



## Supreme Court Snub of Apple and Broadcom Clarifies IPR Estoppel Tactics

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*Apple and Broadcom will now face a jury trial on damages without a patent invalidity defence, finds Sarah Speight.*

[Apple](#) and tech supplier [Broadcom](#) have failed to convince the [US Supreme Court](#) (SCOTUS) to reconsider a lower court's decision that prevented them from raising patent invalidity challenges against the [California Institute of Technology](#) (Caltech).

SCOTUS said on Monday (June 26) that it will not hear Apple and Broadcom's petition for a writ of *certiorari* of a ruling by the US Court of Appeals for the Federal Circuit, which upheld a district court's decision to apply estoppel under Section 315(e)(2) of the America Invents Act.

Following several *inter partes* review (IPR) proceedings, a California jury found in 2020 that Apple and Broadcom had infringed patents belonging to Caltech related to Wi-Fi encoders found in Apple products including iPhones, Macbooks and iPads, and granted summary judgment of no invalidity.

This latest development comes after the Biden administration last month [urged SCOTUS](#) to reject the pair's appeal. In a brief for the US as *amicus curiae* on May 23, Solicitor General Elizabeth Prelogar said that Apple and Broadcom's bid to overturn a ruling that they had infringed patents belonging to Caltech was futile and should be denied.

Prelogar upheld the view of the Court of Appeals that Apple could not challenge the validity of Caltech's patents in court using arguments that it had failed to raise during petitions for IPR at the US Patent and Trademark Office ([USPTO](#)).

Impact on IPR scope

The case highlights the growing might of universities in US patent litigation, which invent, obtain and license patents to private companies.

In this case, patents owned by Caltech covering WiFi chips were licensed to Apple for use in its products, and to Broadcom, which supplies Apple with said chips.

And the Supreme Court's denial of two major tech firms' challenges to patent validity is significant for the scope of IPR estoppel, as noted by [Michael Parks](#), a partner at Thompson Coburn.

"The Supreme Court's denial of *certiorari* means Apple and Broadcom currently have to face another jury trial on damages, where they will be adjudicated infringers with no patent invalidity defence," he explains.

"Absent a settlement among the parties, the next consequential step in this case likely will be the new jury trial where, to comply with the Federal Circuit's damages ruling on the patents found infringed, Caltech will simply have to present a damages case where the same royalty rate is applied against the accused Broadcom WiFi chips and the accused Apple products incorporating those chips.

"This is an important case because the Federal Circuit has now clarified that IPR estoppel applies not just to claims and grounds asserted in the IPR petition, but also to all grounds not stated in the petition which reasonably could have been asserted against the claims included in the petition.

“Because the Supreme Court denied *certiorari*, this is now the law of the land. It means IPR patent challengers will need to make sure they do their homework comprehensively before filing an IPR petition to ensure they have captured all reasonable grounds for challenging the claims included in the petition.”

“This case is also an example of a university flexing its muscle with its patent portfolio. Universities can be formidable adversaries because they often have strong IP portfolios, and typically are not subject to countersuits for infringement by their targets because they typically don’t actually sell products.”

‘Tactically important’ case

[Alfonso Chan](#), principal at McKool Smith, has [written previously](#) that this dispute is “tactically important because accused infringers often challenge patent validity in a patent office proceeding that runs concurrently with trial court proceedings”, or IPRs.

Responding to the Supreme Court’s decision this week, Chan expressed concern over the USPTO’s equal handling of IPR proceedings.

“Notably the USPTO filed an *amicus brief* supporting Caltech’s position that statutory estoppel is necessary to ensure IPRs are a cost-effective alternative to district court litigation,” he says.

“But just a couple weeks after filing its *amicus* brief, the USPTO refused to apply statutory estoppel in an IPR involving a patent which a jury found Intel had infringed, and owed \$2.2 billion in damages [*Intel and OpenSky v VLSI*, a decision that was [later quashed](#) by the PTAB].

“Does the application of statutory estoppel [therefore] depend on the identities of the patent owner and IPR petitioner? One hopes that equal justice under law is an actual, not just aspirational goal of PTAB.”

‘Reassurance’ for patent owners

However, [Tom Fisher](#), member at Cozen O’Connor, believes that the decision provides reassurance for patent owners.

“Under Apple’s interpretation, the scope of the estoppel would be very limited, as petitioners are not permitted to raise new grounds during an IPR proceeding, and have only limited ability to introduce new prior art as background information,” comments Fisher.

“The Supreme Court invited briefing on the issue from the Solicitor General, who agreed with the Federal Circuit that Section 315(e)(2) should be read broadly.

“The Solicitor General argued that the Federal Circuit’s interpretation of Section 315(e)(2) is consistent with Congress’s intent that grounds not asserted in an IPR petition—but which reasonably could have been raised by the petitioner—cannot be later raised in district court.”

He went on to highlight that Prelogar also noted that the Federal Circuit’s broad interpretation “comports with common-law estoppel principles, under which a party that could have raised an argument but elected not to do so is generally precluded from pursuing that argument in subsequent proceedings”.

The Supreme Court’s denial of Apple and Broadcom’s appeal “provides some reassurance for patent owners who survive a challenge before the PTAB,” adds Fisher.

“The Federal Circuit’s broad interpretation of the estoppel provision of Section 315(e)(2) gives patentees who survive an IPR a strong footing for deflecting prior art challenges in district court that could have been presented to the PTAB.”

He adds: “The Federal Circuit had also vacated Caltech’s \$1.1 billion jury verdict and remanded for a new trial. The Supreme Court’s denial of Apple’s appeal on this issue will not have any impact on the new damages trial.”

