

No. 2016-\_\_\_\_

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IN THE  
**UNITED STATES COURT OF APPEALS**  
FOR THE FEDERAL CIRCUIT

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IN RE VIRNETX INC.,  
*Petitioner.*

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On Petition for a Writ of Mandamus  
to the United States Patent and Trademark Office,  
Patent Trial and Appeal Board in  
Nos. IPR2015-01046 & IPR2015-01047.

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**PETITION FOR A WRIT OF MANDAMUS**

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March 4, 2016

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## CERTIFICATE OF INTEREST

Pursuant to Federal Circuit Rule 47.4, counsel of record for Petitioner VirnetX Inc. certify as follows:

1. The full name of every party or amicus represented by us is:

VirnetX Inc.

2. The name of the real party in interest represented by us is:

VirnetX Inc.

3. All parent corporations and any publicly held companies that own 10 percent or more of the stock of the party or amicus curiae represented by us are:

VirnetX Inc. is a wholly owned subsidiary of VirnetX Holding Corporation (“VHC”). VHC’s stock is publicly traded on the New York Stock Exchange.

4. The names of all law firms and the partners or associates that appeared for the parties represented by us in the trial court, or are expected to appear in this Court, are:

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Dated: March 4, 2016

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## I. INTRODUCTION

The time-bar provision of the America Invents Act, 35 U.S.C. § 315(b), prohibits the Patent Trial and Appeal Board (“the Board”) from instituting an *inter partes* review proceeding “if the petition requesting the proceeding is filed more than 1 year” after the petitioner (or a privy) was “served with a complaint alleging infringement of the patent.” This statutory provision also provides an exemption—but only for “a request for joinder,” which is filed when a petitioner seeks to join another, already instituted *inter partes* review proceeding. The joinder provision, in turn, mandates that the party seeking joinder must have “properly file[d] a petition” warranting the institution of *inter partes* review. 35 U.S.C. § 315(c).

In the two *inter partes* review proceedings below, the Board granted Apple Inc.’s (“Apple’s”) requests for joinder based on petitions that were unquestionably time-barred. Apple filed its petitions *over five years* after VirnetX Inc. (“VirnetX”) first served Apple with a complaint alleging infringement of the patents at issue—U.S. Patent No. 6,502,135 (“the ’135 patent”) and U.S. Patent No. 7,490,151 (“the ’151 patent”). Apple previously filed (directly or through a proxy) *seven inter partes* review petitions against the same patents, in addition to having challenged their validity in two reexamination proceedings and (unsuccessfully) in district court litigation and on appeal before this Court. After the Board dismissed the first three petitions (filed in Apple’s own name) as time-



barred, Apple had its proxy—RPX Corporation (“RPX”)—file three new petitions challenging the same VirnetX patents. The Board dismissed these petitions as time-barred when VirnetX uncovered evidence that Apple was a real party in interest. Apple then tried another tack, and sought to join an *inter partes* review petition filed by Microsoft. Because the proceeding initiated by Microsoft was terminated based on a settlement, the Board dismissed Apple’s attempted joinder.

In a latest effort to evade section 315(b)’s timing restriction, Apple sought to join two new *inter partes* review proceedings brought by Mangrove Partners Master Fund, Ltd. (“Mangrove”). Despite Apple’s time-barred status, the Board permitted the joinder. When VirnetX identified evidence of a connection between Mangrove and Apple’s previous proxy, RPX, the Board refused even to entertain a request for discovery into the full extent of that connection. The Board also refused to place any real limitations on Apple’s involvement in the Mangrove proceedings.

The applicable statutory scheme, 35 U.S.C. § 315(b)-(c), unambiguously prohibits the joinder of Apple’s time-barred petitions to existing *inter partes* review proceedings. In authorizing this joinder, the Board effectively re-wrote the statute by extending the narrow statutory timing exemption, applicable only to joinder requests, to petitions as well. The Board’s statutory interpretation is patently erroneous, because it contradicts the plain statutory language, legislative

history, congressional purpose, and the Supreme Court’s precedent construing the key statutory term. The Board’s interpretation also unravels the careful balance struck by Congress between encouraging the use of *inter partes* review and “preventing the serial harassment of patent holders.” The injury is magnified here, where Apple (the time-barred party) has effectively taken over the proceedings. This Court’s immediate intervention is needed in order to prevent irreparable harm to VirnetX. A mandamus from this Court is both necessary and appropriate.

## **II. STATEMENT OF RELIEF SOUGHT AND ISSUES PRESENTED**

VirnetX respectfully requests that this Court grant this petition for a writ of mandamus and direct the Board to revoke its decisions joining Apple to the Mangrove *inter partes* review proceedings based on Apple’s time-barred petitions.

The issues presented are:

Whether the Patent Trial and Appeal Board impermissibly exceeded its statutory authority by joining a time-barred entity to an existing *inter partes* review proceeding, in disregard of the unambiguous timing requirement of 35 U.S.C. § 315(b) and the corresponding requirement of 35 U.S.C. § 315(c) that a joinder request must be predicated on a timely filed petition?

## **III. FACTUAL AND PROCEDURAL BACKGROUND**

At issue in this petition are the Board’s decisions to join two time-barred *inter partes* review petitions filed by Apple, IPR2016-00062 and IPR2016-00063, to the existing *inter partes* review proceedings initiated by Mangrove, IPR2015-

01046 and IPR2015-01047.<sup>1</sup> The petitions in IPR2015-01046 and IPR2016-00062 challenge the validity of claims of the '135 patent, and the petitions in IPR2015-01047 and IPR2016-00063 challenge the validity of claims of the '151 patent.

**A. Apple's Initial Attempts To Avoid Section 315(b)'s Time Bar**

On August 11, 2010, VirnetX served Apple with a complaint alleging infringement of the '135 and the '151 patents, among others. *See* Complaint, *VirnetX Inc. v. Cisco Sys., Inc.*, No. 6:10-cv-00417, Docket No. 1 (E.D. Tex. Aug. 11, 2010). In response, Apple challenged both patents as invalid and unenforceable. *See* Defendant Apple's Original Answer, Affirmative Defenses, and Counterclaims, *VirnetX Inc. v. Cisco Sys., Inc.*, No. 6:10-cv-00417, Docket No. 55 (E.D. Tex. Apr. 16, 2012).<sup>2</sup> The district court upheld the validity of the '135 and the '151 patents,<sup>3</sup> and this Court affirmed those rulings. *See VirnetX, Inc.*

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<sup>1</sup> The Board's decision in IPR2015-01046/IPR2016-00062 is attached as Exhibit 1, and the decision in IPR2015-01046/IPR2016-00063 is attached as Exhibit 2.

<sup>2</sup> Apple also requested *inter partes* reexamination of both patents, which are ongoing. *See* Request for *Inter Partes* Reexamination, Control No. 95/001,682 (July 11, 2011) (the '135 patent); Request for *Inter Partes* Reexamination, Control No. 95/001,697 (July 25, 2011) (the '151 patent).

<sup>3</sup> After trial, in November 2012, VirnetX served Apple with a related complaint involving the '135 and the '151 patents, among others. *See* Complaint, *VirnetX Inc. v. Apple Inc.*, No. 6:12-cv-00855, Docket No. 1 (E.D. Tex. Nov. 6, 2012). In response, Apple again challenged both patents as invalid. *See* Defendant Apple's Answer, Affirmative Defenses, and Counterclaims, *VirnetX Inc. v. Apple Inc.*, No. 6:12-cv-00855, Docket No. 77 (E.D. Tex. Jan. 23, 2013).

*v. Cisco Sys., Inc.*, 767 F.3d 1308, 1313, 1323-24 (Fed. Cir. 2014).

On June 12, 2013—almost three years after VirnetX originally asserted the patents at issue against Apple—Apple filed its first two *inter partes* review petitions challenging the '135 patent, in IPR2013-00348 and IPR2013-00349. Around the same time, on June 17, 2013, Apple filed an *inter partes* review petition against the '151 patent, in IPR2013-00354. On December 13, 2013, the Board denied all three petitions as time-barred under 35 U.S.C. § 315(b), because Apple had been served with a complaint alleging infringement in August 2010, more than a year before it filed its petitions. *See* Ex. 3 at 5; Ex. 4 at 5; Ex. 5 at 5.

Apple then tried again. On November 20, 2013, shortly before Apple's three petitions were denied, an entity named RPX Corporation filed two petitions challenging the '135 patent, in IPR2014-00171 and IPR2014-00172, and another petition challenging the '151 patent, in IPR2014-00173. RPX does not practice VirnetX's patents, nor is it in the business of technological invention or manufacturing. RPX's advertised business model is to "serve as an extension of a client's in-house legal team" in an effort to "efficiently remove threatening patents from the market"; RPX represents clients who are accused of patent infringement, acting as their proxy to "selectively clear" liability for infringement as part of RPX's "patent risk management solutions." *See* Ex. 6; Ex. 7; Ex. 8 at 3-5, 26, 53. Apple tried to hide its involvement in the RPX proceedings, in an effort to produce

the impression that Apple and RPX were unconnected entities without a privity or real party-in-interest relationship. These efforts included failing to disclose that Apple and RPX shared counsel and representing that Apple and RPX had no pre-filing communications. VirnetX uncovered evidence to the contrary, including metadata demonstrating that Apple’s counsel had involvement in the preparation or review of RPX’s filings in those proceedings. *See* Ex. 9 at 5-7; Ex. 10 at 5-7; Ex. 11 at 6-8. Based on this evidence, the Board concluded that “RPX [was] acting as a proxy” for the time-barred Apple, and that Apple was a real party-in-interest for all three of RPX’s petitions. The Board then denied institution under section 315(b) because Apple, as the real party-in-interest, was time-barred. *See* Ex. 12 at 3, 10; Ex. 13 at 3, 10; Ex. 14 at 3, 10.

On April 10, 2014, Microsoft filed an *inter partes* review petition challenging the ’151 patent, in IPR2014-00610, and the Board instituted the proceeding.<sup>4</sup> On October 30, 2014, Apple filed its own petition in IPR2015-00187, and sought to join the Microsoft proceeding. The Board, however, terminated that proceeding based on VirnetX and Microsoft’s joint motion, *see* Ex. 15, and thereafter denied institution of Apple’s petition, both due to the termination of the Microsoft proceeding and due to Apple’s time-barred status. Ex. 16 at 2-3.

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<sup>4</sup> On March 31, 2014, Microsoft also filed a petition challenging the ’135 patent, in IPR2014-00558. The Board denied institution because Microsoft was time-barred.

## **B. The Mangrove *Inter Partes* Review Petitions**

Having failed in initiating *inter partes* review of VirnetX's patents either directly, or through a proxy, or by tagging onto Microsoft's petition, Apple has embarked on a new attempt to evade the time bar of section 315(b). This new effort relates to the *inter partes* review petitions filed by Mangrove.

On April 14, 2015, Mangrove—a hedge fund entity—filed *inter partes* review petitions challenging the '135 and the '151 patents, in IPR2015-01046 and IPR2015-01047, respectively. VirnetX has never served Mangrove with a complaint alleging infringement of either patent, nor, to VirnetX's knowledge, does Mangrove practice VirnetX's patents. On October 7, 2015, the Board instituted the proceedings based on Mangrove's petitions. *See* Ex. 17; Ex. 18.

Both petitions named Mangrove as the only real party-in-interest. Mangrove's filings with the Securities and Exchange Commission ("SEC"), and the filings of entities that control Mangrove, however, revealed Mangrove to be part of a complex web of entities linked to a hedge fund registered in the Cayman Islands named (similarly) "Mangrove Partners." *See* Ex. 19; Ex. 20; Ex. 21 at 3-4; Ex. 22 at 1-2; Ex. 23 at 1. At least six different entities or persons appeared to be connected to, or possibly having an interest in, Mangrove (and its petitions), in addition to Mangrove Partners' unnamed investors. *Id.*

Evidence also demonstrated that Mangrove Partners pursued short positions in the publicly traded stock of VirnetX's parent company, VirnetX Holding Corporation ("VHC"). Mangrove Partners held VHC stock two months before the petitions were filed, yet had divested of that stock a month after the filing. Ex. 24 at 2; Ex. 25 at 3; Ex. 26 at 2. This timing suggested Mangrove Partners had interest in the outcome of Mangrove's petitions. Mangrove Partners also appeared to have complete discretionary control over Mangrove; Mangrove Partners and its officers have signed every single public document associated with Mangrove that is available in the SEC's EDGAR database. *See, e.g.*, Ex. 27 at 12; Ex. 28 at 12; Ex. 29 at 11; Ex. 30 at 11; Ex. 31 at 11; Ex.32 at 11; Ex. 33 at 5.<sup>5</sup>

After uncovering this evidence, which suggested that Mangrove had failed to disclose all the real parties in interest as required by the statute, VirnetX moved for additional discovery regarding the structure of the Mangrove entities. The Board initially denied the request. After VirnetX requested rehearing, Ex. 20; Ex. 36, the Board granted the request in small part, allowing discovery only as to

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<sup>5</sup> The Chief Operating Officer of Mangrove Partners (and of another related entity called Mangrove Capital), Ward Dietrich, has been involved in the Mangrove *inter partes* review proceedings, despite having no identified connection to the Mangrove entity that filed the petitions and without either Mangrove Partners or Mangrove Capital being disclosed as real parties-in-interest. Indeed, Ward Dietrich held himself out as an "authorized person" to sign the Power of Attorney on behalf of Mangrove in the proceedings below. *See* Ex. 34 at 2; Ex. 35 at 2.

“communications and/or agreements pertaining to Ward Dietrich’s involvement in the preparation and filing” of Mangrove’s petitions Ex. 37 at 3; Ex. 38 at 3. This discovery is ongoing. The Board denied the request as to any other discovery.

VirnetX also requested to file a motion for additional discovery related to Mangrove’s ties to RPX—the entity that had filed the prior *inter partes* review petitions where Apple was an undisclosed real party-in-interest. *See supra* at 5-6. VirnetX uncovered evidence that linked Mangrove specifically to RPX: (1) with respect to any proceedings before the Board, Mangrove’s backup counsel has worked only on these two *inter partes* review proceedings and a set of *inter partes* reviews explicitly filed by RPX; (2) during the pendency of the Mangrove proceedings, Mangrove has steadily gained increasing equity, into the millions, in RPX; and (3) RPX’s own public documents stated that it was seeking partnerships with financial companies like Mangrove, a hedge fund. *See Ex. 39* at 7-9, 12-14. VirnetX also noted “the relationship between RPX and Apple” that was established in the RPX proceedings, and “[t]he pattern of filing of companies that are coming out of nowhere, challenging these patents [belonging to VirnetX], yet they have no relationship other than relationships with other companies that seem to have statutory bar issues.” *Ex. 39* at 13. The Board, however, did not permit VirnetX even to file a motion for additional discovery into these issues, where VirnetX could have fully explained its basis for seeking this discovery. *See Ex. 40.*



### C. Apple's New Petitions and Requests for Joinder

On October 26, 2015, shortly after the Board had instituted the Mangrove proceedings—and *over five years* after having been served with VirnetX's infringement complaint—Apple filed new *inter partes* review petitions challenging the '135 and '151 patents in IPR2016-00062 and IPR2016-00063, respectively. Apple also sought to be joined in the two Mangrove proceedings. Apple claimed that the grounds and declarations submitted with its petitions were the same as those in the Mangrove petitions. Ex. 41 at 4; Ex. 42 at 4. Both petitions, however, also raised new issues and introduced new evidence. Ex. 43 at 39-42; Ex. 44 at 54-59. As an example, Apple introduced new arguments as to the alleged public availability of references at issue, including arguments based on a declaration from a new declarant. Ex. 43 at 39-42; Ex. 44 at 54-59.

VirnetX challenged the joinder requests, arguing that because of Apple's time-barred status under section 315(b), the petitions should be dismissed, similarly to the five prior petitions filed by Apple or by its proxy, RPX. *See* Ex. 45 at 1-3; Ex. 46 at 1-3. The Board, relying on 35 U.S.C. § 315(b)'s provision stating that “[t]he time limit ... shall not apply to a request for joinder,” instead concluded that section 315(b)'s time bar also does not apply to petitions accompanied by a joinder request. Ex. 47 at 4; Ex. 48 at 4. The Board instituted *inter partes* review based on Apple's petitions, and joined them with the Mangrove proceedings.

Subsequent to the joinder, Apple assumed an active, and even leading, role in the Mangrove proceedings. For instance, Apple's counsel prepared and defended the deposition of Mangrove's expert and communicated with VirnetX's counsel on behalf of all petitioners. Ex. 49; Ex. 50.<sup>6</sup>

On February 8, 2016, VirnetX sought rehearing of the Board's decision to institute proceedings based on Apple's petitions and to join them with the Mangrove proceedings. Ex. 51; Ex. 52. On February 25, 2016, after the Board took no action on VirnetX's rehearing requests, and with a deadline for VirnetX to file its Patent Owner's Responses to Mangrove's and Apple's petitions approaching, VirnetX sought the Board's permission to submit a request for a stay pending the Board's decision on the rehearing requests. Ex. 53. VirnetX also indicated that, if the Board denied rehearing, it would seek a writ of mandamus from this Court, and requested a stay pending the Court's consideration of the mandamus petition. *Id.*

The next day, on February 26, 2016, the Board issued its decisions denying rehearing. Ex. 54; Ex. 55. On March 1, 2016, the Board denied, without any

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<sup>6</sup> On February 4, 2016, the Board also instituted *inter partes* review of the '151 patent based on a petition filed by Black Swamp IP, LLC ("Black Swamp") in IPR2016-00167, and joined that petition with IPR2015-01047. Black Swamp was formed as a corporate entity six days before Mangrove filed its petitions. *See* Ex. 39 at 20. VirnetX has never asserted any of its patents against Black Swamp.

reasoned consideration, VirnetX’s request for a stay pending this Court’s consideration of the mandamus petition. Ex. 56. The Board opined that VirnetX “has failed to identify a sufficient rationale” for a stay, even though the Board prohibits (under sanctions) any argument when requesting to file a stay motion.

#### **IV. LEGAL STANDARD**

Mandamus is proper when the movant shows (1) a clear and indisputable right to relief (2) that cannot be obtained through other adequate means. *Kerr v. U.S. Dist. Ct.*, 426 U.S. 394, 403 (1976); *see also In re EMC Corp.*, 677 F.3d 1351, 1354 (Fed. Cir. 2012). The traditional use of mandamus has been to “confin[e] the inferior [tribunal] to a lawful exercise of its prescribed jurisdiction.” *Ex Parte Rep. of Peru*, 318 U.S. 578, 583 (1943). Courts “have not limited the use of mandamus by an unduly narrow and technical understanding of what constitutes a matter of ‘jurisdiction.’” *Mallard v. U.S. Dist. Ct.*, 490 U.S. 296, 309 (1989) (internal quotation marks and citation omitted). Rather, mandamus is “appropriate in certain cases to further supervisory or instructional goals where issues are unsettled and important.” *In re Nintendo Co., Ltd.*, 544 F. App’x 934, 936 (Fed. Cir. 2013) (citing *In re BP Lubricants USA Inc.*, 637 F.3d 1307, 1313 (Fed. Cir. 2011)).

#### **V. REASONS WHY THE WRIT SHOULD ISSUE**

##### **A. VirnetX Has a Clear and Indisputable Right to Relief**

The writ of mandamus is an appropriate remedy where the movant can demonstrate a “clear and indisputable” right to relief. *Kerr*, 426 U.S. at 403. This

Court has granted mandamus, and set aside a lower tribunal’s improper joinder ruling, where that tribunal has applied an incorrect legal standard. *See In re EMC Corp.*, 677 F.3d at 1355, 1360; *see also In re Nintendo*, 544 F. App’x at 939-43 (granting mandamus where the district court improperly permitted joinder of new claims). Here, mandamus should issue because the applicable statutory scheme unambiguously prohibits the joinder of Apple’s time-barred petitions to existing *inter partes* review proceedings.

**1. The *Inter Partes* Review Statute Prohibits Joinder of Apple’s Time-Barred Petitions**

Congress created the *inter partes* review scheme in 2011, when it enacted the America Invents Act. Enacted as part of that act, 35 U.S.C. § 315(b) imposes a mandatory time bar on the institution of *inter partes* review proceedings:

An *inter partes* review *may not be instituted* if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent.

(Emphasis added.)

Section 315(b) provides an exception from this time bar, but only for “a request for joinder”:

The time limitation set forth in the preceding sentence shall not apply to a request for joinder under subsection (c).

*Id.*

The joinder provision, section 315(c), in turn, grants the Board (as delegated by the Director of the Patent and Trademark Office) discretion to join a party to an existing *inter partes* review, provided certain criteria are met:

If the Director institutes an inter partes review, the Director, in his or her discretion, may join as a party to that inter partes review any person who *properly files* a petition under section 311 that the Director, after receiving a preliminary response under section 313 or the expiration of the time for filing such a response, determines warrants the institution of an inter partes review under section 314.

35 U.S.C. § 315(c) (emphasis added).

Under this statutory scheme, if a party “properly files *a petition*” within the one-year deadline specified in section 315(b), and then files “*a request for joinder* under subsection (c)” *after* the one-year deadline, section 315(b) would permit the Board to grant the joinder request. 35 U.S.C. § 315(b)-(c) (emphasis added). The requirement that the petition be “properly filed” is the predicate for the consideration of both the petition and the joinder request, and it encompasses the requirement that the petition would have been filed within the one-year period authorized under section 315(b).

The Board did not disagree that Apple’s petitions in IPR2016-00062 and IPR2016-00063 were time-barred under section 315(b) because they were filed long after the one-year period from the service of VirnetX’s complaint alleging infringement. *See* Ex. 47 at 4; Ex. 48 at 4. In fact, the Board has previously

denied institution of Apple’s petitions challenging claims of the same patents as time-barred. *See supra* at 5-6. The Board, however, interpreted the last sentence of section 315(b), which states that “[t]he time limit ... shall not apply to a request for joinder,” 35 U.S.C. § 315(b), to mean that “if a party filing a time-barred petition requests joinder, the one-year time bar ‘shall not apply.’” Ex. 47; Ex. 48.

In doing so, the Board treated the terms “petition” and “request for joinder” as interchangeable. But there is no basis for such a reading. Section 315(b), as well as the overall statute, carefully distinguishes between the terms “petition” and “request for joinder.” When Congress uses a particular statutory term, it does so advisedly, and an agency impermissibly departs from the statute when it disregards Congress’ intentional use of different statutory terms. *See Loughrin v. United States*, 134 S. Ct. 2384, 2390 (2014) (“when ‘Congress includes particular language in one section of a statute but omits it in another’—let alone in the very next provision—this Court ‘presume[s]’ that Congress intended a difference in meaning”) (quoting *Russello v. United States*, 464 U.S. 16, 23 (1983)) (alteration in original). Section 315(b) imposes a mandatory one-year time bar on any “petition requesting the [*inter partes*] proceeding.” 35 U.S.C. § 315(b). It then exempts “a request for joinder” made under section 315(c)—and only such a request— from that timing prohibition. *Id.* But section 315(b) does not extend that exemption to “a petition,” even though Congress clearly knew how to apply

such an exemption to a petition, as demonstrated elsewhere in the statute. *See, e.g.,* 35 U.S.C. §§ 311(c), 314(b). The Board’s interpretation of section 315(b) effectively re-writes the statute by expanding the statutory exemption for joinder requests from a mandatory time bar to petitions. Nor is this the first time that the Board has adopted a contorted reading of this provision. As a dissent from the Board’s similar misreading of the statute has observed, the Board’s interpretation

effectively rewrites the second sentence of § 315(b) as follows, with added material underlined: The time limitation set forth in the preceding sentence shall not apply to a petition accompanied by a request for joinder under subsection (c) if that request is granted.

*Target Corp. v. Destination Maternity Corp.*, IPR2014-00508, Paper No. 28, Dissent Op. at 18 (P.T.A.B. Feb. 12, 2015) (emphasis in the original), attached as Ex. 60. Such re-writing of a statute under the guise of interpreting it is plainly impermissible, and constitutes an abuse of interpretive authority warranting mandamus. *Util. Air Regulatory Grp. v. EPA*, 134 S. Ct. 2427, 2445 (2014) (“An agency has no power to ‘tailor’ legislation to bureaucratic policy goals by rewriting unambiguous statutory terms. Agencies exercise discretion only in the interstices created by statutory silence or ambiguity; they must always ‘give effect to the unambiguously expressed intent of Congress.’”) (quoting *Chevron U.S.A. Inc. v. Natural Res. Def. Council, Inc.*, 467 U.S. 837, 843 (1984)) (selected internal quotation marks and citation omitted).

In extending section 315(b)'s exemption beyond the statutory mandate, the Board also relied on its regulation, 37 C.F.R. § 42.122(b), which provides that the one-year time bar "shall not apply when the petition is accompanied by a request for joinder." Ex. 41 at 4. But a regulation cannot alter a statute whose meaning is plain, *see Oshkosh Truck Corp. v. United States*, 123 F.3d 1477, 1481 (Fed. Cir. 1997) (agency regulation receives no deference where it is at odds with the statutory language), nor can it justify an agency's unlawful augmentation of authority. As shown below, *infra* at 20-24, the Board's interpretation of section 315(b)'s timing exemption is squarely contrary to congressional intent.

The Board's contorted construction of section 315(b)'s timing exemption impermissibly augments the Board's own power, in contravention of congressional command. The statutory scheme carefully delineates between the instances where the Board is vested with discretion and the instances where the statutory requirements are mandatory. Thus, section 315(c) expressly provides the Board with "discretion" to grant a joinder request where the underlying petition, in the Board's view, "warrants the institution of an *inter partes* review." 35 U.S.C. § 315(c). By contrast, the time limitation provision of section 315(b) is phrased in mandatory terms: an *inter partes* review where the petition is filed outside of the one-year bar "may not be instituted," and therefore is categorically barred. 35 U.S.C. § 315(b). In some instances, the statute sets forth certain mandatory



conditions but authorizes the Board to prescribe additional requirements. *Compare also* 35 U.S.C. § 312(a)(1)-(3) (listing the requirements that an *inter partes* review petition must contain to be considered), *with id.* § 312(a)(4) (authorizing the Director to prescribe additional requirements). Conversely, the Board is authorized to waive certain requirements that apply to the private parties, but other requirements are non-waivable, and bind both the private parties and the Board. *Compare* 35 U.S.C. § 316(d)(2) (authorizing the Director to prescribe regulations for additional motions to amend beyond the one contemplated in § 316(d)(a)), *with id.* § 316(d)(3) (prohibiting amendments that enlarge the scope of the claims of a patent or introduce new matter). The Board’s interpretation effectively waives section 315(b)’s mandatory time bar with respect to all petitions accompanied by a joinder, but the statute does not grant the Board such waiver authority. This is precisely the kind of unlawful enlargement of an agency’s “jurisdiction” that mandamus is designed to prevent. *In re Nintendo*, 544 F. App’x at 936.

The Board appears to have credited Apple’s argument that VirnetX’s interpretation of section 315(b) “would render its second sentence a legal nullity.” Ex. 57 at 3; *see also* Ex. 47 at 4 (rejecting VirnetX’s proposed interpretation for unspecified reasons advanced by Apple). Apple argued that, under VirnetX’s interpretation, section 315(b)’s exemption “would *never* apply, as no petition filed

more than a year after service could ever be the basis of participation in any proceeding.” Ex. 57 at 3 (emphasis in the original).

This argument misunderstands VirnetX’s position, and misreads the statutory text. Section 315(b)’s timing exemption applies “to a request for joinder.” 35 U.S.C. § 315(b). Therefore, it would apply when a petition seeking *inter partes* review is filed timely before the one-year deadline, but a request for joinder is filed after that deadline. This reading is faithful to the statutory design because joinder is subsequent in time to a decision to institute. The timing exemption addresses this concern by making clear that the one-year time limitation shall not apply to a joinder request. There may be important advantages to joining an otherwise properly filed petition (which otherwise could continue as a separate *inter partes* review proceeding): availability of documentary or expert evidence submitted by the other petitioner; ability to benefit from additional invalidity theories raised by the other petitioner; ability to guide a proceeding based on arguments and positions that other petitioners may not be privy to in order to avoid an adverse decision by the Board; ability to benefit from a proceeding that is further advanced to obtain faster relief; and ability to pool resources (or share costs) with another petitioner. But what section 315(b) does not provide is a backdoor for time-barred petitions to be instituted through joinder irrespective of

how much time has passed since the putative petitioner has been on notice about the patent owner's infringement contentions.

