UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

NEW BAY CAPITAL, LLC,
Petitioner,
v.

VIRNETX, INC.
Patent Owner.

Case IPR2013-00377
Patent 7,418,504

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 '504 Patent

New Bay Capital, LLC ("New Bay") has petitioned for inter partes review of U.S. Patent No. 7,418,504 (the '504 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, 2, 5, 16, 21 and 27. The prior art to be considered has been limited to two references Kiuchi and Broadhurst. A single ground for cancelation has been asserted against each challenged claim.

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

Apple has filed two inter partes reviews against the '504 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 IPR2013-00393, Apple still insists on presenting all three grounds as follows:

(i) Claims **1-3, 5-8 and 14-60** are anticipated under § 102(b) by Aventail Connect v 3.01/2.5 Administrator's Guide ("Aventail");

(ii) Claims **3, 31-32, and 55-56** are obvious under § 103 based on Aventail in view of Beser;

(iii) Claims **31, 32, 55, and 56** are obvious under§ 103 based Aventail in view of a Person of Ordinary Skill in the Art.

In IPR2013-00394, Apple intends to present the following two remaining grounds:

(i) Claims **1-3, 5-8** and **14-60** are anticipated under § 102(e) by Beser; and

(ii) Claims **1-3, 5-8** and **14-60** are obvious under § 103 based on Beser in view of RFC 2401.

In support of its inter partes reviews, Apple submits a total of 74 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 '504 patent in an ongoing inter partes reexamination. Indeed, the rejection of all claims of the '504 patent is before the Board on patent owner's Notice of Appeal filed July 25, 2013 in Apple's reexamination no. 95/001,788.

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.

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

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.

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, 2, 5, 16, 21 and 27 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 3, 6, 7, 8, 14, 15, 17, 18, 19, 20, 22, 23, 24, 25, 26 and all of claims 28-60. These claims present many new concepts and limitations that are not the subject of the New Bay IPR. Indeed, two new independent claims 36 and 60 will need to be addressed if joined. Moreover, the dependent claims add many further new limitations including at least the following:

"non-standard top-level domain name" claims 3, 37;

"Internet" claim 6;

"edge router" claim 7;

"the domain name service system is connectable to a virtual private network through the communication network" claim 8;

"the domain name service system is configured to respond to the query for the network address" claim 14;

"to provide… the network address corresponding to a domain name" claim 15;

"at least one of the plurality of domain names is reserved for secure communication links" claim 18;

"a server" claims 19, 43;

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