

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
RPX CORPORATION Petitioner, v. VIRNETX INC. Patent Owner.	Case IPR2014-00172 Patent 6,502,135
RPX CORPORATION Petitioner, v. VIRNETX INC. Patent Owner.	Case IPR2014-00173 Patent 7,490,151
RPX CORPORATION Petitioner, v. VIRNETX INC. Patent Owner.	Case IPR2014-00174 Patent 7,921,211
RPX CORPORATION Petitioner, v. VIRNETX INC. Patent Owner.	Case IPR2014-00175 Patent 7,921,211

(Caption continues on next page)

Wednesday, January 8, 2014

2:15 p.m. EST

Teleconference before the Patent Trial and Appeal Board

RPX Corporation Exhibit 1075  
RPX Corporation v. VirnetX, Inc. et al.  
Case IPR2014-00173

1 (Continued caption:)

2	RPX CORPORATION		
3	Petitioner,		
4	v.		Case IPR2014-00176
5	VIRNETX INC.		Patent 7,418,504
	Patent Owner.		

6	RPX CORPORATION		
7	Petitioner,		
8	v.		Case IPR2014-00177
9	VIRNETX INC.		Patent 7,418,504
	Patent Owner.		

10	APPLE INC.		
11	Petitioner,		
12	v.		Inter Partes Review
13	VIRNETX INC. AND SCIENCE		No. IPR2014-00237
14	APPLICATION INTERNATIONAL		
15	CORPORATION		Patent 8,504,697
16	Patent Owner.		

13	APPLE INC.		
14	Petitioner,		
15	v.		Inter Partes Review
16	VIRNETX INC. AND SCIENCE		No. IPR2014-00238
17	APPLICATION INTERNATIONAL		
18	CORPORATION		Patent 8,504,697
19	Patent Owner.		

20 Wednesday, January 8, 2014  
21 2:15 p.m. EST

22 Teleconference before the Patent Trial and Appeal Board, the proceedings being recorded stenographically by Jonathan Wonnell, a Registered Professional Court Reporter (NCRA #835577) and Notary Public of the State of Minnesota, and transcribed under his direction.

1           A P P E A R A N C E S   O F   C O U N S E L

2                   (All participants appearing by phone)

3

4           On behalf of the Patent Trial and Appeal

5                   Board:

6                   MICHAEL P. TIERNEY, ESQ., Administrative

7                           Patent Judge

8                   STEVEN C. SIU, ESQ., Administrative Law

9                           Judge

10                  KARL D. EASTHOM, ESQ., Administrative Law

11                           Judge

12

13           On behalf of RPX Corporation:

14                   OLIVER R. ASHE, JR., ESQ.

15                           Ashe P.C.

16                   11440 Isaac Newton Square North, Suite

17                           210

18                   Reston, Virginia 20190

19                           (703) 467-9001

20                           oashe@ashepc.com

21

22

1                   A P P E A R A N C E S   (Cont'd)

2

3                   On behalf of Virnetx Inc.:

4                   JOSEPH E. PALYS, ESQ.

5                   ELLIOT C. COOK, ESQ.

6                   Finnegan, Henderson, Farabow, Garrett &

7                   Dunner, LLP

8                   Two Freedom Square

9                   11955 Freedom Drive

10                  Reston, Virginia 20190-5675

11                  (571) 203-2700

12                  joseph.palys@finnegan.com

13                  elliott.cook@finnegan.com

14                  -- and --

15                  NAVEEN MODI, ESQ.

16                  Finnegan, Henderson, Farabow, Garrett &

17                  Dunner, LLP

18                  901 New York Avenue, N.W.

19                  Washington, D.C. 20005

20                  (202) 408-4000

21                  naveen.modi@finnegan.com

22                  -- and --



1                   A P P E A R A N C E S   (Cont'd)

2

3                   On behalf of Virnetx Inc. (Cont'd):

4                   JAMES D. STEIN, ESQ.

5                   Finnegan, Henderson, Farabow, Garrett &

6                   Dunner, LLP

7                   3500 SunTrust Plaza

8                   303 Peachtree Street, NW

9                   Atlanta, Georgia 30308-3263

10                  (404) 653-6400

11                  james.stein@finnegan.com

12

13                  On behalf of Apple Computers:

14                  JEFFREY P. KUSHAN, ESQ.

15                  JOSEPH A. MICALLEF, ESQ.

16                  Sidley, Austin, Brown & Wood

17                  1501 K Street, N.W, Suite 600

18                  Washington, D.C. 20005

19                  (202) 736-8000

20                  jkushan@sidley.com

21                  jmicallef@sidley.com

22                  -- and --

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22

A P P E A R A N C E S (Cont'd)

On behalf of Apple Computers (Cont'd):

DAVID E. MELAUGH, ESQ.

Apple Inc.

1 Infinite Loop

Cupertino, California 95014

(408) 974-0761

ALSO PRESENT:

PHOEBE NGUYEN, Legal Administrator,

Ashe, P.C.

JONATHAN WONNELL, Court Reporter

1 P R O C E E D I N G S

2 (2:15 p.m. EST)

3 JUDGE TIERNEY: Judge Tierney on the  
4 line. Is Judge Siu on the line?

5 JUDGE SIU: Yes. I'm on the line.

6 JUDGE TIERNEY: Welcome to the call. I  
7 have Judge Easthom in my office so the panel is all  
8 set. I'm going to start off with a brief roll call  
9 and make sure that we have the parties on the line,  
10 keeping in mind that we have -- in my understanding  
11 we have RPX representatives, we're going to have  
12 Apple representatives and Virnetx representatives.

13 I'm going to start with RPX. Is there a  
14 representative from RPX on the phone today?

15 MR. ASHE: Yes. This the Oliver Ashe.

16 JUDGE TIERNEY: Welcome to the call.

17 MR. ASHE: Thank you.

18 JUDGE TIERNEY: Is there anyone else  
19 with you today?

20 MR. ASHE: My assistant, Phoebe Nguyen.  
21 Other than that, no.

22 JUDGE TIERNEY: Thank you. And then

1 we'll go -- the next one, the next petitioner, was  
2 Apple. Do we have a representative from Apple  
3 today?

4 MR. KUSHAN: Yes, Your Honor. This is  
5 Jeff Kushan from Sidley Austin. I have with me Joe  
6 Micallef, my partner, and I also believe David  
7 Melaugh from Apple is on the phone.

8 JUDGE TIERNEY: What was the last name?

9 MR. KUSHAN: Melaugh, M-e-l-a-u-g-h.

10 JUDGE TIERNEY: And then lastly but not  
11 least, Virnetx. Do we have a representative from  
12 Virnetx here today?

13 MR. PALYS: Yes, Your Honor. It's  
14 Joseph Palys with Finnegan Henderson for Virnetx.  
15 And with me is Naveen Modi, Elliott Cook and James  
16 Stein calling in from Atlanta.

17 JUDGE TIERNEY: Welcome to the phone  
18 conference call today. For purposes of order going  
19 on following the call, I'm just going to put on the  
20 first named person that we had today rather than  
21 have a complete list. But if you need a complete  
22 list let me know right now.

1 Not hearing any objection we'll just go  
2 ahead and we'll have Mr. Ashe, Kushan and Palys  
3 listed as representatives for today along with  
4 others and we'll just have others.

5 Starting off I did ask for this call  
6 with the panel. We wanted to talk about the  
7 scheduling. We did receive a couple e-mails  
8 recently from the parties suggesting we broaden out  
9 the purpose of the call.

10 The first point, though, I would like  
11 to --

12 MR. PALYS: Your Honor, I really  
13 apologize to interrupt you. I just want to let you  
14 know that we have a court reporter on. I don't  
15 know if he's identified himself.

16 JUDGE TIERNEY: Who is speaking, please?

17 MR. PALYS: Your Honor, this is Joseph  
18 Palys. And I apologize for interrupting you. I  
19 just wanted to make sure you're aware of that.

20 JUDGE TIERNEY: I was not aware. And in  
21 the future could you please alert the panel before  
22 we have the call?



1 MR. PALYS: Yes, sir. I apologize.

2 JUDGE TIERNEY: Not a problem. It makes  
3 note taking a little bit easier, as you probably  
4 understand.

5 MR. PALYS: I understand, sir. Sorry.

6 JUDGE TIERNEY: So since we do have a  
7 court reporter you're aware we would want to have a  
8 copy of the transcript filed as an exhibit?

9 MR. PALYS: Mm-hmm. Yes.

10 JUDGE TIERNEY: Okay. As long as we are  
11 aware of that.

12 MR. ASHE: Your Honor, this is Oliver  
13 Ashe. To the extent that we cover any material  
14 that might be under the protective order or  
15 relating to sealed materials, I think it would be  
16 appropriate for that exhibit to also be subject to  
17 that protective order.

18 JUDGE TIERNEY: Do we have any  
19 objection?

20 MR. PALYS: No, Your Honor.

21 JUDGE TIERNEY: Okay. Not hearing any  
22 objection, Mr. Palys, did you alert the other

1 parties that you were going to have a court  
2 reporter today?