**2. The Board's Patently Erroneous Interpretation Ignores the Statutory Language, Legislative Intent, and the Canons of Statutory Construction**

Critically, the Board's interpretation ignores altogether section 315(c)'s requirement that the petition with respect to which joinder is sought be "*properly file[d]*." 35 U.S.C. § 315 (c) (emphasis added). The legislative history of section 315(c)—which is one of the tools for determining the provision's intent, *see Escondido Mut. Water Co. v. La Jolla, Rincon, San Pasqual, Pauma, & Pala Bands of Mission Indians*, 466 U.S. 765, 779 (1984) (“[A]n agency's interpretation, even if well established, cannot be sustained if, as in this case, it conflicts with the clear language and legislative history of the statute.”); *NLRB v. Allis-Chalmers Mfg. Co.*, 388 U.S. 175, 179 (1967)—demonstrates both that the term “properly file[d]” was meant to encompass the timing requirement of section 315(b), and that section 315(b)'s timing exemption was not intended to alter that requirement. Commenting on the requirement that a petition based on which joinder is sought must be “properly file[d],” the statute's sponsor, Senator Kyl, explained the genesis of this phrase and its intended scope:

The words “properly filed” are a term of art that is also employed in section 2244 of title 28 and that has been given content no less than three times during this decade by the U.S. Supreme Court, *see Artuz v. Bennett*, 531

U.S. 4 (2000), *Pace v. DiGuglielmo*, 544 U.S. 408, and *Allen v. Siebert*, 128 S. Ct. 2 (2007). The gist of these decisions is that *a petition is properly filed when it is delivered and accepted in compliance with applicable rules governing filings*, though particular claims within filings be barred on other procedural grounds, *and that time deadlines for filing petitions must be complied with in all cases*.

154 Cong. Rec. S9988 (daily ed. Sept. 27, 2008) (statement of Sen. Kyl) (emphasis added), attached as Ex. 58; *see also* Joe Matal, *A Guide to the Legislative History of the America Invents Act: Part II of II*, 21 Fed. Cir. B. J. 539, 613-14 (2012).<sup>7</sup>

In the decisions from which section 315(c)'s term "properly file[d]" was derived, the Supreme Court examined the meaning of 28 U.S.C. § 2244(d)(2)'s tolling provision, which tolled the limitation period for federal habeas upon "a properly filed application for State post-conviction collateral review." As the Supreme Court explained, "an application is 'properly filed' when its delivery and acceptance *are in compliance with the applicable laws and rules governing filings. These usually prescribe, for example, the form of the document [and] the time limits upon its delivery ... .*" *Artuz v. Bennett*, 531 U.S. 4, 8 (2000) (footnote

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<sup>7</sup> Although Senator Kyl was speaking about a joinder provision in the predecessor bill, he made clear subsequently that these comments were relevant to the corresponding provisions that eventually became law, including specifically "the meaning of 'properly filed' when used in the joinder provisions in sections 315(c) and 325(d)." 157 Cong. Rec. S1375 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl); *see also* Matal, *supra*, at 613 (noting that Senator Kyl was commenting on "a substantially identical joinder provision").

omitted) (emphasis added). The Supreme Court reiterated this conclusion in subsequent decisions, reaffirming that time limits are conditions of proper filing:

In *Artuz v. Bennett*, we held that time limits on postconviction petitions are “condition[s] to filing,” such that an untimely petition would not be deemed “properly filed.” *Id.* at 8, 11 (“[A]n application is ‘properly filed’ when its delivery and acceptance are in compliance with the applicable laws and rules governing filings” including “time limits upon its delivery”).

*Pace v. DiGuglielmo*, 544 U.S. 408, 413 (2005); see also *Allen v. Siebert*, 552 U.S. 3, 6-7 (2007) (reaffirming that “time limits generally establish ‘conditions to filing’”). Given the Supreme Court’s construction of the term “properly filed,” the fact that Congress deliberately used that term in section 315(c) demonstrates that it means to encompass “the time deadlines for filing petitions” prescribed by 35 U.S.C. § 315(b). *Austin v. Dep’t of Commerce*, 742 F.2d 1417, 1419 (Fed. Cir. 1984) (observing that “[t]he legislative history makes clear that prior judicial interpretations of the term ... should be applied” when construing the statute). The Board’s failure to even confront this evidence of congressional intent demonstrates the unreasoned (and unreasonable) nature of its statutory construction.<sup>8</sup>

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<sup>8</sup> Other agencies and federal courts similarly define the term “properly filed” to encompass timing requirements. See, e.g., 8 C.F.R. § 245.10(a) (defining the statutory term “a petition [that] is properly filed” in 8 U.S.C. § 1154 with reference to the timing of its receipt or mailing); *United States v. Mendoza*, 581 F.2d 89, 90 (5th Cir. 1978) (*en banc*) (referring to a motion that “is properly filed within” the time limit of the statute)); *Drug Plastics & Glass Co. v. NLRB*, 44 F.3d 1017, (continued on next page)

The overall statutory scheme further supports reading the term “properly file[d]” in section 315(c) as encompassing section 315(b)’s one-year bar with respect to petitions. *See Davis v. Michigan Dep’t of Treasury*, 489 U.S. 803, 809 (1989) (“the words of a statute must be read in their context and with a view to their place in the overall statutory scheme”). Section 315(c) requires compliance with the requirements of section 311. *See* 35 U.S.C. § 315(c) (requiring that the person seeking joinder “properly file[] a petition under section 311”). Section 311, in turn, requires compliance with the other provisions of Title 35, Chapter 31 of the U.S. Code, which include section 315(b)’s timeliness requirement. *See* 35 U.S.C. § 311 (“*Subject to the provisions of this chapter*, a person who is not the owner of a patent may file with the Office a petition to institute an inter partes review of the patent.”) (emphasis added). The Board’s interpretation disregards this portion of section 311, in contravention of the plain statutory language.

### **3. The Board’s Interpretation Contravenes the Statutory Purpose**

The Board’s interpretation upends the careful balance that Congress achieved between “the need to encourage [the] use [of the *inter partes* review] and

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(continued from previous page)

1019-20 (D.C. Cir. 1995) (dismissing an NLRB unfair labor complaint because it could not be issued “except upon a properly filed charge” made within the statutory time frame, and the complaint at issue was untimely).

preventing the serial harassment of patent holders.” House Judiciary Transcript for Mark-Up of H.R. 1249, The America Invents Act, at 72 (Apr. 14, 2011) (statement of Cong. Smith), attached as Ex. 59; *see also* 157 Cong. Rec. S1041-42 (daily ed. Mar. 1, 2011) (statement of Sen. Kyl) (speaking about the need to avoid “serial challenges” and the resulting burden on the patent owners from multiple proceedings involving the same patent). As the Committee Report emphasized, the *inter partes* review proceedings “are not to be used as tools for harassment ... through repeated litigation and administrative attaches on the validity of a patent. Doing so would frustrate the purpose of the section as providing quick and cost effective alternatives to litigation.” H.R. Rep. No. 112-98, at 48 (2011), *as reprinted in* 2011 U.S.C.C.A.N. 67, 78. The one-year time bar provision of section 315(b) protects patent owners from belated challenges to the validity of the patents they had asserted in a federal court against potential infringers—such as the challenges that the time-barred Apple brought in the proceeding below over *five years* after having been served with VirnetX’s infringement complaint. The Board’s interpretation, which opens the floodgates for such repetitive belated challenges, cannot be squared with the statute’s purpose.

This proceeding presents a particularly vivid example of the extent to which the Board’s erroneous reading of the statute has distorted the law’s intent. VirnetX’s ’135 and the ’151 patents have been subjected to *seven* previous *inter*

*partes* review challenges (plus two reexamination challenges) filed directly by Apple or by RPX on Apple’s behalf. All seven of these previous *inter partes* review petitions have been dismissed as time-barred, and there is evidence that Mangrove—the entity behind two of the recent *inter partes* review petitions against VirnetX’s patents—is connected to Apple’s proxy RPX. *See supra* at 9.<sup>9</sup> Section 315(b)’s time exemption was certainly not designed to permit such a systematic evasion of the statutory one-year limitation.

Nor is this an isolated instance of the Board using section 315(b) in ways Congress could not have intended (or envisioned). In *Zhongshan Broad Ocean Motor Co. v. Nidex Motor Corp.*, IPR2015-00762, the Board permitted a time-barred petitioner, whose prior petition was dismissed for failure to submit the required affidavits, to “secure[] evidence to correct the defect,” and then to file a new petition accompanied by a joinder request. *See* No. IPR2015-00762, 2015 WL 5895802, at \*6 (P.T.A.B. Oct. 5, 2015) (Boucher & Wood, APJ, dissenting). And in *Target Corp. v. Destination Maternity Corp.*, IPR2014-00508, the Board permitted a joinder of a time-barred petition to *the petitioner’s own* previously filed petition, where the new petition presented previously omitted evidence.

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<sup>9</sup> All these proceedings are in addition to Apple’s unsuccessful invalidity challenges in federal district court and this Court. *See supra* at 4-5; *see also* *Cisco Sys.*, 767 F.3d at 1313, 1323-24 (rejecting Apple’s invalidity contentions).



No. IPR2014-00508, Paper No. 28, Maj. Op. at 2-3 (P.T.A.B. Feb. 12, 2015); *id.* at 5-6 (Fitzpatrick, Bisk & Weather, APJ, dissenting), attached as Ex. 60. The Board’s joinder of the time-barred Apple in the proceedings below is the latest example of this systematic disregard of the statutory timing rule. This Court’s intervention is urgently needed, via mandamus, to prevent further aberrational misreading of the timing exemption and the joinder provision by the Board.

**B. Mandamus Is an Appropriate Remedy in this Case**

Mandamus is warranted where, as here, the movant “ha[s] no other adequate means to attain the relief.” *Kerr*, 426 U.S. at 403. As an initial matter, mandamus relief is not precluded by this Court’s precedents construing the America Invents Act’s prohibition on appellate review of the institution decisions in *inter partes* proceedings, 35 U.S.C. § 314(d). Section 314(d) limits only this Court’s appellate review, not the availability of mandamus, which is an independent remedy. Moreover, the decision on whether to grant Apple’s joinder petition is, by definition, subsequent to the institution decision, and therefore is not affected by the appellate prohibition of section 314(d).

This Court has recognized that mandamus is appropriate where a governmental entity has acted outside its statutory authority. *See, e.g., In re United States*, 877 F.2d 1568, 1572 (Fed. Cir. 1989) (granting mandamus where Article I court acted outside of the authority granted by the “plain language” of the statute,

as confirmed by the legislative history). This Court and other courts have granted mandamus where parties have been improperly joined or time limits impermissibly disregarded. *See, e.g., In re Nintendo*, 544 F. App'x at 937-38, 942-43 (granting mandamus where parties were not “properly joined”); *In re Allen*, 701 F.3d 734, 735 (5th Cir. 2012) (granting mandamus petition where district court’s denial of a request for “crime victim” status under federal law was based on timeliness but the statute had no time limit or time bar); *United States v. Spilotro*, 884 F.2d 1003, 1009 (7th Cir. 1989) (granting mandamus petition where district court “erred in ... ignoring the time limit” in Federal Rules for granting sentence reduction, and so was “without power” to do so); *United States v. U.S. Dist. Court*, 509 F.2d 1352, 1356 (9th Cir. 1975) (granting mandamus because a denial, where district court had failed to observe a time limit, would “nullify” the time limit and “undermine completely the purpose” of that limit).

While this Court in *In re Procter & Gamble Co.* refused to grant mandamus with respect to a decision to institute an *inter partes* review, it did so after finding that the movant could demonstrate no “irremediable interim harm [that] can justify mandamus,” and simply sought to avoid “the burden of going through the *inter partes* review.” 749 F.3d 1376, 1379 (Fed. Cir. 2014). Here, by contrast, it would be exceedingly difficult, if not impossible, to untangle the prejudice to VirnetX from participation of one party among several joined parties in an *inter partes*

review proceeding, once the proceeding is underway or concluded. *Cf. In re EMC Corp.*, 677 F.3d at 1355 (“a defendant would not have an adequate remedy for an improper failure to transfer or sever the case by way of an appeal from an adverse final judgment because the defendant would be unable to demonstrate that it would have won the case had it been tried in a convenient venue”) (internal quotation marks, citation, and alteration omitted). The time-barred Apple has assumed a leading role in the proceedings below. Despite VirnetX’s request, the Board placed no real limits on the extent of Apple’s involvement. While VirnetX cannot fully know the extent of Apple’s direct involvement in the formulation of petitioners’ strategy (and the preparation of the actual filings), the outward signs demonstrate that Apple is in the driver’s seat. Apple’s counsel has taken over communications between petitioners and VirnetX, and has prepared and defended the deposition of petitioners’ expert—even though that expert was originally engaged by Mangrove. *See* Ex. 49; Ex. 50; *supra* at 11.

The Board’s joinder of the time-barred Apple confers numerous advantages on the petitioners below. These include ability to access documentary or expert evidence submitted by the other petitioner; to benefit from additional invalidity theories raised by the other petitioner; to utilize arguments and positions of other petitioners that may not be public knowledge to avoid an adverse decision; to obtain relief faster because the other proceeding is further advanced; and to pool

resources (or share costs). For example, once VirnetX files its patent owner's responses, presently due March 8, 2016, Apple will be able to jointly work together with the other petitioners (Mangrove and Black Swamp) on how to respond. Given Mangrove and Black Swamp's apparent willingness to let Apple take control, there is little doubt they would listen and follow Apple's lead.

The joinder has already prejudiced VirnetX in concrete ways. VirnetX now has to defend itself against new issues and evidence introduced by Apple—issues and evidence that were not presented by Mangrove in the original proceedings. Ex. 43 at 39-42; Ex. 44 at 54-59; *supra* at 10. VirnetX is also being systematically disadvantaged because it is limited to a single response of a constrained length, while Apple, Mangrove, and Black Swamp submitted three separate petitions each presenting unique issues. Thus, VirnetX has to prepare its Patent Owner's Responses to invalidity issues raised in three separate petitions, yet the Board denied VirnetX's request for extra pages in order to be able to fully address all these multiple arguments. *See* Ex. 56.

Most importantly, VirnetX has a right to relief because the time-barred Apple's participation in the proceedings below is *ultra vires*. This Court has repeatedly recognized that the erroneous refusal to transfer venue warrants mandamus because a petitioner has no other means of relief. *See, e.g., In re TS Tech USA Corp.*, 551 F.3d 1315, 1322 (Fed. Cir. 2008) (citing *In re Volkswagen of*

*Am., Inc.*, 545 F.3d 304, 318-19 (5th Cir. 2008)); *see also In re EMC Corp.*, 677 F.3d at 1355. The harm from failure to transfer “will already have been done by the time the case is tried and appealed, and the prejudice suffered cannot be put back in the bottle.” *In re Volkswagen*, 545 F.3d at 318-19. Here, the harm from an improper party’s directing the case will be done (and cannot be effectively undone) before VirnetX is able to appeal that joinder. Nor can this harm be disregarded because *inter partes* review proceedings based on the Mangrove petitions may nevertheless continue.<sup>10</sup> Just as this Court did not hesitate to grant mandamus relief where the right to be tried in a proper venue was denied, so this Court should grant mandamus here, where VirnetX is entitled to defend its patents without the involvement of a party that is barred by statute.

## **VI. CONCLUSION**

This court should grant a writ of mandamus, and direct the Board to revoke its erroneous joinder decisions.

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<sup>10</sup> As discussed above, there is ongoing discovery as to real party-in-interest issues in the Mangrove proceedings. *See supra* at 8-9.

March 4, 2016

Respectfully submitted,

/s/Naveen Modi

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## CERTIFICATE OF SERVICE

I hereby certify that on the 4th day of March, 2016, I served the foregoing Petition for a Writ of Mandamus by causing one copy each to be delivered by courier and electronic mail to the following:

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I also hereby certify that on the 4th day of March, 2016, I served the foregoing Petition for a Writ of Mandamus by causing one copy each to be delivered by overnight courier and electronic mail to the following:

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I hereby further certify that on 4th day of March, 2016, I caused a copy of the foregoing Petition for a Writ of Mandamus to be delivered by overnight courier to the Patent Trial and Appeal Board at the following address:

Director of the United States Patent and Trademark Office  
c/o Office of the General Counsel  
Madison Building East, 10B20  
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No. 2016-\_\_\_\_

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IN THE  
**UNITED STATES COURT OF APPEALS**  
FOR THE FEDERAL CIRCUIT

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IN RE VIRNETX INC.,  
*Petitioner.*

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On Petition for a Writ of Mandamus  
to the United States Patent and Trademark Office,  
Patent Trial and Appeal Board in  
Nos. IPR2015-01046 & IPR2015-01047.

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**EXHIBITS TO PETITION FOR A WRIT OF MANDAMUS**

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## LIST OF EXHIBITS

Ex. No.	Proceeding	Paper/ Ex. No.	Description	Date Filed
1	IPR2016-00062	14	DECISION: Institution of <i>Inter Partes</i> Review 37 C.F.R. § 42.108 (IPR2015-01046, Paper 28)	1/25/2016
2	IPR2016-00063	13	DECISION: Institution of <i>Inter Partes</i> Review 37 C.F.R. § 42.108 (IPR2015-01047, Paper 29)	1/25/2016
3	IPR2013-00348	14	Decision Denying <i>Inter Partes</i> Review 37 C.F.R. § 42.108	12/13/2013
4	IPR2013-00349	14	Decision Denying <i>Inter Partes</i> Review 37 C.F.R. § 42.108	12/13/2013
5	IPR2013-00354	20	Decision Denying <i>Inter Partes</i> Review 37 C.F.R. § 42.108	12/13/2013
6	IPR2014-00171	2006	RPX Client Relations, <a href="http://www.rpxcorp.com/rpxclient-relations">http://www.rpxcorp.com/rpxclient-relations</a> (last visited Jan. 23, 2014)	1/27/2014
7	IPR2014-00171	2008	RPX Why Join, <a href="http://www.rpxcorp.com/why-join-rpx">http://www.rpxcorp.com/why-join-rpx</a> (last visited Jan. 24, 2014)	1/27/2014
8	IPR2014-00171	2007	RPX Corp., Annual Report (Form 10-K) (Mar. 11, 2013),available at <a href="http://ir.rpxcorp.com/secfiling.cfm?filingID=1509432-13-8">http://ir.rpxcorp.com/secfiling.cfm?filingID=1509432-13-8</a> (Excerpted)	1/27/2014
9	IPR2014-00171	55	Patent Owner's Preliminary Response to Petition for <i>Inter Partes</i> Review of U.S. Patent No. 6,502,135 (Redacted) (Excerpted)	3/6/2014
10	IPR2014-00172	55	Patent Owner's Preliminary Response to Petition for <i>Inter Partes</i> Review of U.S. Patent No. 6,502,135 (Redacted) (Excerpted)	3/6/2014

Ex. No.	Proceeding	Paper/ Ex. No.	Description	Date Filed
11	IPR2014-00173	54	Patent Owner's Preliminary Response to Petition for <i>Inter Partes</i> Review of U.S. Patent No. 7,490,151 (Redacted) (Excerpted)	3/6/2014
12	PR2014-00171	57	Decision Denying <i>Inter Partes</i> Review 37 C.F.R. § 42.108 (Redacted)	6/5/2014
13	IPR2014-00172	57	Decision Denying <i>Inter Partes</i> Review 37 C.F.R. § 42.108 (Redacted)	6/5/2014
14	IPR2014-00173	56	Decision Denying <i>Inter Partes</i> Review 37 C.F.R. § 42.108 (Redacted)	6/5/2014
15	IPR2014-00610	19	JUDGMENT: Termination of the Proceedings 35 U.S.C. § 317 37 C.F.R. §§ 42.72, 42.73, 42.74	1/26/2015
16	IPR2015-00187	11	DECISION Denying <i>Inter Partes</i> Review 37 C.F.R. § 42.108	2/17/2015
17	IPR2015-01046	11	DECISION: Institution of <i>Inter Partes</i> Review 37 C.F.R. § 42.108	10/7/2015
18	IPR2015-01047	11	DECISION: Institution of <i>Inter Partes</i> Review 37 C.F.R. § 42.108	10/7/2015
19	IPR2015-01046	22	Patent Owner's Motion for Additional Discovery	12/9/2015
20	IPR2015-01046	26	Patent Owner's Request for Rehearing Under 37 C.F.R. § 42.71(d)(1)	1/4/2016
21	IPR2015-01046	2001	Mangrove Partners Brochure, filed with the Securities and Exchange Commission, March 27, 2015 (Excerpted)	7/24/2015
22	IPR2015-01046	2002	Mangrove Partners Schedule A, filed with the Securities and Exchange Commission, October 2012	7/24/2015
23	IPR2015-01046	2003	Cayman Islands Search Report of Mangrove Partners	7/24/2015

Ex. No.	Proceeding	Paper/ Ex. No.	Description	Date Filed
24	IPR2015-01046	2004	Form 13-F for Mangrove Partners, filed with the Securities and Exchange Commission, February 17, 2015	7/24/2015
25	IPR2015-01046	2005	Excerpt of Dictionary of Finance and Investment Terms, Fifth Edition	7/24/2015
26	IPR2015-01046	2006	Form 13-F for Mangrove Partners, filed with the Securities and Exchange Commission, May 15, 2015	7/24/2015
27	IPR2015-01046	2007	Schedule 13G filed with the Securities and Exchange Commission, for issuer Asta Funding, Inc., June 10, 2013 (Excerpted)	7/24/2015
28	IPR2015-01046	2008	Schedule 13G filed with the Securities and Exchange Commission, for issuer JGWPT Holdings, Inc., November 8, 2013 (Excerpted)	7/24/2015
29	IPR2015-01046	2009	Schedule 13G filed with the Securities and Exchange Commission, for issuer JGWPT Holdings, Inc., December 31, 2013 (Excerpted)	7/24/2015
30	IPR2015-01046	2010	Schedule 13G filed with the Securities and Exchange Commission, for issuer Asta Funding, Inc., December 31, 2013 (Excerpted)	7/24/2015
31	IPR2015-01046	2011	Schedule 13G filed with the Securities and Exchange Commission, for issuer The First Marblehead Corporation, December 31, 2013 (Excerpted)	7/24/2015

Ex. No.	Proceeding	Paper/ Ex. No.	Description	Date Filed
32	IPR2015-01046	2012	Schedule 13G filed with the Securities and Exchange Commission, for issuer Asta Funding, Inc., December 31, 2014 (Excerpted)	7/24/2015
33	IPR2015-01046	2013	Schedule 14A filed with the Securities and Exchange Commission, reporting Mangrove Partners Press Release, February 9, 2015 (Excerpted)	7/24/2015
34	IPR2015-01046	2	Power of Attorney for Petitioner The Mangrove Partners Master Fund, Ltd.	4/14/2015
35	IPR2015-01047	1	Power of Attorney for Petitioner The Mangrove Partners Master Fund, Ltd.	4/14/2015
36	IPR2015-01047	27	Patent Owner's Request for Rehearing Under 37 C.F.R. § 42.71(d)(1)	1/4/2016
37	IPR2015-01046	37	DECISION: Request For Rehearing 37 C.F.R. § 42.71(D)	2/26/2016
38	IPR2015-01047	39	DECISION: Request for Rehearing 37 C.F.R. § 42.71(d)	2/26/2016
39	IPR2015-01046	2037	Transcript of Teleconference of November 10, 2015 (Excerpted)	11/12/2015
40	IPR2015-01046	18	Order - Conduct of the Proceeding 37 C.F.R. § 42.5	11/12/2015
41	IPR2016-00062	2	Petitioner's Motion For Joinder	10/26/2015
42	IPR2016-00063	2	Petitioner's Motion For Joinder	10/26/2015
43	IPR2016-00062	1	Petition for <i>Inter Partes</i> Review of U.S. Patent No. 6,502,135 (Excerpted)	10/26/2015
44	IPR2016-00063	1	Petition for <i>Inter Partes</i> Review of U.S. Patent No. 7,490,151 (Excerpted)	10/26/2015

Ex. No.	Proceeding	Paper/ Ex. No.	Description	Date Filed
45	IPR2016-00062	10	Patent Owner's Preliminary Response to Petition for <i>Inter Partes</i> Review of U.S. Patent No. 6,502,135 (Excerpted)	1/8/2016
46	IPR2016-00063	10	Patent Owner's Preliminary Response to Petition for <i>Inter Partes</i> Review of U.S. Patent No. 7,490,151 (Excerpted)	1/8/2016
47	IPR2016-00062	14	DECISION: Institution of <i>Inter Partes</i> Review 37 C.F.R. § 42.108	1/25/2016
48	IPR2016-00063	13	DECISION: Institution of <i>Inter Partes</i> Review 37 C.F.R. § 42.108	1/25/2016
49	IPR2015-01046		Deposition Transcript, dated February 1, 2016 (Excerpted)	
50	IPR2015-01046		Email from Scott Border, dated February 25, 2016	
51	IPR2015-01046	35	Patent Owner's Request for Rehearing Under 37 C.F.R. § 42.71(d)(1) of Institution Decision in IPR2016-00062	2/8/2016
52	IPR2015-01047	36	Patent Owner's Request for Rehearing Under 37 C.F.R. § 42.71(d)(1) of Institution Decision in IPR2016-00063	2/8/2016
53	IPR2015-01046 IPR2015-01047		Email from N. Modi to the Board, dated February 25, 2016	
54	IPR2015-01046	38	DECISION: Request For Rehearing 37 C.F.R. § 42.71(D)	2/26/2016
55	IPR2015-01047	41	DECISION: Request For Rehearing 37 C.F.R. § 42.71(D)	2/26/2016
56	IPR2015-01046 IPR2015-01047		Email from the Board to the Parties, dated March 1, 2016	
57	IPR2016-00062	12	Petitioner's Reply in Support of Its Motion for Joinder	1/5/2016
58	IPR2016-00062	2009	154 Cong. Rec. S9982-93 (daily ed. Sep. 27, 2008) (statement of Sen. Kyl) (Excerpted)	1/8/2016

Ex. No.	Proceeding	Paper/ Ex. No.	Description	Date Filed
59	IPR2016-00062	2008	Excerpt from Meeting of the H. Comm. on Judiciary, Transcript of Markup of H.R. 1249 (April 14, 2011)	1/8/2016
60			Decision Granting Petitioner's Request for Rehearing 37 C.F.R. § 42.71, <i>Target Corp. v. Destination Maternity Corp.</i> , No. IPR2014-00508, Paper No. 28 (Feb. 12, 2015)	

# **Exhibit 1**



UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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APPLE, INC.,  
Petitioner,

v.

VIRNETX INC.,  
Patent Owner.

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Case IPR2016-00062  
Patent 6,502,135 B2

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Before MICHAEL P. TIERNEY, KARL D. EASTHOM, and  
STEPHEN C. SIU, *Administrative Patent Judges*.

SIU, *Administrative Patent Judge*.

DECISION  
Institution of *Inter Partes* Review  
37 C.F.R. § 42.108

I. INTRODUCTION

Apple, Inc. (“Petitioner”) filed a Petition (“Pet.”) on October 26, 2015 (Paper 1) requesting *inter partes* review of claims 1, 3, 4, 7, 8, 10, and 12 of U.S. Patent No. 6,502,135 (“the ’135 Patent,” Ex. 1001). Along with the

Petition, Petitioner filed a Motion for Joinder (Paper 2, “Mot.”) with IPR2015-01046, *The Mangrove Partners Master Fund, Ltd. v. VirnetX Inc.*, a pending *inter partes* review involving the ’135 patent.

VirnetX Inc. (“Patent Owner”) filed a Preliminary Response (Paper 10, “Prelim. Resp.”) and an Opposition to the Motion for Joinder (Paper 9, “Opp.”) on January 8, 2016. Petitioner filed a Reply to Patent Owner’s Opposition to the Motion for Joinder on January 15, 2016 (Paper 12, “Reply”). For the reasons described below, we institute an *inter partes* review of all the challenged claims and grant Petitioner’s Motion for Joinder.

