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Intel Hit With \$2.18B Jury Verdict In VLSI Patent Fight

By Britain Eakin

Law360 (March 2, 2021, 2:21 PM EST) -- A Western District of Texas jury delivered one of the largest patent infringement wins in history to VLSI Technology LLC on Tuesday, finding that Intel infringed all contested claims in two computer chip patents and building on a trend in recent years of enormous verdicts in patent cases.



A Texas federal jury found on Tuesday that Intel infringed all contested claims in two computer chip patents, delivering one of the largest patent infringement wins in history to VLSI Technology LLC. (AP Photo/Ben Margot)

The jury's \$2.175 billion verdict arrived the day after closing arguments wrapped, with the jury finding that Intel infringed all of the contested claims in both patents. Intel is on the hook for \$1.5 billion for literal infringement of U.S. Patent No. 7,523,373 and \$675 million for infringing U.S. Patent No. 7,725,759 under the doctrine of equivalents.

The jurors decided that Intel's infringement was not willful. Had they found that it was, U.S. District Judge Alan Albright could have tripled the \$2.175 billion damages award.

Michael Stolarski, CEO of VLSI Technology LLC, welcomed the news.

"We are very pleased that the jury recognized the value of the innovations as reflected in the patents and are extremely happy with the jury verdict," he said in a statement.

Intel spokesperson William Moss, meanwhile, told Law360 the company "strongly disagrees" with the verdict.

"We intend to appeal and are confident that we will prevail," Moss said.

Counsel for VLSI did not immediately return a request for comment.

After the jury delivered its verdict, Judge Albright commended the attorneys for their professional conduct, saying every time he interacted with one of them, he was thankful former President Donald Trump appointed him to the federal bench in 2018. Since then, he's built his docket into the busiest patent docket in the country.

He called himself "the luckiest person on the planet" to get to work with attorneys whose skill he said far exceeded his own as a trial lawyer.

During closing arguments on Monday, VLSI Technology told the jury that evidence of infringement was crystal clear in nearly 1 billion Intel products, while Intel Corp. argued that VLSI failed to prove the patents are being used in any of its products. The arguments came after a nearly full day of witness testimony on damages and Intel's defense that the asserted patents are invalid, closing a **six-day trial** that was delayed by a week due to a winter storm.

Intel attorney Joseph Mueller of WilmerHale told the jury during closing arguments that VLSI's damages request was **"an outrageous demand."** During the course of the trial, Intel tried to portray VLSI's patents as essentially worthless, telling the jury that no company has ever licensed them, they're not used in any products and they've been sold multiple times for small sums.

VLSI, meanwhile, had argued that Intel profited tremendously from the patented technology.

VLSI's April 2019 suit alleged that the tech giant has sold billions of computer chips since at least 2008 that lifted the patented energy-saving and speed-optimizing technology.

The huge verdict follows a **trend of high damages awards** in patent trials over the past decade that have surpassed \$500 million and in several cases, topped \$1 billion. Tuesday's verdict is the second to surpass the \$2 billion mark. However, **many of those verdicts haven't survived** and were either lowered, wiped out or settled.

The dispute between Intel and VLSI, a unit of hedge fund Fortress Investment Group, is just one part of a sprawling battle between the companies. VLSI has asserted at least 21 patents against Intel in various venues throughout the country, which Intel has said is part of an anti-competitive patent aggregation scheme Fortress is backing.

According to court filings, the parties will reconvene in Judge Albright's courtroom on April 12 for another jury trial in another potentially billion-dollar case in which VLSI alleges that Intel infringed two additional patents. And they will meet yet again in June for another go-round with three more VLSI patents at issue in that case.

The patents-in-suit are U.S. Patent Nos. 7,523,373 and 7,725,759.

VLSI is represented by Morgan Chu, Benjamin Hattenbach, Alan Heinrich, Iian Jablon, Christopher Abernethy, Ian Washburn, Elizabeth Tuan, Adina Stohl, Amy Proctor, Dominik Slusarczyk, Charlotte Wen, Brian Weissenberg, Benjamin Manzin-Monnin, Jordan Nafekh, Michael Strub Jr. and Babak Redjaian of Irell & Manella LLP, Craig Cherry of Haley & Olson PC and Andy Tindel, J. Mark Mann and G. Blake Thompson of Mann Tindel Thompson.

Intel is represented by William Lee, Louis Tompros, Kate Saxton, Gregory Lantier and Amanda Major of WilmerHale, J. Stephen Ravel and Kelly Ransom of Kelly Hart & Hallman LLC and James Wren of Baylor Law School.

The case is VLSI Technology LLC v. Intel Corp., case number 6:21-cv-00057, in the U.S. District Court for the Western District of Texas.

--Editing by Bruce Goldman.

Update: This story has been updated with additional counsel information for and comment from VLSI.

Correction: An earlier version of this story misspelled the names of VLSI attorney G. Blake Thompson and Intel attorney Kate Saxton. The errors have been corrected.