



## **Caltech v Apple: An Unusual Triumph for University Patents?**

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***The long-running dispute between Apple and a university may be resolved, but the IP of educational institutions remains an easy target for efficient infringers, say Alfonso Chan and Raphaël Chabaneix of McKool Smith.***

The news of a potential settlement in *California Institute of Technology v Apple and Broadcom* last week signals that the seven-year litigation saga, concerning the university's ([Caltech](#)) overturned \$1.1 billion jury award, may be finally coming to an end.

The settlement terms are confidential, but if we consider the order of the jury verdict, it represents a meaningful victory for the university and a vindication of the value of all university-owned patents.

### **Soldiering through the courts**

Caltech sued [Apple](#) and [Broadcom](#) in a Los Angeles federal court in May 2016, accusing them of infringing four Wifi patents.

Apple responded in November and December 2016 with ten petitions for *inter partes* reviews (IPRs) challenging the validity of the Caltech patents.

Caltech prevailed in eight cases but suffered setbacks in two IPRs, where some claims were invalidated.

After the IPRs were concluded in mid to late 2018, Apple unsuccessfully appealed seven of them to the US Court of Appeals for the Federal Circuit.

Meanwhile, the district-court case proceeded to soldier on, with heated disputes over summary judgments, expert testimonies, and pre-trial discovery.

On January 29, 2020, a jury delivered a verdict of infringement of several patent claims and awarded roughly \$270 million against Broadcom and \$837 million against Apple.

Apple appealed Caltech's win to the Federal Circuit, who vacated the jury award on February 4, 2022, and sent the case back to district court for retrial on damages.

Upon remand, the parties filed new motions for summary judgment, attempting further challenges to each other's experts.

Apple also sought, unsuccessfully, to reopen discovery on licensing issues outside the limited scope of the retrial.

However, Apple recently found some respite, as the trial judge held a sealed evidentiary hearing on June 8, 2023, to assess whether Caltech's licensing deals deprived it of legal standing to assert its patents.

Since that hearing, the parties appear to have engaged in settlement discussions, resulting in a stay of the case on July 10 under further notice. Then came the announcement that a potential settlement had been reached.

### **Marked challenges**

This news coincides with an announcement earlier this month that Caltech and [Samsung](#) had settled their dispute over the same patents in advance of a trial scheduled to begin next month in East Texas.

Caltech has separately sued [Microsoft](#), [Dell](#) and [HP](#) over the patents in cases that are still pending. It is not yet known whether settlements with Apple and Samsung will affect these pending cases, but the Caltech cases exemplify the challenges affecting university patents today.

Universities such as Caltech perform over 30% of all federally funded research and development and are ultimately responsible for every US innovation, invention and scientific [discovery](#) since passage of the [Bayh-Dole Act](#) in 1980.

Caltech and other US universities that license patents have a long [history](#) of reinvesting their royalties to fund future innovation by professors, graduate students and researchers. This in turn advances the development of state-of-the-art facilities, increases job creation in high technology sectors and further drives US economic growth.

Patents do not enforce themselves, however: so if a company refuses to pay for a licence, universities are forced to bring infringers to court and litigate their patents.

### **Easy targets**

Caltech had the resources to retain patent enforcement counsel and the resolve to litigate for seven years, which paid off and allowed them to secure this settlement.

Infringers, however, recognise that most universities do not have tens of millions of dollars budgeted to enforce and defend their patents.

As a result, many companies—especially Big Tech—see university patents as easy targets and continue to engage in the ‘efficient infringement’ of university patents, which threatens the US innovation ecosystem.

While Caltech was able to secure a settlement, the prohibitive cost of litigation means that many universities will be unable to protect their patents from ‘efficient infringers’ barring action from the US Congress and courts to create stronger protections for university patents.

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