## II. INSTITUTION OF *INTER PARTES* REVIEW

The Petition in this proceeding asserts the same grounds as those on which we instituted review in the IPR2015-01046. On October 7, 2015, we instituted a trial in the IPR2015-01046 matter on the following grounds:

Reference(s)	Basis	Claims challenged
Kiuchi <sup>1</sup>	§ 102	1, 3, 4, 7, 8, 10, and 12
Kiuchi and RFC 1034 <sup>2</sup>	§ 103	8

*The Mangrove Partners Master Fund, Ltd. v. VirnetX Inc.*, Case IPR2015-01046, slip. op. at 12 (PTAB October 7, 2015) (Paper 11) (’1046 Decision).

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<sup>1</sup> Takahiro Kiuchi and Shigekoto Kaihara, *C-HTTP – The Development of a Secure, Closed HTTP-Based Network on the Internet*, PROCEEDINGS OF THE SYMPOSIUM ON NETWORK AND DISTRIBUTED SYSTEM SECURITY, IEEE 64–75 (1996) (Ex. 1002, “Kiuchi”).

<sup>2</sup> P. Mockapetris, *Domain Names – Concepts and Facilities*, Network Working Group, Request for Comments: 1034 (1987) (Ex. 1005, “RFC1034”).

In view of the identity of the challenge in the instant Petition and in the petition in IPR2015-01046, we institute an *inter partes* review in this proceeding on the same grounds as those on which we instituted *inter partes* review in IPR2015-01046.

### III. GRANT OF MOTION FOR JOINDER

An *inter partes* review may be joined with another *inter partes* review, subject to the provisions of 35 U.S.C. § 315(c), which governs joinder of *inter partes* review proceedings:

(c) JOINDER. – If the Director institutes an *inter partes* review, the Director, in his or her discretion, may join as a party to that *inter partes* review any person who properly files a petition under section 311 that the Director, after receiving a preliminary response under 313 or the expiration of the time for filing such a response, determines warrants the institution of an *inter partes* review under section 314.

As the moving party, Petitioner bears the burden of proving that it is entitled to the requested relief. 37 C.F.R. § 42.20(c). A motion for joinder should: (1) set forth the reasons joinder is appropriate; (2) identify any new grounds of unpatentability asserted in the petition; and (3) explain what impact (if any) joinder would have on the trial schedule for the existing review.

The Petition in this proceeding has been accorded a filing date of October 26, 2015 (Paper 4), which satisfies the joinder requirement of being filed within one month of our instituting a trial in IPR2015-01046 (i.e., within one month of October 7, 2015). 37 C.F.R. § 42.122.

Patent Owner argues that Petitioner’s Motion for Joinder “is barred by 35 U.S.C. § 315(b) . . . [b]ecause [Petitioner’s] untimeliness precludes

institution under § 315(b) [and so] it also precludes joinder under § 315(c).” Opp. 4. However, 35 U.S.C. § 315(b) states that “[t]he time limit . . . shall not apply to a request for joinder.” 35 U.S.C. § 315(b). Hence, if a party filing a time-barred petition requests joinder, the one-year time bar “shall not apply.” This is confirmed by the Board’s rules, which provide that a petition requesting *inter partes* review may not be “filed more than one year after the date on which the petitioner, the petitioner’s real party-in-interest, or a privy of the petitioner is served with a complaint alleging infringement of the patent,” but the one-year time limit “shall not apply when the petition is accompanied by a request for joinder.” 37 C.F.R. §§ 42.101(b), 42.122(b); *see also* IPR2013-00109, Paper 15 and IPR2013-00256, Paper 10 (permitting joinder of a party beyond the one-year window). The Board’s rules do not conflict with the language of the statute as Patent Owner suggests.

We have considered Patent Owner’s arguments regarding an alternate interpretation of the statute. *See, e.g.*, Opp. 3–8. However, we do not find these arguments persuasive for at least the reasons set forth by Petitioner. *See, e.g.*, Reply 2–3.

Patent Owner also argues that “joining . . . will have an impact on the ’046 proceeding.” Opp. 8. In particular, Patent Owner argues that the “petition raises additional issues and evidence.” Opp. 8 (citing Pet 39–42; Mot. 6). Patent Owner does not provide details about any specific “additional issue” that is allegedly raised. However, referring to the cited portions of the Petition and Motion, Petitioner states that Petitioner “is also filing . . . additional evidence confirming that RFC 1034 is a printed publication that was publicly available before the earliest effective filing

date of the challenged claims” (Pet. 39; Mot. 6). Hence, Patent Owner appears to argue that the Petition in this matter raises the “additional issue” of whether RFC 1034 is a printed publication that was publicly available before the earliest effective filing date of the challenged claims.

We note that Patent Owner previously argued that “the burden is on Petitioner to establish that RFC 1034 . . . was ‘sufficiently accessible to the public interested in the art’” but that Petitioner allegedly failed to do so. IPR2015-01046, Prelim. Resp. 20–21 (Paper 9). In other words, the issue of whether RFC 1034 is a printed publication that was publicly available before the earliest effective filing date of the challenged claims was previously raised by Patent Owner. Thus, this issue cannot be an “additional issue” raised subsequently by Petitioner. In any event, even assuming that this issue is an “additional issue” raised by Petitioner, Patent Owner does not explain sufficiently how this “additional issue” would impact this proceeding adversely or how an impact, if any, would preclude joinder.

Patent Owner requests that in the event that Petitioner’s Motion for Joinder is granted, the Scheduling Order in IPR2015-01046 should be adopted, that Mangrove “will be responsible for the preparation and filing of any papers,” that “Mangrove will conduct the deposition of any VirnetX witness,” that “Mangrove will be responsible for any redirect of its expert,” and that “Mangrove will conduct all oral arguments.” Opp. 10.

As a Petitioner in IPR2016-01046, Apple, Inc. shall adhere to the existing schedule of IPR2015-01046. All filings by Apple, Inc. in IPR2015-01046 shall be consolidated with the filings of the other petitioner, unless the filing involves an issue unique to Apple, Inc. or states a point of disagreement related to the consolidated filing. In such circumstances,

Apple, Inc. may make a separate filing of no more than five pages, without prior authorization of the Board. The page limits set forth in 37 C.F.R. § 42.24 will apply to all consolidated filings.

Apple, Inc. is bound by any discovery agreements, including deposition arrangements, between Patent Owner and the IPR2015-01046 petitioner and shall not seek any discovery beyond that sought by the IPR2015-01046 petitioner. Patent Owner shall not be required to provide any additional discovery or deposition time as a result of joinder. The IPR2015-01046 petitioner shall designate attorneys to conduct the cross-examination of any witness produced by Patent Owner and the redirect examination of any other witness, within the timeframes set forth in 37 C.F.R. § 42.53(c) or agreed to by Patent Owner and the IPR2015-01046 petitioner. No individual petitioner will receive any additional cross-examination or redirect examination time. Moreover, if an oral hearing is requested and scheduled, the IPR2015-01046 petitioner shall designate attorneys to present at the oral hearing in a consolidated argument.

The Board expects Apple, Inc. and Patent Owner to resolve any disputes between them and/or with the IPR2015-01046 petitioner and to contact the Board only if such matters cannot be resolved.

#### IV. ORDER

For the reasons given, it is  
ORDERED that Petitioner's Motion for Joinder is granted;  
FURTHER ORDERED that IPR2016-00062 is instituted and joined  
with IPR2015-01046;  
FURTHER ORDERED that the grounds on which IPR2015-01046

was instituted are unchanged and no other grounds are included in the joined proceeding;

FURTHER ORDERED that the Scheduling Order entered in IPR2015-01046 (Paper 12) as modified by the Order changing due date 1 (Paper 20) remain unchanged and shall govern the schedule of the joined proceedings;

FURTHER ORDERED that, throughout the joined proceeding, Mangrove will file papers, except for motions that do not involve the other party, as a single, consolidated filing; that the filing party (Mangrove) will identify each such filing as a Consolidated Filing;

FURTHER ORDERED that any separate filing by Apple, Inc. in IPR2015-01046 must not exceed five pages, without prior authorization of the Board;

FURTHER ORDERED that Apple, Inc. is bound by any discovery agreements between Patent Owner and the other petitioner in IPR2015-01046 and that Apple, Inc. shall not seek any discovery beyond that sought by the other petitioner in IPR2015-01046;

FURTHER ORDERED that all petitioners in IPR2015-01046 shall collectively designate attorneys to conduct the cross-examination of any witness produced by Patent Owner and the redirect examination of any other witness; within the timeframes set forth in 37 C.F.R. § 42.53(c) or agreed to by the parties;

FURTHER ORDERED that all petitioners in IPR2015-01046 shall collectively designate attorneys to present at the oral hearing, if requested and scheduled, in a consolidated argument;

FURTHER ORDERED that IPR2016-00062 is terminated under

IPR2016-00062  
Patent 6,502,135 B2

37 C.F.R. § 42.72 and all further filings in the joined proceedings are to be made in IPR2015-01046;

FURTHER ORDERED that a copy of this Decision will be entered into the record of IPR2015-01046; and

FURTHER ORDERED that the case caption in IPR2015-01046 shall be changed to reflect joinder with this proceeding in accordance with the attached example.

For PETITIONER:

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*Example Case Caption for Joined Proceeding*

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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THE MANGROVE PARTNERS MASTER FUND, LTD. and APPLE, INC.,  
Petitioner,

v.

VIRNETX INC.,  
Patent Owner.

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Case IPR2015-01046<sup>3</sup>  
Patent 6,502,135 B2

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<sup>3</sup> Apple, Inc., who filed a petition in IPR2016-00062, has been joined as a Petitioner in the instant proceeding.

# **Exhibit 2**

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

---

APPLE, INC.,  
Petitioner,

v.

VIRNETX INC.,  
Patent Owner.

---

Case IPR2016-00063  
Patent 7,490,151 B2

---

Before MICHAEL P. TIERNEY, KARL D. EASTHOM, and  
STEPHEN C. SIU, *Administrative Patent Judges*.

SIU, *Administrative Patent Judge*.

DECISION  
Institution of *Inter Partes* Review  
37 C.F.R. § 42.108

I. INTRODUCTION

Apple, Inc. (“Petitioner”) filed a Petition (“Pet.”) on October 26, 2015 (Paper 1) requesting *inter partes* review of claims 1, 2, 6–8, and 12–14 of U.S. Patent No. 7,490,151 (“the ’151 Patent,” Ex. 1001). Along with the

Petition, Petitioner filed a Motion for Joinder (Paper 2, “Mot.”) with IPR2015-01047, *The Mangrove Partners Master Fund, Ltd. v. VirnetX Inc.*, a pending *inter partes* review involving the ’151 patent.

VirnetX Inc. (“Patent Owner”) filed a Preliminary Response (Paper 10, “Prelim. Resp.”) and an Opposition to the Motion for Joinder (Paper 9, “Opp.”) on January 8, 2016. Petitioner filed a Reply to Patent Owner’s Opposition to the Motion for Joinder on January 15, 2016 (Paper 12, “Reply”). For the reasons described below, we institute an *inter partes* review of all the challenged claims and grant Petitioner’s Motion for Joinder.

## II. INSTITUTION OF *INTER PARTES* REVIEW

The Petition in this proceeding asserts the same grounds as those on which we instituted review in the IPR2015-01047. On October 7, 2015, we instituted a trial in the IPR2015-01047 matter on the following grounds:

Reference(s)	Basis	Claims challenged
Kiuchi <sup>1</sup>	§ 102	1, 2, 6–8, and 12–14
Kiuchi and RFC 1034 <sup>2</sup>	§ 103	1, 2, 6–8, and 12–14
Kiuchi and Rescorla <sup>3</sup>	§ 103	1, 2, 6–8, and 12–14
Kiuchi and RFC 1034 and Rescorla	§ 103	1, 2, 6–8, and 12–14

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<sup>1</sup> Takahiro Kiuchi and Shigekoto Kaihara, *C-HTTP – The Development of a Secure, Closed HTTP-Based Network on the Internet*, PROCEEDINGS OF THE SYMPOSIUM ON NETWORK AND DISTRIBUTED SYSTEM SECURITY, IEEE 64–75 (1996) (Ex. 1002, “Kiuchi”).

<sup>2</sup> P. Mockapetris, *Domain Names – Concepts and Facilities*, Network Working Group, Request for Comments: 1034 (1987) (Ex. 1005, “RFC1034”).

<sup>3</sup> E. Rescorla and A. Schiffman, *The Secure HyperText Transfer Protocol*, Internet Draft (Feb. 1996) (Ex. 1004, “Rescorla”).

*The Mangrove Partners Master Fund, Ltd. v. VirnetX Inc.*, Case IPR2015-01047, slip. op. at 12 (PTAB October 7, 2015) (Paper 11) ('1047 Decision); *See also* IPR2015-01047, slip. op. at 1–2 (PTAB December 10, 2015) (Paper 24) ('1047 Errata).

In view of the identity of the challenge in the instant Petition and in the petition in IPR2015-01047, we institute an *inter partes* review in this proceeding on the same grounds as those on which we instituted *inter partes* review in IPR2015-01047.

### III. GRANT OF MOTION FOR JOINDER

An *inter partes* review may be joined with another *inter partes* review, subject to the provisions of 35 U.S.C. § 315(c), which governs joinder of *inter partes* review proceedings:

(c) JOINDER. – If the Director institutes an *inter partes* review, the Director, in his or her discretion, may join as a party to that *inter partes* review any person who properly files a petition under section 311 that the Director, after receiving a preliminary response under 313 or the expiration of the time for filing such a response, determines warrants the institution of an *inter partes* review under section 314.

As the moving party, Petitioner bears the burden of proving that it is entitled to the requested relief. 37 C.F.R. § 42.20(c). A motion for joinder should: (1) set forth the reasons joinder is appropriate; (2) identify any new grounds of unpatentability asserted in the petition; and (3) explain what impact (if any) joinder would have on the trial schedule for the existing review.

The Petition in this proceeding has been accorded a filing date of October 26, 2015 (Paper 4), which satisfies the joinder requirement of being

filed within one month of our instituting a trial in IPR2015-01047 (i.e., within one month of October 7, 2015). 37 C.F.R. § 42.122.

Patent Owner argues that Petitioner’s Motion for Joinder “is barred by 35 U.S.C. § 315(b) . . . [b]ecause [Petitioner’s] untimeliness precludes institution under § 315(b) [and so] it also precludes joinder under § 315(c).” Opp. 4. However, 35 U.S.C. § 315(b) states that “[t]he time limit . . . shall not apply to a request for joinder.” 35 U.S.C. § 315(b). Hence, if a party filing a time-barred petition requests joinder, the one-year time bar “shall not apply.” This is confirmed by the Board’s rules, which provide that a petition requesting *inter partes* review may not be “filed more than one year after the date on which the petitioner, the petitioner’s real party-in-interest, or a privy of the petitioner is served with a complaint alleging infringement of the patent,” but the one-year time limit “shall not apply when the petition is accompanied by a request for joinder.” 37 C.F.R. §§ 42.101(b), 42.122(b); *see also* IPR2013-00109, Paper 15 and IPR2013-00256, Paper 10 (permitting joinder of a party beyond the one-year window). The Board’s rules do not conflict with the language of the statute as Patent Owner suggests.

We have considered Patent Owner’s arguments regarding an alternate interpretation of the statute. *See, e.g.*, Opp. 4–8. However, we do not find these arguments persuasive for at least the reasons set forth by Petitioner. *See, e.g.*, Reply 2–3.

Patent Owner also argues that “joining . . . will have an impact on the ’047 proceeding.” Opp. 8. In particular, Patent Owner argues that the “petition raises additional issues and evidence.” Opp. 8. Patent Owner does not provide details about any specific “additional issue” that is allegedly

raised. However, Petitioner states that Petitioner has filed “additional evidence confirming that RFC 1034 and Rescorla are printed publications that were publicly available before the earliest effective filing date of the challenged claims.” Pet. 54. Hence, Patent Owner appears to argue that the Petition in this matter raises the “additional issue” of whether RFC 1034 or Rescorla is a printed publication that was publicly available before the earliest effective filing date of the challenged claims.

We note that Patent Owner previously argued that “the burden is on Petitioner to establish that RFC 1034 and Rescorla . . . . were ‘sufficiently accessible to the public interested in the art’” but that Petitioner allegedly failed to do so. IPR2015-01047, Prelim. Resp. 18. In other words, the issue of whether RFC 1034 and Rescorla are printed publications that were publicly available before the earliest effective filing date of the challenged claims was previously raised by Patent Owner. Thus, this issue cannot be an “additional issue” raised subsequently by Petitioner. In any event, even assuming that this issue is an “additional issue” raised by Petitioner, Patent Owner does not explain sufficiently how this “additional issue” would impact this proceeding adversely or how an impact, if any, would preclude joinder.

Patent Owner requests that in the event that Petitioner’s Motion for Joinder is granted, the Scheduling Order in IPR2015-01047 should be adopted, that Mangrove “will be responsible for the preparation and filing of any papers,” that “Mangrove will conduct the deposition of any VirnetX witness,” that “Mangrove will be responsible for any redirect of its expert,” and that “Mangrove will conduct all oral arguments.” Opp. 10.

As a Petitioner in IPR2015-01047, Apple, Inc. shall adhere to the existing schedule of IPR2015-01047. All filings by Apple, Inc. in IPR2015-01047 shall be consolidated with the filings of the other petitioner, unless the filing involves an issue unique to Apple, Inc. or states a point of disagreement related to the consolidated filing. In such circumstances, Apple, Inc. may make a separate filing of no more than five pages, without prior authorization of the Board. The page limits set forth in 37 C.F.R. § 42.24 will apply to all consolidated filings.

Apple, Inc. is bound by any discovery agreements, including deposition arrangements, between Patent Owner and the IPR2015-01047 petitioner and shall not seek any discovery beyond that sought by the IPR2015-01047 petitioner. Patent Owner shall not be required to provide any additional discovery or deposition time as a result of joinder. The IPR2015-01047 petitioner shall designate attorneys to conduct the cross-examination of any witness produced by Patent Owner and the redirect examination of any other witness, within the timeframes set forth in 37 C.F.R. § 42.53(c) or agreed to by Patent Owner and the IPR2015-01047 petitioner. No individual petitioner will receive any additional cross-examination or redirect examination time. Moreover, if an oral hearing is requested and scheduled, the IPR2015-01047 petitioner shall designate attorney(s) to present at the oral hearing in a consolidated argument.

The Board expects Apple, Inc. and Patent Owner to resolve any disputes between them and/or with the IPR2015-01047 Petitioner and to contact the Board only if such matters cannot be resolved.



IV. ORDER

For the reasons given, it is

ORDERED that Petitioner's Motion for Joinder is granted;

FURTHER ORDERED that IPR2016-00063 is instituted and joined with IPR2015-01047;

FURTHER ORDERED that the grounds on which IPR2015-01047 was instituted are unchanged and no other grounds are included in the joined proceeding;

FURTHER ORDERED that the Scheduling Order entered in IPR2015-01047 (Paper 12) as modified by the Order changing due date 1 (Paper 20) remain unchanged and shall govern the schedule of the joined proceedings;

FURTHER ORDERED that, throughout the joined proceeding, Mangrove will file papers, except for motions that do not involve the other party, as a single, consolidated filing; that the filing party (Mangrove) will identify each such filing as a Consolidated Filing;

FURTHER ORDERED that any separate filing by Apple, Inc. in IPR2015-01047 must not exceed five pages, without prior authorization of the Board;

FURTHER ORDERED that Apple, Inc. is bound by any discovery agreements between Patent Owner and the other petitioner in IPR2015-01047 and that Apple, Inc. shall not seek any discovery beyond that sought by the other petitioner in IPR2015-01047;

FURTHER ORDERED that all petitioners in IPR2015-01047 shall collectively designate attorney(s) to conduct the cross-examination of any witness produced by Patent Owner and the redirect examination of any other

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witness; within the timeframes set forth in 37 C.F.R. § 42.53(c) or agreed to by the parties;

FURTHER ORDERED that all petitioners in IPR2015-01047 shall collectively designate attorney(s) to present at the oral hearing, if requested and scheduled, in a consolidated argument;

FURTHER ORDERED that IPR2016-00063 is terminated under 37 C.F.R. § 42.72 and all further filings in the joined proceedings are to be made in IPR2015-01047;

FURTHER ORDERED that a copy of this Decision will be entered into the record of IPR2015-01047; and

FURTHER ORDERED that the case caption in IPR2015-01047 shall be changed to reflect joinder with this proceeding in accordance with the attached example.

IPR2016-00063  
Patent 7,490,151 B2

For PETITIONER:

Abraham Kasdan  
James T. Bailey,  
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jtb@jtbaileylaw.com

Jeffrey P. Kushan  
Thomas A. Broughan, III  
Scott M. Border  
SIDLEY AUSTIN LLP  
jkushan@sidley.com  
tbroughan@sidley.com  
sborder@sidley.com

For PATENT OWNER:

Joseph E. Palys  
Naveen Modi  
PAUL HASTINGS LLP  
josephpalys@paulhastings.com  
naveenmodi@paulhastings.com

*Example Case Caption for Joined Proceeding*

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

---

THE MANGROVE PARTNERS MASTER FUND, LTD. and APPLE, INC.,  
Petitioner,

v.

VIRNETX INC.,  
Patent Owner.

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Case IPR2015-01047<sup>4</sup>  
Patent 7,490,151 B2

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<sup>4</sup> Apple, Inc., who filed a petition in IPR2016-00063, has been joined as a Petitioner in the instant proceeding.

# **Exhibit 3**

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

---

Case IPR2013-00348  
Patent 6,502,135

---

Before SALLY C. MEDLEY, KARL D. EASTHOM, and STEPHEN C. SIU,  
*Administrative Patent Judges.*

EASTHOM, *Administrative Patent Judge.*

DECISION  
Denying *Inter Partes* Review  
37 C.F.R. § 42.108

## I. BACKGROUND

Petitioner, Apple Inc., filed a Petition on June 12, 2013 requesting *inter partes* review of claims 1-10, 12-15, and 18 of U.S. Patent No. 6,502,135 under 35 U.S.C. §§ 311-319. Paper 1 (“Pet.”). Patent Owner, “Virnetx et al.,” submitted a Preliminary Response under 37 C.F.R. § 42.107(b). Paper 10. The Board has jurisdiction under 35 U.S.C. § 314.

For the reasons that follow, the Board determines that the Petition was not filed timely within the statutory period of 35 U.S.C. § 315(b), and therefore, the Board declines to institute an *inter partes* review.

### *Related Proceedings*

According to Petitioner, the ’135 Patent is the subject of a number of civil actions, two of which are at issue here, as follows: *VirnetX Inc. v. Cisco Systems, Inc. et al.*, Civ. Act. No. 6:10-cv-00417-LED (E.D. Tex., filed Aug. 11, 2010) (the “2010 litigation”); and *VirnetX Inc. v. Apple Inc.*, Civ. Act. No. 6:12-cv-00855-LED (E.D. Tex., filed Nov. 6, 2012) (the “2012 litigation”). *See* Pet. 3-4 (listing other related actions); Prelim. Resp. 6-7 (discussing the 2010 and 2012 litigation); Ex. 2006.

The ’135 Patent also is the subject of merged *inter partes* reexamination numbers 95/001,679 and 95/001,682. Petitioner is the real party of interest in the latter proceeding. The ’135 Patent also is the subject of *inter partes* review petition IPR2013-00349. *Id.* Petitioner is the listed petitioner on the following related *inter partes* review proceedings: IPR2013-00349, -354, -393, -394, -397, and -398.

## II. ANALYSIS

According to Petitioner, Petitioner was served with a complaint alleging infringement of the '135 Patent on two relevant occasions, the 2010 litigation, in August 2010, and the 2012 litigation, in December 2012. Pet. 1; *see* Related Proceedings *supra*. The earlier complaint was served more than one year before Petitioner filed the present Petition, the latter, less than one year. Regarding the earlier complaint, according to Patent Owner and cited exhibits of record, “a jury upheld the validity of the asserted claims in the 2010 litigation, and the district court entered judgment finding those claims valid.” Prelim Resp. 7 (citing Exs. 2002 (verdict form), 2006 (final judgment)).

Section 315(b) of Title 35 of the United States Code follows:

(b) PATENT OWNER’S ACTION.—An inter partes review may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent. The time limitation set forth in the preceding sentence shall not apply to a request for joinder under subsection (c).

Petitioner argues that its Petition is timely because it was filed less than one year after the date on which it was served with “**any** complaint”—i.e., the complaint in the 2012 litigation. Pet. 2. Petitioner argues that under the plain language of section 315(b), filing a petition within one year of “any complaint,” such as the December 2012 complaint, nullifies the effect of the earlier, August 2010 complaint, on the timeliness of this Petition. *See id.*

In addition to arguing that the plain language of the statute supports its position, Petitioner presents other arguments: Precluding the *inter partes* review “would be particularly unjust in this case. . . . [because] [t]he 1-year period following service of the August 2010 complaint expired before it was possible to



submit an IPR petition;” that requiring the filing of an *inter partes* review within one year of a petitioner being served with “a complaint” would allow a patent owner to “gam[e] the system;” and that “Congress designed the IPR authority to be [an] option to contest validity of a patent **concurrently** with the district court proceedings involving the same patent.” Pet. at 2-3.

Notwithstanding the arguments, the earlier complaint remains “a complaint” under the statute. The plain language of the statute does not specify that a later complaint will nullify the effect of an earlier complaint for timeliness purposes of a petition. Petitioner does not dispute that the Petition “was filed more than 1 year after the date on which the [P]etitioner . . . [wa]s served with a complaint alleging infringement of the patent.” See 35 U.S.C. § 315 (b). Therefore, according to the statute, “[a]n *inter partes* review may not be instituted.” See *id.*

“It is well settled law that the plain and unambiguous meaning of the words used by Congress prevails in the absence of a clearly expressed legislative intent to the contrary.” *Hoechst Aktiengesellschaft v. Quigg*, 917 F.2d 522, 526 (Fed. Cir. 1990). Petitioner does not explain persuasively how allowing a review outside the statutory one year limit based on the filing of another complaint corresponds to a “clearly expressed legislative intent” that prevails over the plain meaning. See *Universal Remote Control v. Universal Electronics, Inc.*, IPR 2013-00168, Paper 9 (PTAB Aug. 26, 2013) (cited at Prelim. Resp. 9 for similar reasons).

The timeliness limitation of 35 U.S.C. § 315(b) does not apply to a request for joinder. As such, Petitioner filed a motion to join the instant proceeding with another proceeding, IPR2013-00375, pursuant to 35 U.S.C. 315(c). See Paper 7 (“Petitioner’s Motion for Joinder of Proceedings”). Granting the motion would obviate the time bar under 35 U.S.C. § 315 (b). The IPR2013-00375 proceeding, however, has been terminated. *New Bay Capital, LLC v. Virnetx, Inc.*, IPR2013-

00375, Paper 16 (PTAB Nov. 12, 2013). Accordingly, Petitioner's motion for joinder is *dismissed*.

Based on the foregoing discussion, pursuant to 35 U.S.C. § 315(b), “[a]n inter partes review may not be instituted,” because the Petition “was filed more than 1 year after the date on which the [P]etitioner . . . [wa]s served with a complaint alleging infringement of the patent.”

### III. CONCLUSION

The Board denies the Petition because it was not filed within the time limit imposed by 35 U.S.C. § 315(b). Petitioner's motion for joinder is *dismissed*.

### IV. ORDER

For the reasons given, it is

ORDERED that Petitioner's motion for joinder is *dismissed*; and

FURTHER ORDERED that the Petition challenging the patentability of claims 1-10, 12-15, and 18 of U.S. Patent No. 6,502,135 is *denied*.

IPR2013-00348  
Patent 6,502,135

For Petitioner Apple Inc.:

Jeffrey P. Kushan  
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SIDLEY AUSTIN LLP  
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[jmicallef@sidley.com](mailto:jmicallef@sidley.com)

For Patent Owner VirnetX, Inc.:

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[naveen.modi@finnegan.com](mailto:naveen.modi@finnegan.com)

# **Exhibit 4**

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

---

Case IPR2013-00349  
Patent 6,502,135

---

Before SALLY C. MEDLEY, KARL D. EASTHOM, and STEPHEN C. SIU,  
*Administrative Patent Judges.*

EASTHOM, *Administrative Patent Judge.*

DECISION  
Denying *Inter Partes* Review  
37 C.F.R. § 42.108

## I. BACKGROUND

Petitioner, Apple Inc., filed a Petition on June 12, 2013 requesting *inter partes* review of claims 1-10, 12-15, and 18 of U.S. Patent No. 6,502,135 under 35 U.S.C. §§ 311-319. Paper 1 (“Pet.”). Patent Owner, “Virnetx et al.,” submitted a Preliminary Response under 37 C.F.R. § 42.107(b). Paper 10. The Board has jurisdiction under 35 U.S.C. § 314.