3 MR. PALYS: Yes.

4 JUDGE TIERNEY: Okay. I assume I'm  
5 going to RPX and a representative from Apple. Any  
6 objections?

7 MR. ASHE: Not from RPX, Your Honor.

8 MR. KUSHAN: Not from Apple.

9 JUDGE TIERNEY: Okay. I justed want to  
10 make sure since we do have -- I do recall the  
11 motion to seal being brought in.

12 Okay. So we will proceed with the  
13 understanding that the transcript to the extent of  
14 if it's needed to be filed that it will be filed as  
15 an exhibit. Provisionally have it under seal just  
16 in case we cover anything. At the end of the call  
17 I would recommend that the representatives from RPX  
18 and Apple chime in, if they hear anything that they  
19 believe should be under seal alert us so that we  
20 don't accidentally have something going into a  
21 transcript that is marked as public when it should  
22 actually be marked as private.

1 Any comments on that before I begin?

2 Going to RPX?

3 MR. ASHE: No. We're fine with that,  
4 Your Honor.

5 JUDGE TIERNEY: Any from Apple?

6 MR. KUSHAN: No. We're fine with that  
7 procedure.

8 JUDGE TIERNEY: Virnetx?

9 MR. PALYS: No, Your Honor.

10 JUDGE TIERNEY: Okay. So the first  
11 question we had today, I'm going to start off with  
12 the question that was posed originally for the  
13 conference call, which was scheduling. My  
14 understanding -- I'm looking at the record -- was  
15 RPX had filed their petitions November 20th and  
16 then Apple had filed petitions to patents which  
17 claimed benefit of certain patents that were  
18 challenged in the RPX petitions.

19 Apple filings were filed on December 6th  
20 of 2013. And the question we were wanting to pose  
21 is should we put them on a -- the same or a similar  
22 schedule going forward. And I wanted to pose that

1 question to the parties.

2 I will start with Virnetx. If you could  
3 please give us your thoughts on this.

4 MR. PALYS: Yes, Your Honor. Thank you.  
5 This is Joseph Palys for Virnetx. The issue  
6 regarding the schedule actually dovetails into some  
7 of the issues that we raised in our e-mail  
8 regarding the real party in interest and privity.  
9 We think that these issues actually affect the  
10 schedule in some form.

11 And I was wondering if, some leeway with  
12 the board, if we can get from a high level to  
13 explain why that would affect that schedule I can  
14 get into that.

15 JUDGE TIERNEY: Actually, the question  
16 I've posed today is simply should they be on the  
17 same schedule. And I understand you're going to  
18 want to go and tell us what the schedule should be,  
19 but from a high level point view, do you want to be  
20 on the same schedule or not?

21 MR. PALYS: Okay. Sure, Your Honor.  
22 With respect to the IPRs filed by Apple and the



1 IPRs filed by RPX, we don't think that they should  
2 be on the same schedule. They have different  
3 notice of filing dates. And, as you know, we have  
4 nine IPR matters that we're dealing with.

5 So between those two sets of matters,  
6 it's Virnetx's position that they should not be on  
7 the same schedule.

8 JUDGE TIERNEY: And the rationale just  
9 being because they were filed different dates?

10 MR. PALYS: They are different patents,  
11 Your Honor. They address different issues.  
12 They -- yes, one of the other reasons, they were  
13 filed on different dates. They were filed by a  
14 different party. And we think that these issues  
15 coupled with -- a lot of it is some of the  
16 variances between what these patents, which have  
17 not been subject to any previous IPRs, were going  
18 to require different issues.

19 Some of them there may be some overlap  
20 there, Your Honor, but we don't think that warrants  
21 that they be on the same schedule.

22 JUDGE TIERNEY: Go into overlap.



1 \* \* \* \* \*

2 (At this point the court reporter's  
3 phone dropped off the conference call. With the  
4 Judge's permission the resulting 40 seconds of  
5 missing proceedings are omitted from the  
6 transcript.)

7 \* \* \* \* \*

8 JUDGE TIERNEY: -- amount of overlap  
9 between the two proceedings. For example, claim  
10 constructions, specifications, understanding what  
11 they mean, one of ordinary skill in the art, et  
12 cetera, et cetera.

13 MR. PALYS: Yes. Well, there certainly  
14 is overlap. We're not suggesting that there isn't  
15 any overlap as far as they rely on the same  
16 specifications from the same family. But there are  
17 different claims, claim terms. We think that may  
18 require -- introduce different claim constructions  
19 that are not common to the other matter.

20 That's just to begin with. I apologize.  
21 I'm looking through my notes right now, Your Honor.  
22 So --

1                   JUDGE TIERNEY: I'm just curious. For  
2 consistency purposes, wouldn't you say that for  
3 where there are common terms being used in the  
4 claims, since they are going back through common  
5 specifications for benefit, that we would want to  
6 be consistent in our decisions to institute or to  
7 not institute?

8                   MR. PALYS: Yeah, go ahead. My partner,  
9 Naveen Modi, wants to chime in, Your Honor.

10                  MR. MODI: Your Honor, this is Naveen  
11 Modi. Maybe I can address some of your questions.  
12 I generally agree with you that obviously to the  
13 extent claim terms are the same across these  
14 patents they should be construed consistently. I  
15 guess what we're trying to get at is that we don't  
16 disagree with you that there's overlap.

17                  We just think, you know, there are  
18 obviously nine pending IPRs right now and we have  
19 seven with RPX and two naming Apple. Just there's  
20 a lot of volume, you know, a lot of material here.  
21 And I think what we're trying to get is, the  
22 issues, yes, they do overlap, but they are

1 different.

2 For example, the Apple IPRs raise a new  
3 primary reference, Wesinger, Your Honor, that's not  
4 part of the Apple IPRs. So from that perspective,  
5 the issues are different. And that's what we were  
6 getting at.

7 I don't know if -- you know, I guess  
8 what does the board have in mind when you're saying  
9 you wanted to align the schedules? And if you  
10 could shed some light to that, that would be  
11 helpful.

12 JUDGE TIERNEY: Understood. I can  
13 clarify. We're looking at having potentially --  
14 and this is why we wanted to talk to the parties  
15 today -- basically the time for filing the patent  
16 owner preliminary response should be filed on the  
17 same date for all the proceedings as one option.  
18 And we were contemplating to try and keep these  
19 cases consistent in their analysis by the board,  
20 and that's why we're having the discussion on this  
21 point.

22 Maybe at this point maybe it's better if

1 we talked to RPX and Apple and see what their views  
2 are also, because I think we have your views  
3 understood unless there's something else you'd like  
4 to say before we move on.

5 MR. PALYS: I think that's good, Your  
6 Honor.

7 THE REPORTER: Judge Tierney, sorry to  
8 interrupt. This is the court reporter. And my  
9 phone cut out a little bit. I didn't want to  
10 interrupt.

11 JUDGE TIERNEY: Okay. What would you  
12 like to do?

13 THE REPORTER: I guess I'd leave that up  
14 to you. There was about a two minute portion when  
15 I was off the phone.

16 JUDGE TIERNEY: I think it's best we  
17 just continue going forward instead of trying to  
18 recapture everything, unless -- Mr. Palys, would  
19 you like for the record to make any statement about  
20 the last two minutes that may not have been  
21 captured?

22 MR. PALYS: No. I think we can move on,



1 Your Honor.

2 THE REPORTER: Sorry about that.

3 JUDGE TIERNEY: Not a problem.

4 Apple, I'll begin with you. For  
5 scheduling purposes, yours was filed I believe a  
6 little bit later in time, December 6th. What are  
7 your views on trying to have the same schedule for  
8 patent owner preliminary response between the  
9 two -- the two series of cases between Apple and  
10 RPX's?

11 MR. KUSHAN: Thank you, Your Honor. Let  
12 me -- so we generally are supportive of aligning  
13 these proceedings and for some of the reasons  
14 you've already foreshadowed. First, you know, the  
15 disclosure that's being relied on for all these  
16 patents is essentially the same part of the same  
17 patent. They use similar or very similar concepts  
18 and terms.

19 While there are individual references  
20 that may be different among some of the petitions,  
21 there is -- and each of the patents have been  
22 challenged by three common references. Those are



1 the Aventail, Beser and Kiuchi references.

2 So there's a lot of overlap in the  
3 patentability issues that are going to be presented  
4 and considered in the proceeding based on those  
5 three references. And it make a lot of sense in  
6 our view to treat them as what they are, which is a  
7 very closely related set of patents that are going  
8 to present very similar patent issues.

9 I also think you should be aware that  
10 there is a common expert used by both Apple and RPX  
11 to support their various petitions. That's Mike  
12 Fratto. And in fact in our view it would probably  
13 be even appropriate in the context of these cases  
14 to consider a joinder type of procedure for the  
15 various proceedings given the similarity of the  
16 different patents and the issues they present.

17 You might also want to think about  
18 joinder in the sense that it would obviate some of  
19 the questions that have been raised by the issue  
20 that Virnetx is attempting to manufacture about  
21 privity between Apple and RPX.

