UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

NEW BAY CAPITAL, LLC,
Petitioner,
v.

VIRNETX, INC.
Patent Owner.

Case IPR2013-00375
Patent 6,502,135

NEW BAY CAPITAL'S OPPOSITION TO MOTION FOR JOINDER FILED BY THIRD PARTY APPLE INC.

I. FACTUAL BACKGROUND

A. New Bay Capital Seeks a Just, Speedy and Inexpensive Review of the '135 Patent

New Bay Capital, LLC ("New Bay") has petitioned for inter partes review of U.S. Patent No. 6,502,135 (the '135 Patent). The petition has been strictly tailored to comply with the policy behind inter partes reviews – to provide a just, speedy and inexpensive review of a patent. 37 C.F.R. §42.1(b). The petition has been limited to a challenge of claims 1, 3, 7 and 8. The prior art to be considered has been limited to two references Kiuchi and Dalton. Three separate grounds were presented applying the references to the challenged claims to establish unpatentabililty.

B. Apple Seeks to Add its Two Inter Partes Reviews to this Proceeding

Apple has filed two inter partes reviews against the '135 Patent. Due to the questionable timeliness of these inter partes reviews, Apple seeks to join them with New Bay's IPR. Even though Apple offers to limit the grounds of its IPR's to be joined, the size of the joinder is huge. In IPR2013-00348, Apple still insists on presenting the following five remaining grounds:

(i) Claims 1-10, 12-15, and 18 are anticipated under § 102(e) by U.S. Patent No. 6,496,867 to Beser et al. (Beser) (Ex. 1009);

(ii) Claims 1-10, 12-15, and 18 are obvious under § 103 based on Beser

(Ex. 1009) in view of RFC 2401 (Ex. 1010);

(iii) Claims 3, 5, 8, 10, 12, and 18 are obvious under § 103 based on Beser (Ex. 1009) in view of Blum (Ex. 1011);

(iv) Claims 3, 5, 8, 10, and 18 are obvious under § 103 based on Beser (Ex. 1009) in view of RFC 2401 (Ex. 1010) and Blum (Ex. 1011);

(v) Claims 18 and 5 are obvious under § 103 based on Beser (Ex. 1009) in view of RFC 2401 (Ex. 1010) and Aventail (Ex. 1007).

In IPR2013-00349, Apple intends to present the following three remaining grounds:

(i) Claims 1-10, 12-15, and 18 are anticipated under § 102(b) by Aventail Connect v 3.01/2.5 Administrator's Guide ("Aventail") (Ex. 1007);

(ii) Claims 4, 5 and 18 are obvious under § 103 based on Aventail (Ex. 1007) in view of RFC 1035 (Ex. 1017);

(iii) Claims 6, 14 and 15 are obvious under § 103 based on Aventail (Ex. 1007) in view of Reed (Ex. 1014).

In support of its inter partes reviews, Apple submits a total of 65 exhibits including the declarations of Michael A. Fratto, Chris A. Hopen and James Chester.

In addition to Apple's two IPR's, Apple is also availing itself of the resources of the PTO with its extensive challenge to the '135 patent in an ongoing

inter partes reexamination. All claims of the '135 patent currently stand rejected in the reexamination no. 95/001,682.

II. Grounds for Joinder

The Board has considered some or all of the following when deciding on joinder of IPR proceedings[1]:

1. Whether the proceedings involve the same parties.

2. Whether the proceedings involve the same patent.

3. Whether the proceedings involve the same prior art.

4. Whether there is a discernible prejudice to either party.

5. Whether joinder will unduly delay the resolution of either proceeding.

6. Whether joinder will help "secure the just, speedy, and inexpensive resolution" of the proceedings.

The New Bay IPR and the Apple IPR's should not be joined because the proceedings involve different parties with no relation to one another, the proceedings involve different claim challenges based on different prior art, joinder would be extremely prejudicial to New Bay in terms of delay and cost and dilution of its position due to the sheer size and complexity of the Apple IPR's, joinder will certainly delay resolution of New Bay's IPR, and joinder will not help to "secure the just, speedy, and inexpensive resolution" of the proceedings.

[1] See, for example, *Microsoft Corp. v. Proxyconn, Inc.,* IPR2013-00109, Paper 15.

III. Joinder Would Add Significant Complexity, Delay and Cost to New Bay's IPR

A. Joinder Would Add Numerous Substantive Issues

While Apple's two IPR's include challenges to claims 1, 3, 7 and 8 challenged by New Bay, they do so on different grounds using different prior art, and therefore joinder would not reduce the number of grounds to be addressed by the Board. No efficiency would be gained by joining the proceedings.

Furthermore, the Apple IPR's add challenges to patent claims which are not at issue in the New Bay IPR. The additional patent claims which will need to be addressed if joined include claims 2, 4, 5, 6, 9, 10, 12, 13, 14, 15 and 18. These claims present many new concepts and limitations that are not the subject of the New Bay IPR. Indeed, two new independent claims 10 and 13 will need to be addressed if joined. The dependent claims add many further new limitations including at least the following:

"steps (2) and (3) are performed at a DNS server separate from the client computer" claim 2

"whether the client computer is authorized to establish a VPN with the target" claim 4

"non secure target computers" claim 5

"creating an IP address hopping scheme" claim 6;

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