For the reasons that follow, the Board determines that the Petition was not filed timely within the statutory period of 35 U.S.C. § 315(b), and therefore, the Board declines to institute an *inter partes* review.

### A. Related Proceedings

According to Petitioner, the ’135 Patent is the subject of a number of civil actions, two of which are at issue here, as follows: *VirnetX Inc. v. Cisco Systems, Inc. et al.*, Civ. Act. No. 6:10-cv-00417-LED (E.D. Tex., filed Aug. 11, 2010) (the “2010 litigation”); and *VirnetX Inc. v. Apple Inc.*, Civ. Act. No. 6:12-cv-00855-LED (E.D. Tex., filed Nov. 6, 2012) (the “2012 litigation”). *See* Pet. 3-4 (listing other related actions); Prelim. Resp. 6-7 (discussing the 2010 and 2012 litigation); Ex. 2006.

The ’135 Patent also is the subject of merged *inter partes* reexamination numbers 95/001,679 and 95/001,682. Petitioner is the real party of interest in the latter proceeding. The ’135 Patent also is the subject of *inter partes* review petition IPR2013-00348. *Id.* Petitioner is the listed petitioner on the following related *inter partes* review proceedings: IPR2013-00348, -354, -393, -394, -397, and -398.

## II. ANALYSIS

According to Petitioner, Petitioner was served with a complaint alleging infringement of the '135 Patent on two relevant occasions, the 2010 litigation, in August 2010, and the 2012 litigation, in December 2012. Pet. 1; *see* Related Proceedings *supra*. The earlier complaint was served more than one year before Petitioner filed the present Petition, the latter, less than one year. Regarding the earlier complaint, according to Patent Owner and cited exhibits of record, “a jury upheld the validity of the asserted claims in the 2010 litigation, and the district court entered judgment finding those claims valid.” Prelim Resp. 7 (citing Exs. 2002 (verdict form), 2006 (final judgment)).

Section 315(b) of Title 35 of the United States Code follows:

(b) PATENT OWNER’S ACTION.—An inter partes review may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent. The time limitation set forth in the preceding sentence shall not apply to a request for joinder under subsection (c).

Petitioner argues that its Petition is timely because it was filed less than one year after the date on which it was served with “**any** complaint”—i.e., the complaint in the 2012 litigation. Pet. 2. Petitioner argues that under the plain language of section 315(b), filing a petition within one year of “any complaint,” such as the December 2012 complaint, nullifies the effect of the earlier, August 2010 complaint, on the timeliness of this Petition. *See id.*

In addition to arguing that the plain language of the statute supports its position, Petitioner presents other arguments: Precluding the *inter partes* review “would be particularly unjust in this case. . . . [because] [t]he 1-year period following service of the August 2010 complaint expired before it was possible to

submit an IPR petition;” that requiring the filing of an *inter partes* review within one year of a petitioner being served with “a complaint” would allow a patent owner to “gam[e] the system;” and that “Congress designed the IPR authority to be [an] option to contest validity of a patent **concurrently** with the district court proceedings involving the same patent.” Pet. at 2-3.

Notwithstanding the arguments, the earlier complaint remains “a complaint” under the statute. The plain language of the statute does not specify that a later complaint will nullify the effect of an earlier complaint for timeliness purposes of a petition. Petitioner does not dispute that the Petition “was filed more than 1 year after the date on which the [P]etitioner . . . [wa]s served with a complaint alleging infringement of the patent.” See 35 U.S.C. § 315 (b). Therefore, according to the statute, “[a]n *inter partes* review may not be instituted.” See *id.*

“It is well settled law that the plain and unambiguous meaning of the words used by Congress prevails in the absence of a clearly expressed legislative intent to the contrary.” *Hoechst Aktiengesellschaft v. Quigg*, 917 F.2d 522, 526 (Fed. Cir. 1990). Petitioner does not explain persuasively how allowing a review outside the statutory one year limit based on the filing of another complaint corresponds to a “clearly expressed legislative intent” that prevails over the plain meaning. See *Universal Remote Control v. Universal Electronics, Inc.*, IPR 2013-00168, Paper 9 (PTAB Aug. 26, 2013) (cited at Prelim. Resp. 9 for similar reasons).

The timeliness limitation of 35 U.S.C. § 315(b) does not apply to a request for joinder. As such, Petitioner filed a motion to join the instant proceeding with another proceeding, IPR2013-00375, pursuant to 35 U.S.C. 315(c). See Paper 7 (“Petitioner’s Motion for Joinder of Proceedings”). Granting the motion would obviate the time bar under 35 U.S.C. § 315 (b). The IPR2013-00375 proceeding, however, has been terminated. *New Bay Capital, LLC v. Virnetx, Inc.*, IPR2013-



00375, Paper 16 (PTAB Nov. 12, 2013). Accordingly, Petitioner's motion for joinder is *dismissed*.

Based on the foregoing discussion, pursuant to 35 U.S.C. § 315(b), “[a]n inter partes review may not be instituted,” because the Petition “was filed more than 1 year after the date on which the [P]etitioner . . . [wa]s served with a complaint alleging infringement of the patent.”

### III. CONCLUSION

The Board denies the Petition because it was not filed within the time limit imposed by 35 U.S.C. § 315(b).

### IV. ORDER

For the reasons given, it is

ORDERED that Petitioner's motion for joinder is *dismissed*; and

FURTHER ORDERED that the petition challenging the patentability of claims 1-10, 12-15, and 18 of U.S. Patent No. 6,502,135 is *denied*.

IPR2013-00349  
Patent 6,502,135

For Petitioner Apple Inc.:

Jeffrey P. Kushan  
Joseph A. Micallef  
SIDLEY AUSTIN LLP  
jkushan@sidley.com  
jmicallef@sidley.com

For Patent Owner VirnetX, Inc.:

Joseph E. Palys  
Naveen Modi  
FINNEGAN, HENDERSON, FARABOW  
GARRETT & DUNNER, L.L.P.  
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naveen.modi@finnegan.com

# **Exhibit 5**

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

---

APPLE INC.  
Petitioner

v.

VIRNETX, INC. and SCIENCE APPLICATION INTERNATIONAL  
CORPORATION  
Patent Owner

---

Case IPR2013-00354  
Patent 7,490,151

---

Before SALLY C. MEDLEY, KARL D. EASTHOM, and STEPHEN C. SIU,  
*Administrative Patent Judges.*

EASTHOM, *Administrative Patent Judge.*

DECISION  
Denying *Inter Partes* Review  
37 C.F.R. § 42.108

## I. BACKGROUND

Petitioner, Apple Inc., filed an amended Petition on June 19, 2013 requesting *inter partes* review of claims 1-16 of U.S. Patent No. 7,490,151 under 35 U.S.C. §§ 311-319 Paper 8 (“Pet.”). Patent Owner, “Virnetx et al.,” submitted a Preliminary Response under 37 C.F.R. § 42.107(b). Paper 15. The Board has jurisdiction under 35 U.S.C. § 314.

For the reasons that follow, the Board determines that the Petition was not filed timely within the statutory period of 35 U.S.C. § 315(b), and therefore, the Board declines to institute an *inter partes* review.

### *Related Proceedings*

According to Petitioner, the ’135 Patent is the subject of a number of civil actions, two of which are at issue here, as follows: *VirnetX Inc. v. Cisco Systems, Inc. et al.*, Civ. Act. No. 6:10-cv-00417-LED (E.D. Tex., filed Aug. 11, 2010) (the “2010 litigation”); and *VirnetX Inc. v. Apple Inc.*, Civ. Act. No. 6:12-cv-00855-LED (E.D. Tex., filed Nov. 6, 2012) (the “2012 litigation”). *See* Pet. 3-4 (listing other related actions); Prelim. Resp. 6-7 (discussing the 2010 and 2012 litigation); Ex. 2006.

The ’151 Patent also is the subject of merged *inter partes* reexamination numbers 95/001,679 and 95/001,714. *Id.* Petitioner is the real party of interest in the former proceeding. *Id.* Petitioner is the listed petitioner on the following related *inter partes* review proceedings: IPR2013-00348, -349, -393, -394, -397, and -398.

## II. ANALYSIS

According to Petitioner, Petitioner was served with a complaint alleging infringement of the '151 Patent on two relevant occasions, the 2010 litigation, in August 2010, and the 2012 litigation, in December 2012. Pet. 1; *see* Related Proceedings *supra*. The earlier complaint was served more than one year before Petitioner filed the present Petition, the latter, less than one year. Regarding the earlier complaint, according to Patent Owner and cited exhibits of record, “a jury upheld the validity of the asserted claims in the 2010 litigation, and the district court entered judgment finding those claims valid.” Prelim Resp. 7 (citing Exs. 2002 (verdict form), 2006 (final judgment)).

Section 315(b) of Title 35 of the United States Code follows:

(b) PATENT OWNER’S ACTION.—An inter partes review may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent. The time limitation set forth in the preceding sentence shall not apply to a request for joinder under subsection (c).

Petitioner argues that its Petition is timely because it was filed less than one year after the date on which it was served with “**any** complaint”—i.e., the complaint in the 2012 litigation. Pet. 2. Petitioner argues that under the plain language of section 315(b), filing a petition within one year of “any complaint,” such as the December 2012 complaint, nullifies the effect of the earlier, August 2010 complaint, on the timeliness of this Petition. *See id.*

In addition to arguing that the plain language of the statute supports its position, Petitioner presents other arguments: Precluding the *inter partes* review “would be particularly unjust in this case. . . . [because] [t]he 1-year period following service of the August 2010 complaint expired before it was possible to

submit an IPR petition;” that requiring the filing of an *inter partes* review within one year of a petitioner being served with “a complaint” would allow a patent owner to “gam[e] the system;” and that “Congress designed the IPR authority to be [an] option to contest validity of a patent **concurrently** with the district court proceedings involving the same patent.” Pet. at 2-3.

Notwithstanding the arguments, the earlier complaint remains “a complaint” under the statute. The plain language of the statute does not specify that a later complaint will nullify the effect of an earlier complaint for timeliness purposes of a petition. Petitioner does not dispute that the Petition “was filed more than 1 year after the date on which the [P]etitioner . . . [wa]s served with a complaint alleging infringement of the patent.” See 35 U.S.C. § 315 (b). Therefore, according to the statute, “[a]n *inter partes* review may not be instituted.” See *id.*

“It is well settled law that the plain and unambiguous meaning of the words used by Congress prevails in the absence of a clearly expressed legislative intent to the contrary.” *Hoechst Aktiengesellschaft v. Quigg*, 917 F.2d 522, 526 (Fed. Cir. 1990). Petitioner does not explain persuasively how allowing a review outside the statutory one year limit based on the filing of a second complaint corresponds to a “clearly expressed legislative intent” that prevails over the plain meaning. See *Universal Remote Control v. Universal Electronics, Inc.*, IPR 2013-00168, Paper 9 (PTAB Aug. 26, 2013) (cited at Prelim. Resp. 9 for similar reasons).

The timeliness limitation of 35 U.S.C. § 315(b) does not apply to a request for joinder. As such, Petitioner filed a motion to join the instant proceeding with another proceeding, IPR2013-00376, pursuant to 35 U.S.C. 315(c). See Paper 12 (“Petitioner’s Motion for Joinder of Proceedings”). Granting the motion would obviate the time bar under 35 U.S.C. § 315 (b). The IPR2013-00376 proceeding, however, has been terminated. *New Bay Capital, LLC v. Virnetx, Inc.*, IPR2013-

00376, Paper 17 (PTAB Nov. 12, 2013). Accordingly, Petitioner's motion for joinder is *dismissed*.

Based on the foregoing discussion, pursuant to 35 U.S.C. § 315(b), “[a]n inter partes review may not be instituted,” because the Petition “was filed more than 1 year after the date on which the [P]etitioner . . . [wa]s served with a complaint alleging infringement of the patent.”

### III. CONCLUSION

The Board denies the Petition because it was not filed within the time limit imposed by 35 U.S.C. § 315(b).

### IV. ORDER

For the reasons given, it is

ORDERED that Petitioner's motion for joinder is *dismissed*; and

FURTHER ORDERED that the Petition challenging the patentability of claims 1-16 of U.S. Patent No. 7,490,151 is *denied*.



IPR2013-00354  
Patent 7,490,151

For Petitioner Apple Inc.:

Jeffrey P. Kushan  
Joseph A. Micallef  
SIDLEY AUSTIN LLP  
[jkushan@sidley.com](mailto:jkushan@sidley.com)  
[jmicallef@sidley.com](mailto:jmicallef@sidley.com)

For Patent Owner VirnetX, Inc.:

Joseph E. Palys  
Naveen Modi  
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[naveen.modi@finnegan.com](mailto:naveen.modi@finnegan.com)

# **Exhibit 6**



## Client Relations

RPX's client network is the largest and fastest-growing of its kind in the industry. The momentum of this growth serves to expand the network's collective buying power to efficiently remove threatening patents from the market, and manage patent litigation risks and costs.

Integral to our acquisition process is our position as a major participant in the secondary market for patent assets. This affords RPX with extensive visibility into the patent market and ability to monitor deal flow and act quickly when necessary on our behalf of our client network. We currently see approximately 90 potential acquisitions per month, and our teams vet each possible asset for quality, assertion history, seller reputation, and – especially – likelihood of threat to any or all RPX members.

Our insight into the patent market allows RPX to serve as an extension of a client's in-house legal team to better inform its long-term IP strategy. As necessary, we schedule client briefings to discuss our assessments of open market opportunities, relevant litigation landscape activity, key players and trends, as well as to provide specific technical and strategic analyses on potential threats.

More generally, our clients receive quarterly reports on our portfolio activity; monthly, customized reports on our acquisition pipeline; and a weekly subscription to summaries on significant IP industry news and developments. We also sponsor periodic networking and education events for our clients.

---

rpxcorp.com

**VIRNETX EXHIBIT 2006  
RPX v. VirnetX  
Trial IPR 2014-00172**

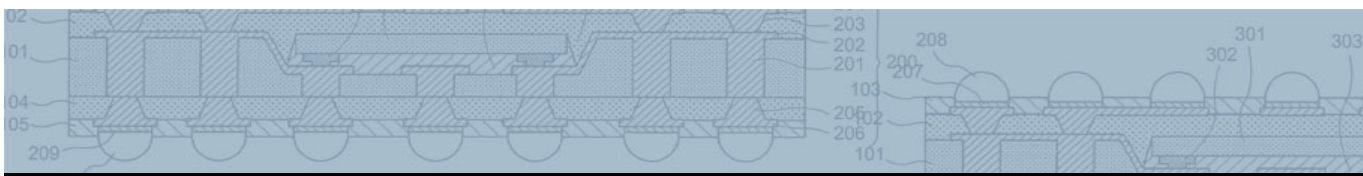
# **Exhibit 7**




Text Size | A | A

Why Join

Patent Risk   Services   Membership   Why Join   For the CFO   Company   News & Events   Blog



## Why Join

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**We are not an NPE**

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**We are a unique solution to NPE risk**

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**We deliver measurable risk reduction**

---

**We can quantify your patent risk in financial terms**

---

**We provide compelling ROI**

---

**We price our service cost-effectively**

---

**We provide valuable market intelligence**

---

**We prevent patent litigation**

---

**We can help after a litigation has begun**

RPX is uniquely able to help members of our client network quickly and cost-effectively extricate themselves from NPE lawsuits. Our central, trusted position in the market enables us to negotiate with plaintiffs, acquire a license to the litigated patent and selectively clear our clients from the suit. Through September 30, 2013, we had achieved more than 414 dismissals for our clients in 62 litigations.

Our intervention is beneficial for both the plaintiff and the defendants. For NPE plaintiffs, we have the capital resources to offer a more compelling price than any single company will usually be willing to offer. We are also able to negotiate more dispassionately and effectively than a defendant in suit. For our clients, we act as a trusted representative to find a workable resolution and are able to achieve a far more cost-effective price for dismissal than any operating company can achieve unilaterally.

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**We have a growing network of 160 satisfied clients**

---

**We have solutions for large and small companies**

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**We are making the patent market more rational**

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# **Exhibit 8**

**Excerpted**

# RPX CORP

## FORM 10-K (Annual Report)

Filed 03/11/13 for the Period Ending 12/31/12

Address	ONE MARKET PLAZA STEUART TOWER, SUITE 700 SAN FRANCISCO, CA 94105
Telephone	866-779-7641
CIK	0001509432
Symbol	RPXC
SIC Code	6794 - Patent Owners and Lessors
Industry	Misc. Financial Services
Sector	Financial
Fiscal Year	12/31

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-K**

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM TO

Commission File Number: 001-35146

**RPX Corporation**

(Exact Name of Registrant as Specified in Its Charter)

**Delaware**  
(State or Other Jurisdiction of  
Incorporation or Organization)

**26-2990113**  
(I.R.S. Employer  
Identification No.)

**ONE MARKET PLAZA SUITE 800  
SAN FRANCISCO, CALIFORNIA 94105**  
(Address of Principal Executive Offices and Zip Code)

**Registrant's Telephone Number, Including Area Code: (866) 779-7641**

**Securities Registered Pursuant to Section 12(b) of the Act:**

Title of Each Class	Name of Each Exchange on Which Registered
<b>Common Stock, \$0.0001 Par Value</b>	<b>The NASDAQ Stock Market LLC</b>

**Securities Registered Pursuant to Section 12(g) of the Act:**

**None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES  NO

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES  NO

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES  NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data file required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES  NO

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). YES  NO



- *More Companies Employing Patented Technologies* – A growing number of companies, including non-technology companies, make, use and sell products or services that utilize patented inventions. For example, consumer banks now offer online bill pay as a standard feature, which relies on complex technologies that may be subject to many patents.
- *Specialized Appellate Court for Patent Cases* – The United States Court of Appeals for the Federal Circuit was created in 1982 to serve as the central appellate venue for patent-related cases. We believe this centralization of patent-related appeals has resulted in a more uniform application of patent law. In addition, various federal district courts have adopted patent-specific rules of procedure to facilitate patent litigation. These factors have created a more attractive environment for patent assertions.

All of these developments have caused significant capital to flow to companies specifically formed to acquire and monetize patent assets.

### ***Emergence and Growth of NPEs***

NPEs, do not create or sell products or services, but instead exist to monetize patents through licensing and litigation. Some NPEs obtain patents through their own research and development efforts, while others accumulate patents through acquisitions. NPEs have become a major factor in the patent market and an important source of liquidity for patent owners.

Operating companies can incur significant costs to defend themselves against patent assertions by NPEs. At a minimum, companies faced with an assertion typically respond to the assertion letter and evaluate the patents being asserted. If the assertion proceeds to trial, costs grow substantially. NPEs generally do not create or sell their own products or services and therefore are not susceptible to counter assertion, a common defensive strategy in patent disputes between operating companies.

We believe that the amount of capital raised by NPEs is currently in the billions of dollars. Some of the large awards and settlements received by NPEs have resulted in extensive media coverage, contributing to a significant influx of capital into the patent market. To date we have identified in excess of 1,000 unique NPE plaintiffs that have been active since 2005. In addition, many individual inventors and universities are also using litigation to monetize patents.

### **Our Solution and Benefits to Our Clients**

We have pioneered an approach to help operating companies mitigate and manage patent risk and expense by serving as an intermediary through which they can participate more efficiently in the patent market. Operating companies that join our network pay an annual subscription fee and gain access to our patent risk management solution. The subscription fee is typically based on a fee schedule that is tied to a client's revenue or operating income and remains in place over the life of a membership, with adjustments limited to Consumer Price Index increases. By offering a fee schedule that does not change based on our patent asset acquisitions, we divorce the amount of fees charged from the value of our patent assets. We believe our pricing structure creates an alignment of interests with our clients, allowing us to be a trusted intermediary for operating companies in the patent market.

### ***Defensive Patent Aggregation***

The core of our solution is defensive patent aggregation, in which we acquire patent assets that are being or may be asserted against our current and prospective clients. We then license these assets to our clients to protect them from potential patent infringement assertions. We acquire patent assets from multiple parties, including operating companies, individual inventors, NPEs and bankruptcy trustees. We also acquire patent assets in different contexts, including when they are made available for sale or license by their owners or to resolve threatened or pending litigation against our clients or prospective clients.

We have not asserted and will not assert our patents. We have never initiated patent infringement litigation, and our clients receive guarantees that we will never assert patents against them. We consider this guarantee to be of paramount importance in establishing trust with our clients. In addition, because we have minimal risk from infringement claims, we are able to engage in more transparent discussions regarding the value of patent assets with patent owners. Our ability to engage in transparent discussions with both operating companies and patent owners allows us to act as an effective intermediary between participants in the patent market. As a result, we provide a conduit through which value can flow between market participants at lower transaction costs than is typically the case when patents are monetized through litigation or the threat of litigation.

As a part of our solution, we provide extensive patent market intelligence and data to our clients. Clients can access this market intelligence and data through our proprietary web portal and through discussions with our client relations team. This market intelligence and data helps our clients better understand past and potential patent acquisition transactions, relevant litigation activity and key participants and trends in the patent market.

### ***Benefits to Our Clients***

In general, operating companies join our network to reduce their risk of patent litigation and the expected costs associated with patent risk management. In exchange for an annual subscription fee, which in some instances has been less than the costs associated with a single patent assertion, our clients gain access to the following benefits:

- *Reduced Risk of Patent Litigation* – Clients reduce their exposure to patent litigation because we continuously assess patent assets available for sale and acquire many that are being or may be asserted against our clients or potential clients. Our clients have no litigation risk related to the patent assets that we own.
- *Cost-Effective Licenses* – Our annual subscription fee is typically based on a client's historical financial results. We believe our approach is different than the pricing strategies of traditional patent licensing businesses, which generally negotiate license fees based on the perceived relevance of their various patent portfolios to each licensee. We believe our approach to pricing also provides clients with non-exclusive license rights to our large and growing portfolio of patent assets at a lower cost than they would have paid if these patent assets were owned by other entities.
- *Reduced Patent Risk Management Costs* – Clients can reduce their ongoing patent risk management costs by supplementing their internal resources with our database of information and extensive transaction experience relating to the patent market. We actively monitor the patent market to understand the availability of patent assets for sale or license, the identity of the owners and licensors of these assets, the terms by which they may be available and the technologies to which these assets apply. We also track relevant litigation activity and identify key participants and trends in the patent market. As part of their subscription, our clients have access to this information through our proprietary web portal and through discussions with our client relations team.

## **Our Strategy**

Our mission is to transform the patent market by establishing RPX as the essential intermediary between patent owners and operating companies. Our strategy includes the following:

- *Growing Our Client Network* – We intend to grow our client network by continuing to develop relationships with companies that have experienced NPE-initiated patent litigation and continuing to demonstrate the value of our patent risk management solution.
- *Acquiring Additional Patent Assets* – We intend to continue to acquire patent assets that are being or may be asserted against current and prospective clients and to increase our role and expertise in the patent market. We believe our disciplined approach to valuing and acquiring patent assets will allow us to continue to deploy our capital in an efficient and effective manner to maximize the patent risk management benefits to our clients.
- *Focusing on Client Relations* – We intend to continue to support our client relations team to ensure we deliver the highest levels of service and support to our clients, which we expect will drive client satisfaction and assist in our efforts to build trusting relationships with and retain clients as their subscription agreements come up for renewal.
- *Developing Proprietary Technology Solutions for Our Clients* – We intend to continue to enhance our proprietary web portal to provide our clients with the most current intelligence and data on patent acquisition opportunities, relevant litigation activity and key market participants and trends that affect their patent risk exposure.
- *Offering NPE Insurance* – We offer and have written insurance policies for clients interested in additional management of their exposure to patent infringement claims brought by NPEs. We have concentrated our sales efforts on small and medium enterprises and we require that policyholders also subscribe to our core defensive patent acquisition service.
- *Providing Complementary Solutions* – We believe we can generate additional sources of revenue by offering complementary solutions that further mitigate patent risks and expenses for operating companies, including the facilitation of joint defense agreements and cross-licensing arrangements. A joint defense agreement is an agreement among multiple defendants in a lawsuit to appoint one legal counsel or group of legal counsel to represent multiple defendants. A cross-licensing arrangement is an agreement among two or more parties to license some or all of their patent portfolios to each other.
- *Enhancing Our Capabilities Through Acquisitions* – We occasionally evaluate the potential acquisition of businesses and technologies that can enhance our capabilities and our patent risk management solution.

## **Our Client Network**

We have built a network of clients that includes some of the world's most prominent technology companies, as well as many smaller and emerging companies. Our client network has grown rapidly since our inception. As of December 31, 2012, we had 140 clients.

We believe our patent risk management solution is broadly applicable to companies that design, make or sell technology-based products and services as well as to companies that use technology in their businesses. Our clients are active in a broad range of industries including consumer electronics, personal computers, e-commerce, financial services, software, media content and distribution, mobile communications and handsets, networking and semiconductors.

### ***New Client Acquisitions***

Our membership team identifies potential clients by prioritizing operating companies that have been subject to patent infringement claims initiated by NPEs. The membership team is responsible for educating potential clients on the benefits of our solution and explaining how our solution mitigates patent risk and expense. After we have communicated our business model to a prospective client, we invest considerable resources learning about the company's business, providing information about the patent market and developing a relationship of trust with the executives responsible for patent-related matters. We also proactively monitor litigation activity related to each of our clients and certain prospective clients to help us direct our patent asset acquisition and membership sales efforts. In addition, we conduct a variety of marketing efforts to establish ourselves as a leading source of information in the patent market, including industry conferences and seminars, public relations and industry research.

### ***Client Retention and Client Relations***

After a company has become a client, the maintenance of the relationship is handled by our client relations team. One of the primary responsibilities of our client relations team is to maintain frequent dialogue with senior executives of our clients so we can better understand their patent risk profiles. Our continued success and our ability to retain clients depend on our ability to demonstrate that our patent risk management solution enables clients to avoid costs that, in aggregate, exceed their subscription fees. We refer to this concept as return on investment, or ROI.

Our client relations team also provides clients with patent market intelligence, updates on our patent asset acquisitions and assessments of the ROI delivered over the term of their memberships. We provide this information through direct discussions with our clients and also share information with them through our proprietary web portal. We believe our frequent interactions allow us to optimize our patent asset acquisition decisions, which lead to a more compelling ROI for our clients, thus supporting our client retention efforts.

### ***Patent Asset Portfolio and Patent Asset Acquisition***

We acquire patent assets that are being or may be asserted against current or prospective clients. As of December 31, 2012, we had deployed over \$620 million of our capital and the capital of our clients to acquire patent assets. Of this amount, deployment of our capital totaled approximately \$400 million. Since inception, approximately two-thirds of our acquisition capital has been deployed for the purchase of patent rights and the balance deployed for the purchase of patents. Acquisitions of patent rights generally benefit only those operating companies which are clients at the time of the acquisition, whereas acquisitions of patents benefit both current and future clients. As of December 31, 2012, approximately 25% of our patent assets, based upon acquisition price, had been acquired from brokers or other entities seeking to sell patent assets, while the balance was acquired out of litigation. The Company's patent asset acquisition efforts have been broadly diversified across the following market sectors: consumer electronics, personal computers, e-commerce, financial services, software, media content and distribution, mobile communications and handsets, networking and semiconductors.

The substantial majority of our 120 acquisitions through December 31, 2012 involved patent assets that we believed were relevant to multiple clients and/or prospective clients and were funded with our own capital resources. We occasionally identify patent assets that cost more than we are prepared to spend of our own capital resources or that may be relevant only to a very small number of clients. In these circumstances, we may structure and coordinate a transaction in which certain of our clients contribute funds that are in addition to their subscription fees in order to acquire those patent assets. These structured acquisitions may secure rights just for those clients who elect to participate in the transaction or, if we contribute capital, may secure rights for all of our clients.