22 And finally, when it's appropriate to do

1 so, I want to bring your attention to the fact that  
2 there are pending reexaminations involving the same  
3 patents that are the subject of the RPX petitions  
4 which you should have in mind, as well as the fact  
5 that we have filed reconsideration motions or  
6 hearing requests on petitions we filed on the same  
7 four patents that are the subject of the RPX  
8 petitions.

9 And so in our view those petitions we  
10 filed last summer are essentially still on the  
11 table for evaluation.

12 JUDGE TIERNEY: And correct me if I'm  
13 wrong, but all those petitions were denied, that  
14 they were not instituted, and the request for  
15 hearing is to change those decisions from a  
16 non-institute to an institute?

17 MR. KUSHAN: That is correct, Your  
18 Honor.

19 JUDGE TIERNEY: So at this point in  
20 time, we understand that the cases may not be  
21 completely over, but for purposes of today the  
22 status of the case is that there is not an

1 institution?

2 MR. KUSHAN: That's correct. They're  
3 not instituted. You know, obviously we think that  
4 there is a very strong basis for changing that  
5 determination based on the circumstances of those  
6 petitions which are presenting somewhat novel  
7 questions under 315(b), the transition date for  
8 implementing the AIA.

9 JUDGE TIERNEY: And I believe you're  
10 familiar with at least some of the members on the  
11 phone today are members of the panel on those  
12 cases. The board is aware of the other IP reexams  
13 and the other IPRs that were filed and the status  
14 of them. Could you please give us some background  
15 as to what you want us to do with this particular  
16 information, though?

17 MR. KUSHAN: Sure. What we'd actually  
18 like to see the board to consider is a motion to  
19 transfer the reexamination proceedings over to the  
20 board. And the reason for doing that is pretty  
21 simple. Those reexams were filed back in August of  
22 2011. Each of the four patents has been subjected

1 to rejections of all their claims for  
2 unpatentability on a number of the grounds that are  
3 the same as those raised in the RPX and our prior  
4 petitions filed in the summer.

5 A big problem we faced is the  
6 unpredictable delays in progressing those  
7 proceedings to completion. And we think one big  
8 reason why there have been delays is the conduct of  
9 Virnetx in those cases. It may shock you to learn  
10 that Virnetx to our count has filed more than 45  
11 petitions in four proceedings, those four  
12 reexamination proceedings. I have to tell you I've  
13 never seen anything like this.

14 We have one of those proceedings sitting  
15 waiting -- and this is the '151 patent -- which has  
16 been sitting for over a year with no action. The  
17 '135 patent has been sitting there since the summer  
18 with no action, waiting for PTO action.

19 On the appeals that have actually  
20 progressed or started on the other two patents,  
21 Virnetx filed three consecutive extension of time  
22 requests just to file their appeal brief.



1 JUDGE TIERNEY: I understand you're  
2 saying that they may not be as diligent as you  
3 would like. Please explain, though, why the board  
4 would exercise its discretion to transfer the cases  
5 and take jurisdiction. What would we then do?  
6 Would we then proceed to administer the IP reexam  
7 from the board but having board personnel do it?

8 MR. KUSHAN: Well, two thoughts. First,  
9 you have the authority under 315(d) to transfer the  
10 proceedings to the board. And the reason you might  
11 do that is that they are addressing common  
12 patentability issues to those raised in the  
13 petitions filed by RPX. The same patents are the  
14 subject of both the IP reexams and the concurrent  
15 IP petitions.

16 The other variable that is relevant is  
17 that the same -- many of the same patentability  
18 issues are presented. There's certain issues in  
19 the IP reexams that are not subject of the RPX or  
20 earlier Apple petitions, but there are a  
21 significant number of issues that overlap on the  
22 same prior art or patentability grounds.



1           As far as how you might do that, it  
2           seems appropriate to essentially put them onto the  
3           footing of an IPR proceeding. That would make in  
4           our view the most sense because that would allow  
5           you to conduct those proceedings in line with the  
6           schedule and the procedures you've already  
7           established for IPR petitions.

8           I think the commonality of the  
9           patentability issues that are presented in both the  
10          IP reexams and in the IP petitions is the hook that  
11          gives you the authority to move the cases over to  
12          the board under 315(d).

13          And we obviously would be open to your  
14          guidance for whether we would be asked to present  
15          or narrow some of the issues to align to the issues  
16          that would be presented in the IPR. You know, I  
17          think you have, as you probably recognize, a fair  
18          amount of discretion to proceed in multiple actions  
19          or multiple activities involving the same patent  
20          that are pending before the Office.

21          JUDGE TIERNEY: Well, the panel has  
22          heard the concerns. At this point in time because

1 we have not instituted the cases we decline to  
2 exercise jurisdiction and transfer the cases at  
3 this point in time. Should we decide to institute  
4 the cases, in particular the challenges that have  
5 been brought forth in the petitions, we can revisit  
6 the issue again during an initial conference call.

7 MR. KUSHAN: Your Honor, just very  
8 briefly, this is kind of uncharted waters I think.  
9 I don't think I've seen any activity by the panel  
10 on a transfer issue. I've seen some activity  
11 relating to consolidation issues. Would it be  
12 appropriate for us to at least brief and present a  
13 motion for transfer of these proceedings for your  
14 consideration?

15 JUDGE TIERNEY: Well, I do have a court  
16 reporter. I'll elucidate a little bit on the  
17 reasoning so we can have it on the record as to why  
18 we will not at this time exercise jurisdiction. We  
19 have jurisdiction. Exercise it in such a manner to  
20 transfer the cases to the board.

21 In particular at this point in time  
22 we're early in the proceeding. We have not had the

1 opportunity -- again, this is before the  
2 preliminary response has even come in from a patent  
3 owner. While we have taken a brief review of the  
4 petitions and the art filed, we have not given it  
5 such an understanding at this point in time that it  
6 would behoove us to go ahead and decide whether or  
7 not to transfer because we do not want to transfer  
8 a case to then go ahead, determine that there was  
9 nothing to institute at all, and then have to  
10 transfer it back and cause even further delay into  
11 a record in which you at least allege that there  
12 has been considerable delay in.

13 Now, if we go ahead and we were to  
14 institute at that point in time we know that there  
15 are grounds to challenge which we have found to be  
16 at least a reasonable likelihood of prevailing on  
17 by the petitioner.

18 Under that circumstance we may wish to  
19 discuss with you or you may wish to discuss with us  
20 whether it would be expedient and the efficient for  
21 the office to go ahead and take the IP reexams  
22 which you're telling us are similar in nature to

1 these up here -- at least there's some common  
2 grounds -- and then go ahead and have a form of  
3 proceeding where we go forward with both.

4 But again, if we were to transfer it up  
5 here under a time where we did not institute and  
6 then we have been to -- I would recommend at that  
7 point to the panel that we would just be  
8 transferring it right back, all of which would be  
9 considered a delay in a proceeding which is already  
10 delayed.

11 Any questions about that, starting with  
12 of course Apple?

13 MR. KUSHAN: Sure, Your Honor. I think  
14 the authority under 315(d) is not necessarily  
15 contingent on there being -- well, let me start to  
16 with the very first --

17 JUDGE TIERNEY: Let's back up. This is  
18 Judge Tierney. I don't believe I said anything  
19 about lacking authority to transfer or what would  
20 happen should we deny institution. I have the  
21 authority today under the rules of the statute  
22 along with my panel members to transfer the case up



1 here.

2 What we're doing is exercising our  
3 discretion and we decline to exercise our  
4 discretion based on the facts presented.

5 MR. KUSHAN: Sure, Your Honor.

6 JUDGE TIERNEY: We are not contesting  
7 your allegation that we have authority to do so  
8 should we choose to do so of transferring it.

9 MR. KUSHAN: Sure. Then the only other  
10 clarification I'd like to make is the commonality  
11 of the issues. There are patentability grounds.  
12 For example, lack of -- there are claims that are  
13 anticipated over, for example, Aventail, Beser, you  
14 know, those type of patentability grounds that are  
15 presently the subject of rejections of the IP  
16 reexams which I think correlate precisely to the  
17 grounds that are set forth in the RPX petitions.

18 And so I just wanted to make sure you  
19 appreciate that there's not a lot of daylight  
20 between the patentability defects that have been  
21 articulated and rejections in the reexamination  
22 proceedings relative to the patentability issues

1 that have been framed for your review in these  
2 petitions by RPX.

3 JUDGE TIERNEY: Understood. But, again,  
4 we have not had -- as an office we have not had the  
5 opportunity yet to review the patent owner  
6 preliminary response should one be filed by  
7 Virnetx.

8 Virnetx, do you have any questions or  
9 concerns regarding our decision to not transfer at  
10 this time?

11 MR. PALYS: No. We don't have any  
12 concerns about your decision. Just that we  
13 disagree with the representations about being  
14 diligent. Other than that, no, Your Honor.

15 JUDGE TIERNEY: Understood. All right.  
16 I'll go lastly, RPX, do you have any questions or  
17 concerns about our decision at this time not to  
18 exercise discretion and transfer the IP reexams to  
19 the board?

