UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

NEW BAY CAPITAL, LLC,
Petitioner,
v.

VIRNETX, INC.
Patent Owner.

Case IPR2013-00376
Patent 7,490,151

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 '151 Patent

New Bay Capital, LLC ("New Bay") has petitioned for inter partes review of U.S. Patent No. 7,490,151 (the '151 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 and 13. 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 also filed an inter partes review against the '151 Patent. Due to the questionable timeliness of its inter partes review, Apple seeks to join it with New Bay's IPR. Even though Apple offers to limit the grounds of its IPR to be joined, the size of the joinder is huge. In IPR2013-00354, Apple still insists on presenting the following seven remaining grounds:

(i) Claims 1-16 are anticipated under § 102(b) by Aventail;

(ii) Claims 3, 9 and 15 are obvious under § 103 based on Aventail in view of RFC 1035;

(iii) Claims 5 and 11 are obvious under § 103 based on Aventail in view of Reed;

(vi) Claims 1-16 are anticipated under § 102(e) by Beser;

(vii) Claims 1-16 are obvious under § 103 based on Beser in view of RFC 2401;

(viii) Claims 1-16 are obvious under § 103 based on Beser in view of Blum;

(x) Claims 1-16 are obvious under § 103 based on Beser in view of RFC 2401, further in view of Blum.

In support of its inter partes reviews, Apple submits a total of 66 exhibits including the declarations of Michael A. Fratto, Chris A. Hopen and James Chester.

In addition to Apple's IPR, Apple is also availing itself of the resources of the PTO with its extensive challenge to the '151 patent in an ongoing inter partes reexamination. All claims of the '151 patent currently stand rejected in the reexamination no. 95/001,697.

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 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, 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 IPR includes challenges to claims 1 and 13 challenged by New Bay, it does 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 adds challenges to numerous 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, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14, 15 and 16. These claims present many new concepts and limitations that are not the subject of the New Bay IPR. Indeed, new independent claim 7 will need to be addressed if joined. The dependent claims add many further new limitations which will require consideration in a joined IPR including at least the following:

"determining whether the client is authorized to access the secure server" claims 2, 8, 14;

"sending a request to the secure server to establish an encrypted channel between the secure server and the client" claims 2, 8, 14;

"returning a host unknown error message to the client" claims 3, 9, 15;

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