

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC.
Petitioner

v.

VIRNETX, INC.
Patent Owner

Case IPR2013-00394
Patent 7,418,504

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

SIU, *Administrative Patent Judge.*

DECISION
Denying *Inter Partes* Review
37 C.F.R. § 42.108

VIRNETX EXHIBIT 2014

I. BACKGROUND

Petitioner, Apple Inc., filed a Petition on July 1, 2013 requesting *inter partes* review of claims 1-3, 5-8, and 14-60 of US Patent 7,418,504 (“the ’504 Patent”) under 35 U.S.C. §§ 311 *et seq.* Paper 1 (“Pet.”). Patent Owner, Virnetx, et al., submitted a Preliminary Response under 37 C.F.R. § 42.107(b). Paper 11. The Board, has jurisdiction under 35 U.S.C. § 314.

For the reasons that follow, the Board determines that the Petition was not filed timely within the statutory period of 35 U.S.C. § 315(b) and, therefore, the Board declines to institute an *inter partes* review.

Related Proceedings

According to Petitioner, the ’504 Patent is the subject of a number of civil actions, two of which are at issue here, as follows: *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”). See Pet. 4-5 (listing other related actions); Prelim. Resp. 5-6 (discussing the 2010 and 2012 litigation); Ex. 2007.

The ’504 Patent is also the subject of two *inter partes* reexaminations, numbers 95/001,788 and 95/001,851. *Id.* at 4. Petitioner is the real party of interest in the 95/001,788 proceeding. *Id.* The ’504 Patent is also the subject of *inter partes* review petition IPR2013-00393. *Id.* Petitioner is the listed petitioner on the following related *inter partes* review proceedings: IPR2013-00348, 00349, 00354, 00393, 00397, and 00398.

II. ANALYSIS

According to Petitioner, Petitioner was served with a complaint alleging infringement of the '504 Patent on two relevant occasions: the 2010 litigation, in August of 2010, and the 2012 litigation, in December 2012. Pet. 1-2; *see* Related Proceedings *supra*. The earlier complaint was served more than one year before Petitioner filed the present Petition; the latter, less than one year. Regarding the earlier complaint, according to Patent owner and cited exhibits of record, “a jury upheld the validity of the asserted claims [in the 2010 litigation], and the district court entered judgment finding those claims valid.” Prelim Resp. 6 (citing Exs. 2002 (verdict form), 2007 (final judgment)).

Section 315(b) of Title 35 of the United States Code 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).

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 (emphasis omitted). Petitioner argues that under the plain language of the statute, 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. *See id.*

In addition to arguing that the plain language of the statute supports its position, Petitioner presents other arguments: Precluding the *inter partes* review “would be particularly unjust in this case . . . [because] [t]he 1-year period

following service of the August 2010 complaint expired before it was possible to submit an IPR petition,” that requiring the filing of an *inter partes* review within one year of a petitioner being served with “a complaint” would allow a patent owner to “gam[e] . . . the system,” and that “Congress designed the IPR authority to be an option to contest validity of a patent concurrently with [the] district court proceedings involving the same patent.” Pet. at 2-3 (emphasis omitted).

Notwithstanding the arguments, the earlier complaint remains “a complaint” under the statute. The 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. Petitioner does not dispute that 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.” See *id.*

“It is well settled law that the plain and unambiguous meaning of the words used by Congress prevails in the absence of a clearly expressed legislative intent to the contrary.” *Hoehst Aktiengesellschaft v. Quigg*, 917 F.2d 522, 526 (Fed. Cir. 1990). 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. See *Universal Remote control v. Universal Electronics, Inc.*, IPR 2013-00168, Paper 9 (PTAB Aug. 26, 2013) (cited at Prelim. Resp. 9 for similar reasons).

The timeliness limitation of 35 U.S.C. § 315(b) does not apply to a request for joinder. As such, Petitioner filed a motion to join the instant proceeding with another proceeding, IPR2013-00377, pursuant to 35 U.S.C. § 315(c). See Paper 8 (“Pe[titioner]’s Motion for Joinder of Proceedings”). Granting the motion would obviate the time bar under 35 U.S.C. § 315 (b). IPR2013-00377, however, has

been terminated. *New Bay Capital, LLC v. Virnetx, Inc.*, IPR2013-00377, Paper 14 (PTAB Nov. 12, 2013). Accordingly, Petitioner’s motion for joinder is *dismissed*.

Based on the foregoing discussion, pursuant to 35 U.S.C. § 315(b), “[a]n inter partes review may not be instituted,” because 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.”

III. CONCLUSION

The Board denies the Petition because it was not filed within the time limit imposed by 35 U.S.C. § 315(b).

IV. ORDER

For the reasons given, it is
ORDERED that Petitioner’s motion for joinder is *dismissed*; and
FURTHER ORDERED that the petition challenging the patentability of claims 1-3, 5-8, and 14-60 of US Patent 7,418,504 is *denied*.

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