June 13, 2023, the Patent Trial and Appeal Board (PTAB) issued a 35-page final written decision following *inter partes* review (IPR) between Patent Quality Assurance LLC (PQA), Intel Corp. (together, the petitioners), and VLSI Technology LLC (the patent owner). The decision was just the latest development in a drawn-out dispute between Intel and VLSI, which peaked in the Spring of 2021 when a Western District of Texas jury in Judge Albright's courtroom awarded \$2.2 billion to VLSI in a patent infringement lawsuit against Intel.

Prior to the 2021 trial, Intel attempted to challenge the validity of VLSI's patents before the USPTO, but the PTAB denied Intel's petition, citing the *Fintiv* factors, the framework used by the PTAB to decide whether to allow or deny IPR when a parallel proceeding is underway.

At trial, the jury awarded over \$2 billion in damages after finding that Intel had infringed two patents: 7,725,759 ('759 Patent) and 7,523,373 ('373 Patent). Following the verdict, Intel appealed to the Federal Circuit (where the parties currently await argument) and again pursued an invalidity challenge before the USPTO, where the PTAB permitted it to join with PQA in the subject IPR proceedings.

The final written decision that the PTAB issued this week addressed only the '373 Patent; the PTAB invalidated the '759 Patent in a similar but separate proceeding.

At IPR, the petitioners challenged all 16 claims on the VLSI patent, each under 35 U.S.C. § 103 (obviousness). The petitioners argued that each claim represented only a combination of previously published technology, a combination obvious to a person having ordinary skill in the art. VLSI then countered by asserting that the commercial success of the technology proved that the combination was *not* obvious.

The PTAB sided with the petitioners. Stating that there was no nexus between the invention and Intel's commercial success because "the challenged claims were not the basis for customer demand of the accused products," the PTAB rejected VLSI's commercial-success counterargument and invalidated every single claim of the '373 Patent.

VLSI also unsuccessfully argued that the petitioners lacked constitutional standing.

The appeal before the Federal Circuit looms. PTAB invalidation is not binding on the appellate court, *Tinnus Enters., LLC v. Telebrands Corp.*, 846 F.3d 1190, 1202 n.7 (Fed. Cir. 2017), but certainly, this decision can only be seen as great

news for Intel, a company facing a menacing \$2.2 billion redress. Intel already filed a Notice of Supplemental Authority to the Federal Circuit relating to the separate IPR decision invalidating all relevant claims on the '759 Patent, and we can expect a similar notice related to the PTAB's decision to invalidate all claims of the second VLSI patent supporting the \$2 billion verdict.

Matthew Reilly, a Summer Associate in Winston's Dallas office, assisted with this briefing.

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