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US Law Week

What *Apple v. Caltech* Means for University Patent Litigation

By Alfonso Chan

Opinion

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McKool Smith's Alfonso Chan analyzes the increased role of universities in US patent litigation, saying they are involved in some of the most profound cases nationwide. He signals what's to come, and the strategic importance of *Apple v. Caltech*.

The US patent system helps drive the economy and universities provide the fuel, performing nearly 60% of all basic research in the US.

Under the Bayh-Dole Act, US universities invent, obtain patents, and license those patents for commercialization by private companies. Revenues generated by patent licensing are reinvested back into universities to fund future academic research and innovation.

Therefore, university patent cases influence how smoothly the American innovation engine runs.

Case in Point

One such case is *Apple Inc. v. California Institute of Technology*, which is pending before the US Supreme Court.

The high court recently asked for the solicitor general's views in the case, which involves Caltech and its WiFi patents. While the case was pending in trial court, Apple and Broadcom challenged the validity of Caltech's patents in the Patent Office, and lost.

Thereafter, the trial court ruled that Caltech's patents were not invalid based on the statutory estoppel doctrine. District Judge George Wu precluded Apple and Broadcom from raising invalidity arguments to the jury that he believed reasonably could have raised at the Patent Office.

Caltech won a \$1.1 billion jury verdict of patent infringement against Apple and Broadcom. Apple and Broadcom appealed, and the Federal Circuit Court of Appeals vacated the jury verdict on infringement and damages and ordered a new trial.

But the Federal Circuit also affirmed Wu's ruling on statutory estoppel, thereby confirming the validity of the Caltech patents.

Apple and Broadcom again appealed, this time to the Supreme Court, arguing that both the trial court and appellate court wrongly prevented Apple and Broadcom from arguing invalidity during the jury trial.

Tactical Significance

The *Apple v. Caltech* case is tactically important because accused infringers often challenge patent validity in a Patent Office proceeding that runs concurrently with trial court proceedings.

This proceeding, known as inter partes review, has a reputation of driving up the costs of patent licensing, disfavoring patent owners and invalidating patents.

If a university patent owner wins IPR, it generally does not want to give the accused infringer a second bite at the apple. Thus, a patent owner who prevails in an IPR subsequently argues that statutory estoppel prevents the accused infringer from re-litigating validity before the jury.

The *Caltech* case is strategically important because it may reasonably limit opportunities for challenging patent validity, thereby bolstering the value of patents that survive the IPR process.

This is critically important for research universities like Caltech, whose specific mission under the Bayh-Dole Act is to fund future research by generating patent licensing revenue.

There is no deadline for US Solicitor General Elizabeth Prelogar to file a brief with her views on the *Caltech* case, but the Office of the Solicitor General frequently files several briefs in May so the Supreme Court may consider them before its summer recess, which normally begins in late June.

Patent attorney Scott Hejny told me, "It will be interesting to see the Solicitor General's take, but I think the Federal Circuit got this one right."

If the Supreme Court decides to take the *Caltech* case, full briefing will be required, so oral arguments might not be scheduled until the next term, which begins in October 2023.

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Author Information

Alfonso Chan is a principal at McKool Smith who focuses on litigating and licensing complex intellectual property cases on behalf of universities, research institutes, and technology companies.

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