

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC.
Petitioner,

v.

VIRNETX, INC. AND SCIENCE APPLICATION INTERNATIONAL
CORPORATION,
Patent Owner

Patent No. 7,418,504

Inter Partes Review No. IPR2015-00188

PETITIONER'S REPLY IN SUPPORT OF ITS MOTION FOR JOINDER

I. ARGUMENT

Patent Owner identifies no issues in the petitions that would complicate or impact the existing proceedings. Instead, Patent Owner presents inaccuracies and misrepresentations, none of which are relevant to resolving the Joinder Motion.

Patent Owner first contends Apple's joinder motion should be denied because Apple's petitions were filed more than 1 year after service, which Patent Owner contends makes the petitions "improper" under § 315(c) even though they were filed with a motion for joinder. *See Opp.* at 3-7. This is simply wrong – § 315(b) expressly provides its 1-year deadline "***shall not apply*** to a request for joinder under subsection (c)." Patent Owner contends that § 315(b) here is referring ***only*** to the request for joinder, but that reading is illogical because there is no time limit for ***requesting joinder*** in § 315(b). And, in fact, nothing in § 315(c) restricts joinder to petitions filed within the one-year window. Rather, § 315(c) ***expressly provides*** the Director may join "any person who ***properly files a petition under section 311***" but only if the Director "determines [the petition] ***warrants the institution*** of an inter partes review ***under section 314***." This sets two conditions, both of which are met by Apple's petitions. The first is that the petition be properly filed, meaning (a) it is filed by "a person who is not the owner of" the challenged patent, (b) it requests cancellation "as unpatentable 1 or more claims of a patent on a ground that could be raised under" §§ 102/103 and "only on

the basis of prior art consisting of patents and printed publications,” and (c) it is filed more than 9 months after issuance/reissuance of the patent. Patent Owner identifies no defect in Apple's petitions under § 311, and indeed there is none. The other requirement, that institution is warranted under § 314, is also met – the Board has already found these petitions to warrant institution of trial.

The Board also plainly has the authority to consider petitions submitted after the 1-year deadline of § 315(b). Under § 316(12), the Director (and the Board) may “set[] a time period for requesting joinder under section 315(c),” and the Board has done so by promulgating 37 C.F.R. §42.101(b) specifying requests for joinder must be filed within one-month of institution and providing the one-year “time period set forth in shall not apply *when the petition is accompanied* by a request for joinder.” 37 C.F.R. § 42.122(b); *see also* IPR2013-00109, Paper 15 (permitting joinder of a party beyond the one-year window); IPR2013-00256, Paper 10 (same); IPR2014-00385, Paper 17 (same). There is nothing ambiguous about the language of the statute and the Board's rules, and Apple's petitions plainly comply.

Patent Owner next complains of “serial harassment,” but it is Patent Owner who has been harassing Apple and others by filing serial complaints in multiple forums. *See* Opp. at 1. And Patent Owner's portrayal of the “facts” borders on an overt misrepresentation. Apple's first petitions were filed within 1-year of being served with a complaint for infringement after enactment of the *inter partes*

authority. The Board nonetheless found them untimely due to its interpretation of § 315(b), a finding Apple was statutorily precluded from appealing to the Federal Circuit. Patent Owner also asserts “Apple had RPX Corporation file” petitions – this ***grossly misrepresents*** the record of those proceedings, in which the Board found Apple was a real-party-in-interest based on a contractual relationship with RPX, not that it had anything to do with RPX’s ***filings of the petitions***. And, to the extent equities need to be considered in view of the clear statutory language and rules holding Apple’s petitions proper, those equities compel Apple’s participation. Apple first challenged these patents in *inter partes* reexamination more than 3 years ago, but due to Patent Owner’s obstructionist practices, Patent Owner’s appeals in those proceedings are only now just starting to reach the Board.

Third, Patent Owner contends that adding one claim will “increase the complexity and duration of the proceeding.” Opp. at 7. In reality, it will not. Patent Owner has already admitted the sole distinction between claim 5 and instituted claims 23 and 47 (*i.e.*, that the same authentication be done “using a cryptographic technique”) ***has no patentable significance*** over the asserted art, and indeed, Patent Owner has consistently represented to the Office that the patentability of claims 5, 23, and 47 over this prior art rises or falls together. Mot. at 6-8. Including claim 5 in these proceedings thus will not present any new ***patentability*** issues. Patent Owner’s contention that the Board “does not permit

joinder of issues” is also misplaced; the Board has repeatedly allowed joinder of new issues. *Target Corp. v. Destination Maternity Corp.*, IPR2014-00508, Paper 18 at 3 (Sept. 25, 2014) (listing cases); *see Standard Innovation Corporation v. Lelo, Inc.*, IPR2014-00907, Paper 10 at 2 n. 1 (Dec. 1, 2014) (a “difference of opinion [] currently exists” as to joinder).

Patent Owner's remaining arguments are irrelevant to joinder. It argues Apple will not be prejudiced if joinder is denied because the '504 patent is undergoing *inter partes* reexamination. Opp. at 8. That proceeding is currently pending before the Board awaiting an Examiner's answer. As Apple has explained, that proceeding has been pending for over 3 years due to Patent Owner's abusive and frivolous petitions practice—including numerous petitions to extend deadlines, to waive page limits, and to challenge evidentiary rulings by appealing to the Director—as part of an effort to prevent the Examiner, and then the Board from reaching a decision before one of the pending district court cases becomes final. Apple is turning to the IPR system for the reason it was designed - as an antidote to the susceptibility of the *inter partes* reexamination system to these types of delay tactics.

II. Conclusion

The relevant factors strongly support joining IPR2015-00188 and -00189 to IPR2014-00613 and -00614 and consolidating the schedule of the 4 proceedings.

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