We apply a disciplined and proprietary methodology to valuing patents that is based primarily on our judgment regarding the costs our clients might incur from potential assertions of those patents if we were not to acquire them. A number of factors are involved in our valuation methodology, including the degree to which patent claims may describe technologies incorporated in clients' products or services, the revenues our clients generate from products or services potentially affected by the patents, the extent to which the patents would be attractive to NPEs, and the legal quality of the patents and their likely validity. As part of our approach, we also consider the degree to which we have already acquired patent assets that were being or may be asserted against each of our clients.

Because each acquisition of a patent asset may create value for more than one client, we believe our acquisitions of patent assets create a network effect: expanding our portfolio of patent assets results in greater patent risk mitigation for our clients, which we believe leads to greater opportunities to retain and grow our membership base.

Our patent analysts, members of our acquisitions team and our acquisitions committee employ a rigorous and disciplined approach to evaluate acquisition opportunities. When considering the acquisition of patent assets outside the context of an assertion or litigation, the key steps in this process include:

- *Initial Screen* – A patent analyst reviews the basic patent information to form a general assessment of the portfolio's alignment with current and prospective client interests.

Our clients generally receive a term license to, and a release from, all prior damages associated with patent assets in our portfolio. The term license to each patent asset converts to a perpetual license at the end of a contractually specified vesting period provided that the client is a member at such time. We do not view the conversion from a term license to perpetual license to be a separate deliverable in our arrangements with our clients because the utility of, access to and freedom to practice the inventions covered by the patent asset are no different between a term and perpetual license. We do not view providing longer term access to the patent asset as a new deliverable separate from the term license.

In some instances, we accept a payment from a client to finance part or all of the acquisition of patent assets. We refer to such transactions as structured acquisitions. We refer to a structured acquisition where we accept payment from several clients as a syndicated acquisition. The accounting for structured acquisitions is complex and requires significant judgment on the part of our management. In structured acquisitions that result in the purchase of a patent license by a client, we may recognize revenue on a gross basis related to such purchase. In circumstances where we substantively act as an agent to acquire patent assets from a seller on behalf of clients who are paying for such assets separately from their subscription agreements, we may treat the client payments on a net basis. When treated on a net basis, there is no revenue recognized and the basis of the acquired patent assets excludes the amounts paid by the contributing clients based on our determination that we are not the principal in these transactions. In these situations, where we substantively act as an agent, the contributing clients are typically defendants in an active or threatened patent infringement litigation filed by the owner of a patent. Our involvement is to assist our clients to secure a dismissal from litigation and a license to the underlying patents.

Key indicators evaluated to reach the determination that we are not the principal in the transaction include, among others:

- the seller is generally viewed as the primary obligor in the arrangement, given that it owns and controls the underlying patent(s) and thus has the absolute authority to grant and deliver any release from past damages and dismissal from litigation, as well the general terms of the license granted;
- we have no inventory risk as the clients generally enter into their contractual obligations with us prior to or contemporaneous with our entry into a contractual obligation with the seller;
- we generally have limited pricing latitude as client contributions are based on the sales price set by the seller;
- we are not involved in the determination of the product or service specification and have no ability to change the product or perform any part of the service in connection with these transactions, as the seller owns the underlying patent(s); and
- we have limited or no credit risk or substantially mitigated credit risk, as each respective client has a contractually binding obligation to make a contribution, such clients are generally of high credit quality and in many instances we collect the client contribution prior to making a payment to the seller.

In certain structured transactions, we may recognize revenue upon the sale of licenses to specific patent assets and/or upon completion of the rendering of advisory services.

#### ***Amortization of Patent Assets***

We capitalize the fair value of acquired patent assets as intangible assets. Because each client generally receives a license to the vast majority of our patent assets, we are unable to reliably determine the pattern over which our patent assets are consumed. As a result, we amortize each patent asset on a straight-line basis. The amortization period is equal to the asset's estimated economic useful life. We estimate the economic useful life based upon the period of time over which we expect these assets to contribute directly or indirectly to our future cash flows, generally from 24 months to 60 months. We take into account various factors in making estimates regarding the useful life of our patent assets, including the remaining statutory life of the underlying patent, the applicability of the assets to future clients, the vesting period for current clients to obtain perpetual licenses to such patent assets, any contractual commitments by clients that are related to such patent assets, our estimate of the period of time during which we may sign subscription agreements with prospective clients that may find relevance in the patent assets, the vesting period for which such prospective clients earn the right to a perpetual license in the asset and the remaining contractual term of our existing clients at the time of acquisition. The assessment of many of these factors requires significant management judgment, and changes to these judgments could affect the amortization period of our patent assets and our results of operations. In certain instances, where we acquire patent assets and secure related committed cash flows from clients that extend beyond the statutory life of the underlying patents, the useful life for the additional patent rights may extend beyond the statutory life of the patents. We periodically evaluate our estimates to assess any adjustments that may be required to the remaining useful life of our patent assets.

#### ***Accounting for Stock-Based Awards***

We account for stock-based compensation under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 718, *Compensation-Stock Compensation* ("ASC 718"). ASC 718 requires that compensation expense for all equity-settled awards made to employees and directors be measured and recognized based on estimated grant date fair values. Our

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The following table summarizes the estimated fair values of the components of identifiable intangible assets acquired and liabilities assumed as of the date of acquisition (in thousands):

Patent assets	\$ 27,850
Proprietary data and models	1,500
Trademark	1,000
Covenant not to compete	400
Deferred tax asset	8,373
Deferred tax liability	(8,143)
Goodwill	14,785
Net assets acquired	<u>\$ 45,765</u>

The fair values assigned to identifiable intangible assets acquired and liabilities assumed are based on management's estimates and assumptions. The excess of purchase consideration over the fair value of identifiable intangible assets acquired and liabilities assumed was recorded as goodwill. Patent assets represent the ownership or rights to more than 500 U.S. (and more than 50 non-U.S.) patents that were held by Digtitude, certain sub-license rights to patents licensed exclusively by Preservation and a covenant not to sue entered into with Robert Kramer. The patent assets have an estimated weighted-average life of 55 months. The portfolios acquired cover a broad range of technologies including mobile handsets, TVs, cameras, PCs, media players, content delivery, video-on-demand, internet streaming, and enterprise networks and have increased the Company's total portfolio of patent assets by more than 30%. Proprietary data and models primarily consist of specialized data and processes related to patent analysis and valuation methodologies. These assets have an estimated weighted-average useful life of 48 months. Trademark represents the value of the Altitude Capital trademark with an estimated useful life of 48 months. The covenant not to compete represents certain restrictive covenants pursuant to which Robert Kramer has agreed to refrain from competing against any of the Company's lines of business for a period of 21 months. Goodwill recorded as a result of this acquisition is primarily related to enhancing the Company's position as a market leader capable of executing highly complex structured acquisitions. The value of goodwill is deductible for tax purposes.

Under ASC 805-10, acquisition-related costs are not included as a component of consideration transferred but are required to be expensed as incurred. Acquisition-related costs were \$0.6 million for the year ended December 31, 2012 and are included in selling, general and administrative expenses. Pro forma results of operations reflecting the acquisition have not been presented because the effect of the acquisition is not material to the Company's results of operations.

**10. Goodwill**

The changes in the carrying amounts of goodwill were as follows (in thousands):

	2012	2011
Balance as of January 1,	\$ 1,675	\$ —
Goodwill from acquisitions	14,785	1,675
Balance as of December 31,	<u>\$ 16,460</u>	<u>\$ 1,675</u>

**11. Intangible Assets, Net**

Intangible assets, net, as of December 31, 2012 and 2011 consisted of the following (in thousands):

	December 31, 2012			December 31, 2011		
	Carrying Amount	Accumulated Amortization	Net Carrying Amount	Carrying Amount	Accumulated Amortization	Net Carrying Amount
Trademarks	\$ 1,890	\$ (637)	\$ 1,253	\$ 890	\$ (165)	\$ 725
Proprietary data and models	1,500	(264)	1,236	—	—	—
Developed technology	728	(380)	348	665	(128)	537
Covenant not to compete	480	(222)	258	80	(22)	58
Customer relationships	250	(132)	118	250	(49)	201
Other intangible assets	1,450	(1,450)	—	1,450	(1,229)	221
Intangible assets in-progress	13	—	13	95	—	95
	<u>\$ 6,311</u>	<u>\$ (3,085)</u>	<u>\$ 3,226</u>	<u>\$ 3,430</u>	<u>\$ (1,593)</u>	<u>\$ 1,837</u>

# **Exhibit 9**

## **Excerpted**

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UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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RPX CORPORATION  
Petitioner

v.

VIRNETX INC.  
Patent Owner

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Case IPR2014-00171  
Patent 6,502,135

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**Patent Owner's Preliminary Response  
to Petition for *Inter Partes* Review  
of U.S. Patent No. 6,502,135**

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**1. There Is a Long-Standing Relationship Between RPX and Apple**

**a) RPX and Apple Worked Jointly to Challenge VirnetX Patents**

RPX is a defensive patent services provider that, by its own admission, “serves as an extension of a client’s in-house legal team,” acts as a “trusted intermediary” for its clients, and “selectively clear[s its] clients” from litigation. (Exs. 2006, 2007 at 3, 2008.) To fund these services, RPX receives yearly subscription fees from clients like Apple. (Ex. 2007 at 9.)

In 2010, and intermittently through late 2013, RPX and Apple discussed creating an Apple-funded program to challenge specific patents through post-grant proceedings at the U.S. Patent and Trademark Office (“USPTO”), but no program was created during those three years. (Ex. 2043 at 15.) Following a series of setbacks against VirnetX, however, Apple reversed course.

After a district court ordered Apple to pay VirnetX approximately \$368M in damages, (Ex. 2009), Apple filed a series of IPR petitions against VirnetX’s patents. (See, e.g., *Apple Inc. v. VirnetX Inc.*, IPR2013-00348, Paper No. 1 (June 12, 2013).) But in an August 5, 2013, Board call, it became clear that Apple’s IPR petitions would likely be found time-barred under 35 U.S.C. § 315(b), and the

discussion turned to whether Apple could properly seek joinder with a series of IPR petitions filed by New Bay Capital. (Ex. 2036 at 3-5.) Seeing its chance to challenge VirnetX's patents in *inter partes* review slipping away, Apple immediately contacted RPX to discuss setting up a means for RPX to challenge VirnetX's patents. (Ex. 2043 at 15 (discussing VirnetX and "challeng[ing] patents of questionable quality" on Aug. 8, 2013); *see also* Exs. 2046-2048.)

In response to Apple's inquiries regarding VirnetX, RPX proposed that Apple join a "Premium Services" plan in which RPX would, among other things, initiate a "proactive IPR program" in exchange for an increase in Apple's yearly membership fees. (Ex. 2049 at 11-13.) Apple and RPX discussed the plan and Apple agreed to a one-time payment of \$500,000 with the express purpose of targeting so-called "questionable" patents through the filing of IPRs. (Ex. 2051.) The VirnetX patents were identified as part of RPX's "Premium Services" presentation. (Ex. 2049 at 16.)

On October 18, New Bay informed the Board of its intent to terminate its IPR proceedings, ending Apple's hopes of joining New Bay's petitions and setting off a flurry of activity by Apple and RPX. (Ex. 2037; Exs. 2039-42.) That same day, Apple contacted RPX to finalize their agreement. (Ex. 2050 (emailing RPX to set up a call); Ex. 2051 (emailing RPX a revised agreement).) Apple also gave RPX consent to use its attorneys at Sidley Austin for challenging VirnetX's

patents. (Ex. 2045 at 5.) And within days, Apple, through its attorneys at Sidley Austin, formally objected to terminating New Bay’s IPR petitions. (Ex. 2038.)

RPX, in turn, on October 21, retained Apple’s same team of Sidley Austin attorneys who filed Apple’s IPR petitions. (Ex. 2045.) The next day, Apple and RPX signed an “Addendum Agreement” allowing RPX to file IPR petitions on behalf of Apple in exchange for an initial contribution of \$500,000 to finance the petitions. (Ex. 2054; Ex. 2055; Ex. 2056; Ex. 1073 at 1-2.) Within a month, RPX—represented by Apple’s counsel at Sidley Austin (Ex. 1074 at 13:12-18:11, Ex. 2001 at 71:11-22)—filed this Petition and six others, raising grounds “substantially identical” or “substantially similar” to those raised by Apple.<sup>1</sup> (*See e.g.*, Pet. at 6; Ex. 2001 at 53:12-54:3.) Apple also gave RPX access to its expert. (*See* Ex. 2043 at 14.)

**b) RPX and Apple Have Tried to Hide Apple’s Involvement**

Despite the undisputed relationship between Apple and RPX and Apple’s involvement with the Petition, Apple and RPX have attempted to give the impression throughout this proceeding that they are unconnected entities and that

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<sup>1</sup> While the petitions are similar, there are differences as well. For instance, RPX’s petitions respond to certain arguments made by VirnetX in its preliminary responses in the earlier Apple cases.

Apple is not an RPI or a privy of RPX. For instance, neither party disclosed RPX's relationship with Apple's counsel—even when asked directly by the Board whether Apple's counsel aided RPX in preparing its petitions. (Ex. 2001 at 69:6-71:4.) RPX and Apple only admitted that they shared counsel after VirnetX disclosed the existence of metadata within RPX's petitions revealing Sidley Austin's involvement. (Ex. 2001 at 71:11-22.) Even then, RPX and Apple limited their disclosure to select facts. (Ex. 1074 at 6:13-9:13.)

Similarly, in opposing VirnetX's motion for additional discovery, Apple and RPX continued to assert that there were no communications between Apple and RPX regarding the RPX petitions. (*See, e.g.*, Paper No. 24 at 2.) The facts discussed above, however, show otherwise. (*See, e.g.*, Ex. 2043 at 14.) Likewise, just three days ago, Apple represented to the Board that no pre-filing communications exist between Sidley Austin and Apple regarding the RPX IPRs. (Ex. 2057 at 27:6-28:8; 29:19-30:8.) But Apple's communication regarding consent for RPX to use Sidley Austin in the IPRs calls into question this representation. (Ex. 2045 at 5.)

Apple and RPX also rely on the Addendum Agreement they carefully crafted to assert that they did not have any pre-filing communications and Apple is not an RPI or privy of RPX. They point to the provision in the agreement stating that “[i]n no event will RPX disclose to Member [Apple] any nonpublic

information regarding any planned or filed petitions or proceedings before the USPTO pursuant to Section 1.” (Ex. 1073 at 2.) But the facts show that RPX did disclose to Apple nonpublic information regarding its planned petitions (e.g., that RPX was retaining Apple’s expert “to support the RPX IPR petitions”), thus not adhering to the terms of the Addendum Agreement. (Ex. 2043 at 14.)

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## **2. The Petition Fails to Name a Real Party-in-Interest**

35 U.S.C. § 312(a)(2) states that “[a] petition filed under section 311 may be considered only if . . . the petition identifies all real parties in interest.” 35 U.S.C. § 312(a)(2). Because this Petition fails to do so, it must be denied.

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UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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RPX CORPORATION  
Petitioner

v.

VIRNETX INC.  
Patent Owner

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Case IPR2014-00172  
Patent 6,502,135

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**Patent Owner's Preliminary Response  
to Petition for *Inter Partes* Review  
of U.S. Patent No. 6,502,135**

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V. Conclusion .....60

**1. There Is a Long-Standing Relationship Between RPX and Apple**

**a) RPX and Apple Worked Jointly to Challenge VirnetX Patents**

RPX is a defensive patent services provider that, by its own admission, “serves as an extension of a client’s in-house legal team,” acts as a “trusted intermediary” for its clients, and “selectively clear[s its] clients” from litigation. (Exs. 2006, 2007 at 3, 2008.) To fund these services, RPX receives yearly subscription fees from clients like Apple. (Ex. 2007 at 9.)

In 2010, and intermittently through late 2013, RPX and Apple discussed creating an Apple-funded program to challenge specific patents through post-grant proceedings at the U.S. Patent and Trademark Office (“USPTO”), but no program was created during those three years. (Ex. 2043 at 15.) Following a series of setbacks against VirnetX, however, Apple reversed course.

After a district court ordered Apple to pay VirnetX approximately \$368M in damages, (Ex. 2009), Apple filed a series of IPR petitions against VirnetX’s patents. (*See, e.g., Apple Inc. v. VirnetX Inc.*, IPR2013-00348, Paper No. 1 (June 12, 2013).) But in an August 5, 2013, Board call, it became clear that Apple’s IPR petitions would likely be found time-barred under 35 U.S.C. § 315(b), and the

discussion turned to whether Apple could properly seek joinder with a series of IPR petitions filed by New Bay Capital. (Ex. 2036 at 3-5.) Seeing its chance to challenge VirnetX's patents in *inter partes* review slipping away, Apple immediately contacted RPX to discuss setting up a means for RPX to challenge VirnetX's patents. (Ex. 2043 at 15 (discussing VirnetX and "challeng[ing] patents of questionable quality" on Aug. 8, 2013); *see also* Exs. 2046-2048.)

In response to Apple's inquiries regarding VirnetX, RPX proposed that Apple join a "Premium Services" plan in which RPX would, among other things, initiate a "proactive IPR program" in exchange for an increase in Apple's yearly membership fees. (Ex. 2049 at 11-13.) Apple and RPX discussed the plan and Apple agreed to a one-time payment of \$500,000 with the express purpose of targeting so-called "questionable" patents through the filing of IPRs. (Ex. 2051.) The VirnetX patents were identified as part of RPX's "Premium Services" presentation. (Ex. 2049 at 16.)

On October 18, New Bay informed the Board of its intent to terminate its IPR proceedings, ending Apple's hopes of joining New Bay's petitions and setting off a flurry of activity by Apple and RPX. (Ex. 2037; Exs. 2039-42.) That same day, Apple contacted RPX to finalize their agreement. (Ex. 2050 (emailing RPX to set up a call); Ex. 2051 (emailing RPX a revised agreement).) Apple also gave RPX consent to use its attorneys at Sidley Austin for challenging VirnetX's

patents. (Ex. 2045 at 5.) And within days, Apple, through its attorneys at Sidley Austin, formally objected to terminating New Bay’s IPR petitions. (Ex. 2038.)

RPX, in turn, on October 21, retained Apple’s same team of Sidley Austin attorneys who filed Apple’s IPR petitions. (Ex. 2045.) The next day, Apple and RPX signed an “Addendum Agreement” allowing RPX to file IPR petitions on behalf of Apple in exchange for an initial contribution of \$500,000 to finance the petitions. (Ex. 2054; Ex. 2055; Ex. 2056; Ex. 1073 at 1-2.) Within a month, RPX—represented by Apple’s counsel at Sidley Austin (Ex. 1074 at 13:12-18:11, Ex. 2001 at 71:11-22)—filed this Petition and six others, raising grounds “substantially identical” or “substantially similar” to those raised by Apple.<sup>1</sup> (*See e.g.*, Pet. at 6; Ex. 2001 at 53:12-54:3.) Apple also gave RPX access to its expert. (*See* Ex. 2043 at 14.)

**b) RPX and Apple Have Tried to Hide Apple’s Involvement**

Despite the undisputed relationship between Apple and RPX and Apple’s involvement with the Petition, Apple and RPX have attempted to give the impression throughout this proceeding that they are unconnected entities and that

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<sup>1</sup> While the petitions are similar, there are differences as well. For instance, RPX’s petitions respond to certain arguments made by VirnetX in its preliminary responses in the earlier Apple cases.

Apple is not an RPI or a privy of RPX. For instance, neither party disclosed RPX's relationship with Apple's counsel—even when asked directly by the Board whether Apple's counsel aided RPX in preparing its petitions. (Ex. 2001 at 69:6-71:4.) RPX and Apple only admitted that they shared counsel after VirnetX disclosed the existence of metadata within RPX's petitions revealing Sidley Austin's involvement. (Ex. 2001 at 71:11-22.) Even then, RPX and Apple limited their disclosure to select facts. (Ex. 1074 at 6:13-9:13.)

Similarly, in opposing VirnetX's motion for additional discovery, Apple and RPX continued to assert that there were no communications between Apple and RPX regarding the RPX petitions. (*See, e.g.*, Paper No. 22 at 2.) The facts discussed above, however, show otherwise. (*See, e.g.*, Ex. 2043 at 14.) Likewise, just three days ago, Apple represented to the Board that no pre-filing communications exist between Sidley Austin and Apple regarding the RPX IPRs. (Ex. 2057 at 27:6-28:8; 29:19-30:8.) But Apple's communication regarding consent for RPX to use Sidley Austin in the IPRs calls into question this representation. (Ex. 2045 at 5.)

Apple and RPX also rely on the Addendum Agreement they carefully crafted to assert that they did not have any pre-filing communications and Apple is not an RPI or privy of RPX. They point to the provision in the agreement stating that “[i]n no event will RPX disclose to Member [Apple] any nonpublic



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Apple and RPX continue to provide only select information regarding communications between them. (*See, e.g.*, Ex. 2043 at 15-17; Ex. 2058.) Nevertheless, as discussed below, the facts still reveal that Apple is an unnamed RPI and a time-barred privy of RPX.

## **2. The Petition Fails to Name a Real Party-in-Interest**

35 U.S.C. § 312(a)(2) states that “[a] petition filed under section 311 may be considered only if . . . the petition identifies all real parties in interest.” 35 U.S.C. § 312(a)(2). Because this Petition fails to do so, it must be denied.

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**'Gzegt r vgf ''**

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UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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RPX CORPORATION  
Petitioner

v.

VIRNETX INC.  
Patent Owner

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Case IPR2014-00173  
Patent 7,490,151

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**Patent Owner's Preliminary Response  
to Petition for *Inter Partes* Review  
of U.S. Patent No. 7,490,151**

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**1. There Is a Long-Standing Relationship Between RPX and Apple**

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# **Exhibit 12**

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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RPX CORPORATION  
Petitioner

v.

VIRNETX INC.  
Patent Owner

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Case IPR2014-00171 (Patent 6,502,135)  
Case IPR2014-00172 (Patent 6,502,135)  
Case IPR2014-00173 (Patent 7,490,151)  
Case IPR2014-00174 (Patent 7,921,211)  
Case IPR2014-00175 (Patent 7,921,211)  
Case IPR2014-00176 (Patent 7,418,504)  
Case IPR2014-00177 (Patent 7,418,504)

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Before MICHAEL P. TIERNEY, KARL D. EASTHOM, and STEPHEN C. SIU, *Administrative Patent Judges*.

EASTHOM, *Administrative Patent Judge*

DECISION<sup>1</sup>  
Denial of *Inter Partes* Review  
*37 C.F.R. § 42.108*

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<sup>1</sup>The Board exercises discretion to issue one identical Decision in each case using this caption style. Unless otherwise authorized, the parties are not permitted to use this style.

IPR2014-00171 (Patent 6,502,135); IPR2014-00172 (Patent 6,502,135);  
 IPR2014-00173 (Patent 7,490,151); IPR2014-00174 (Patent 7,921,211);  
 IPR2014-00175 (Patent 7,921,211); IPR2014-00176 (Patent 7,418,504);  
 IPR2014-00177 (Patent 7,418,504)

## I. INTRODUCTION<sup>2</sup>

Petitioner, RPX Corporation (“RPX”), filed Petitions in the above-listed cases. Patent Owner, Virnetx Inc. (“Virnetx”), submitted Preliminary Responses. Because the dispositive issues are similar, we treat IPR2014-00171 (“the ’171 proceeding”) as representative of the seven proceedings, which involve four Virnetx patents: U.S. Patent No. 6,502,135; U.S. Patent No. 7,490,151; U.S. Patent No. 7,921,211; and U.S. Patent No. 7,418,504 (“the Virnetx Patents”).

The seven proceedings involving the Virnetx Patents, challenged under 35 U.S.C. §§ 311–319, are summarized in the following table:

Proceeding	Claims	Virnetx Patents
IPR2014-00171	1–10, 12–15, and 18	6,502,135
IPR2014-00172	1–10, 12–15, and 18	6,502,135
IPR2014-00173	1–16	7,490,151
IPR2014-00174	1, 2, 5, 6, 8, 14, 17, 19, 20, 23, 27–30, 33, 34, 36, 47, 51, and 60	7,921,211
IPR2014-00175	1, 3, 15–18, 20–26, 31, 32, 35, 36, 37, 47, 51, and 60	7,921,211
IPR2014-00176	1, 2, 5, 6, 8, 14, 16, 17, 19, 20, 21, 23, 27–30, 33, 34, 36, 47, 51, and 60	7,418,504
IPR2014-00177	1, 2, 3, 5, 15–18, 20–27, 31, 32, 35, 36, 47, 51, and 60	7,418,504

As the table reflects, in the ’171 proceeding, RPX filed a Petition requesting *inter partes* review of claims 1–10, 12–15, and 18 of U.S. Patent

<sup>2</sup>

After receiving the Decision, the parties jointly may request a redacted version of the Decision. After consideration of the joint request, or, if no request is filed, the Board will issue a subsequent public Decision.

IPR2014-00171 (Patent 6,502,135); IPR2014-00172 (Patent 6,502,135); IPR2014-00173 (Patent 7,490,151); IPR2014-00174 (Patent 7,921,211); IPR2014-00175 (Patent 7,921,211); IPR2014-00176 (Patent 7,418,504); IPR2014-00177 (Patent 7,418,504)

No. 6,502,135 (“the ’135 Patent”). *See* Paper 1 (“Pet.”).<sup>3</sup> Virnetx submitted a Preliminary Response under 37 C.F.R. § 42.107(b). Paper 35 (“Prelim. Resp.”).

We have jurisdiction under 35 U.S.C. § 314. We determine that Apple Inc. (“Apple”) is a real-party-in interest.<sup>4</sup> We deny the Petitions because the Petitions are time-barred. Contrary to the requirements of 35 U.S.C. § 315(b), the Petitions were “filed more than 1 year after the date on which the . . . real party in interest[, Apple,] . . . [wa]s served with a complaint alleging infringement of the patent.” Therefore, according to 35 U.S.C. § 315(b), “[a]n inter partes review may not be instituted.”

For an analysis of the time bar issue pursuant to 35 U.S.C. § 315(b), we refer to, and incorporate by reference, the Board’s previous decisions holding that earlier petitions filed by Apple, a real party-in-interest in those proceedings challenging the Virnetx Patents, were time-barred.<sup>5</sup> As Apple is a real party-in-interest in the instant proceedings, the Petitions are time-

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<sup>5</sup> *See Apple Inc. v. Virnetx, Inc.*, IPR2013-00348 (PTAB Dec. 13, 2014) (denying *Inter Partes* Review of U.S. Patent No. 6,502,135), *reh’g denied*, (PTAB Feb. 12, 2014); IPR2013-00349 (same, Patent 7,490,151); IPR2013-00354 (same, Patent 7,490,151); IPR2013-00393 (same, Patent 7,418,504); IPR2013-00394 (same, Patent 7,418,504); IPR2013-00397 (same, Patent 7,921,211); IPR2013-00398 (same, Patent 7,921,211). In the latter four cases, the decisions were entered on December 18, 2013, although the rehearing decisions were entered on the same date in all the cases, February 12, 2014.

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barred for the same reasons as previously held. *See* Prelim. Resp. 3–4 (discussing time-bar).

## II. BACKGROUND

At issue here is whether RPX, notwithstanding its relationship with its client Apple, may obtain *inter partes* review of the Virnetx Patents. Virnetx asserts, and RPX does not dispute, that RPX filed *inter partes* review (“IPR”) requests against the Virnetx Patents pursuant to a newly created program in which Apple, as RPX’s client, in October 2013, paid RPX a sum of \$500,000, among other things, to file IPR reviews. *See* Prelim. Resp. 3–4; Ex. 2049 (Premium Services Overview); Ex. 2055 (signed “Addendum” agreement between Apple and RPX, Oct. 22, 2013).

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Office.” Ex. 2043, 15. According to RPX, the following “Topic” of discussion between Apple and RPX occurred on August 8, 2013:

Apple informed RPX that Apple had been approached by New Bay Capital (“NBC”) and that NBC had asked Apple to compensate NBC for NBC to continue pursuing its IPRs [now terminated] against VirnetX. Apple informed RPX that it was not interested in NBC’s offer. Apple inquired [of RPX] about the status of the previously-socialized RPX program to perform prior art searches and challenge patents of questionable quality.

