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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 IPR2014-00172
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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CASES

<i>Aevoe Corp. v. AE Tech. Co.</i> 727 F.3d 1375 (Fed. Cir. 2013)	5, 7
<i>Asahi Glass Co. v. Toledo Eng'g Co.</i> , 505 F. Supp. 2d 423 (N.D. Ohio 2007)	8
<i>Broadcom Corp. v. Telefonaktiebolaget LM Ericsson (Publ)</i> , IPR2013-00601, Paper No. 23 (Jan. 24, 2014).....	9
<i>In re Cyclobenzaprine Hydrochloride Extended-Release Capsule Patent Litig.</i> , 504 Fed. Appx. 900 (Fed. Cir. 2013)	6, 8
<i>Gen. Foods Corp. v. MA Dep't of Pub. Health</i> , 648 F.2d 784 (1st Cir. 1981).....	5
<i>In re Guan et al., Inter Partes Reexamination Proceeding</i> , Control No. 95/001,045, (Aug. 25, 2008).....	10
<i>Lightfoot v. Arkema, Inc. Ret. Benefits Plan</i> , 2013 WL 3283951 (D.N.J. June 27, 2013).....	1
<i>Link v. Wabash R.R. Co.</i> , 370 U.S. 626 (1962).....	8
<i>McCarroll v. U.S. Federal Bureau of Prisons</i> , No. 3:11-cv-934, 2012 WL 3940346 (D. Conn. Sept. 10, 2012)	3, 4, 6, 8
<i>Midway Youth Football Ladies Auxiliary, Inc. v. Strickland</i> 449 F. Supp. 418 (N.D. Ga. 1978).....	3, 4, 10
<i>Montana v. U.S.</i> , 440 U.S. 147 (1979).....	1
<i>Myrus Hack, LLC v. McDonald's Corp.</i> , No. 05-2700, 2009 WL 872176 (D.N.J. Mar. 30, 2009)	2, 4

Nationwide Mut. Fire Ins. Co. v. George V. Hamilton, Inc.,
571 F.3d 299 (3d Cir. 2009)2

Pension Fund v. Wasatch Front Elec. and Const., LLC,
No. 2:09-CV-0632, 2012 WL 2090061 (D. Utah June 8, 2012)7, 8

Phelps v. Hamilton, 122 F.3d 1309 (10th Cir. 1997)8

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

Riley v. Giguere,
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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(Aug. 14, 2012), pp. 48612-6781, 2, 9

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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