20 MR. ASHE: No, Your Honor.

21 JUDGE TIERNEY: Apple, going back to  
22 you, we had questions about the schedule and that's

1 where we started the conversation. I'd like to  
2 continue on that discussion.

3 I believe you said in line with a  
4 suggestion -- and I'm not suggesting that we do  
5 align them. I'm just throwing it out as an idea.  
6 But I believe what you're telling us is because of  
7 the commonality of the cases and the issues, a  
8 common expert, that it would be beneficial for the  
9 cases to align the schedules between RPX's  
10 challenges and those of Apple's in the petitions.  
11 Have I summarized that properly?

12 MR. KUSHAN: Well, yes. And with one  
13 other point, and that is we've seen situations  
14 where the patents and issues are aligned closely as  
15 they are here warranting actually something that  
16 may be a step further which would be a joinder.  
17 And that might be appropriate in this setting given  
18 the commonality of issues, evidence, et cetera, to  
19 make the proceedings really run coherently.

20 JUDGE TIERNEY: Understood. We do have  
21 different patents under challenge here. To date  
22 the board has not exercised discretion to try and

1 have a joinder between two distinct patents,  
2 challenges to two different patents. Furthermore,  
3 but I will point out it's a little bit premature to  
4 discuss joinder at this time. I recognize that  
5 it's something you may be requesting.

6 But it does say in the joinder -- I'm  
7 pulling up 315(c). "If director institutes an  
8 inter partes review, the director, in his or her  
9 discretion, may join as a party to that inter  
10 partes review." But the first part says "if the  
11 director institutes an inter partes review." To  
12 date we have not instituted an inter partes review.  
13 Accordingly it would seem as though the time to  
14 join would be once it's actually instituted.

15 MR. KUSHAN: Your Honor, I wanted to  
16 alert you to the fact that last summer -- I think  
17 it was Judge Medley -- had engaged that issue of  
18 timing. I think the issue that's of interest here  
19 is briefing relative to decision. And what she did  
20 was in connection with a joinder issue at that  
21 point before institution she had authorized  
22 briefing on the joinder issue prior to institution



1 with the recognition, as you've just outlined, that  
2 a decision would not occur until, you know, if  
3 there were a first decision to institute the  
4 trials.

5 And so given kind of the experience we  
6 had with related cases earlier this summer, last  
7 summer, I was putting that on the table as an issue  
8 that would be efficient to brief and address prior  
9 to your decision.

10 JUDGE TIERNEY: No. I'm aware of how  
11 the case was handled and in particular the prior  
12 briefing. At this time I don't know if we have  
13 quite the need for a joinder given that they are --  
14 the challenges here by Apple are addressing a  
15 different set of patents than the RPX set.

16 I realize the commonality and that --  
17 the challenges to the Virnetx patents raised by  
18 Apple. Those Virnetx patents do seek benefit  
19 through 35 U.S.C. 120 of those challenges and  
20 petitions being brought by RPX. But at this time I  
21 don't believe joinder is necessary to discuss.

22 But we can revisit this once we go ahead

1 and should we -- after a decision to institute.  
2 Should we decide not to institute the issue would  
3 be moot. So I think it's best to wait and to see  
4 how we proceed with the case on institution, a  
5 decision to whether or not we institute.

6 Any question, comment? I'll go to  
7 Virnetx. Do you believe briefing would be best,  
8 though, now to have on joinder or do you believe  
9 that, consistent with what I've just stated, it  
10 would be better to have -- once we actually have a  
11 decision, to institute, because there's always a  
12 possibility we don't institute and it would be  
13 moot?

14 MR. PALYS: We agree with the board,  
15 Your Honor.

16 JUDGE TIERNEY: RPX, any questions,  
17 concerns?

18 MR. ASHE: I don't have any questions on  
19 that point.

20 JUDGE TIERNEY: Okay. At this time we  
21 will hold up on briefing joinder until a point in  
22 time where if we institute we can revisit the

1 issue.

2           Again, the question was on scheduling.  
3 I think we've addressed that with Apple and that  
4 Apple would like to have this consistent schedule  
5 for the time for filing a patent owner preliminary  
6 response between the RPX cases and Apple.

7           Are there any questions? Again, we are  
8 focusing on schedule. Mr. Kushan, are there any  
9 questions before we move on to getting RPX's  
10 viewpoints?

11           MR. KUSHAN: The only other question on  
12 schedule would just -- we really want to make sure  
13 that all of these proceedings move as expeditiously  
14 as possible. I would note that Virnetx has already  
15 filed preliminary patent owner statements in the  
16 proceedings, petitions, that we filed last summer.  
17 And it would seem hopefully that you could take  
18 advantage of that fact to at least encourage them  
19 to file their preliminary responses as promptly as  
20 possible to --

21           JUDGE TIERNEY: Have you discussed with  
22 your -- have you discussed with Virnetx and RPX

1 voluntarily going ahead and expediting things?

2 MR. KUSHAN: We have not. I mean, we  
3 are open to that discussion and whether we can have  
4 it -- I mean, we're obviously interested in getting  
5 to as expeditious an outcome as possible.

6 JUDGE TIERNEY: Okay. At this time I  
7 understand there's a desire to expedite. However,  
8 given that the cases were filed -- basically one  
9 case was only filed a month and two days ago -- I  
10 think we need to have a little bit more information  
11 before we go ahead and expedite.

12 So if you could talk amongst the  
13 parties, if there's a belief that we still need to  
14 expedite it and you're unable to come to an  
15 arrangement, you can arrange for a conference call  
16 at that time. But I think that's something we'll  
17 pick up not necessarily today but in a future call,  
18 because I think Virnetx will have a certain  
19 viewpoint on whether or not they're expediting  
20 further than the three months.

21 But let's go ahead and, Virnetx, to turn  
22 back to you again for scheduling, I understand your



1 points. Do you have any comments you'd like to  
2 make before we move on for the record on the  
3 position that these cases should be expedited and  
4 therefore having less than three months for the  
5 patent owner's preliminary response?

6 MR. PALYS: No, Your Honor.

7 JUDGE TIERNEY: Okay. I'm going back.  
8 So Apple, I've heard from you concerning the  
9 question about aligning schedules. Now, we're  
10 going to RPX.

11 Mr. Ashe, if you could give us a  
12 viewpoint of RPX, whether the schedules should be  
13 aligned between the two sets of cases.

14 MR. ASHE: Sure. Thank you, Your Honor.  
15 I mean, from our perspective I think it makes sense  
16 to synchronize the schedules. At some point it  
17 would seem that the patent owner preliminary  
18 response is a logical point for that, with the  
19 assumption that what you have in mind is that once  
20 the cases are instituted that there would also be a  
21 synchronized schedule.

22 And I think that touches on some of the

1 issues regarding cross-examination of witnesses,  
2 witness convenience, consistency in pleadings, et  
3 cetera. I think it makes good sense.

4 JUDGE TIERNEY: Okay. Thank you. Now  
5 the next question -- and we'll take it into  
6 consideration -- would be the timing. For  
7 simplicity, we would basically have -- from a  
8 forward point of view I would be considering along  
9 with my colleagues moving Apple's time, the time to  
10 file a preliminary patent owner response, to the  
11 three month date going from the earlier of the  
12 filings which is on the -- November 20th.

13 So then the filing would be  
14 due -- correct me if I'm wrong-- but February 20th  
15 2013 for all patent owner preliminary responses for  
16 all cases.

17 Virnetx, do you have any concerns if we  
18 were to move them all to that date?

19 MR. PALYS: Yes, we do, Your Honor. And  
20 briefly, first, from our understanding the notice  
21 of filing dates were actually provided on the 6th  
22 of December for the RPX filings and the 23rd of

1 December for the Apple ones. So it's our  
2 understanding that three month date given in those  
3 notices was actually March 6th and March 23rd  
4 respectively.

5 At the bare minimum we are requesting at  
6 least we get that time frame. But in terms of  
7 consolidation we were hoping that it would actually  
8 be the other way where you would move the seven RPX  
9 matters to the same date as the Apple RPX.

10 I don't think it's -- there's no secret  
11 here. We've got nine IPR matters to deal with and  
12 notwithstanding the representations that we have  
13 overlap and preliminary responses have already been  
14 filed, it doesn't negate the fact that there are  
15 some issues that warrant additional considerations.

16 And I won't go into those details unless  
17 you want me to, Your Honor, about some of those  
18 differences. But we feel that we would be severely  
19 prejudiced if we're forced to move up our dates or  
20 shorten the schedule for the preliminary response.

21 JUDGE TIERNEY: Correct my understanding  
22 and walk me through this. Maybe I'm just -- the

1 RPX petitions and exhibits files along with them,  
2 are they -- how different are they than the prior  
3 challenges that were brought by New Bay Capital and  
4 Apple?