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Apple and RPX executed the Addendum agreement on October 22, 2013. *Id.* at 3. On the same day, Apple expressed a concern that RPX “would not use all of the funds that Apple contributed to the program focused on patent quality.” Ex. 2043, 16. One day prior, RPX obtained



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Apple’s consent to hire Apple’s law firm, which had prepared the above-discussed time-barred petitions on behalf of Apple. *See* Paper 38, 4–5 (citing Ex. 2045 at 5, retainer agreement); Prelim. Resp. 6–7 (discussing the sharing of counsel); Ex. 2057, 27:6–28:18–21 (transcript of Board conference call).

Less than one month later, RPX served the instant Petitions on Virnetx challenging the Virnetx Patents. According to RPX, in the ’171 proceeding, “[t]he grounds of Petitioner’s challenge are substantially identical to the grounds advanced by [Apple or New Bay] in IPR2013-00348, IPR2013-00349, and IPR2013-00375”—the former two proceedings involve Apple’s time-barred petitions. *See* Pet. 6.<sup>6</sup>

### III. ANALYSIS

The Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,759–60 (Aug. 14, 2012) (“TPG”) cites *Taylor v. Sturgell*, 553 U.S. 880 (2008), as informing real party-in-interest determinations. *Taylor*, 553 U.S. at 893–895, lists six categories that create an exception to the common law rule that normally forbids nonparty preclusion in litigation. *Id.* Under a category relevant here, “a party bound by a judgment may not avoid its preclusive force by relitigating through a proxy.” *Id.* at 895. *Taylor* refers to a proxy as a “representative or agent of a party who is bound by the prior adjudication.” *Id.* at 905. For further guidance, the TPG also cites *In re*

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<sup>6</sup> According to RPX, the ’171 Petition is “substantially identical” to the petition in IPR2013-00349, the petition filed by Apple with respect to one prior art reference. For example, the ’171 Petition (Paper 1, ii) and the petition in IPR2013-00349 (paper 1, ii) each assert that Aventail anticipates claims 1-10, 12-15, and 18 of the ’135 Patent.

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*Guan*, Reexamination Control No. 95/001,045 (Aug. 25, 2008)(Decision Vacating Filing Date). TPG at 48,761. Apple is bound by the prior time-barred district court adjudications. Thus, because RPX is Apple’s proxy, the RPX Petition is also time-barred.

In *Guan*, a “Troll Busters” website invited prospective patent challengers to “[p]ick any five Affymetrix or Symyx U.S. patents and Troll Busters will invalidate a sixth for free.” *Guan* at 2. The Office held that

[a]n entity named as the sole real party in interest *may not receive a suggestion from another party that a particular patent should be the subject* of a request for inter partes reexamination and be compensated by that party for the filing of the request for inter partes reexamination of that patent without naming the party [as a real party-in-interest] *who suggested and compensated the entity for the filing of a request for inter partes reexamination of the patent.*

*Id.* at 7–8 (emphasis added). Based on the failure to list such a real party-in-interest, the Office vacated the filing date of the reexamination request. *Id.* at 9.

Like the unnamed real party-in-interest in *Guan*, Apple at least *suggested* that RPX file challenges to the specific Virnetx Patents by compensating RPX to perform certain generic services that included filing IPR challenges to “patents of questionable quality.” Ex. 2043, 15; Ex. 2055, 2. The record shows that Apple and RPX considered the Virnetx Patents to be patents of questionable quality. *See* Ex. 2043, 15; Background section, above. Further, RPX does not dispute that Apple and RPX discussed “VirnetX and the filing of IPRs with RPX,” or that RPX and Apple shared counsel and Apple’s expert. Paper 46, 7.

IPR2014-00171 (Patent 6,502,135); IPR2014-00172 (Patent 6,502,135);  
IPR2014-00173 (Patent 7,490,151); IPR2014-00174 (Patent 7,921,211);  
IPR2014-00175 (Patent 7,921,211); IPR2014-00176 (Patent 7,418,504);  
IPR2014-00177 (Patent 7,418,504)

Other important factors also support the conclusion that Apple is a real party-in-interest. For example, as Virnetx contends, *General Foods Corp. v. Massachusetts Department of Public Health*, 648 F.2d 784, 788 (1st Cir. 1981), instructs that “a member of a trade association who finances an action which it brings on behalf of its members impliedly authorizes the trade association to represent him in that action.” Paper 38, 5. Several factors support a finding that Apple implicitly authorized RPX to represent Apple in the instant proceedings: Apple’s \$500,000 payment to RPX; the discussions and signed agreement between Apple and RPX regarding the filing of IPRs on patents of questionable quality; Apple and RPX’s “August 8<sup>th</sup> discussion” about New Bay’s request for funding to continue its IPR challenges against the Virnetx Patents combined with Apple’s interest in funding a program to challenge patents of questionable quality; and Apple’s demonstrated interest in challenging the Virnetx Patents.

These factors are analogous to those that supported a finding of real-party-in-interest in *General Foods*, including payments by association members to instigate litigation, implicit authorization for the trade association to represent the paying member, and “challenged regulations [that] did not affect the trade association itself but only its members.” *See* 648 F.2d at 787–788; *see also Expert Electric, Inc. v. Levine*, 554 F.2d 1227, 1233 (2nd Cir. 1977) (trade association’s interests “were the collective interests of the individual participants”). By further analogy, Apple was the single, interested “member” of the Fund, unlike the numerous interested trade association members in *General Foods*. [REDACTED]

IPR2014-00171 (Patent 6,502,135); IPR2014-00172 (Patent 6,502,135);  
IPR2014-00173 (Patent 7,490,151); IPR2014-00174 (Patent 7,921,211);  
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██

RPX argues a distinction over *General Foods*, wherein the trade association asserted standing based on its independent members. Here, RPX asserts independent standing through § 311(a), which confers standing on any entity that is not the patent owner. Paper 46, 4. In *General Foods*, however, standing was only one of several factors identified by the court that helped to show that the members implicitly authorized the suit by the association. *See* 648 F.2d at 787–788. We hold that, based on the record presented, the interactions between RPX and Apple show an implicit authorization to challenge the Virnetx Patents, even in the absence of the standing factor that contributed to the outcome in *General Foods*.

Apple’s interests include potentially avoiding payment of the damages awarded for infringement of the Virnetx Patents in the district court judgment. *See* Prelim. Resp. 3–4; Ex. 2009. On this record, RPX is, at most, a “nominal plaintiff” with “no substantial interest” in these IPR challenges apart from those of its client, Apple, further supporting the finding that RPX is a proxy of Apple, according to the following case cited by *Taylor*.

[W]e held [in a previous case] that the United States was bound by an estoppel which might have been invoked against the real party in interest if the suit had been brought in his name, *because it appeared that the United States had no substantial interest in the controversy, and was merely a nominal plaintiff.* *United States v. Des Moines Valley R. Co.*, 84 F. 40, 44–45 (8th Cir. 1897) (emphasis added), *cited* in *Taylor*, 553 U.S. at 900 (in the context of a

IPR2014-00171 (Patent 6,502,135); IPR2014-00172 (Patent 6,502,135);  
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proxy); *see also Chicago R.I. & P. Ry. Co. v. Schendel*, 270 U.S. 611, 620 (1926) (“Identity of parties is not a mere matter of form, but of substance. Parties nominally the same may be, in legal effect, different; and parties nominally different may be, in legal effect, the same.”)

Our determination that RPX is acting as a proxy, which bars the institution of the proceeding, is also consistent with the express legislative intent concerning the need for quiet title. *See* 157 Cong. Rec. S1034, S1041 (Mar. 1, 2011) (Sen. Kyl) (stating “the present bill does coordinate inter partes . . . review with litigation . . . setting a time limit for seeking . . . review if the petitioner . . . is sued for infringement of the patent”). Congress “recognizes the importance of quiet title to patent owners to ensure continued investment resources.” H.R. Rept. No 112-98, at 48 (2011) (Judiciary Committee Report on H.R. 1249, June 1, 2011). Changes to the statutory structure “are not to be used as tools for harassment or a means to prevent market entry through repeated litigation and administrative attacks . . . Doing so would frustrate the purpose of the section as providing quick and cost effective alternatives to litigation.” *Id.* “It would divert resources from the research and development of inventions.” *Id.*

#### IV. CONCLUSION

Based on the foregoing discussion, Apple is an unlisted real party-in interest in the Petitions, which are time-barred under 35 U.S.C. § 315 (b). Accordingly, the following Petitions hereby are denied: IPR2014-00171 (Patent 6,502,135); IPR2014-00172 (Patent 6,502,135); IPR2014-00173 (Patent 7,490,151); IPR2014-00174 (Patent 7,921,211); IPR2014-00175

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IPR2014-00177 (Patent 7,418,504)

(Patent 7,921,211); IPR2014-00176 (Patent 7,418,504); and IPR2014-00177  
(Patent 7,418,504).

#### V. ORDER

It is hereby ORDERED that the Petitions filed in IPR2014-00171,  
IPR2014-00172, IPR2014-00173, IPR2014-00174, IPR2014-00175,  
IPR2014-00176, and IPR2014-00177, are *denied*.

IPR2014-00171 (Patent 6,502,135); IPR2014-00172 (Patent 6,502,135);  
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# **Exhibit 13**



UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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RPX CORPORATION  
Petitioner

v.

VIRNETX INC.  
Patent Owner

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Case IPR2014-00171 (Patent 6,502,135)  
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Before MICHAEL P. TIERNEY, KARL D. EASTHOM, and STEPHEN C. SIU, *Administrative Patent Judges*.

EASTHOM, *Administrative Patent Judge*

DECISION<sup>1</sup>  
Denial of *Inter Partes* Review  
*37 C.F.R. § 42.108*

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<sup>1</sup>The Board exercises discretion to issue one identical Decision in each case using this caption style. Unless otherwise authorized, the parties are not permitted to use this style.

IPR2014-00171 (Patent 6,502,135); IPR2014-00172 (Patent 6,502,135); IPR2014-00173 (Patent 7,490,151); IPR2014-00174 (Patent 7,921,211); IPR2014-00175 (Patent 7,921,211); IPR2014-00176 (Patent 7,418,504); IPR2014-00177 (Patent 7,418,504)

## I. INTRODUCTION<sup>2</sup>

Petitioner, RPX Corporation (“RPX”), filed Petitions in the above-listed cases. Patent Owner, Virnetx Inc. (“Virnetx”), submitted Preliminary Responses. Because the dispositive issues are similar, we treat IPR2014-00171 (“the ’171 proceeding”) as representative of the seven proceedings, which involve four Virnetx patents: U.S. Patent No. 6,502,135; U.S. Patent No. 7,490,151; U.S. Patent No. 7,921,211; and U.S. Patent No. 7,418,504 (“the Virnetx Patents”).

The seven proceedings involving the Virnetx Patents, challenged under 35 U.S.C. §§ 311–319, are summarized in the following table:

Proceeding	Claims	Virnetx Patents
IPR2014-00171	1–10, 12–15, and 18	6,502,135
IPR2014-00172	1–10, 12–15, and 18	6,502,135
IPR2014-00173	1–16	7,490,151
IPR2014-00174	1, 2, 5, 6, 8, 14, 17, 19, 20, 23, 27–30, 33, 34, 36, 47, 51, and 60	7,921,211
IPR2014-00175	1, 3, 15–18, 20–26, 31, 32, 35, 36, 37, 47, 51, and 60	7,921,211
IPR2014-00176	1, 2, 5, 6, 8, 14, 16, 17, 19, 20, 21, 23, 27–30, 33, 34, 36, 47, 51, and 60	7,418,504
IPR2014-00177	1, 2, 3, 5, 15–18, 20–27, 31, 32, 35, 36, 47, 51, and 60	7,418,504

As the table reflects, in the ’171 proceeding, RPX filed a Petition requesting *inter partes* review of claims 1–10, 12–15, and 18 of U.S. Patent

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<sup>2</sup> [REDACTED]

After receiving the Decision, the parties jointly may request a redacted version of the Decision. After consideration of the joint request, or, if no request is filed, the Board will issue a subsequent public Decision.

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No. 6,502,135 (“the ’135 Patent”). *See* Paper 1 (“Pet.”).<sup>3</sup> Virnetx submitted a Preliminary Response under 37 C.F.R. § 42.107(b). Paper 35 (“Prelim. Resp.”).

We have jurisdiction under 35 U.S.C. § 314. We determine that Apple Inc. (“Apple”) is a real-party-in interest.<sup>4</sup> We deny the Petitions because the Petitions are time-barred. Contrary to the requirements of 35 U.S.C. § 315(b), the Petitions were “filed more than 1 year after the date on which the . . . real party in interest[, Apple,] . . . [wa]s served with a complaint alleging infringement of the patent.” Therefore, according to 35 U.S.C. § 315(b), “[a]n inter partes review may not be instituted.”

For an analysis of the time bar issue pursuant to 35 U.S.C. § 315(b), we refer to, and incorporate by reference, the Board’s previous decisions holding that earlier petitions filed by Apple, a real party-in-interest in those proceedings challenging the Virnetx Patents, were time-barred.<sup>5</sup> As Apple is a real party-in-interest in the instant proceedings, the Petitions are time-

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[a]n entity named as the sole real party in interest *may not receive a suggestion from another party that a particular patent should be the subject* of a request for inter partes reexamination and be compensated by that party for the filing of the request for inter partes reexamination of that patent without naming the party [as a real party-in-interest] *who suggested and compensated the entity for the filing of a request for inter partes reexamination of the patent.*

*Id.* at 7–8 (emphasis added). Based on the failure to list such a real party-in-interest, the Office vacated the filing date of the reexamination request. *Id.* at 9.

Like the unnamed real party-in-interest in *Guan*, Apple at least *suggested* that RPX file challenges to the specific Virnetx Patents by compensating RPX to perform certain generic services that included filing IPR challenges to “patents of questionable quality.” Ex. 2043, 15; Ex. 2055, 2. The record shows that Apple and RPX considered the Virnetx Patents to be patents of questionable quality. *See* Ex. 2043, 15; Background section, above. Further, RPX does not dispute that Apple and RPX discussed “VirnetX and the filing of IPRs with RPX,” or that RPX and Apple shared counsel and Apple’s expert. Paper 46, 7.

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Other important factors also support the conclusion that Apple is a real party-in-interest. For example, as Virnetx contends, *General Foods Corp. v. Massachusetts Department of Public Health*, 648 F.2d 784, 788 (1st Cir. 1981), instructs that “a member of a trade association who finances an action which it brings on behalf of its members impliedly authorizes the trade association to represent him in that action.” Paper 38, 5. Several factors support a finding that Apple implicitly authorized RPX to represent Apple in the instant proceedings: Apple’s \$500,000 payment to RPX; the discussions and signed agreement between Apple and RPX regarding the filing of IPRs on patents of questionable quality; Apple and RPX’s “August 8<sup>th</sup> discussion” about New Bay’s request for funding to continue its IPR challenges against the Virnetx Patents combined with Apple’s interest in funding a program to challenge patents of questionable quality; and Apple’s demonstrated interest in challenging the Virnetx Patents.

These factors are analogous to those that supported a finding of real-party-in-interest in *General Foods*, including payments by association members to instigate litigation, implicit authorization for the trade association to represent the paying member, and “challenged regulations [that] did not affect the trade association itself but only its members.” *See* 648 F.2d at 787–788; *see also Expert Electric, Inc. v. Levine*, 554 F.2d 1227, 1233 (2nd Cir. 1977) (trade association’s interests “were the collective interests of the individual participants”). By further analogy, Apple was the single, interested “member” of the Fund, unlike the numerous interested trade association members in *General Foods*. [REDACTED]



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RPX argues a distinction over *General Foods*, wherein the trade association asserted standing based on its independent members. Here, RPX asserts independent standing through § 311(a), which confers standing on any entity that is not the patent owner. Paper 46, 4. In *General Foods*, however, standing was only one of several factors identified by the court that helped to show that the members implicitly authorized the suit by the association. *See* 648 F.2d at 787–788. We hold that, based on the record presented, the interactions between RPX and Apple show an implicit authorization to challenge the Virnetx Patents, even in the absence of the standing factor that contributed to the outcome in *General Foods*.

Apple’s interests include potentially avoiding payment of the damages awarded for infringement of the Virnetx Patents in the district court judgment. *See* Prelim. Resp. 3–4; Ex. 2009. On this record, RPX is, at most, a “nominal plaintiff” with “no substantial interest” in these IPR challenges apart from those of its client, Apple, further supporting the finding that RPX is a proxy of Apple, according to the following case cited by *Taylor*.

[W]e held [in a previous case] that the United States was bound by an estoppel which might have been invoked against the real party in interest if the suit had been brought in his name, *because it appeared that the United States had no substantial interest in the controversy, and was merely a nominal plaintiff.* *United States v. Des Moines Valley R. Co.*, 84 F. 40, 44–45 (8th Cir. 1897) (emphasis added), *cited* in *Taylor*, 553 U.S. at 900 (in the context of a

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proxy); *see also Chicago R.I. & P. Ry. Co. v. Schendel*, 270 U.S. 611, 620 (1926) (“Identity of parties is not a mere matter of form, but of substance. Parties nominally the same may be, in legal effect, different; and parties nominally different may be, in legal effect, the same.”)

Our determination that RPX is acting as a proxy, which bars the institution of the proceeding, is also consistent with the express legislative intent concerning the need for quiet title. *See* 157 Cong. Rec. S1034, S1041 (Mar. 1, 2011) (Sen. Kyl) (stating “the present bill does coordinate inter partes . . . review with litigation . . . setting a time limit for seeking . . . review if the petitioner . . . is sued for infringement of the patent”). Congress “recognizes the importance of quiet title to patent owners to ensure continued investment resources.” H.R. Rept. No 112-98, at 48 (2011) (Judiciary Committee Report on H.R. 1249, June 1, 2011). Changes to the statutory structure “are not to be used as tools for harassment or a means to prevent market entry through repeated litigation and administrative attacks . . . Doing so would frustrate the purpose of the section as providing quick and cost effective alternatives to litigation.” *Id.* “It would divert resources from the research and development of inventions.” *Id.*

#### IV. CONCLUSION

Based on the foregoing discussion, Apple is an unlisted real party-in interest in the Petitions, which are time-barred under 35 U.S.C. § 315 (b). Accordingly, the following Petitions hereby are denied: IPR2014-00171 (Patent 6,502,135); IPR2014-00172 (Patent 6,502,135); IPR2014-00173 (Patent 7,490,151); IPR2014-00174 (Patent 7,921,211); IPR2014-00175

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IPR2014-00177 (Patent 7,418,504)

(Patent 7,921,211); IPR2014-00176 (Patent 7,418,504); and IPR2014-00177  
(Patent 7,418,504).

#### V. ORDER

It is hereby ORDERED that the Petitions filed in IPR2014-00171,  
IPR2014-00172, IPR2014-00173, IPR2014-00174, IPR2014-00175,  
IPR2014-00176, and IPR2014-00177, are *denied*.

IPR2014-00171 (Patent 6,502,135); IPR2014-00172 (Patent 6,502,135);  
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# **Exhibit 14**

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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RPX CORPORATION  
Petitioner

v.

VIRNETX INC.  
Patent Owner

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Case IPR2014-00171 (Patent 6,502,135)  
Case IPR2014-00172 (Patent 6,502,135)  
Case IPR2014-00173 (Patent 7,490,151)  
Case IPR2014-00174 (Patent 7,921,211)  
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Case IPR2014-00177 (Patent 7,418,504)

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Before MICHAEL P. TIERNEY, KARL D. EASTHOM, and STEPHEN C.  
SIU, *Administrative Patent Judges*.

EASTHOM, *Administrative Patent Judge*

DECISION<sup>1</sup>  
Denial of *Inter Partes* Review  
*37 C.F.R. § 42.108*

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<sup>1</sup>The Board exercises discretion to issue one identical Decision in each case using this caption style. Unless otherwise authorized, the parties are not permitted to use this style.

IPR2014-00171 (Patent 6,502,135); IPR2014-00172 (Patent 6,502,135); IPR2014-00173 (Patent 7,490,151); IPR2014-00174 (Patent 7,921,211); IPR2014-00175 (Patent 7,921,211); IPR2014-00176 (Patent 7,418,504); IPR2014-00177 (Patent 7,418,504)

## I. INTRODUCTION<sup>2</sup>

Petitioner, RPX Corporation (“RPX”), filed Petitions in the above-listed cases. Patent Owner, Virnetx Inc. (“Virnetx”), submitted Preliminary Responses. Because the dispositive issues are similar, we treat IPR2014-00171 (“the ’171 proceeding”) as representative of the seven proceedings, which involve four Virnetx patents: U.S. Patent No. 6,502,135; U.S. Patent No. 7,490,151; U.S. Patent No. 7,921,211; and U.S. Patent No. 7,418,504 (“the Virnetx Patents”).

The seven proceedings involving the Virnetx Patents, challenged under 35 U.S.C. §§ 311–319, are summarized in the following table:

Proceeding	Claims	Virnetx Patents
IPR2014-00171	1–10, 12–15, and 18	6,502,135
IPR2014-00172	1–10, 12–15, and 18	6,502,135
IPR2014-00173	1–16	7,490,151
IPR2014-00174	1, 2, 5, 6, 8, 14, 17, 19, 20, 23, 27–30, 33, 34, 36, 47, 51, and 60	7,921,211
IPR2014-00175	1, 3, 15–18, 20–26, 31, 32, 35, 36, 37, 47, 51, and 60	7,921,211
IPR2014-00176	1, 2, 5, 6, 8, 14, 16, 17, 19, 20, 21, 23, 27–30, 33, 34, 36, 47, 51, and 60	7,418,504
IPR2014-00177	1, 2, 3, 5, 15–18, 20–27, 31, 32, 35, 36, 47, 51, and 60	7,418,504

As the table reflects, in the ’171 proceeding, RPX filed a Petition requesting *inter partes* review of claims 1–10, 12–15, and 18 of U.S. Patent

<sup>2</sup>

After receiving the Decision, the parties jointly may request a redacted version of the Decision. After consideration of the joint request, or, if no request is filed, the Board will issue a subsequent public Decision.

IPR2014-00171 (Patent 6,502,135); IPR2014-00172 (Patent 6,502,135); IPR2014-00173 (Patent 7,490,151); IPR2014-00174 (Patent 7,921,211); IPR2014-00175 (Patent 7,921,211); IPR2014-00176 (Patent 7,418,504); IPR2014-00177 (Patent 7,418,504)

No. 6,502,135 (“the ’135 Patent”). *See* Paper 1 (“Pet.”).<sup>3</sup> Virnetx submitted a Preliminary Response under 37 C.F.R. § 42.107(b). Paper 35 (“Prelim. Resp.”).

We have jurisdiction under 35 U.S.C. § 314. We determine that Apple Inc. (“Apple”) is a real-party-in interest.<sup>4</sup> We deny the Petitions because the Petitions are time-barred. Contrary to the requirements of 35 U.S.C. § 315(b), the Petitions were “filed more than 1 year after the date on which the . . . real party in interest[, Apple,] . . . [wa]s served with a complaint alleging infringement of the patent.” Therefore, according to 35 U.S.C. § 315(b), “[a]n inter partes review may not be instituted.”

For an analysis of the time bar issue pursuant to 35 U.S.C. § 315(b), we refer to, and incorporate by reference, the Board’s previous decisions holding that earlier petitions filed by Apple, a real party-in-interest in those proceedings challenging the Virnetx Patents, were time-barred.<sup>5</sup> As Apple is a real party-in-interest in the instant proceedings, the Petitions are time-

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<sup>3</sup> Record citations refer to the representative ’171 proceeding.

<sup>4</sup> The Petitions do not list Apple, as 35 U.S.C. § 312(a)(2) requires: “A petition filed under section 311 may be considered only if . . . the petition identifies all real parties in interest.”

<sup>5</sup> *See Apple Inc. v. Virnetx, Inc.*, IPR2013-00348 (PTAB Dec. 13, 2014) (denying *Inter Partes* Review of U.S. Patent No. 6,502,135), *reh’g denied*, (PTAB Feb. 12, 2014); IPR2013-00349 (same, Patent 7,490,151); IPR2013-00354 (same, Patent 7,490,151); IPR2013-00393 (same, Patent 7,418,504); IPR2013-00394 (same, Patent 7,418,504); IPR2013-00397 (same, Patent 7,921,211); IPR2013-00398 (same, Patent 7,921,211). In the latter four cases, the decisions were entered on December 18, 2013, although the rehearing decisions were entered on the same date in all the cases, February 12, 2014.



IPR2014-00171 (Patent 6,502,135); IPR2014-00172 (Patent 6,502,135); IPR2014-00173 (Patent 7,490,151); IPR2014-00174 (Patent 7,921,211); IPR2014-00175 (Patent 7,921,211); IPR2014-00176 (Patent 7,418,504); IPR2014-00177 (Patent 7,418,504)

barred for the same reasons as previously held. *See* Prelim. Resp. 3–4 (discussing time-bar).

## II. BACKGROUND

At issue here is whether RPX, notwithstanding its relationship with its client Apple, may obtain *inter partes* review of the Virnetx Patents. Virnetx asserts, and RPX does not dispute, that RPX filed *inter partes* review (“IPR”) requests against the Virnetx Patents pursuant to a newly created program in which Apple, as RPX’s client, in October 2013, paid RPX a sum of \$500,000, among other things, to file IPR reviews. *See* Prelim. Resp. 3–4; Ex. 2049 (Premium Services Overview); Ex. 2055 (signed “Addendum” agreement between Apple and RPX, Oct. 22, 2013).

In addition to RPX and Apple, another petitioner also filed a series of *inter partes* review petitions against the Virnetx Patents, which Apple attempted to join. Those proceedings were styled as *New Bay Capital v. Virnetx* (“the New Bay proceedings”): IPR2013-00375; IPR2013-00376; IPR2013-00377; and IPR2013-00378. Pursuant to New Bay’s request, the Board terminated the New Bay proceedings, and according to Virnetx, “end[ed] Apple’s hopes of joining New Bay’s petitions.” *See* Prelim. Resp. 4; Ex. 2036 (discussing Apple’s motion for joinder in New Bay cases); Ex. 2037 (New Bay email to office requesting to file motion to terminate); Exs. 2039–42 (judgments terminating the New Bay proceedings).

Prior and subsequent to the New Bay proceedings, RPX and Apple had discussed a general proposal “to challenge patents of questionable quality through post-grant proceedings at the U.S. Patent and Trademark

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Office.” Ex. 2043, 15. According to RPX, the following “Topic” of discussion between Apple and RPX occurred on August 8, 2013:

Apple informed RPX that Apple had been approached by New Bay Capital (“NBC”) and that NBC had asked Apple to compensate NBC for NBC to continue pursuing its IPRs [now terminated] against VirnetX. Apple informed RPX that it was not interested in NBC’s offer. Apple inquired [of RPX] about the status of the previously-socialized RPX program to perform prior art searches and challenge patents of questionable quality.

Ex. 2043, 15 (“August 8<sup>th</sup> discussion”).

Subsequent to the August 8<sup>th</sup> discussion about the Virnetx Patents, Apple and RPX signed the “Addendum” agreement, pursuant to which Apple paid RPX \$500,000, among other things, to “fil[e] with the United States Patent and Trademark Office (‘USPTO’) requests for reexamination, or petitions for post grant, covered business method, or inter partes review with respect to patents of questionable quality.” Ex. 2055, 2 (Addendum agreement). The Addendum agreement lists other generic activities that RPX might perform. *See id.* (“analyzing data . . . [about] patent assertions by non-practicing entities,” “[e]ducating the general public,” “[c]onducting prior art searches to assist with challenges against potentially invalid patents,” and “[c]reating mechanisms to increase transparency in the patent market.”) The addendum states that RPX would have “complete control” over the listed activities. *Id.*

Apple and RPX executed the Addendum agreement on October 22, 2013. *Id.* at 3. On the same day, Apple expressed a concern that RPX “would not use all of the funds that Apple contributed to the program focused on patent quality.” Ex. 2043, 16. One day prior, RPX obtained

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Apple’s consent to hire Apple’s law firm, which had prepared the above-discussed time-barred petitions on behalf of Apple. *See* Paper 38, 4–5 (citing Ex. 2045 at 5, retainer agreement); Prelim. Resp. 6–7 (discussing the sharing of counsel); Ex. 2057, 27:6–28:18–21 (transcript of Board conference call).

