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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

RPX CORPORATION
Petitioner

v.

VIRNETX INC.
Patent Owner

Case IPR2014-00171
Patent 6,502,135

Patent Owner's Response to the Board's March 17, 2014 Order

Table of Contents

- I. Introduction.....1
- II. Apple Is an RPI and RPX’s Privy Under *Taylor*.....2
 - A. *Taylor*’s Second Category Does Not Require Control.....2
 - B. Apple Is an RPI and RPX’s Privy Under *Taylor*’s Second Category3
 - C. *Taylor*’s Fifth Category Does Not Require Control.....5
 - D. Apple Is an RPI and RPX’s Privy Under *Taylor*’s Fifth Category7
 - E. The Board Need Not Focus on Control, and Even If It Does, Apple Is an RPI and RPX’s Privy9
- III. Conclusion10

Table of Authorities

STATUTES

35 U.S.C. § 315(b)7

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Aevoe Corp. v. AE Tech. Co.
727 F.3d 1375 (Fed. Cir. 2013)5, 7

Asahi Glass Co. v. Toledo Eng’g Co., 505 F. Supp. 2d 423
(N.D. Ohio 2007)8

Broadcom Corp. v. Telefonaktiebolaget LM Ericsson (Publ),
IPR2013-00601, Paper No. 23 (Jan. 24, 2014).....9

In re Cyclobenzaprine Hydrochloride Extended-Release Capsule Patent Litig., 504 Fed. Appx. 900 (Fed. Cir. 2013)6, 8

Gen. Foods Corp. v. MA Dep’t of Pub. Health,
648 F.2d 784 (1st Cir. 1981).....5

In re Guan et al., Inter Partes Reexamination Proceeding,
Control No. 95/001,045, (Aug. 25, 2008).....10

Lightfoot v. Arkema, Inc. Ret. Benefits Plan,
2013 WL 3283951 (D.N.J. June 27, 2013).....1

Link v. Wabash R.R. Co.,
370 U.S. 626 (1962).....8

McCarroll v. U.S. Federal Bureau of Prisons,
No. 3:11-cv-934, 2012 WL 3940346 (D. Conn. Sept. 10, 2012)3, 4, 6, 8

Midway Youth Football Ladies Auxiliary, Inc. v. Strickland
449 F. Supp. 418 (N.D. Ga. 1978).....3, 4, 10

Montana v. U.S.,
440 U.S. 147 (1979).....1

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No. 05-2700, 2009 WL 872176 (D.N.J. Mar. 30, 2009)2, 4

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571 F.3d 299 (3d Cir. 2009)2

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No. 2:09-CV-0632, 2012 WL 2090061 (D. Utah June 8, 2012)7, 8

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Powell v. Gorham,
No. 2:13-cv-0055-LSC, 2013 WL 3151632 (N.D. Ala. June 14, 2013)7, 8

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631 F. Supp. 2d 1295 (E.D. Cal. 2009)4, 9

Synopsys, Inc. v. Mentor Graphics Corp.,
IPR2012-00042, Paper No. 60 (February 19, 2014).....8

Taylor v. Sturgell,
553 U.S. 880 (2008).....*passim*

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(Aug. 14, 2012), pp. 48756-7732, 9

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I. Introduction

The Board requested briefing regarding *Taylor v. Sturgell*'s second and fifth categories of nonparty preclusion, including what level of control, if any, is required under them to find that a party is a real party-in-interest ("RPI") or privy of another party. Paper No. 37 at 2-3. No control is necessary when the appropriate relationship exists between the parties, such as by having a pre-existing substantive legal relationship under *Taylor*'s second category (e.g., the relationship between RPX and Apple), or by having a party act as a proxy under *Taylor*'s fifth category (e.g., RPX acting as a proxy for Apple). *Taylor* suggests as much, as its fourth category does require some control. *Taylor v. Sturgell*, 553 U.S. 880, 895 (2008) (quoting *Montana v. U.S.*, 440 U.S. 147, 154 (1979)).

If control were required under all categories, then *Taylor*'s categories would collapse into a single category requiring control. Thus, as one court discussing *Taylor* put it, "[c]ontrol of the prior litigation may be grounds for finding privity in some circumstances, but control is not a necessary element of privity." *Lightfoot v. Arkema, Inc. Ret. Benefits Plan*, 2013 WL 3283951 at *9 n.11 (D.N.J. June 27, 2013). Indeed, when it promulgated the AIA rules, the Office itself recognized that "[w]hat constitutes a real party-in-interest or privy is a highly fact-dependent question" and "many factors can lead to a determination that a petitioner was a real party-in-interest or privy." "Rules of Practice for Trials Before the PTAB," 77

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