

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC.
Petitioner

v.

VIRNETX, INC. and SCIENCE APPLICATION INTERNATIONAL
CORPORATION
Patent Owner

Case IPR2013-00394
Patent 7,418,504 B2

Before SALLY C. MEDLEY, MICHAEL P. TIERNEY, and STEPHEN C. SIU,
Administrative Patent Judges.

SIU, *Administrative Patent Judge.*

DECISION
Request for Rehearing
37 C.F.R. § 42.71(d)

Petitioner, Apple Inc., requests rehearing of the Decision on Institution, Paper 15, which denies institution of *inter partes* review of claims 1-3, 5-8, and 14-60 of U.S. Patent No. 7,418,504 (“504 Patent”) under 35 U.S.C. §§ 311-319. Rehear. Req. 1, 15 (Paper 16). Petitioner requests the Board to reverse its decision. *Id.* The request is *denied*.

BACKGROUND

In its Decision on Institution, the Board determined that the Petition, challenging claims 1-3, 5-8, and 14-60, was not filed timely within the statutory period of 35 U.S.C. § 315(b). Dec. on Inst. 5. Therefore, the Board declined to institute an *inter partes* review.

Section 315(b) follows:

(b) PATENT OWNER’S ACTION.—An *inter partes* review may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent. The time limitation set forth in the preceding sentence shall not apply to a request for joinder under subsection (c).

In denying review, the Board found that Petitioner was served with a complaint alleging infringement of the ’504 Patent during two relevant occasions—the “2010 litigation” and the “2012 litigation.”¹ Dec. on Inst. 3. The Board also found that the former complaint was served more than one year before Petitioner filed the present Petition, the latter, less than one year. *Id.* The Board further found that a jury upheld the validity of the asserted claims in the 2010 litigation, and the district court entered judgment finding those claims valid. *Id.* The verdict

¹ *VirnetX Inc. v. Cisco Systems, Inc. et al.*, Civ. Act. No. 6:10-cv-00417-LED (E.D. Tex., filed Aug. 11, 2010) (the “2010 litigation”), and *VirnetX Inc. v. Apple Inc.*, Civ. Act. No. 6:12-cv-00855-LED (E.D. Tex., filed Nov. 6, 2012) (the “2012 litigation”).

form involving Petitioner, defendant Apple in the 2010 litigation, shows that the jury upheld the validity of claims 1, 2, 5, 16, 21, and 27 of the '504 patent, claims challenged in the Petition. *See Ex. 2002.*

Applying the plain meaning to “a complaint” in 35 U.S.C. § 315 (b), the Board determined that the Petition was time barred under the statute: “the Petition ‘[wa]s filed more than 1 year after the date on which the [P]etitioner . . . [wa]s served with a complaint alleging infringement of the patent.’ *See* 35 U.S.C. § 315 (b). Therefore, according to the statute, ‘[a]n inter partes review may not be instituted.’” Dec. on Inst. 4 (quoting § 315 (b)).

ANALYSIS

Petitioner argues in its rehearing request that the Board “misapprehended Petitioner’s arguments and incorrectly applied § 315 (b).” Rehear. Req. 1. Petitioner maintains that the Board’s statutory interpretation “is illogical . . . and contrary to clearly expressed legislative intent.” *Id.* at 2.

The Board summarized Petitioner’s arguments as follows:

Petitioner argues that its Petition is timely because it was filed less than one year after the date on which it was served with “**any** complaint”—i.e., the complaint in the 2012 litigation. Pet. 2. Petitioner argues that under the plain language of the statute [section 315(b)], filing a petition within one year of “any complaint,” such as the December 2012 complaint, nullifies the effect of the earlier, August 2010 complaint, on the timeliness of this Petition.

Dec. on Inst. 3 (quoting the Petition).

Petitioner now maintains, contrary to the Board’s characterization set forth above, that Petitioner did not argue in its Petition that the 2012 complaint effectively nullifies the 2010 complaint. Rehear. Req. 1. This argument is misplaced, because Petitioner argued that “[t]he February 2011 amended complaint does not foreclose the present petition, as Patent Owner served a **new**

complaint on Petitioner asserting infringement of the '504 patent in **December of 2012.**" Pet. 2. Focusing on the "new" 2012 complaint, Petitioner attempted to equate "a complaint" in the statute with "any complaint," arguing as follows: "a petition filed within 1 year of the date **any** complaint alleging infringement of the patent is served on a petitioner is timely under the plain statutory language of § 315(b)." Pet. 2. Petitioner also argued that "Congress designed the IPR authority to be an option to contest validity of a patent **concurrently** with district court proceedings [i.e., the 2012 litigation] involving the same patent." *Id.* at 2.

The Board addressed Petitioner's arguments, and determined, as noted above, that under the plain meaning of "a complaint" under § 315(b), the 2010 complaint qualifies as "a complaint" that time bars the Petition. The Board also determined that "Petitioner does not explain persuasively how allowing a review outside the statutory one year limit based on the filing of another complaint corresponds to a 'clearly expressed legislative intent' that prevails over the plain meaning." Dec. on Inst. 4.

In its rehearing request, Petitioner presents selected segments from the legislative history to buttress its argument that the statute only applies to concurrent litigation, in this case, the 2012 litigation. *See* Rehear. Req. 3–6. Petitioner also asserts, for the first time, that the statute "is plainly ambiguous." *Id.* at 9. This appears contrary to the arguments made in the Petition, wherein Petitioner urged the Board to follow the plain meaning, thereby indicating it is not ambiguous: "Rather than attempting to decipher which scenarios would be improper, the Board should follow the plain meaning of § 315(b), and find a petition timely if it is filed within 1 year of the date **any** complaint alleging infringement of the patent is served on a Petitioner." Pet. 3.

These new rehearing arguments are improper. *See* 37 C.F.R. § 42.71(d). The Board could not have misapprehended or overlooked an argument presented for the first time in a rehearing request. Moreover, Petitioner has not shown that the Board abused its discretion by erring in determining that the plain meaning of the statute bars the Petition. *See* 37 C.F.R. § 42.71(c) (“a panel will review the [rehearing] decision for an abuse of discretion.”)²

Expanding its Petition argument, Petitioner now asserts that the legislative history provides a simple reason for restricting the time bar to concurrent litigation, i.e., “litigation-simplifying benefits,” as follows: “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 is simple – an IPR, once completed, will reduce the number of issues the district court must ultimately resolve.” Rehear. Req. 4.

Contrary to Petitioner’s new argument, even if Congress intended to reduce issues in district courts, this does not overcome the plain meaning involved in Congress’s carefully balanced statutory scheme that applies the time bar to “a complaint.” Petitioner effectively urges the Board to read the following exception into the statute: the time limitation shall not apply to patent infringement litigation unless it is concurrent with the filing of the petition. Petitioner’s arguments do not account for the specific exception that Congress expressly created: “The time limitation set forth in the preceding sentence shall not apply to a request for joinder under subsection (c).” 35 U.S.C. § 315 (b).

² An abuse of discretion may be determined if a decision is based on an erroneous interpretation of law, if a factual finding is not supported by substantial evidence, or if the decision represents an unreasonable judgment in weighing relevant factors. *Arnold Partnership v. Dudas*, 362 F3d 1338, 1340 (Fed. Cir. 2004).

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