Less than one month later, RPX served the instant Petitions on Virnetx challenging the Virnetx Patents. According to RPX, in the ’171 proceeding, “[t]he grounds of Petitioner’s challenge are substantially identical to the grounds advanced by [Apple or New Bay] in IPR2013-00348, IPR2013-00349, and IPR2013-00375”—the former two proceedings involve Apple’s time-barred petitions. *See* Pet. 6.<sup>6</sup>

### III. ANALYSIS

The Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,759–60 (Aug. 14, 2012) (“TPG”) cites *Taylor v. Sturgell*, 553 U.S. 880 (2008), as informing real party-in-interest determinations. *Taylor*, 553 U.S. at 893–895, lists six categories that create an exception to the common law rule that normally forbids nonparty preclusion in litigation. *Id.* Under a category relevant here, “a party bound by a judgment may not avoid its preclusive force by relitigating through a proxy.” *Id.* at 895. *Taylor* refers to a proxy as a “representative or agent of a party who is bound by the prior adjudication.” *Id.* at 905. For further guidance, the TPG also cites *In re*

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<sup>6</sup> According to RPX, the ’171 Petition is “substantially identical” to the petition in IPR2013-00349, the petition filed by Apple with respect to one prior art reference. For example, the ’171 Petition (Paper 1, ii) and the petition in IPR2013-00349 (paper 1, ii) each assert that Aventail anticipates claims 1-10, 12-15, and 18 of the ’135 Patent.

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Apple’s interests include potentially avoiding payment of the damages awarded for infringement of the Virnetx Patents in the district court judgment. *See* Prelim. Resp. 3–4; Ex. 2009. On this record, RPX is, at most, a “nominal plaintiff” with “no substantial interest” in these IPR challenges apart from those of its client, Apple, further supporting the finding that RPX is a proxy of Apple, according to the following case cited by *Taylor*.

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#### IV. CONCLUSION

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(Patent 7,418,504).

#### V. ORDER

It is hereby ORDERED that the Petitions filed in IPR2014-00171,  
IPR2014-00172, IPR2014-00173, IPR2014-00174, IPR2014-00175,  
IPR2014-00176, and IPR2014-00177, are *denied*.



IPR2014-00171 (Patent 6,502,135); IPR2014-00172 (Patent 6,502,135);  
IPR2014-00173 (Patent 7,490,151); IPR2014-00174 (Patent 7,921,211);  
IPR2014-00175 (Patent 7,921,211); IPR2014-00176 (Patent 7,418,504);  
IPR2014-00177 (Patent 7,418,504)

**PETITIONER:**

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# **Exhibit 15**

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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MICROSOFT CORP.,  
Petitioner,

v.

VIRNETX, INC.,  
Patent Owner.

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Case IPR2014-00610  
Patent 7,490,151 B2

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Before MICHAEL P. TIERNEY, KARL D. EASTHOM, and  
STEPHEN C. SIU, *Administrative Patent Judges*.

EASTHOM, *Administrative Patent Judge*.

JUDGMENT

Termination of the Proceedings  
*35 U.S.C. § 317*  
*37 C.F.R. §§ 42.72, 42.73, 42.74*

On December 19, 2014, and pursuant to 35 U.S.C. § 317(b) and  
37 C.F.R. § 42.74, the parties filed a copy of a settlement agreement (Ex.

2036) along with a joint request to treat the settlement agreement as business confidential, to be separate from the patent file (Paper 15). In addition, the parties filed a joint motion to terminate the proceeding pursuant to 35 U.S.C. § 317. Paper 14.

Patent Owner has not filed a Patent Owner Response. Issues raised during the trial have not been briefed fully, and the Board has not decided the merits of the proceeding. Based on the facts of this case, it is appropriate to enter judgment.<sup>1</sup> Therefore, the joint motion to terminate the proceeding is GRANTED.

Accordingly, it is

ORDERED that the parties' request that the settlement agreement be treated as business confidential information, to be kept separate from the patent file, is GRANTED;

FURTHER ORDERED that the joint motion to terminate the proceeding is GRANTED;

FURTHER ORDERED that the proceeding is TERMINATED.

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<sup>1</sup> A judgment means a final written decision by the Board, or a termination of a proceeding. 37 C.F.R. § 42.2.

IPR2014-00610  
Patent 7,490,151 B2

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# **Exhibit 16**

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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APPLE INC.  
Petitioner

v.

VIRNETX INC.  
Patent Owner

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Case IPR2015-00187  
Patent 7,490,151 B2

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Before MICHAEL P. TIERNEY, KARL D. EASTHOM, and STEPHEN C. SIU,  
*Administrative Patent Judges.*

SIU, *Administrative Patent Judge.*

DECISION  
Denying *Inter Partes* Review  
*37 C.F.R. § 42.108*

## I. BACKGROUND

### A. Background

Apple Inc. (“Petitioner”) requests *inter partes* review of claims 1, 2, 6–8, and 12–14 of U.S. Patent No. 7,490,151 (“the ’151 Patent,” Ex. 1001) pursuant to 35 U.S.C. §§ 311 *et seq.* VirnetX Inc. (“Patent Owner”) filed a Preliminary Response (“Prelim. Resp.”) on January 16, 2015. Paper No. 10.

For the reasons that follow, the Board determines that the Petition was not filed timely within the statutory period of 35 U.S.C. § 315(b). Therefore, we decline to institute an *inter partes* review.

## II. ANALYSIS

Petitioner states that “[t]he ’151 patent was asserted against Petitioner in proceedings alleging infringement more than one year ago.” Pet. 3. Title 35 of the United States Code, § 315(b), states that an “*inter partes* review may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner . . . is served with a complaint alleging infringement of the patent.” For an analysis of the time bar issue pursuant to 35 U.S.C. § 315(b), we refer to, and incorporate by reference, the Board’s previous decision holding that an earlier petition filed by Apple, a real party-in-interest in a proceeding challenging the ’151 patent, was time-barred. See *Apple Inc. v. Virnetx, Inc.*, IPR2013-00354 (PTAB Dec. 13, 2013) (denying *Inter Partes* Review of U.S. Patent 7,490,151) Paper 20, *reh’g denied* (PTAB Feb. 12, 2014) Paper 24. Hence, pursuant to 35 U.S.C. § 315(b), we do not institute *inter partes* review.

Petitioner argues that “the one-year period in 35 U.S.C. § 315(b) does not apply to this petition pursuant to 35 U.S.C. § 315(c)” “because this petition is accompanied by a motion for joinder to IPR2014-00610.” Pet. 3. Petitioner’s



IPR2015-00187  
Patent 7,490,151 B2

motion for joinder is dismissed because IPR2014-00610 has been terminated.  
IPR2014-00610, Paper 19.

### III. CONCLUSION

Institution of *inter partes* review is denied because the Petition was not filed within the time limit pursuant to 35 U.S.C. § 315(b).

### IV. ORDER

For the reasons given, it is

ORDERED that Petitioner's motion for joinder is *dismissed*; and

FURTHER ORDERED that the petition challenging the patentability of claims 1, 2, 6–8, and 12–14 of U.S. Patent No. 7,490,151 is *denied*.

IPR2015-00187  
Patent 7,490,151 B2

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# **Exhibit 17**

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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THE MANGROVE PARTNERS MASTER FUND, LTD.,  
Petitioner,

v.

VIRNETX INC.,  
Patent Owner.

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Case IPR2015-01046  
Patent 6,502,135 B1

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Before MICHAEL P. TIERNEY, KARL D. EASTHOM, and STEPHEN C. SIU,  
*Administrative Patent Judges.*

SIU, *Administrative Patent Judge.*

DECISION  
Institution of *Inter Partes* Review  
37 C.F.R. § 42.108

I. INTRODUCTION

A. *Background*

The Mangrove Partners Master Fund, Ltd. (“Petitioner”) filed a Petition (“Pet.”) on April 27, 2015 (Paper 5) requesting *inter partes* review of claims 1, 3, 4, 7, 8, 10, and 12 of U.S. Patent No. 6,502,135 B1 (“the ’135 Patent,” Ex. 1001) pursuant to 35 U.S.C. §§ 311-319. VirnetX Inc. (“Patent Owner”) filed a Preliminary Response (“Prelim. Resp.”) on July 24, 2015. Paper 9.

We have jurisdiction under 35 U.S.C. § 314. We determine based on this record that Petitioner has demonstrated, under 35 U.S.C. § 314(a), that there is a reasonable likelihood of showing unpatentability with respect to at least one of the challenged claims, claims 1, 3, 4, 7, 8, 10, and 12.

Petitioner relies on the following prior art:

Takahiro Kiuchi and Shigekoto Kaihara, *C-HTTP-- The Development of a Secure, Closed HTTP-Based Network on the Internet*, PROCEEDINGS OF THE SYMPOSIUM ON NETWORK AND DISTRIBUTED SYSTEM SECURITY, IEEE 64–75 (1996) (Ex. 1002, “Kiuchi”).

P. Mockapetris, *Domain Names – Concepts and Facilities*, Network Working Group, Request for Comments: 1034 (1987) (Ex. 1005, “RFC 1034”).

Petitioner contends that the challenged claims are unpatentable under 35 U.S.C. § 102 and/or § 103 based on the following specific grounds (Pet. 3–4, 15–37):

Reference(s)	Basis	Claims challenged
Kiuchi	§ 102	1, 3, 4, 7, 8, 10, and 12
Kiuchi and RFC 1034	§ 103	8

*B. The Invention*

The '135 Patent describes a system and method for securely communicating over the Internet. Ex. 1001, 2:66.

Claim 1 of the '135 Patent is reproduced below:

1. A method of transparently creating a virtual private network (VPN) between a client computer and a target computer, comprising the steps of:

(1) generating from the client computer a Domain Name Service (DNS) request that requests an IP address corresponding to a domain name associated with the target computer;

(2) determining whether the DNS request transmitted in step (1) is requesting access to a secure web site; and

(3) in response to determining that the DNS request in step (2) is requesting access to a secure target web site, automatically initiating the VPN between the client computer and the target computer.

Ex. 1001, 47:20–32.

We note that the '135 Patent is presently the subject of co-pending actions, as follows:

- 1) Civ. Act. No 6:13-cv-00211-LED (E.D. Tex.), filed February 26, 2013;
- 2) Civ. Act. No. 6:12-cv-00855-LED (E.D. Tex.), filed November 6, 2012;
- 3) Civ. Act. No. 6:10-cv-00417-LED (E.D. Tex.), filed August 11, 2010.

*See* Pet. 1.

## II. ANALYSIS

### A. Cited References

#### 1) Overview of Kiuchi

Kiuchi discloses a closed HTTP-based network (“C-HTTP”) for a closed group of institutions, in which each member is protected by its own firewall. Ex. 1002, 64. Communication is made possible with a client-side proxy (for one institution), a server-side proxy (for another institution), and a C-HTTP name server that provides both client-side and server-side proxies with each peer’s public key and Nonce values for both request and response. *Id.* at 64–65.

The client-side proxy asks the C-HTTP name server whether it can communicate with the host specified in a given URL. If the connection is permitted, the C-HTTP name server sends the IP address and public key of the server-side proxy and both request and response Nonce values, which are encrypted and certified using asymmetric key encryption and digital signature. *Id.* at 65.

The client-side proxy then sends an encrypted request (including the client-side proxy’s IP address, hostname, request Nonce value and symmetric data exchange key for request encryption) to the server-side proxy, which then asks the C-HTTP name server if the query from the client-side proxy is legitimate. *Id.* If the request is confirmed to be legitimate and access is permitted, the C-HTTP name server sends the IP address and public key of the client-side proxy and both request and response Nonce values to the server-side proxy. After receiving the client-side proxy’s IP address, hostname and public key, the server-side proxy generates and sends a connection ID to the client-side proxy. After the client-side

proxy accepts the connection ID from the server-side proxy, the connection is established. *Id.* at 66.

## 2) Overview of RFC 1034

RFC 1034 discloses a name server that answers standard queries in recursive mode or non-recursive mode. Ex. 1005, 22. In non-recursive mode, the server is unable to provide an answer to the request and refers to “some other server ‘closer’ to the answer.” In recursive mode, the server “returns either an error or the answer, but never referrals.” *Id.*

### B. Claim Construction

We interpret claims of an unexpired patent using the broadest reasonable construction in light of the specification of the patent in which they appear. 37 C.F.R. § 42.100(b); *see In re Cuozzo Speed Techs., LLC*, 793 F.3d 1268, 1275–79 (Fed. Cir. 2015). We presume a claim term carries its “ordinary and customary meaning,” which is “the meaning that the term would have to a person of ordinary skill in the art in question” at the time of the invention. *In re Translogic Tech., Inc.*, 504 F.3d 1249, 1257 (Fed. Cir. 2007) (citation and quotations omitted).

Petitioner and Patent Owner each proffer proposed constructions of several claim terms. For purposes of this decision, we determine that no claim terms require express construction.

### C. *Kiuchi* - Anticipation

Based on the present record at this preliminary stage of the proceedings, we agree that Petitioner has established that there is a reasonable likelihood of unpatentability of at least one claim as anticipated by *Kiuchi*. For example,



Petitioner provides evidence and arguments in support of the proposed ground of unpatentability of claims 1, 3, 4, 7, 8, 10, and 12 as anticipated by Kiuchi. Pet. 26–35; Ex. 1001, 38:30–33; Ex. 1002, 64–66, 69; Declaration of Dr. Roch Guerin, Ex. 1003 ¶¶ 18–31, 34. We have reviewed the evidence Petitioner cites, and we find that evidence persuasive of a reasonable likelihood that Petitioner would prevail with respect to this asserted ground of unpatentability.

For example, claim 1 recites generating from the client computer a Domain name Service (DNS) request that requests an IP address corresponding to a domain name associated with the target computer. As Petitioner explains, Kiuchi discloses a client-side proxy that receives a request and sends a request to a C-HTTP name server to resolve the hostname in the request into an IP address. Pet. 27 (citing Ex. 1002, 65; Ex. 1003, ¶¶ 20-22).

Claim 1 also recites determining whether the DNS request transmitted in step (1) is requesting access to a secure web site. As Petitioner explains, Kiuchi discloses, for example, that the “C-HTTP name server evaluates the request to determine if the hostname specifies a destination that is part of the closed network and whether the connection between the user agent and the origin server is permitted.” Pet. 27-28 (citing Ex. 1002, 65-66; Ex. 1003, ¶¶ 22-26).

Claim 1 also recites that in response to a determination that the DNS request is requesting access to a secure target web site, automatically initiating the VPN between the client computer and the target computer. As Petitioner explains, Kiuchi discloses that “if a connection is permitted, the C-HTTP name server initiates the connection by returning an IP address and public key associated[d] with the hostname” and that “[t]he client-side proxy sends an encrypted connection request to the server-side proxy.” Pet. 28-29 (citing Ex. 1002, 65-66; Ex. 1003, ¶¶ 23, 24, 27).

*D. Kiuchi and RFC 1034*

Based on the present record at this preliminary stage of the proceedings, we agree that Petitioner has established that there is a reasonable likelihood of unpatentability of at least one claim as obvious over the combination of Kiuchi and RFC 1034. For example, Petitioner provides evidence and arguments in support of the proposed grounds of unpatentability of claim 8 over Kiuchi and RFC 1034. Pet. 35–37; Ex. 1001 Fig. 26; Ex. 1002, 64–65, §§ 2.1–2.3; Ex. 1003 ¶¶ 18, 19, 23–26, 34, 35, and 37–40; Ex. 1005. We have reviewed the evidence Petitioner cites, and we find that evidence persuasive of a reasonable likelihood that Petitioner would prevail with respect to this asserted ground of unpatentability.

For example, claim 8 recites passing through the request to a DNS server if it determined that access is not being requested to a secure target web site. As Petitioner explains, Kiuchi discloses “[w]hen the client-side proxy receives a request from a user agent, it determines whether the requested hostname in the URL specifies a secure server by sending to a C-HTTP name server a request to resolve the hostname,” that “[i]f the C-HTTP name server returns an error code, the client-side proxy determines the URL specifies a non-secure destination” and “sends the hostname to a conventional DNS server for resolution.” Pet. 32-33 (citing Ex. 1002, 65; Ex. 1003 ¶¶ 23-26; Ex. 1001, 38:43-47).

*E. Real-parties-in-interest*

Patent Owner argues that the Petitioner fails to name all of the real parties-in-interest. Prelim. Resp. 2. In particular, Patent Owner argues that “[t]he petition names The Mangrove Partners Master Fund, Ltd. . . . as the only RPI” but fails to

name other alleged real parties-in-interest, namely, “(1) the Mangrove Partners Hedge Fund; (2) Nathaniel August (President and majority owner of the Mangrove Partners Hedge Fund); (3) The Mangrove Partners Fund, L.P. (‘the US Feeder’); (4) The Mangrove Partners Fund (Cayman), Ltd. (‘the Cayman Feeder’); (5) Mangrove Capital (the General Partner of the US Feeder); and (6) the unnamed investors in the US Feeder and the Cayman Feeder.” *Id.* at 2–13.

The present record does not reflect that Petitioner is precluded from modifying the named real-parties-in-interest to include any of the entities (or subset thereof) cited by Patent Owner. Nor does the record indicate that any such modification would result in rendering this proceeding improper. Given these observations, non-institution of these proceedings at this preliminary stage based solely on this potential issue is premature as Petitioner has not had the opportunity to either provide evidence whether the additional entities are real-parties-in-interest and/or modify the named real-parties-in-interest if it is determined that any of the additional entities are, in fact, real-parties-in-interest.

*F. Alleged attempts to manipulate the financial markets*

Patent Owner argues that “[t]he Board should . . . refuse to institute this IPR” because “[t]his proceeding was filed in an apparent attempt to manipulate the financial markets.” Prelim. Resp. 13, 15 (citing Ex. 2004, 2; Ex. 2006, 2).

Profit is at the heart of nearly every patent and nearly every inter partes review. As such, an economic motive for challenging a patent claim does not itself raise abuse of process issues. We take no position on the merits of Petitioner’s investment strategy.

In any event, the AIA sought to establish a more efficient and streamlined patent system that improved patent quality, while at the same time limiting

unnecessary and counterproductive litigation costs. The AIA was designed to encourage the filing of meritorious patentability challenges, by any person who is not the patent owner, in an effort to further improve patent quality. H.R. Rep. No. 112-98, pt. 1, at 85 (2011). Patent Owner does not allege that Petitioner filed a non-meritorious patentability challenge.

*G. Alleged clashes with the Federal Circuit*

Patent Owner argues that “each of [Petitioner’s] proposed rejections rely on a view of *Kiuchi* that clashes with the Federal Circuit’s view of *Kiuchi*.” Prelim. Resp. 17.

This proposed issue is best resolved during trial to ascertain, for example, what the specific determinations or holdings of the Federal Circuit are, the precise nature of these determinations or holdings, and how such determinations or holdings would affect the present proceeding, given the nature of the specific issues that may present themselves during the course of the (as yet to occur) trial.

For example, Patent Owner argues that the Federal Circuit determined that “*Kiuchi*’s proxy servers at least do not teach ‘direct communication’ between a client and target computer.” Prelim. Resp. 15-16. As an initial matter, we note that claim 1, for example, does not recite a “direct communication.” Also, at this preliminary stage of the proceeding, Patent Owner has not clearly shown that claim 1, for example, requires a “direct communication,” as one of ordinary skill in the art would have understood, under a broadest reasonable construction in light of the Specification or that the Federal Circuit determined that claim 1 requires a “direct communication,” under a broadest reasonable construction in light of the Specification. Patent Owner does not appear to provide any statement at all

regarding what standard was used to determine the alleged lack of a “direct communication,” even assuming that such a requirement actually exists.

Also, while Patent Owner argues that the Federal Circuit determined that “there was ‘*substantial*’ evidence that . . . Kiuchi’s proxy servers at least do not teach ‘direct communication’ between a client and target computer” (Prelim. Resp. 15-16), Patent Owner does not indicate what the “substantial evidence” was and whether the “substantial evidence” pertained to the determination of a broadest reasonable construction of claim terms in light of the Specification, for example. Hence, at this early stage of the proceeding, particularly in view of the decision from the Federal Circuit, the record lacks necessary evidence to demonstrate definitively that Kiuchi, in fact, fails to disclose the features recited in claim 1.

Patent Owner also argues that the Federal Circuit “explained that . . . there was evidence that the ‘client’ of Kiuchi is actually a web browser, a component that is distinguishable from the client-side proxy.” Prelim. Resp. 16. As discussed previously, Patent Owner does not specify what the alleged “evidence” was, whether the alleged “evidence” was considered under a broadest reasonable standard in light of the Specification, and under a broadest reasonable standard, the relevance of the Federal Circuit’s determination that “Kiuchi is actually a web browser” as it pertains to specifically (as yet to be argued) claim limitations.

*H. Alleged excessive burden and redundancy under 35 U.S.C. § 325(d)*

Patent Owner argues that “[n]either the Board nor Patent Owner should be forced to assume the burden of handling duplicative proceedings challenging the ’135 patent involving a common set of prior art references” such that “the Board should exercise its discretion and deny the Petition under 35 U.S.C. § 325(d).” Prelim. Resp. 19–20.

Notwithstanding Patent Owner's stated concerns, we determine that, given the specific facts of the present proceeding, that institution of this proceeding would not pose an excessive burden on the Board or the parties. We decline to exercise our discretion to deny the Petition solely under 35 U.S.C. § 325(d) in this matter.

*I. Printed publications*

Patent Owner argues that "Petitioner has . . . failed to meet its burden to establish that RFC 1034 is a printed publication." Prelim. Resp. 26.

The determination of whether a given reference qualifies as a prior art "printed publication" involves a case-by-case inquiry into the facts and circumstances surrounding the reference's disclosure to members of the public. *In re Klopfenstein*, 380 F.3d 1345, 1350 (Fed. Cir. 2004). We acknowledge Patent Owner's argument regarding RFC 1034. On its face, however, RFC 1034 is a dated "Request for Comments" from the "Network Working Group," discussing a standard of the Domain Name System (DNS) including an "official protocol" that "includes standard queries and their responses and most of the Internet class data formats." Ex. 1005, 1. These indicia suggest that there is a reasonable likelihood the document was made available to the public (over the Internet), in order to obtain feedback prior to implementation of the standard it describes.

On this record,<sup>1</sup> we are persuaded that Petitioner has made a threshold showing that RFC 1034 constitutes a prior art printed publication. Accordingly, we consider the disclosure of RFC 1034 for the purposes of this decision.

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<sup>1</sup> To the extent that Patent Owner continues to assert that Petitioner has not met its burden of showing that RFC 1034 is a "printed publication," it will have the opportunity to make this argument in its Patent Owner Response.

### III. CONCLUSION

We institute an *inter partes* review of claims 1, 3, 4, 7, 8, 10, and 12 under 35 U.S.C. § 102 as anticipated by Kiuchi and claim 8 under 35 U.S.C. § 103 as obvious over the combination of Kiuchi and RFC 1034.

### IV. ORDER

For the reasons given, it is

ORDERED that an *inter partes* review is instituted as to claims 1, 3, 4, 7, 8, 10, and 12 on the ground of anticipation by Kiuchi, and as to claim 8 on the ground of obviousness in view of Kiuchi and RFC 1034;

FURTHER ORDERED that pursuant to 35 U.S.C. § 314(a), *inter partes* review of the '135 Patent is hereby instituted commencing on the entry date of this Order, and pursuant to 35 U.S.C. § 314(c) and 37 C.F.R. § 42.4, notice is hereby given of the institution of a trial.

FURTHER ORDERED that the trial is limited to the grounds stated above.

IPR2015-01046  
Patent 6,502,135 B1

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# **Exhibit 18**

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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THE MANGROVE PARTNERS MASTER FUND, LTD.,  
Petitioner,

v.

VIRNETX INC.,  
Patent Owner.

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Case IPR2015-01047  
Patent 7,490,151 B2

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Before MICHAEL P. TIERNEY, KARL D. EASTHOM, and STEPHEN C. SIU,  
*Administrative Patent Judges.*

SIU, *Administrative Patent Judge.*

DECISION  
Institution of *Inter Partes* Review  
37 C.F.R. § 42.108

## I. INTRODUCTION

### A. *Background*

The Mangrove Partners Master Fund, Ltd. (“Petitioner”) filed a Petition (“Pet.”) on April 27, 2015 (Paper 5) requesting *inter partes* review of claims 1, 2, 6–8, and 12–14 of U.S. Patent No. 7,490,151 B2 (“the ’151 Patent,” Ex. 1001) pursuant to 35 U.S.C. §§ 311-319. VirnetX Inc. (“Patent Owner”) filed a Preliminary Response (“Prelim. Resp.”) on July 24, 2015. Paper 9.

We have jurisdiction under 35 U.S.C. § 314. We determine based on this record that Petitioner has demonstrated, under 35 U.S.C. § 314(a), that there is a reasonable likelihood of showing unpatentability with respect to at least one of the challenged claims, claims 1, 2, 6–8, and 12–14.

Petitioner relies on the following prior art:

Takahiro Kiuchi and Shigekoto Kaihara, *C-HTTP-- The Development of a Secure, Closed HTTP-Based Network on the Internet*, PROCEEDINGS OF THE SYMPOSIUM ON NETWORK AND DISTRIBUTED SYSTEM SECURITY, IEEE 64–75 (1996) (Ex. 1002, “Kiuchi”).

P. Mockapetris, *Domain Names – Concepts and Facilities*, Network Working Group, Request for Comments: 1034 (1987) (Ex. 1005, “RFC 1034”).

E. Rescorla and A. Schiffman, *The Secure HyperText Transfer Protocol*, Enterprise Integration Technologies (1999) (Ex. 1024, “RFC 2660”).

Petitioner contends that the challenged claims are unpatentable under 35 U.S.C. § 102 and/or § 103 based on the following specific grounds (Pet. 3–4, 15–37):

Reference(s)	Basis	Claims challenged
Kiuchi	§ 102	1, 2, 6–8, and 12–14
Kiuchi and any one of RFC 2660 or RFC 1034	§ 103	1, 2, 6–8, and 12–14
Kiuchi, RFC 2660, and RFC 1034	§ 103	1, 2, 6–8, and 12–14

*B. The Invention*

The '151 Patent describes a system and method for securely communicating over the Internet. Ex. 1001, 3:8. A Domain Name Server (DNSs) provides a look-up function that returns the IP address of a requested computer or host. Ex. 1001, 36:61–63. A user sends a request to the DNS to look up the IP address associated with a name of a destination host. Ex. 1001, 37:4–6. The DNS returns the IP address to the client, which is then able to use the IP address to communicate with the host. Ex. 1001, 37:6–9.

Claim 1 of the '151 Patent is reproduced below:

1. A data processing device, comprising memory storing a domain name server (DNS) proxy module that intercepts DNS requests sent by a client and, for each intercepted DNS request, performs the steps of:

(i) determining whether the intercepted DNS request corresponds to a secure server;

(ii) when the intercepted DNS request does not correspond to a secure server, forwarding the DNS request to a DNS function that returns an IP address of a nonsecure computer, and

(iii) when the intercepted DNS request corresponds to a secure server, automatically initiating an encrypted channel between the client and the secure server.

Ex. 1001, 46:55–67.

We note that the '151 Patent is presently the subject of co-pending actions, as follows:

- 1) Civ. Act. No 6:13-cv-00211-LED (E.D. Tex.), filed February 26, 2013;
- 2) Civ. Act. No. 6:12-cv-00855-LED (E.D. Tex.), filed November 6, 2012;
- 3) Civ. Act. No. 6:10-cv-00417-LED (E.D. Tex.), filed August 11, 2010.

*See* Pet. 1.

## II. ANALYSIS

### A. *Cited References*

#### 1) *Overview of Kiuchi*

Kiuchi discloses a closed HTTP-based network (“C-HTTP”) for a closed group of institutions, in which each member is protected by its own firewall. Ex. 1002, 64. Communication is made possible with a client-side proxy (for one institution), a server-side proxy (for another institution), and a C-HTTP name server that provides both client-side and server-side proxies with each peer’s public key and Nonce values for both request and response. *Id.* at 64–65.

The client-side proxy asks the C-HTTP name server whether it can communicate with the host specified in a given URL. If the connection is permitted, the C-HTTP name server sends the IP address and public key of the server-side proxy and both request and response Nonce values, which are encrypted and certified using asymmetric key encryption and digital signature. *Id.* at 65.

