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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

**Patent Owner's Preliminary Response
to Petition for *Inter Partes* Review
of U.S. Patent No. 7,490,151**

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I. Introduction

Patent Owner VirnetX Inc. (“VirnetX” or “Patent Owner”) respectfully submits this Preliminary Response in accordance with 35 U.S.C. § 313 and 37 C.F.R. § 42.107, responding to the Petition for *Inter Partes* Review (Paper No. 4, the “Petition”) filed by New Bay Capital, LLC (“New Bay” or “Petitioner”).

This Petition is one of eleven *inter partes* reviews requested recently by Apple Inc. (“Apple”) and New Bay against VirnetX’s patents. Two of the *inter partes* review petitions challenge VirnetX’s U.S. Patent No. 7,490,151 (“the ’151 patent”). The ’151 patent is no stranger to validity challenges, as it has been tested numerous times in district court and in the Office.

New Bay’s Petition marks the fifth challenge to the validity of the ’151 patent. Apple raised the first challenge to the ’151 patent in district court. It failed. The case was tried before a jury, which upheld the validity of the asserted ’151 patent claims. (Ex. 2001, Jury Verdict Form Against Apple in *VirnetX, Inc. v. Apple Inc.*, Case No. 6:10-CV-417 (E.D. Tex. Nov. 6, 2012) (“the ’417 Litigation”). The court later entered judgment upholding the validity of the ’151 patent. (Ex. 2002, Final Judgment Against Apple in the ’417 Litigation (E.D. Tex. Feb. 28, 2013).)

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