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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC.
Petitioner

v.

VIRNETX INC.
Patent Owner

Case IPR2014-00238
Patent 8,504,697

Patent Owner's Request for Rehearing Under 37 C.F.R. § 42.71(d)(1)

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I. STATEMENT OF THE PRECISE RELIEF REQUESTED

Patent Owner VirnetX Inc. requests rehearing of the Patent Trial and Appeal Board's Decision entered May 14, 2014 ("Decision"), instituting an *inter partes* review of U.S. Patent No. 8,504,697. As explained in VirnetX's Preliminary Response (Paper No. 12), Apple Inc.'s Petition (Paper No. 1, the "Petition") contravenes 37 C.F.R. § 42.104(b)(4) and 35 U.S.C. § 312(a)(3) and should be denied.

II. LEGAL STANDARD

"A party dissatisfied with a decision may file a request for rehearing." 37 C.F.R. § 42.71(d). "The request must specifically identify all matters the party believes the Board misapprehended or overlooked, and the place where each matter was previously addressed in a motion, an opposition, or a reply." *Id.*

Institution decisions are reviewed on rehearing for an abuse of discretion. 37 C.F.R. § 42.71(c). "An abuse of discretion occurs when a 'decision was based on an erroneous conclusion of law or clearly erroneous factual findings, or . . . a clear error of judgment.'" *CLIO USA, Inc. v. The Procter and Gamble Co.*, IPR2013-00450, Paper No. 19 at 2 (Feb. 4, 2014) (quoted source omitted).

III. STATEMENT OF REASONS FOR RELIEF REQUESTED

Apple's Petition represents a clear violation of 37 C.F.R. § 42.104(b)(4) and 35 U.S.C. § 312(a)(3), for it only seldomly cites the *Wesinger* reference upon

which the Board instituted IPR. The Board has repeatedly enforced § 42.104(b)(4)'s mandate that a "petition must specify where each element of the claim is found in the prior art patents or printed publications relied upon." Recognizing a petitioner's burden of proof, the Board has refused to piece together grounds of unpatentability that are not adequately set forth in a petition.

VirnetX's Preliminary Response explained why Apple's Petition fails to comply with 37 C.F.R. § 42.104(b)(4) and 35 U.S.C. § 312(a)(3), and evades the page limit for petitions. These arguments appear to have been misapprehended or overlooked in the Decision, which makes reference to 37 C.F.R. § 42.104(b)(5) and other requirements, but never discusses the distinct requirements of 37 C.F.R. § 42.104(b)(4) and 35 U.S.C. § 312(a)(3). Because the Petition fails to comply with these provisions and the Board's precedent applying them, and effectively exceeds 60 pages, the Petition should be denied.

VirnetX respectfully requests rehearing of the Decision. If the Board is inclined to deny such relief, VirnetX requests rehearing by an expanded panel so that the Board's jurisprudence in this important area—the basic substantive requirements for petitions—can provide clear guidance to petitioners and patent owners.

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