5 MR. PALYS: Oh. The difference between  
6 New Bay and the ones between RPX? Is that the  
7 question, Your Honor?

8 JUDGE TIERNEY: Yes.

9 MR. PALYS: Yeah. I'll let Naveen  
10 answer that.

11 MR. MODI: Your Honor, there are  
12 obviously similarities, but they different. So the  
13 RPX petitions -- I'll just give you some examples,  
14 Your Honor. For instance, the RPX 171 and 173  
15 petitions raised at least one new obviousness  
16 combination. The 171 and 173 also -- actually,  
17 there are at least two that I have notes.

18 JUDGE TIERNEY: Stepping back here, I  
19 understand that there's some differences. How  
20 extensive are the differences? Because I've looked  
21 at them and I guess I gather that you've looked at  
22 them in great detail. It appears that there's a



1 lot of similarity.

2 MR. MODI: Sure, Your Honor. Again, we  
3 don't disagree there are similarities. But, for  
4 example, the other differences that we are thinking  
5 of are if you look at claim constructions. So what  
6 happened was, as you're aware, when Virnetx filed  
7 its preliminary responses we had responded and  
8 provided claim constructions and arguments for  
9 claim constructions to both the New Bay and Apple  
10 petitions.

11 And what RPX has done is essentially in  
12 its petitions it's responded to Virnetx's arguments  
13 on those claim constructions. So there are -- a  
14 lot of those arguments are new, Your Honor, and  
15 they would require further consideration from us to  
16 respond to those issues.

17 In addition, as you know there is a real  
18 party in issue and privity issue that has taken a  
19 lot of our time. And there has been intervening  
20 holidays. As you know, Your Honor, we had  
21 Thanksgiving and Christmas since these petitions  
22 were filed.

1           So I feel all of those factors would --  
2     it would really severely prejudice us if the board  
3     was to order us to file all preliminary responses  
4     by February 20th.

5           JUDGE TIERNEY: Understood. But going  
6     back, I'm seeing quite a bit of similarities  
7     between the petitions that RPX previously filed by  
8     Apple and New Bay Capital. And so at least there's  
9     going to be some -- it would seem a large amount of  
10    efficiency gains -- since you've already been  
11    familiar with the art, familiar with many of the  
12    arguments, you are aware that the claim terms,  
13    which you're now saying you need to do  
14    reconstructions on.

15           But this is not new to Virnetx. This is  
16    all things that you're very familiar with. So in  
17    that sense I'm not seeing why we have to extend  
18    time by a great deal to take up these cases.

19           MR. MODI: Your Honor, I understand and  
20    appreciate your comments. I think what we're just  
21    asking, Your Honor, as you can imagine, we do have  
22    nine IPRs and the declarations also, Your Honor, I

1 know they're -- again, the declarations are  
2 similar. But they are different in the sense --  
3 for example, Mr. Fratto took the Kiuchi discussions  
4 from the Housley declarations that were put in by  
5 New Bay. And it's actually quite different.

6 So it does take time, as Your Honor can  
7 appreciate, to go through these petitions and these  
8 references. And given all the reexams we also  
9 have -- we have over 20 co-pending proceedings,  
10 Your Honor, that we're dealing with. And I  
11 appreciate the board is trying to align these and  
12 expedite them as much as possible. And we  
13 certainly appreciate that and we'll do whatever we  
14 can, Your Honor.

15 We just ask that -- you know, I feel  
16 February 20th would really seriously prejudice us,  
17 especially given, like I said, the real party in  
18 interest and privity issues which hopefully the  
19 board will let us address shortly.

20 So, you know, we're not opposed to, like  
21 I said, alignment of some sort. It sounds like the  
22 board is leaning towards that way. We would just

1 ask that we be given at least the three months.  
2 And given the issues here, the real party in  
3 interest and privity issue, we were hoping to  
4 discuss those with you and then perhaps we can come  
5 back to the schedules.

6 But at the end of the day we do  
7 appreciate where you're coming from from a  
8 similarity of the issues.

9 JUDGE TIERNEY: Okay. What I gather  
10 from Virnetx very clearly -- I think they made out  
11 a case as to February 20th may be extremely  
12 difficult for them to meet. March 6th may be  
13 somewhat difficult but at least it gives them the  
14 extra couple weeks and will still give them  
15 approximately two months from today's date.

16 We are cognizant that Apple has  
17 requested we expedite. We have already denied the  
18 request to transfer because we are concerned about  
19 making sure these dates go on time. The board is  
20 open to a March 6th date for synchronizing.

21 I'm going to go to Apple and then RPX  
22 and then lastly we'll have Virnetx have the last



1 word on this. But starting with Apple, do you have  
2 any concerns or questions about a March 6th date  
3 for filing the patent owner preliminary responses?

4 MR. KUSHAN: Well, we start from your  
5 perspective where you began, which is there's  
6 really zero reason in our mind why they need more  
7 time. They've had the issues on claim  
8 construction, on prior art, on patentability  
9 grounds not just since last summer but probably for  
10 the last two and a half to three years.

11 And the number of issues that you  
12 rightly identify, I would say the overlap between  
13 the grounds that we've seen and our prior petitions  
14 and those of New Bay is almost a hundred percent.  
15 I mean, it seems -- I think at bottom all we're  
16 hearing them say is they want to delay things as  
17 long as possible.

18 If you look at their e-mail asking for  
19 their issue to be addressed on the privity issue,  
20 they basically want you to have an open-ended let  
21 them file their preliminary opposition whenever you  
22 resolve the privity issue.

1                   This is -- it's just silly in our  
2 view --

3                   JUDGE TIERNEY: Let's watch the word  
4 "silly," please.

5                   MR. KUSHAN: I apologize for that. But  
6 it's just -- we're at a point now where we can't  
7 see a really legitimate reason why they should not  
8 follow the schedule you started with, which was  
9 February 20th. Obviously it's only a couple of  
10 weeks and we would urge you to go with the most  
11 aggressive schedule you can.

12                   JUDGE TIERNEY: I did hear them point  
13 out that because there are nine cases, that keeping  
14 them consistent would be taking a little bit of  
15 extra time and therefore March 6th was already a  
16 difficult time for them to meet. And February  
17 20th -- I got a sense of a large amount of concern  
18 on their part that February 20th date may be very,  
19 very difficult for them to meet.

20                   So it wasn't just the fact that they  
21 would find it convenient to try to delay the case.  
22 I want to just point that out on the record. I

1 understand your concern that you would rather pick  
2 the February 20th day over the March 6th.

3           Going to RPX, can I hear from you,  
4 please?

5           MR. ASHE: Sure, Your Honor. In  
6 principle we don't have a problem with the March  
7 6th date. You know, I think that my answer,  
8 though, is qualified for what might lie ahead in  
9 this conference call in terms of what they want to  
10 do in terms of further extending that date.

11           But in principle for where we're at  
12 right now in the discussion, I think that RPX is  
13 fine with a March 6th date for a synchronized  
14 patent owner preliminary response date.

15           JUDGE TIERNEY: Okay. The panel has  
16 conferred and the panel has selected the March 6th  
17 date based upon the facts presented here. We  
18 understand Apple's position that they would like it  
19 even further expedited. But we are cognizant that  
20 Virnetx has large concerns about meeting a February  
21 20th date and that March 6th, while it would put  
22 some pressure upon them to meet such a date, it

1 would be at least something they could meet without  
2 having prejudice to their being able to submit the  
3 preliminary responses.

4 So at this time we adopt the March 6th  
5 date for the preliminary responses for all the  
6 cases. That's both the RPX and the Apple cases.  
7 They will be synchronized to a March 6th patent  
8 owner preliminary response date.

9 I believe that takes care of the  
10 scheduling issue. We've heard from Apple about  
11 their transfer issue and the additional cases  
12 within the office. I am aware, though, Virnetx did  
13 request for the conference call today we discuss  
14 the real party in interest issue. Unless there's  
15 another issue I need to be aware of, we'll start  
16 with that.

17 I'll turn to Apple and RPX. Is there  
18 something I need to know before we turn to the real  
19 party in interest issues? Apple?

20 MR. KUSHAN: No, Your Honor. We  
21 obviously still want you to pay attention to the  
22 motions for rehearing of the petitions which are on



1 the same patents as the RPX patents.

2 JUDGE TIERNEY: We understand the  
3 concerns there before the office. They will be  
4 decided in due course.

5 RPX, anything I need to know before we  
6 turn it over to the real party in interest issue?

7 MR. ASHE: No, Your Honor.

8 JUDGE TIERNEY: Okay. Virnetx if you  
9 could please -- you have requested that we discuss  
10 the real party in interest issues and how it  
11 effects the case. In particular it's directed  
12 toward the RPX challenge, the RPX petitions and  
13 their challenges. You have the floor. Please give  
14 us the information you'd like us to know.

15 MR. PALYS: Thank you, Your Honor. This  
16 is Joseph Palyas again. I think a brief history as  
17 to the issues relating to these IPRs may be  
18 instructive as we get into these issues.

19 I think it's public record that Virnetx  
20 asserted these patents that are at issue in the RPX  
21 IPRs against Apple in district court. And during  
22 that litigation Apple sought, as the board knows,

1 multiple inter partes reexamination of the patents.  
2 Others did as well. But it's also public record  
3 that Apple was found to infringe these patents.

