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Xockets Files Antitrust, Patent Infringement Lawsuit Against Nvidia

Seeks Injunction to Halt These Activities And Financial Damages

Temple, TX – Sept. 5, 2024 – Xockets, Inc., the inventor of advanced Data Processing Units, or “DPUs,” that enable accelerated computing and artificial intelligence, or “AI,” in cloud data centers, today filed a lawsuit in the United States District Court for the Western District of Texas, Waco Division, against Nvidia Corp., Microsoft Corp., and RPX Corp., alleging violation of federal antitrust laws for illegal monopoly practices and willful patent infringement (docket number 6:24-cv-453).

The lawsuit alleges that Nvidia and Microsoft have formed an illegal cartel, facilitated by an entity called RPX, to avoid paying the fair market price for Xockets’ patented DPU technology—fundamental intellectual property, or “IP,” that Nvidia uses to transform its GPUs into the drivers of the AI revolution and dominate the market for GPU-enabled AI computer systems. The filings allege that the buyers’ cartel at issue in this case is part of a pattern of illegal cartel behavior engaged in by Nvidia and Microsoft, as evidenced by the ongoing investigations of these entities by the U.S. Department of Justice, the U.S. Federal Trade Commission, and the European Union.

The complaint further alleges that Nvidia has been infringing on Xockets’ patents since Nvidia’s 2020 acquisition of Mellanox, a deal that Nvidia’s CEO, Jensen Huang, called “a homerun deal.” Nvidia’s use of Xockets’ patented DPU technology has allowed Nvidia to monopolize the field of GPU-enabled AI servers and Microsoft to monopolize the field of GPU-enabled AI platforms—and is critical to their success and market capitalization. Xockets has made every effort to engage Nvidia and Microsoft in good-faith negotiations, but those efforts have been rebuffed.

The lawsuit seeks injunctions to stop the illegal cartel’s activities and enjoin the release of Nvidia’s new Blackwell GPU-enabled AI computer systems, which Nvidia has said will start shipping to customers this fall, and Microsoft’s use of the Blackwell systems for its generative AI platforms. Xockets is also seeking damages to the fullest extent permitted by law.

“Nvidia and Microsoft are abusing their dominance and market power in AI in an attempt to pay little or nothing for the innovations of others that are used in their products. They are engaging in illegal activities that are part of Big Tech’s predatory infringement playbook, a strategy designed to devalue the IP of other innovators. Xockets invented advanced DPU technology, including new computing and switching plane architectures for a new class of cloud processors, that have enabled the AI revolution and are critical to both Nvidia’s and Microsoft’s continued

success,” said Xockets board member Robert Cote, an IP investor and expert on IP rights. “They have refused to do the right thing and license Xockets’ DPU technology.”

“Xockets is taking a stand on behalf of all innovators” Cote said. “Xockets is seeking strict enforcement of its IP rights by seeking injunctive relief to put an end to the RPX cartel that Big Tech uses to devalue the IP of other innovators, and to halt the willful patent infringement.”

In the early 2010s, Xockets Co-Founder Dr. Parin Dalal invented a new class of cloud processors known today as advanced Data Processing Units, or DPUs, which enable cloud offload of data-intensive workloads such as security, networking and storage tasks that make distributed computing in cloud data centers possible, as well as the training of large language models for AI production. This technology extends computing intelligence into the network and has enabled today’s accelerated computing and cloud services that are powering the AI revolution. Xockets filed its first patent application in May of 2012 and now owns multiple patents that cover its DPU computing and switching plane architectures.

Nvidia’s cloud systems now feature three distinct DPUs – the BlueField, ConnectX, and NVLink Switch DPUs – for different data-intensive workloads. All are based on Xockets’ patented architectures. Nvidia and Microsoft have been put on notice of their infringement of Xockets’ patents, but have refused to engage in good-faith discussions with Xockets.

About Xockets

Xockets was founded in 2012 by Dr. Parin Dalal and a team of network infrastructure engineers to develop a new class of cloud processors known today as advanced Data Processing Units, or DPUs, that he invented prior to founding the company. The DPUs free server processors, including CPUs, GPUs, and hybrids of these host processors, from data-intensive workloads that would otherwise slow down distributed computing and the growth of the cloud industry. The data-intensive tasks include moving data between server processors, such as proprietary security, networking and storage operations, as well as sorting, organizing, and reducing/combining these data streams to ready them for further processing by applications running on server processors in cloud data centers. Dr. Dalal invented new virtual switch computing and switching architectures that implement programmable hardware acceleration in the network of cloud data centers for processing data-intensive workloads at network speeds—or line rate—to enable a new era of accelerated computing and AI. The company was funded by visionary investors that include Dr. Greg Lavender, the current CTO of Intel; Robert Cote, one of the nation’s top IP investors and lawyers, also a Board member, who guided the company in protecting its DPU innovations; and Jerry Yang, the co-founder of Yahoo, who invested through his venture capital firm that he founded to invest in breakthrough cloud technologies.

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