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Case No. IPR2014-00176

Paper No. _____
Filed: March 24, 2014

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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 IPR2014-00176
Patent 7,418,504

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

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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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