4           Following that determination Apple then  
5 filed -- a brief history -- filed three IPRs. This  
6 was in June of last year. Soon after, New Bay,  
7 which was an unknown company that was recently  
8 formed right before they filed their IPRs, they  
9 filed four more IPRs on similar patents. Apple  
10 followed suit with four more. So at that time, as  
11 the board knows, we had 11 IPRs pending.

12           Those IPRs, again, as the board knows,  
13 have been terminated. While that decision to  
14 terminate was being considered, then pops up these  
15 seven IPRs from RPX that were just filed.

16           With that backdrop, what we have here is  
17 RPX in our view is the like the requester in In re  
18 Guan, which is essentially a company that's  
19 contracting with other companies to provide  
20 defensive patent services on their behalf.

21           And we think -- well, before I go  
22 further, Your Honor, I just want to make sure of

1 the protective order issue. I know we have -- we  
2 discussed that in the beginning. But I'm going to  
3 be getting into some of the issues that were filed  
4 as RPX confidential.

5 We have Apple's counsel on the line. I  
6 know that Virnetx -- our team has agreed to abide  
7 by the protective order and obviously RPX has, but  
8 I don't know if we have that assurance from Apple.  
9 And I just want to be sensitive to RPX's  
10 confidential information before we move forward.

11 JUDGE TIERNEY: We'll stop here. Apple,  
12 do you agree to the default protective order for  
13 purposes of this call? And certainly if you need  
14 to change it you can go ahead and have a discussion  
15 at a later date. But for purposes of this call we  
16 would be adopting at least a default protective  
17 order. Do you agree at this time or do we need to  
18 take you off the call?

19 MR. KUSHAN: No. We agree to abide by  
20 the terms of the default protective order.

21 JUDGE TIERNEY: Understood.

22 MR. MELAUGH: Do I need to drop off,

1     though? This is David Melaugh, in-house counsel of  
2     Apple.

3                     JUDGE TIERNEY: I would appreciate it if  
4     you did.

5                     MR. MELAUGH: I will then. Thank you  
6     very much.

7                     JUDGE TIERNEY: Is anyone else in-house  
8     counsel that would not be subject to a protective  
9     order or potentially subject to a protective order  
10    that I need to be aware of? I'm going once, twice.  
11    I need to know if there is anyone on the phone who  
12    is not subject to a protective order. Speak up  
13    now.

14                    Hearing none, everyone on this phone is  
15    subject to the protective order, the default  
16    protective order. You may proceed, Mr. Palys.

17                    MR. PALYS: Thank you, sir.

18                    [REDACTED]  
19                    [REDACTED]  
20                    [REDACTED]  
21                    [REDACTED]  
22                    [REDACTED]



1

[REDACTED]

2

In a nutshell, RPX's business model --

3

and this is public information from their website

4

and represented in their petition -- their business

5

model is to provide defensive patent services on

6

behalf of its clients.

7

[REDACTED]

8

[REDACTED]

9

[REDACTED]

10

[REDACTED]

11

[REDACTED]

12

[REDACTED]

13

[REDACTED]

14

[REDACTED]

15

[REDACTED]

16

[REDACTED]

17

[REDACTED]

18

[REDACTED]

19

[REDACTED]

20

Now, I think it's clear just from our

21

discussion today and from the petitioners, there's

22

no mistaking -- even the board has recognized the

[REDACTED]

[REDACTED]

1 similarities between these petitions. You know,  
2 while we think that there are differences in terms  
3 of the scheduling and for purposes of --

4 JUDGE TIERNEY: Okay. Mr. Palys. Let's  
5 clarify for the record, though.

6 MR. PALYS: Yeah.

7 JUDGE TIERNEY: The fact that there are  
8 similarities between the petitions, quite often  
9 when a party is seeking joinder they basically  
10 photocopy a petition and file it. And in fact I've  
11 seen your law firm do the same. So the fact that  
12 there's similarities between petitions later filed  
13 in time, I'm not sure where you're going with that.

14 MR. PALYS: Yeah, well -- I'm sorry,  
15 Your Honor. Were you finished? I didn't mean to  
16 interrupt.

17 JUDGE TIERNEY: Yeah, I am finished.  
18 I'm just trying to figure out where we are going.

19 MR. PALYS: Yeah. I was getting there,  
20 Your Honor. I wasn't suggesting just the fact that  
21 there's similarities and that was the end deal. I  
22 was working my way to the point.

1                   So, yes, we have similarities between  
 2 the patents and they closely parallel the  
 3 petitions. But like -- there are some facts  
 4 supporting the IPR privity issue that Virnetx is  
 5 seeking. [REDACTED]

6 [REDACTED]  
 7 [REDACTED]  
 8 [REDACTED]  
 9 [REDACTED]

10                   And in In re Guan one of the interesting  
 11 factors that was considered in that case was -- in  
 12 Guan on page 7 it says "An entity named as a sole  
 13 real party in interest may not receive a suggestion  
 14 from another party that a particular patent should  
 15 be the subject of a request for inter partes  
 16 reexamination and be compensated for that."

17                   The trial practice guides also provides  
 18 guidance, as I'm sure the board knows, the relevant  
 19 factors when considering real party in interest and  
 20 privity issues, [REDACTED]  
 21 [REDACTED]  
 22 [REDACTED], or others, who may be in privity

1 with the petitioner and the petition, including the  
2 nature and degree in involvement in the filing, and  
3 the nature of the entity filing the petition, in  
4 this case the relationship with RPX.

5 And the factors or the facts associated  
6 with supporting these requests for getting into  
7 investigations for real party in interest and  
8 privity rely on these business models. RPX in its  
9 website even says -- and this is public  
10 information, Your Honor. They call themselves an  
11 extension of in-house legal -- of the legal team,  
12 of an in-house legal team.

13 They provide -- they say that they're a  
14 trusted intermediary. These are all things that we  
15 would obviously provide citations to if we are  
16 given the opportunity to do so, Your Honor. [REDACTED]

17 [REDACTED]  
18 [REDACTED]  
19 [REDACTED]  
20 [REDACTED]  
21 [REDACTED]  
22 [REDACTED]



1 [REDACTED]  
2 [REDACTED]  
3 [REDACTED]  
4 [REDACTED]  
5 [REDACTED]

6           And, again, as the board knows, there's  
7 a 315(b) problem with Apple. So a long story short  
8 is we believe that there's enough suggestion in the  
9 record to support investigations and an inquiry  
10 into this issue of real party in interest because  
11 if, as we believe, there's a privity relationship  
12 and/or a real party interest issue relating to  
13 Apple, that that is a case-dispositive issue  
14 which -- the last point here -- which brings me to  
15 the scheduling issue, Your Honor, which I tried to  
16 address in the beginning.

17           If these issues can be addressed before  
18 we get to the preliminary response date it doesn't  
19 put any burden on the board through the statute to  
20 determining institution from the three month date  
21 of that preliminary response date.

22           So I'll stop there. I mean, there's

1 many other details I want to get into, but I don't  
2 want to hold the floor too long. And I invite  
3 questions from the board on this.

4 JUDGE TIERNEY: Basically I'm still  
5 trying to figure out the allegation. Is there an  
6 allegation that Apple is controlling the  
7 proceedings that RPX has filed, the petitions that  
8 RPX filed?

9 MR. PALYS: Well, our request, Your  
10 Honor, is -- it's not so much an allegation, I  
11 guess. But our request is that the board issue an  
12 order to show cause to RPX to show why they should  
13 have these filing dates for these -- for their IPR  
14 petitions from a privity and real party in interest  
15 standpoint.

16 And in the alternative, if the board is  
17 not inclined to do that, we seek leave for  
18 additional discovery relating to these real party  
19 and privity issues so we can, again, ask leave to  
20 move for a motion to dismiss should the discovery  
21 go that route.

22 The point here, Your Honor, in a

1 nutshell is we believe there is a privity issue, we  
2 think the record shows this relationship. And  
3 however we get there from in terms of getting  
4 investigation and inquiry to these issues, whether  
5 it's through an order to show cause or through its  
6 additional discovery, we just want to make sure  
7 that not only the board but also the parties fully  
8 vet this issue because in our view it is case  
9 dispositive.

10           When we get to this term of direction  
11 and control, that's one factor to consider when  
12 you're looking at real party in interest and  
13 privity issues, as the board knows. But I think an  
14 interesting point here is that while RPX has said  
15 in their petition, look, we do things in our sole  
16 discretion or maybe there's no direction or  
17 control, there's some things which are missing from  
18 the record which is what we're asking to get  
19 further investigation into.

20           Having direction and control or sole  
21 discretion is not the same as not receiving  
22 suggestions from -- let's say suggestions or

1 assistance from Apple or Apple's counsel in terms  
2 of drafts or arguments our even, in re: Guan, a  
3 suggestion of the patents to pursue.

4 [REDACTED]  
5 [REDACTED]  
6 [REDACTED]  
7 [REDACTED]  
8 [REDACTED]  
9 [REDACTED]  
10 [REDACTED]

11 JUDGE TIERNEY: I --

12 MR. PALYS: Go ahead.

13 JUDGE TIERNEY: I appreciate you having  
14 the floor. If you could take only one more minute,  
15 though, and summarize before I move on.

