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U.S. Appeals Court Overturns Historic $2.18 Billion Patent-Infringement Verdict Against Intel

The U.S. Court of Appeals for the Federal Circuit has overturned a monumental $2.18 billion patent-infringement award previously granted to patent holder VLSI Technology in its legal battle against Intel Corp. This decision marks a pivotal moment in the landscape of U.S. patent law.

Reversal of Verdict

The Federal Circuit's ruling on Monday nullifies the 2021 jury verdict that found Intel guilty of infringing one of VLSI's patents. The court has mandated a fresh trial in Texas to determine the extent of Intel's liability for infringing a second VLSI patent, effectively setting aside one of the largest patent infringement verdicts in U.S. history.

Ownership and Players

VLSI, a patent holding company, manages investment funds controlled by Fortress Investment Group. Abu Dhabi's Mubadala Investment Co recently agreed to acquire a majority share of Fortress from Japan-based Softbank Group Corp.

Responses and Perspectives

Despite the significant legal setback, VLSI representatives have not yet commented on the court's decision. In contrast, an Intel spokesperson expressed satisfaction with the ruling, asserting that VLSI's patent holds "little value." This position sets the stage for what is expected to be a contentious new damages trial.

Legal Battle Overview

VLSI has initiated multiple lawsuits against Intel across various U.S. courts, alleging the infringement of several patents related to semiconductor technology. The initial Waco, Texas trial resulted in a jury awarding VLSI $2.18 billion. This verdict was based on the finding that technology in Intel microprocessors violated patents acquired by VLSI from Dutch chipmaker NXP Semiconductors.

Federal Circuit's Findings

The Federal Circuit's review determined insufficient evidence to support the jury's conclusion regarding Intel's infringement of one of the two patents in question, which accounted for $675 million of the original verdict. While affirming Intel's infringement of another VLSI patent, the court cited issues with the damages analysis, prompting the decision for a new trial to ascertain the appropriate award.

Financial Implications

Following the court's decision, Intel's stock experienced a more than 4% decline on Monday morning, reflecting the gravity of the legal battle's financial implications. Concurrently, other major chipmakers also witnessed declines in their stock values.

Ongoing Legal Saga

This legal dispute between Intel and VLSI is far from over. Intel successfully defended against VLSI's attempt to secure over $3 billion in damages in another Waco jury trial in 2021. Additionally, a separate jury in Austin, Texas, ruled in favor of VLSI, entitling them to nearly $949 million from Intel in a third patent case last year. Further complexities lie ahead, with an upcoming trial in Northern California in 2024.

In the ever-evolving landscape of patent law and technology, the outcome of this legal saga will undoubtedly have lasting implications on the rights of patent holders and the responsibilities of major players in the semiconductor industry.

Don’t be a silent ninja! Let us know your thoughts in the comment section below.