

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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APPLE INC.  
Petitioner,

v.

VIRNETX, INC. AND SCIENCE APPLICATION INTERNATIONAL  
CORPORATION,  
Patent Owner

Patent No. 7,418,504

Issued: August 26, 2008

Filed: November 18, 2003

Inventors: Victor Larson, *et al.*

Title: AGILE NETWORK PROTOCOL FOR SECURE COMMUNICATIONS  
USING SECURE DOMAIN NAMES

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*Inter Partes* Review No. IPR2013-00394

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**PETITIONER'S MOTION FOR REHEARING**

## **I. Introduction**

Apple Inc. (“Petitioner”) requests rehearing of the Board’s decision denying institution of IPR2013-00394 concerning U.S. Patent No. 7,418,504 (the ’504 patent). The Board improperly denied the petition by concluding it was filed outside of the one-year period specified in 35 U.S.C. § 315(b), finding that “[t]he plain language of the statute does not specify that a later complaint will nullify the effect of an earlier complaint for timeliness purposes of a petition.” Paper 15 at 3.

The Board misapprehended Petitioner’s arguments and incorrectly applied § 315(b). Petitioner never argued the second complaint served on Apple alleging infringement of the ’504 patent “nullified” an earlier complaint under the patent. *See* Paper 15 at 3. Instead, Petitioner explained it would be illogical, unjust, and inconsistent with the design of the *inter partes* review (“IPR”) authority to read § 315(b) as barring a timely filed petition because a separate complaint for patent infringement had been served on Petitioner more than a year before the IPR authority was even established. Pet. at 2-3. Because the Board misapprehended Petitioner’s arguments and misapplied § 315(b), it improperly refused to consider the merits of the Petition. Petitioner respectfully requests the Board vacate its decision denying the petition, consider the petition, and institute trial. 37 C.F.R. § 42.71(d); *see* IPR2013-00232, paper 13 at 2 (Dec. 6, 2013).

## **II. Argument**

As the Petition explains, § 315(b) provides a petition is timely unless “it is filed more than 1 year of the date on which the petitioner ... is served with a complaint alleging infringement of the patent.” Pet. at 2. This Petition is timely because it was filed less than 1 year from the December 2012 service date of a complaint that commenced litigation now scheduled for trial in October of 2015. The Board nonetheless found the Petition untimely because Patent Owner failed to do the impossible – file a petition by August of 2011, a date that was **13 months before** the *inter partes* review authority became law and was implemented by the Office. The Board contends the “plain language” of § 315(b) mandates this result. However, it clearly does not. The Board itself has held “the plain language of the statute [§ 315(b)] **does not address the subject of multiple lawsuits involving the same patent.**” IPR2013-00168, paper 9, at 4 (8/26/2013) (emphasis added).

The Board’s decision denying the Petition conflicts with the literal language of § 315(b), and is illogical, inconsistent with the statutory structure, and contrary to clearly expressed legislative intent. In this case, it will also create unjust results by enabling Patent Owner to delay a final adjudication of the patentability of the ’504 patent claims. As Petitioner has explained, the ’504 patent is the subject of an *inter partes* reexamination commenced in October of 2011. Despite its advanced stage, final resolution of that proceeding has been hamstrung by numerous, frivolous petitions filed by Patent Owner, putting briefing on appeal to the Board at

a standstill for six months, and by unexplained delays at the Office. Given the lack of enforceable timing requirements, it is unclear when that proceeding will end.

The Board’s decision frustrates the interests of justice by improperly denying Petitioner access to the IPR system to resolve the patentability of the ’504 patent.

**A. The *Inter Partes* Review Authority Did Not Unconditionally Bar Review of Patents Asserted in Litigation Before November of 2012**

In enacting the IPR authority, Congress intentionally expanded the pool of patents that could be challenged via administrative proceedings before the Office to include hundreds of thousands of **older** patents, many of which, logically, would have been asserted in litigation. *See* AIA at § 6(c)(2) (specifying procedures “shall apply to any patent issued before, on, or after that effective date.”); H.R. RPT. 112-98, at 47 (“**Repeal of the 1999 limit.** The limit on challenging patents issued before 1999 in *inter partes* reexamination is eliminated; all patents can be challenged in *inter partes* review.”); § 311(a) (“**a** [*i.e.*, any] person who is not the owner of a patent may file with the Office a petition to institute an *inter partes* review of the patent”). Notably, Congress did **not** include a transitional provision categorically excluding review of patents that had been asserted in litigation prior to the date of enactment of the AIA. Instead, it authorized challenges **by any party to any patent** in force on the date of enactment of the AIA. *See* Paper 19 (PTO Mentor Graphics Br.) at 6 (explaining Congress expressed “an unequivocal desire to limit federal district court litigation” by opening the IPR process to any patent).

In light of this clear Congressional intent, it would be unreasonable to read any provision of IPR authority as **unconditionally** prohibiting review of a patent based on events occurring before the date of enactment of the AIA. Yet, this is precisely what the Board has done in its decision. It found § 315(b) to **unconditionally** bar IPRs for an entire class of patents – those that had been first asserted against a petitioner more than 1 year before the date of enactment of the AIA. And it does so by reading § 315(b) as requiring compliance with a condition that is **impossible** to satisfy – filing a petition before the IPR law was even enacted. The Board’s decision thus improperly converts § 315(b) from a timing condition only relevant to concurrent litigation involving the same patent into a categorical exclusion from eligibility to use the new IPR authority. That is a clearly illogical reading of § 315(b) and is inconsistent with Congressional intent.

The Board’s use of § 315(b) is also inconsistent with the extremely limited purpose of this provision. The statutory design of the IPR authority envisions that IPR proceedings will be conducted **concurrently** with district court litigation involving the same patent. The reason for this is simple – an IPR, once completed, will reduce the number of issues the district court must ultimately resolve. *See* 157 Cong. Rec. at S1376 (“review will completely substitute for ... [a] portion of the civil litigation”). Congress, however, recognized that to deliver these intended, litigation-simplifying benefits, an IPR proceeding must be completed *before* the

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