16 MR. PALYS: Sure. I think -- well, I'll  
17 just wrap it up and say that Virnetx respectfully  
18 requests the opportunity -- either the board to  
19 issue an order to show cause to get into these  
20 related issues and/or in the alternative that we  
21 get an opportunity to file a motion for additional  
22 discovery.



1                   We think the record -- the public  
2 record, the record in these IPRs, support that.  
3 And we would appreciate that consideration.

4                   JUDGE TIERNEY: Okay. I'm going to turn  
5 it over to RPX. But I would like to have RPX in  
6 particular discuss the issues raised by Virnetx. I  
7 would like to point out I would like to have an  
8 explanation of page 3 of the petition. I'm looking  
9 at the IPRs of 2014-00171 page 3.

10                   A second full paragraph states "RPX has  
11 exercised its sole discretion in deciding to file  
12 the present petition." If you could elaborate upon  
13 that. And it also says in the second sentence in  
14 that paragraph, "RPX alone shall control" -- "RPX  
15 alone shall control the participation of RPX at any  
16 proceeding," et cetera.

17                   And then the third sentence goes "RPX  
18 alone is responsible for paying the cost of  
19 preparing," et cetera, et cetera. So in each of  
20 those instances it's using the term "RPX's sole  
21 discretion" or "RPX alone."

22                   Maybe you could elaborate upon those,

1 Mr. Ashe.

2 MR. ASHE: Okay. If I could start with  
3 the issues that have been raised by Mr. Palys, I'll  
4 address them briefly.

5 First of all, with regard to an order to  
6 show cause, I'm not aware of any provision in the  
7 rules that allow for that. Mr. Palys has outlined  
8 basically what I would envision his patent owner's  
9 preliminary response to be. And it sounds to me  
10 that he believes he has all the evidence that he  
11 needs to make the argument that he wants to make  
12 and he's certainly entitled to do that.

13 RPX in its petition has stated its  
14 explanation for why it's the sole real party in  
15 interest and, you know, that would be the response  
16 to an order to show cause. So I don't think that  
17 there's procedurally any ground for that. I don't  
18 think that it's going to substantively advance the  
19 case.

20 With regard to discovery, again, I  
21 understand the outline of his patent owner  
22 preliminary response, but I haven't heard anything

1 outside of speculation as to why he thinks there's  
2 any additional information that would be useful in  
3 addressing this information.

4 It sounds like essentially a fishing  
5 expedition and that's not sufficient to satisfy the  
6 interest of justice standard for additional  
7 discovery in these proceedings.

8 So with that, unless you have particular  
9 questions with regard to those comments, I can move  
10 on to the points that you'd like to address on  
11 page 3 of the 171 petition.

12 JUDGE TIERNEY: Please move forward and  
13 discuss the statements on page 3 and whether or not  
14 they're correct.

15 MR. ASHE: Sure. Well, I believe that  
16 they are correct. With regard to the sole  
17 discretion in deciding to file the petitions,  
18 control of the proceeding and the responsibility  
19 for paying the costs of preparing it, it's my  
20 understanding that all of those statements are  
21 correct.

22 RPX is in the business of trying to

1 bring rational pricing to the patent marketplace  
2 and that involves a number of different activities.  
3 It involves licensing, defensive streamlining, et  
4 cetera. RPX also has a number of initiatives that  
5 I believe are natural, logical and legitimate  
6 outgrowths of its primary business purpose and that  
7 is, again, to bring rational pricing to the patent  
8 marketplace.

9           One of these initiatives is to identify  
10 patents that are basically -- pose a risk to that  
11 marketplace. And I think anybody following the  
12 public record, number one, would understand that  
13 these patents have been asserted against a number  
14 of different companies.

15           The arguments that are included in the  
16 RPX petition are a matter of public record. [REDACTED]

17 [REDACTED]  
18 [REDACTED]  
19 [REDACTED]  
20 [REDACTED]  
21 [REDACTED]  
22 [REDACTED]



1 [REDACTED]  
2 [REDACTED]  
3 So RPX is responsible for any bills that  
4 they incur, any expenses that they incur. That's  
5 my explanation. But I'm certainly willing to  
6 answer any questions that you have.

7 JUDGE TIERNEY: At this time the only --  
8 it's not really a question. It just pointing out.  
9 The rules do provide that the board may enter an  
10 order as appropriate and should the board believe  
11 an order of show cause be appropriate we could  
12 exercise our authority and issue such an order.

13 The fact that we have such discretion,  
14 though, notwithstanding, at this time the panel  
15 does not believe an order to show cause would be  
16 appropriate. We agree with the suggestion that the  
17 issues raised by Virnetx could be raised in a  
18 patent owner preliminary response.

19 I'm going to turn -- before I go on to  
20 the additional discovery question that was raised  
21 by Virnetx --

22 MR. ASHE: If --

1 JUDGE TIERNEY: -- I will -- yes?

2 MR. ASHE: If I could just -- on the  
3 issue of them addressing this in the patent owner  
4 preliminary response, to the extent that they do, I  
5 would ask that RPX has an opportunity to file a  
6 reply brief or a supplemental briefing --

7 JUDGE TIERNEY: To the extent it gets --  
8 at this time I will not guess as to what they wish  
9 to put in their patent owner preliminary response.  
10 As soon as they put in something in the patent  
11 owner preliminary response that you believe needs  
12 to be addressed by RPX, you may raise it after  
13 reading their patent owner preliminary response.

14 MR. ASHE: Okay. Thank you.

15 JUDGE TIERNEY: But I'm going to turn  
16 over -- I will give Apple one moment to discuss if  
17 they would like to do so the issue of additional  
18 discovery on this issue, understanding that it may  
19 or may not impact them.

20 MR. KUSHAN: Thank you, Your Honor. Our  
21 stance on additional discovery is that they have --  
22 that Virnetx has not articulated and set forth for

1 the board grounds that are sufficient to justify  
2 the additional discovery.

3           You asked them point blank is there an  
4 allegation that Apple is controlling the proceeding  
5 and rather than suggesting there was they just  
6 avoided that question which I take to be no. And  
7 that I think disposes this entire issue.

8           But as to the discovery question, under  
9 the standards we understand the board follows for  
10 additional discovery, there has to be a  
11 definiteness in the existence of the evidence  
12 you're pursuing. It has to be shown to have -- not  
13 be an issue that's duplicative or redundant to the  
14 issues or evidence they already have and a number  
15 of other criteria that are important to the  
16 interests of justice standard. And under those  
17 criteria I can't see how it would be justified  
18 given what they have represented so far.

19           At the end of the day it's up to the  
20 discretion of the board to authorize that discovery  
21 and we'll comply with whatever your order is.

22           JUDGE TIERNEY: Virnetx, I will give you

1 the last word on this before the panel comes to a  
2 decision.

3 MR. PALYS: Thank you, Your Honor. I'll  
4 try to be brief. One thing I haven't heard from  
5 the parties -- I know the question and I heard  
6 Apple's counsel talk about direction and control.  
7 I think as the board knows, that that is one  
8 factor, but it's not just direction and control.  
9 It's any assistance, any suggestions, any  
10 assistance in that manner.

11 And one thing I haven't heard from the  
12 parties as you asked, Your Honor, is whether RPX  
13 has received any suggestions, assistance, drafts of  
14 any kind from Apple or Apple's counsel. And I'm  
15 wondering if we can get a representation from that.

16 JUDGE TIERNEY: Well, at this time they  
17 were already a public record. Do you mean directly  
18 from Apple or -- they could have achieved them  
19 through the public record, because Apple had  
20 already filed petitions.

21 MR. PALYS: Yeah. Outside the public  
22 record, Your Honor. Through Apple or Apple's



1 counsel.

2 JUDGE TIERNEY: So are you saying did  
3 they receive them directly from Apple and not going  
4 onto our website or through some third source  
5 publicly available material?

6 MR. PALYS: That's right, Your Honor.  
7 Whether they received any assistance or suggestions  
8 in the form of drafts of anything from Apple or  
9 Apple's counsel directly, not from the PTO's  
10 website.

11 JUDGE TIERNEY: I'm going direct  
12 assistance. I want -- I need to make sure I'm  
13 being very clear because they're asking a very  
14 specific question.

15 I will go ahead and I'll open the floor.  
16 RPX, to the extent you wish to answer the question  
17 at this time, please do so. To the extent the  
18 question is either a compound question or unclear,  
19 please ask for clarification.

20 MR. ASHE: Thank you, Your Honor. I  
21 think the question puts the cart before the horse.  
22 It's a discovery question and our position is --

1 and I think it's confirmed by Virnetx's arguments  
2 at the outset of this portion of the conference  
3 call that they have all the information they need.  
4 They have not identified any information that is  
5 contradictory within the petition or within the  
6 agreement.

7 So our position is that they're not  
8 entitled to discovery and the purpose of this  
9 conference call was to give them an avenue to  
10 seeking discovery on the call. I think it's  
11 inappropriate.

