



VLSI Technologies, which won a [\\$2.1 billion verdict](#) against Intel last fall, has raised an alarm over what it calls “gamesmanship and abuse” from a shell company that won institution of an *inter partes* review of one of the semiconductor patents involved in the headline-grabbing judgment and award.

OpenSky Industries was [incorporated](#) just after VLSI won the case and literally photocopied and re-filed an IPR that Intel previously lost because its parallel district court case was ongoing at the time. But this time around, two days before Christmas, a three-judge panel at the Patent Trial and Appeal Board decided to institute the petition on patent 7,725,759, which was responsible for \$675 million of the damages VLSI won.

Now the Fortress-controlled entity is pleading with the PTAB’s precedential opinion panel (POP) to overturn the decision to institute the IPR. It wants the POP to use the case to reiterate that the PTAB can deny petitions to deter abuse of the system. Letting the decision stand, VLSI claims, would allow third parties to copy past IPRs and refile them in order to extract “ransom” from rights holders who have already won verdicts.

“The board should not permit entities formed after the verdict and facing no infringement threat to treat these proceedings as leverage to extract ransom payments in exchange for withdrawing abusive attacks,” said a VLSI filing in the case. “This type of harassment has already begun: two such entities formed after VLSI’s jury verdict against Intel and filed three ‘copycat’ versions of previously rejected Intel petitions.”

Now Intel has sought to join OpenSky’s instituted IPR, though VLSI argues it would be time-barred from filing its own petition. A different OpenSky IPR that attacked the other VLSI patent in the big judgment was denied by the PTAB. An entity called Patent Quality Assurance has filed IPRs that were mostly identical to Intel’s old ones, including a still-pending petition that attacks patent 7,523,373, which was responsible for the bulk of VLSI’s verdict.

This is a rare situation, says Nicholas T Matich, a former senior legal advisor to the USPTO director and former acting general counsel of the office, who notes he has never seen it happen before.

Matich says the case is concerning and raises a patent policy issue that is important enough for the precedential opinion panel, though it is not possible to predict if the POP will accept the case. He explains that allowing this conduct would destabilise the patent system by giving a petitioner leverage to force a patent holder to pay a settlement in return for dropping the IPR.

“It does create a possibility and incentive that others might do this,” says Matich, principal in McKool Smith in Washington DC, who was not involved in the IPR case.

He adds that if the PTAB were to invalidate VLSI’s patent based on this IPR, it might have an impact on the current appeal that Intel has filed over VLSI’s \$2 billion verdict.

“This could threaten the patent owner’s judgement,” Matich says.

The three-judge PTAB panel found that OpenSky showed a reasonable likelihood of prevailing to establish the unpatentability of at least one claim in the ‘759 patent, which covers a system and method of managing clock speed in an electronic device. Intel filed two IPRs against the same patent and the PTAB denied them – not on the merits, but because of parallel district court litigation. OpenSky has refiled unchanged declarations from two experts who testified for Intel in its petitions.

VLSI argued that the PTAB’s *Fintiv* rule should prevent the institution of the IPR. The PTAB ruled that *Fintiv* does not apply because OpenSky wasn’t a party in the *VLSI v Intel* litigation, and its IPR raises an invalidity basis that the VLSI jury did not hear about.

“Because the Intel litigation did not resolve issues presented by this proceeding, there is no chance of an inconsistent outcome,” the decision explained. “We do not agree that prevailing in litigation against one party should insulate a patent owner from challenge by a different party based on grounds that were not resolved in the litigation.”

Andrew Oliver, partner in Amin Turocy & Watson, who represents OpenSky in the IPR, declined to comment.

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