

Tessera, Covington Deal Blows to Broadcom in ITC and PTAB

BY SCOTT GRAHAM

For a technology licensing company, Tessera Technologies Inc. doesn't bring a lot of lawsuits. When it does, it often ends badly for the other side.

Last week Tessera won a ruling at the International Trade Commission that Broadcom Ltd. is infringing its 6,849,946 patent on semiconductors, that the patent is valid, and that there is a valid domestic industry in the United States.

Tessera, which was renamed Xperi Corp. following its December merger with DTS Corp., hailed the victory in a press release Wednesday. "This is a key patent on a fundamental manufacturing process technology that is not only very broadly infringed across all of Broadcom's significant



U.S. International Trade Commission building.

product lines, but, we believe, is used by many others in the semiconductor industry," Xperi CEO Jon Kirchner said in the release.

Broadcom had tried to invalidate the '946 patent via inter partes review, but the Patent Trial and Appeal Board rejected its petition in March.

That makes it a double win for Covington & Burling, which represented Xperi before the

PTAB and the ITC. Washington, D.C.-based partner Sturgis Sobin led Covington's team at the ITC. Broadcom was represented by Kilpatrick Townsend & Stockton. Partner David Sipiora referred an inquiry to Broadcom, which did not immediately respond.

The ITC action is part of a worldwide brawl between the two companies. Xperi has sued Broadcom in Delaware federal



Sturgis Sobin of Covington & Burling

court, the ITC, Germany, and the Netherlands. Broadcom responded with eight petitions for inter partes review. The PTAB has instituted proceedings on one, while several others remain pending.

The '946 patent involves a technique for smoothing the planes of semiconductor chips. As the circuitry packed across those planes gets more and more miniaturized, even microscopic flaws can cause errors.

Xperi has obtained an injunction from a German court on

a related patent. According to Xperi's former CEO, Broadcom has told a German appellate court it will suffer "immense damages" if the German injunction is enforced, and asked that Xperi be required to post a bond of 500 million euros while the injunction is appealed.

Broadcom is likely to appeal the ITC order to the full commission. If the full ITC affirms, Xperi can seek an exclusionary order barring the import of products containing Broadcom's chips, such as set top boxes and smartphones.

Xperi is an R&D company that designs and develops semiconductor packaging. With DTS, it now also produces audio enhancement products that compete primarily with Dolby Laboratories Inc. Xperi's technology is licensed by the likes of Samsung Electronics Co., Micron Technology Inc., and SK Hynix Inc. The company reported revenues of \$260 million last year,

all from royalties and licensing.

The vast majority of Tessera's licensing has taken place outside of court—Broadcom is the only company Tessera has sued in U.S. courts in the last five years. "They tried for more than two years to work out a deal, but were unsuccessful," Sobin said.

Two years ago Amkor Technology Inc. paid Tessera \$155 million to settle litigation over semiconductor chips. Tessera also settled a long-running patent dispute with Advanced Semiconductor Engineering Inc. for \$30 million in 2014, despite the latter's attempt to wriggle out of the deal at the last minute. Advanced Semiconductor stipulated to dismiss all claims a week later.

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