12 JUDGE TIERNEY: Okay. Apple, do you  
13 have any question before we go ahead and make a  
14 decision? Mr. Kushan, any comment before we go  
15 ahead and make a decision on this?

16 MR. KUSHAN: Yes, Your Honor. Just very  
17 briefly, first of all, I think equating Apple with  
18 Apple's counsel is improper. You've already had  
19 decisions, I believe, in the board which have  
20 confirmed that sharing counsel among different  
21 parties is not establishing a connection between  
22 the parties.

1                   And the second issue is I more or less  
2 echo the comments from Mr. Ashe regarding the  
3 timeliness of the question that's being presented  
4 in this case.

5                   JUDGE TIERNEY: At this point in time --

6                   MR. PALYS: I think - I'm sorry, Your  
7 Honor. It's Joe Palys. I apologize again. I just  
8 wanted 30 seconds of your time just to respond to  
9 that last comment, if that's okay.

10                  JUDGE TIERNEY: Please do so.

11                  MR. PALYS: One of the things -- I know  
12 we're talking about the first factor in Garman with  
13 additional discovery. One of the things that we  
14 have come across which is one of the reasons why we  
15 had some delay raising this issue was there's  
16 metadata that's been involved with the Apple or the  
17 RPX petitions.

18                  If you go to the petitions that were  
19 provided by or filed with the patent office in the  
20 public record you will see metadata that provides a  
21 link between RPX and Apple's counsel for these  
22 documents.

1                   And so we think -- I can get into  
2                   specifics about that. But we think that provides  
3                   us more than pure speculation whether -- this is  
4                   one factor again coupled with all the other factors  
5                   that we raised on this issue that there is --  
6                   worthy of additional -- at least additional  
7                   discovery in this matter.

8                   JUDGE TIERNEY: At this point in time  
9                   the panel will take it under advisement. We'll be  
10                  back on the phone in approximately three minutes.  
11                  It's 4:21. Let's shoot for 4:25. I would like to  
12                  talk to my co-panelists to see how we would like to  
13                  proceed. We will be on the phone at 4:25. Thank  
14                  you, everyone. I am muting my phone now.

15                  (Pause.)

16                  JUDGE TIERNEY: This is Judges Tierney  
17                  and Easthom back on the line. Is Judge Siu back on  
18                  the line now?

19                  JUDGE SIU: Yes, sir. I'm back on the  
20                  line.

21                  JUDGE TIERNEY: Welcome back. The panel  
22                  has -- I'll just confirm. An RPX representative on



1 the line?

2 MR. ASHE: Yes. Here.

3 JUDGE TIERNEY: Apple representative on  
4 the line?

5 MR. KUSHAN: Yes, Your Honor.

6 JUDGE TIERNEY: And Virnetx, you're  
7 represented? Mr. Palys still on the line?

8 MR. PALYS: Yes, sir.

9 JUDGE TIERNEY: I ask that because once  
10 I went off line and came back and I think I came  
11 back a minute early and one counsel was aghast that  
12 we had started talking and hadn't confirmed that he  
13 was on the line.

14 So now that we are confirmed that  
15 everyone is available, the panel has conferred and  
16 come to the following conclusions. Based upon the  
17 discussion today RPX has confirmed that the  
18 statements made in its petitions are correct.

19 Specifically RPX has confirmed to the  
20 board's satisfaction at this point in time that  
21 they exercise sole discussion in deciding whether  
22 to file the petitions. RPX again has confirmed

1 that they alone shall control the participation in  
2 the proceeding, and RPX again has confirmed that  
3 they alone are responsible for paying the cost of  
4 preparing and filing the petitions and subsequent  
5 costs in connection with the proceedings.

6 Based on their confirmation of the  
7 statements in the petition, we decline at this  
8 point to go ahead and authorize additional  
9 discovery on the issue of the real party in  
10 interest.

11 We, however, do note for the record that  
12 should Virnetx wish to pursue the issue they are  
13 free to pursue the issue in a patent owner  
14 preliminary response based upon the evidence and  
15 the facts that they have before them and we look  
16 forward to seeing their arguments should they wish  
17 to bring it to our attention in the form of a  
18 patented owner preliminary response.

19 Having so ruled we do go to the parties  
20 to see if they have any questions or concerns. We  
21 will start right now with Virnetx. Do you have any  
22 questions regarding our decision?

1 MR. PALYS: No, Your Honor.

2 JUDGE TIERNEY: Apple?

3 MR. KUSHAN: No, Your Honor.

4 JUDGE TIERNEY: RPX?

5 MR. ASHE: No, Your Honor.

6 JUDGE TIERNEY: Having ruled on that, I  
7 believe that covered the issues that were brought  
8 to our attention for the purposes of this call.  
9 However it may have come to the parties' attention  
10 that there may be additional issues. So before we  
11 adjourn today I will go back to the parties to make  
12 sure that there are no additional issues for  
13 discussion.

14 I'll start with Virnetx. Are there any  
15 additional issues today?

16 MR. PALYS: Your Honor.

17 JUDGE TIERNEY: Apple?

18 MR. KUSHAN: No, Your Honor.

19 JUDGE TIERNEY: And last but not least,  
20 RPX, are there any additional issues we need to  
21 discuss before we adjourn today?

22 MR. ASHE: Thank you. No, Your Honor.

1 JUDGE TIERNEY: It's been a little  
2 longer conference call than I expected but at least  
3 we covered quite a bit of ground today. Should any  
4 issues arise please bring them to our attention.

5 We do look forward to receiving a copy  
6 of the transcript. I just ask as a matter of form  
7 approximately how long do you expect before a  
8 transcript would be filed here? And I'm not asking  
9 for it to be rushed. I'm just generally asking  
10 what time frame do you expect to file one. And  
11 please do file it under seal, given the information  
12 we've been discussing today.

13 MR. PALYS: This is Joseph Palys. Hey,  
14 Jon, can you let us know how fast you think you can  
15 get it?

16 THE REPORTER: I could have it to you  
17 Monday.

18 JUDGE TIERNEY: That is fine with us. I  
19 was just inquiring for more informational purpose.  
20 If you needed more time than that that's also  
21 acceptable. We just wanted to know approximately  
22 when to expect it.



1 MR. PALYS: Understood.

2 JUDGE TIERNEY: So do not in any way  
3 feel rushed on getting the transcript in, but once  
4 you do get it, you know, obviously sooner is better  
5 than later, but I'm not asking you to expedite.  
6 All right?

7 So are there any questions about filing  
8 of the transcript that we need to discuss or are we  
9 ready to adjourn? Mr. Palys? It's up to you.  
10 Anything you need to --

11 MR. PALYS: No. Nothing further, Your  
12 Honor.

13 JUDGE TIERNEY: All right. Well, thank  
14 you. That adjourns our call for today. We'll have  
15 an order commemorating it. But again, we do have a  
16 transcript covering what we discussed today so the  
17 order going out will be more a shorter form because  
18 the information which we discussed is already  
19 recorded via the transcript.

20 Thank you, everyone. We look forward to  
21 going forward with this case. Should anything  
22 arise, we look forward to talking to you again.

1 But until then we're adjourned. Thank you.

2 MR. KUSHAN: Thank you, Your Honor.

3 MR. PALYS: Thank you, Your Honor.

4 MR. ASHE: Thank you.

5 (Whereupon, the conference call ended at  
6 4:30 p.m. EST.)

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22

CERTIFICATE OF REPORTER

I, Jonathan Wonnell, a Registered Professional Court Reporter (NCRA #835577) and Notary Public of the State of Minnesota, County of Hennepin, do hereby certify that the foregoing transcript is a true and accurate record of these proceedings; that said proceedings were taken in Stenotype note by me on the 8th day of January, 2014, commencing at 2:15 p.m. EST and ending at 4:30 p.m. EST.

I further certify that present on behalf of Party Virnetx were Joseph Palys, Esq., Naveen Modi, Esq., James Stein, Esq., and Elliott Cook, Esq., of Finnegan, Henderson, Farabow, Garrett & Dunner, LLP; on behalf of Party RPX Corporation was Oliver R. Ashe, Jr., Esq., of Ashe P.C.; and on behalf of Party Apple Inc. were Jeffrey Kushan, Esq., and Joseph A. Micallef, Esq., of Sidley Austin LLP, and Apple Inc. in-house counsel and David Melaugh, Esq.

I further certify that I am not related to, nor associated with any of the parties or their attorneys, nor do I have any disqualifying interest, personal or financial, in the actions within.

Dated this 9th day of January, 2014, in Hennepin County, Minnesota.

\_\_\_\_\_  
Jonathan Wonnell  
Notary Public, Hennepin County, Minnesota  
My Commission expires January 31, 2017

**REDACTED**



**REDACTED**

**REDACTED**

**REDACTED**

**REDACTED**



**REDACTED**

**REDACTED**

**REDACTED**

**REDACTED**



**REDACTED**

**REDACTED**

**REDACTED**

**REDACTED**

**REDACTED**