



## **Jury Verdict of \$145 Million Reduced to \$10 Million Based on Expert's Failure to Properly Apportion**

Jan 10, 2019

Reading Time : **2 min**

By: Daniel L. Moffett

In the case, the accused product was the iPhone, and the patented feature was a “subscriber unit/station,” which Wi-LAN admitted was the Voice over LTE (VoLTE) capability of the phone’s baseband processor, not the entire iPhone. Both Apple and Wi-LAN agreed that apportionment was required, but disagreed on the method of apportioning. Apple apportioned based on the smallest saleable patent practicing unit, while Wi-LAN apportioned based on a “direct valuation” methodology.

Accordingly to Wi-LAN, three steps comprise a “direct valuation” apportionment analysis: (1) study the incremental benefits of the patented technologies and quantify those technological benefits for each patent group by comparing the accused product with the “next-best” noninfringing alternative, (2) assign the benefits discovered in Step 1 a monetary value through the use of a “willingness to pay” survey, and (3) use the benefits discovered in Step 1 and the valuation attributed to them in Step 2 to determine a reasonable royalty. The court noted that Wi-LAN was unable to cite to any case applying the direct valuation method. Moreover, the court found Wi-LAN’s application of its method fundamentally flawed due to Wi-LAN’s expert’s failure to start the analysis with the patented technology. Specifically, in Step 1 of the direct valuation analysis, Wi-LAN’s expert relied on the benefits of the VoLTE standard, which includes many aspects in addition to the patented features. The court found that, while the reliance on a product’s incorporation of certain standards-related technology may be suitable to prove infringement, a reasonable royalty calculation still demands an analysis of the patent features alone.

The court recognized that there is flexibility in arriving at an apportionment, but it stressed that the patented features must be the starting point for an apportionment analysis. Because the “benefits” of the patented technology described by Wi-LAN’s expert were not actually attributable to the patented technology, but the VoLTE standard, the court held that the opinion should not have been presented to the jury.

Practice Tip: Patent holders, understandably, are motivated to take damages positions that capture as much of the value of the accused product in the reasonable royalty base as possible. While there is flexibility in apportionment methodologies, this case illustrates that taking an overly aggressive approach to apportionment can backfire for a plaintiff. In particular, this case suggests that a damages opinion that is not centered on the patented features themselves may be excluded.

*Apple Inc. v. WI-LAN Inc., et al*, 3-14-cv-02235 (CASD 2019-01-03, Order) (Dana M. Sabraw)

## Categories

District Court

Southern District of California

© 2025 Akin Gump Strauss Hauer & Feld LLP. All rights reserved. Attorney advertising. This document is distributed for informational use only; it does not constitute legal advice and should not be used as such. Prior results do not guarantee a similar outcome. Akin is the practicing name of Akin Gump LLP, a New York limited liability partnership authorized and regulated by the Solicitors Regulation Authority under number 267321. A list of the partners is available for inspection at Eighth Floor, Ten Bishops Square, London E1 6EG. For more information about Akin Gump LLP, Akin Gump Strauss Hauer & Feld LLP and other associated entities under which the Akin Gump network operates worldwide, please see our Legal Notices page.