

Filed on behalf of: VirnetX Inc.
By: Joseph E. Palys
Naveen Modi
Finnegan, Henderson, Farabow,
Garrett & Dunner, L.L.P.
11955 Freedom Drive
Reston, VA 20190-5675
Telephone: 571-203-2700
Facsimile: 202-408-4400
E-mail: joseph.palys@finnegan.com
naveen.modi@finnegan.com

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

RPX CORPORATION
Petitioner

v.

VIRNETX INC.
Patent Owner

Case IPR2014-00174
Patent 7,921,211

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

CASES

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

Myrus Hack, LLC v. McDonald’s Corp.,
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*

OTHER

“Office Patent Trial Practice Guide,” 77 Fed. Reg. 157
(Aug. 14, 2012), pp. 48756-7732, 9

Restatement 3d of Agency, § 1.01, Comment C6

Restatement 3d of Agency, § 8.076

“Rules of Practice for Trials Before the PTAB,” 77 Fed. Reg. 157
(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. 38 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

Explore Litigation Insights

Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

Real-Time Litigation Alerts



Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

Advanced Docket Research



With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

Analytics At Your Fingertips



Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

LAW FIRMS

Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

FINANCIAL INSTITUTIONS

Litigation and bankruptcy checks for companies and debtors.

E-DISCOVERY AND LEGAL VENDORS

Sync your system to PACER to automate legal marketing.