The client-side proxy then sends an encrypted request (including the client-side proxy's IP address, hostname, request Nonce value and symmetric data exchange key for request encryption) to the server-side proxy, which then asks the C-HTTP name server if the query from the client-side proxy is legitimate. *Id.* If the request is confirmed to be legitimate and access is permitted, the C-HTTP name server sends the IP address and public key of the client-side proxy and both request and response Nonce values to the server-side proxy. After receiving the client-side proxy's IP address, hostname and public key, the server-side proxy generates and sends a connection ID to the client-side proxy. After the client-side proxy accepts the connection ID from the server-side proxy, the connection is established. *Id.* at 66.

### *2) Overview of RFC 2660*

RFC 2660 discloses a client and server authenticating each other and exchanging sensitive information confidentially using secure communication mechanisms between an HTTP client-server pair. Ex. 1024, 5:8–10, 13–14.

### *3) Overview of RFC 1034*

RFC 1034 discloses a name server that answers standard queries in recursive mode or non-recursive mode. Ex. 1005, 22. In non-recursive mode, the server is unable to provide an answer to the request and refers to “some other server ‘closer’ to the answer.” In recursive mode, the server “returns either an error or the answer, but never referrals.” *Id.*

*B. Claim Construction*

We interpret claims of an unexpired patent using the broadest reasonable construction in light of the specification of the patent in which they appear. 37 C.F.R. § 42.100(b); *see In re Cuozzo Speed Techs., LLC*, 793 F.3d 1268, 1275–79 (Fed. Cir. 2015). We presume a claim term carries its “ordinary and customary meaning,” which is “the meaning that the term would have to a person of ordinary skill in the art in question” at the time of the invention. *In re Translogic Tech., Inc.*, 504 F.3d 1249, 1257 (Fed. Cir. 2007) (citation and quotations omitted).

Petitioner and Patent Owner each proffer proposed constructions of several claim terms. For purposes of this decision, we determine that no claim terms require express construction.

*C. Kiuchi – Anticipation*

Based on the present record at this preliminary stage of the proceedings, we agree that Petitioner has established that there is a reasonable likelihood of unpatentability of at least one claim as anticipated by Kiuchi. For example, Petitioner provides evidence and arguments in support of the proposed ground of unpatentability of claims 1, 2, 6–8, and 12–14 as anticipated by Kiuchi. Pet. 25–37; Ex. 1002 Abstract, 64–66, §§ 2.1–2.3; Declaration of Dr. Roch Guerin, Ex. 1003 ¶¶ 18–31. We have reviewed the evidence Petitioner cites, and we find that evidence persuasive of a reasonable likelihood that Petitioner would prevail with respect to this asserted ground of unpatentability.

For example, claim 1 recites memory storing a domain name server (DNS) proxy module that intercepts DNS request sent by a client. As Petitioner explains, Kiuchi discloses “a client-side proxy” that “is a domain name server (DNS) proxy

module that intercepts DNS requests sent by a user agent acting as a client. Pet. 25–28 (citing Ex. 1002, 65–66; Ex. 1003, ¶¶ 18, 20–22, 27–28).

Claim 1 also recites determining whether the request corresponds to a secure server. As Petitioner explains, Kiuchi discloses a “client-side proxy” that “determines whether the request corresponds to a secure server by asking ‘the C-HTTP name server whether it can communicate with the host specified in a given URL.’” Pet. 28–29 (citing Ex. 1002, 65; Ex. 1003, ¶¶ 23–24).

Claim 1 also recites that when the intercepted DNS request does not correspond to a secure server, forwarding the DNS request to a DNS function that returns an IP address of a nonsecure computer. As Petitioner explains, Kiuchi discloses that “if the client-side proxy receives from the C-HTTP name server the status code that indicates an error . . . then the client-side proxy ‘behave[s] like an ordinary HTTP/1.0 proxy’ by ‘perform[ing] DNS lookup.’” Pet. 29–30 (citing Ex. 1002, 65; Ex. 1003, ¶ 23).

Claim 1 also recites that when the intercepted DNS request corresponds to a secure server, automatically initiating an encrypted channel between the client and the secure server. As Petitioner explains, Kiuchi discloses, for example, that “if the client-side proxy receives from the C-HTTP name server’ the IP address and public key of the server-side proxy and both request and response Nonce values’ . . . the client-side proxy uses this information to initiate a sequence of steps for a secure C-HTTP session.” Pet. 30–32 (citing Ex. 1002, 64–66; Ex. 1003 ¶¶ 23–25, 28–31).

*D. Kiuchi and at least one of RFC 1034 or RFC 2660*

Based on the present record at this preliminary stage of the proceedings, we agree that Petitioner has established that there is a reasonable likelihood of



unpatentability of at least one claim as obvious over the combination of Kiuchi and either one of RFC 1034 or RFC 2660 or the combination of Kiuchi and both of RFC 1034 and RFC 2660. For example, Petitioner provides evidence and arguments in support of the proposed grounds of unpatentability of claims 1, 2, 6–8, and 12–14. Pet. 37–58; Ex. 1002 Abstract, 64–66, 69, 70, §§ 2.1–2.3, 4–4; Ex. 1003 ¶¶ 18–24, 26–44, 47, 51; Ex. 1004 5, 8–10, 3, 14; §§ 1, 1.1; Ex. 1005 4, 21. As previously discussed, we have reviewed the evidence Petitioner cites, and we find that evidence persuasive of a reasonable likelihood that Petitioner would prevail with respect to this asserted ground of unpatentability.

*E. Real-parties-in-interest*

Patent Owner argues that the Petitioner fails to name all of the real parties-in-interest. Prelim. Resp. 2. In particular, Patent Owner argues that “[t]he petition names The Mangrove Partners Master Fund, Ltd. . . . as the only RPI” but fails to name other alleged real parties-in-interest, namely, “(1) the Mangrove Partners Hedge Fund; (2) Nathaniel August (President and majority owner of the Mangrove Partners Hedge Fund); (3) The Mangrove Partners Fund, L.P. (‘the US Feeder’); (4) The Mangrove Partners Fund (Cayman), Ltd. (‘the Cayman Feeder’); (5) Mangrove Capital (the General Partner of the US Feeder); and (6) the unnamed investors in the US Feeder and the Cayman Feeder.” *Id.* at 2–13.

The present record does not reflect that Petitioner is precluded from modifying the named real-parties-in-interest to include any of the entities (or subset thereof) cited by Patent Owner. Nor does the record indicate that any such modification would result in rendering this proceeding improper. Given these observations, non-institution of these proceedings at this preliminary stage based solely on this potential issue is premature as Petitioner has not had the opportunity

to either provide evidence whether the additional entities are real-parties-in-interest and/or modify the named real-parties-in-interest if it is determined that any of the additional entities are, in fact, real-parties-in-interest.

*F. Alleged attempts to manipulate the financial markets*

Patent Owner argues that “[t]he Board should . . . refuse to institute this IPR” because “[t]his proceeding was filed in an apparent attempt to manipulate the financial markets.” Prelim. Resp. 13, 15 (citing Ex. 2004, 2; Ex. 2006, 2).

Profit is at the heart of nearly every patent and nearly every inter partes review. As such, an economic motive for challenging a patent claim does not itself raise abuse of process issues. We take no position on the merits of Petitioner’s investment strategy.

In any event, the AIA sought to establish a more efficient and streamlined patent system that improved patent quality, while at the same time limiting unnecessary and counterproductive litigation costs. The AIA was designed to encourage the filing of meritorious patentability challenges, by any person who is not the patent owner, in an effort to further improve patent quality. H.R. Rep. No. 112–98, pt. 1, at 85 (2011). Patent Owner does not allege that Petitioner filed a non-meritorious patentability challenge.

*G. Alleged clashes with the Federal Circuit*

Patent Owner argues that “each of [Petitioner’s] proposed rejections rely on a view of *Kiuchi* that clashes with the Federal Circuit’s view of *Kiuchi*.” Prelim. Resp. 16.

This proposed issue is best resolved during trial to ascertain, for example, what the specific determinations or holdings of the Federal Circuit are, the precise

nature of these determinations or holdings, and how such determinations or holdings would affect the present proceeding, given the nature of the specific issues that may present themselves during the course of the (as yet to occur) trial.

For example, Patent Owner argues that the Federal Circuit determined that “there was ‘*substantial*’ evidence . . . that Kiuchi fails to disclose . . . that the DNS request [is] ‘sent by a client’” and that “Petitioner fails to address or even acknowledge the opinion.” Prelim. Resp. 15. At this preliminary stage of the proceeding, there is insufficient evidence to ascertain the relevance of the Federal Circuit’s determination to the present proceeding. Patent Owner does not indicate what the “substantial evidence” was and whether the “substantial evidence” pertained to a broadest reasonable construction of claim terms in light of the Specification, for example. Hence, particularly in view of the decision from the Federal Circuit, the record lacks necessary evidence to demonstrate definitively that Kiuchi, in fact, fails to disclose the features recited in claim 1. Only after trial commences will both Patent Owner and Petitioner have the opportunity to clarify the record such that a meaningful assessment may be made with respect to this issue.

*H. Alleged excessive burden and redundancy under 35 U.S.C. § 325(d)*

Patent Owner argues that “[n]either the Board nor Patent Owner should be forced to assume the burden of handling duplicative proceedings challenging the ’151 patent involving a common set of prior art references” such that “the Board should exercise its discretion and deny the Petition under 35 U.S.C. § 325(d).” Prelim. Resp. 18.

Notwithstanding Patent Owner’s stated concerns, we determine that, given the specific facts of the present proceeding, that institution of this proceeding

would not pose an excessive burden on the Board or the parties. We decline to exercise our discretion to deny the Petition solely under 35 U.S.C. § 325(d) in this matter.

*I. Printed publications*

Patent Owner argues that “Petitioner has . . . failed to meet its burden to establish that Rescorla [i.e., RFC 2660] and RFC 1034 are printed publications.” Prelim. Resp. 25.

The determination of whether a given reference qualifies as a prior art “printed publication” involves a case-by-case inquiry into the facts and circumstances surrounding the reference’s disclosure to members of the public. *In re Klopfenstein*, 380 F.3d 1345, 1350 (Fed. Cir. 2004). We acknowledge Patent Owner’s argument regarding RFC 1034 and RFC 2660. On its face, however, RFC 1034 is a dated “Request for Comments” from the “Network Working Group,” discussing a standard of the Domain Name System (DNS) including an “official protocol” that “includes standard queries and their responses and most of the Internet class data formats.” Ex. 1005, 1. RFC 2660 is a dated “Request for Comments” from the “Network Working Group,” that “is an Internet-Draft” and discusses “a syntax for securing messages sent using the Hypertext Transfer Protocol (HTTP).” Ex. 1004, 1. These indicia suggest that there is a reasonable likelihood the documents were made available to the public (over the Internet), in order to obtain feedback prior to implementation of the standards or syntax they describe.

On this record,<sup>1</sup> we are persuaded that Petitioner has made a threshold showing that RFC 1034 and RFC 2660 constitute prior art printed publications. Accordingly, we consider the disclosures of RFC 1034 and RFC 2660 for the purposes of this decision.

### III. CONCLUSION

We institute an *inter partes* review of claims 1, 2, 6–8, and 12–14 under 35 U.S.C. § 102 as anticipated by Kiuchi and under 35 U.S.C. § 103 as obvious over the combination of Kiuchi and any one of RFC 2660 or RFC 1034 or the combination of Kiuchi and both RFC 2660 and RFC 1034.

### IV. ORDER

For the reasons given, it is

ORDERED that an *inter partes* review is instituted as to claims 1, 2, 6–8, and 12–14 on the ground of anticipation by Kiuchi, and on the ground of obviousness over Kiuchi and any one of RFC 2660 or RFC 1034 or the combination of Kiuchi and both RFC 2660 and RFC 1034;

FURTHER ORDERED that pursuant to 35 U.S.C. § 314(a), *inter partes* review of the '151 Patent is hereby instituted commencing on the entry date of this Order, and pursuant to 35 U.S.C. § 314(c) and 37 C.F.R. § 42.4, notice is hereby given of the institution of a trial.

FURTHER ORDERED that the trial is limited to the grounds stated above.

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<sup>1</sup> To the extent that Patent Owner continues to assert that Petitioner has not met its burden of showing that RFC 1034 and RFC 2660 are “printed publications,” it will have the opportunity to make this argument in its Patent Owner Response.

IPR2015-01047  
Patent 7,490,151 B2

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# **Exhibit 19**

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UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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THE MANGROVE PARTNERS MASTER FUND, LTD.  
Petitioner

v.

VIRNETX INC.  
Patent Owner

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Case IPR2015-01046  
Patent 6,502,135

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**Patent Owner's Motion for Additional Discovery**



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## **I. Introduction and Precise Relief Requested**

Patent Owner requests that the Board authorize the discovery contained in Exhibits 2039-2040. *See* 37 C.F.R. §§ 42.51(b)(2), 42.52(a). The Board authorized this motion in an email to the parties on December 4, 2015.

## **II. Background**

The Mangrove Partners Master Fund, Ltd. is an entity set up in the Cayman Islands that has no control over its own actions. By design, it receives funding, operates, and pays out profits entirely at the discretion of others, including (1) Mangrove Partners (“the Mangrove Partners Hedge Fund”); (2) Nathaniel August (President and majority owner of the Mangrove Partners Hedge Fund); (3) The Mangrove Partners Fund, L.P. (“the US Feeder”); (4) The Mangrove Partners Fund (Cayman), Ltd. (“the Cayman Feeder”); (5) Mangrove Capital (the General Partner of the US Feeder); and (6) the investors in the US Feeder and the Cayman Feeder, as explained below.

The Board previously found that there were insufficient facts to show that these entities were real-parties-in-interest (“RPIs”). *See generally* Paper No. 19. While Patent Owner respectfully disagrees, the underlying facts do show at a minimum that there is more than a possibility and mere allegation that each of these entities is a RPI, thus supporting the requested discovery.

### **A. The Mangrove Entities**

Nathaniel August is President and majority owner of the Mangrove Partners

Hedge Fund. (See Ex. 2002 at 1-2; Ex. 2001 at 3.) In its role as “investment manager,” the Mangrove Partners Hedge Fund has “*complete* discretion” to control the investments of the US Feeder, the Cayman Feeder, and Petitioner. (Ex. 2001 at 3, 17.) The Mangrove Partners Hedge Fund requires investors to provide a “minimum initial investment of \$1,000,000,” (Ex. 2001 at 6). Pursuant to a master-feeder structure, the investments would be fed into the US Feeder or the Cayman Feeder, and in turn funneled to Petitioner. (Ex. 2001 at 3-4; Ex. 2041 at 6-10; Ex. 2015 at 34-35.) Petitioner has not disputed that the funds from its investors were used for this proceeding.

The Mangrove Partners Hedge Fund and Nathaniel August have repeatedly signed documents on behalf of Petitioner, the US Feeder, the Cayman Feeder, and Mangrove Capital.<sup>1</sup> (See, e.g., Ex. 2007 at 11-12; Ex. 2008 at 12; Ex. 2009 at 11; Ex. 2010 at 11; Ex. 2011 at 11; Ex. Ex. 2012 at 11; Ex. 2013 at 5, 11.) These entities have also in the past publicly acted as a collective, referring to themselves as “Mangrove.” (Ex. 2014 at 1, 3, 4.) Thus, it is likely that these entities also acted collectively in controlling and funding this proceeding, including preparing

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<sup>1</sup> Mangrove Capital is an “affiliate” of the Mangrove Partners Hedge Fund and “serves as the general partner of the US Feeder.” (*Id.* at 3.) The Mangrove Partners Hedge Fund and Mangrove Capital are “under common control.” (Ex. 2041 at 5.)

and filing the petition here.

Indicative of this collective effort in the petition, Ward Dietrich held himself out as an “authorized person” to sign the Power of Attorney on behalf of Petitioner. *See* Paper No. 2 at 2. Ward Dietrich is Chief Operating Officer of the Mangrove Partners Master Fund. (*See* Ex. 2002 at 2.) However, he has no public role in Petitioner, with only Nathaniel August, Kevin Phillip, and David Bree listed as Petitioner’s Directors in SEC filings. (Ex. 2041 at 6.)

**B. Petitioner’s Acknowledgements**

Petitioner has never denied involvement of the other Mangrove entities in this proceeding. To the contrary, Petitioner appears to have conceded as much. For example, when Patent Owner raised the RPI issue in a Request for Rehearing, Petitioner offered to file a “contingent motion to amend the real parties in interest.” Paper No. 18 at 2. Given that the determination of whether “a party who is not named as a participant in a given proceeding constitutes an RPI is a highly fact dependent question,” *see* Paper No. 19 at 3, Petitioner’s willingness to change RPI demonstrates that there is more than a possibility and mere allegation that it incorrectly identified the RPIs in this proceeding.

During a meet-and-confer process suggested by the Board (*see* Ex. 2042 at 27:3-12), Petitioner’s counsel indicated that Petitioner was willing to name all of the entities discussed in Section II.A, other than the investors, as RPIs, and was

also willing to provide additional discovery. In fact, Petitioner's counsel indicated that Petitioner had already collected certain material responsive to draft discovery requests provided by Patent Owner. Petitioner's counsel further conceded an individual named Jeffrey Kalicka (the Mangrove Partners Hedge Fund's Senior Analyst) was involved in the preparation of the petition here, despite the fact that, like Ward Dietrich, he has no public role in Petitioner. (Ex. 2041 at 6.)

Despite the concessions during the meet-and-confer process, Petitioner was only willing to correct its RPI designation and/or provide additional discovery if Patent Owner agreed to waive its right to challenge Petitioner's failure to properly identify the RPIs. Patent Owner did not agree to Petitioner's proposal. For one, Patent Owner does not believe it is required to waive its rights so that Petitioner can meet its statutory obligation. In addition, as Patent Owner's counsel explained to Petitioner's counsel, RPI is a highly fact-specific inquiry that cannot be negotiated. It would be improper for some RPIs to be named and others to be omitted based on an agreement between the parties. Petitioner's willingness to negotiate the identified RPIs shows that it failed to consider the necessary factual inquiries prior to filing its petition and now recognizes that there is an issue.

### **III. Reasons for the Requested Relief**

Patent Owner requests discovery that will further show that Mangrove Partners, Nathaniel August, the US Feeder, the Cayman Feeder, Mangrove Capital,

and the investors (collectively, “the other Mangrove entities”), are RPIs, and therefore, that Petitioner violated the statutory requirements of 35 U.S.C. § 312(a)(2). Aside from being a statutory requirement, the Board relies on “RPI to determine conflicts of interest for the Office [and] the credibility of evidence presented in a proceeding,” *Reflectix, Inc. v. Promethean Insulation Tech. LLC*, IPR2015-00039, Paper No. 18 at 8 (Apr. 24, 2015) (citing *GEA Process Eng’g Inc. v. Steuben Foods, Inc.*, IPR2014-00041, Paper No. 140 at 24 (Feb. 11, 2015)), and to “assure proper application of the statutory estoppel provisions.” 77 Fed. Reg. 157 at 48759; *see also In re Guan*, Control No. 95/001,045, Decision Vacating Filing Date (Aug. 25, 2008). As discussed in turn below, Patent Owner’s discovery requests meet the factors set forth in *Garmin Int’l, Inc. v. Cuozzo Speed Techs. LLC*, IPR2012-00001, Paper No. 26 (Mar. 5, 2013).

**More Than a Possibility and Mere Allegation:** Patent Owner’s discovery narrowly focuses on the nature and scope of the relationship between Petitioner and the other Mangrove entities as it pertains to this proceeding. (*See Exs. 2039-2040.*) The discovery is based on known aspects of the relationship between Petitioner and the other Mangrove entities discussed above (more than a possibility and mere allegation), and is calculated to render useful information that is favorable to Patent Owner’s contention that this proceeding should be dismissed under 35 U.S.C. § 312(a)(2) for failing to identify the other Mangrove entities as

RPIs. *See Garmin*, IPR2012-00001, Paper No. 26 at 7.

There is a strong likelihood that the requested material exists. For example, the material sought in Request For Production (“RFP”) No. 1 is likely to exist given the legal relationships between the Mangrove entities and the involvement of Ward Dietrich and Jeffrey Kalicka in the preparation and filing of the petition in this proceeding (despite the fact that neither is officially affiliated with Petitioner). The material sought in RFP No. 2 is likely to exist given that, by its very nature as a master fund, Petitioner is only intended to profit on behalf of others (i.e., the US Feeder and the Cayman Feeder, and, in turn, the investors in the US Feeder and the Cayman Feeder), and thus arrangements as to funds, stock, stock options, or other consideration are likely to exist. The material sought in RFP Nos. 3-4 is almost certain to exist given that, for example, law firms enter into engagement agreements or retainer agreements prior to commencing work, and generate invoices as work is performed, and are likely to be highly probative of whether Petitioner or the other Mangrove entities engaged the counsel listed in the petition for this proceeding and who is funding the proceeding.

The material sought in Interrogatory No. 1 is likely to exist for the same reasons discussed above for RFP Nos. 1-4. As to Interrogatory Nos. 2-4, the persons or entities covered by the requests necessarily exist (e.g., someone necessarily was involved in the preparation and filing of the petition here), should



be readily identifiable as a simple factual query, and are highly probative of RPI.

In addition to the requests in Exhibits 2039-2040, Patent Owner also requests that, given Nathaniel August's role in the Mangrove entities, he be made available for a four hour deposition regarding the entities and individuals involved in the control and funding of this proceeding. Patent Owner, however, is willing to hold this request in abeyance until after Petitioner has responded to the other requests and Patent Owner determines whether a deposition is still necessary.

**Litigation Positions and Underlying Basis:** Patent Owner, Petitioner, and the other Mangrove entities are not in district-court litigation, and none of Patent Owner's requests implicate litigation positions or strategies of Petitioner or the other Mangrove entities. Patent Owner also does not seek to prematurely learn Petitioner's or the other Mangrove entities' positions in these IPRs.

**Ability to Generate Equivalent Information by Other Means:** Patent Owner's discovery requests narrowly target information about the relationship between Petitioner and the other Mangrove entities that is not publicly available. While public documents, including those filed with the SEC, suggest the other Mangrove entities are likely RPIs, the Board found this was not enough to show the other Mangrove entities were necessarily controlling or funding this proceeding. *See generally* Paper No. 19.

**Easily Understandable Instructions:** Patent Owner's instructions (see Exs.

2039-2040 at 1-2) are easily understandable and are based on the instructions already approved by the Board in *Garmin*. IPR2012-00001, Paper No. 26 at 14.

**Requests Not Overly Burdensome:** The requested discovery is “sensible and responsibly tailored according to a genuine need.” *See Garmin* at 14-16. Petitioner’s compliance with the requested discovery will not require significant expenditure of resources or place a significant burden on meeting deadlines in this proceeding. Petitioner’s counsel in fact conceded that Petitioner had already collected certain material responsive to draft discovery requests provided by Patent Owner. Moreover, any alleged financial, human resource, or time burden merely represents the cost of an RPI factual inquiry that should have been performed before the petition in this proceeding was filed.

#### **IV. Conclusion**

Based on the above, Patent owner respectfully requests that the Board allow the discovery contained in Exhibits 2039-2040.

Respectfully submitted,

Dated: December 9, 2015

By: /Joseph E. Palys/  
Joseph E. Palys  
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Counsel for VirnetX Inc.

**CERTIFICATE OF SERVICE**

Pursuant to 37 C.F.R. § 42.6(e), I certify that I caused to be served on the counsel for Petitioner a true and correct copy of the foregoing Patent Owner's Preliminary Response pursuant to 37 C.F.R. § 42.8 by electronic means on the date below at the following address of record:

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UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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THE MANGROVE PARTNERS MASTER FUND, LTD.,  
Petitioner

v.

VIRNETX INC.  
Patent Owner

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Case IPR2015-01046  
Patent No. 6,502,135

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

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## **I. INTRODUCTION AND PRECISE RELIEF REQUESTED**

Patent Owner VirnetX Inc. requests rehearing of the Patent Trial and Appeal Board's Decision entered December 21, 2015 ("Decision"), denying Patent Owner's Motion For Additional Discovery filed December 9, 2015 (Paper No. 22, "Motion"). The Decision denied the Motion because Patent Owner allegedly did not provide sufficient evidence to demonstrate "more than a mere possibility that something useful will be discovered" with respect to various issues. (*See, e.g.*, Decision at 2, 4, 5.) The Decision should be reversed for at least two reasons. First, the Decision overlooked several important points of law as to a real-party-in-interest ("RPI") determination in finding the Motion to be speculative. Indeed, certain facts that the Decision found to be so speculative as to not even warrant discovery have been found to be *determinative* of RPI issues by other panels. Second, the Decision overlooked several important facts and arguments.

Patent Owner requests rehearing by an expanded panel that includes the Chief Judge in deciding this request. Standard Operating Procedure 1, Rev. 14, Section III.D ("When a judge, a merits panel, or an interlocutory panel . . . receives a suggestion for an expanded panel, the judge, merits panel, or interlocutory panel shall notify the Chief Judge, Deputy Chief Judge, and the Vice Chief Judges of the suggestion, in writing."). An expanded panel that includes the Chief Judge is



necessary to secure and maintain uniformity given the large discrepancy in considering RPI issues between the Decision and numerous other panel decisions.

## **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.*

## **III. STATEMENT OF REASONS FOR RELIEF REQUESTED**

### **A. The Decision Overlooked the Requirements of an RPI Inquiry**

In *Garmin Int’l, Inc. v. Cuozzo Speed Techs. LLC*, IPR2012-00001, Paper No. 26 at 6 (Mar. 5, 2013), the Board explained that “[t]he mere possibility of finding something useful, and mere allegation that something useful will be found, are insufficient to demonstrate that the requested discovery is necessary in the interest of justice.” It stated that “[t]he party requesting discovery should already be in possession of evidence *tending to show beyond speculation* that in fact something useful will be uncovered.” *Garmin*, IPR2012-00001, Paper No. 26 at 6 (emphasis added). Thus, in the Motion, Patent Owner was only required to present evidence that can serve “as the foundation for taking Patent Owner’s belief out of the realm of mere speculation.” *Unified Patents, Inc. v. Clouding IP, LLC*, IPR2013-00586, Paper No. 12 at 3 (Apr. 22, 2014). Since the Motion was directed to improperly omitted RPIs in particular, the evidence presented in the Motion only

needed to show beyond speculation that something useful would be uncovered as to RPI issues. The Motion certainly met this standard.

The Decision found that “[e]ven assuming that ‘Mangrove Partners Hedge Fund has ‘*complete* discretion’ to control the investments of’ [the US Feeder, the Cayman Feeder, and Petitioner] to be true, as asserted by Patent Owner, Patent Owner does not assert or provide a sufficient showing that Mangrove Partners hedge fund also has ‘complete discretion’ and control over the preparation or filing of the Petition.” (Decision at 2.)<sup>1</sup> At the outset, the Decision overlooks that the Petition itself was an investment. As explained in the Motion (and other papers throughout this proceeding), Petitioner is a shell entity that exists for the sole purpose of receiving funding from investors via the US Feeder and Cayman Feeder, making investments directed by the Mangrove Partners Hedge Fund (its investment manager), and paying out profits to investors via the US Feeder and Cayman Feeder. (*See, e.g.*, Motion at 1-4.) Petitioner exists for the purpose of

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<sup>1</sup> The Decision refers to the Mangrove Partners Hedge Fund’s “*complete* discretion” as only an assertion by Patent Owner. (Decision at 2.) But it is more than an assertion. It is a statement by Mangrove Partners Hedge Fund filed with the United States Securities and Exchange Commission. (Motion at 2 (citing Ex. 2001 at 3, 17).)

making investments. Thus, the statement in the Decision regarding “complete discretion” is incorrect.

At a minimum, the complete discretion of the Mangrove Partners Hedge Fund to control the investments of the US Feeder, the Cayman Feeder, and Petitioner highly suggests that the Mangrove Partners Hedge Fund had actual control over the Petition. Indeed, countless other panels have relied on similar evidence of control by a parent entity (i.e., even where there was no evidence specific to a particular proceeding) to be *determinative* of RPI. *See, e.g., Reflectix, Inc. v. Promethean Insulation Tech. LLC*, IPR2015-00039, Paper No. 18 at 9 (Apr. 24, 2015); *Galderma S.A. v. Allergan Industrie, SAS*, IPR2014-01422, Paper No. 14 at 9–13 (Mar. 5, 2015); *Atlanta Gas Light Co. v. Bennett Regulator Guards, Inc.*, IPR2013-00453, Paper No. 88 at 2–6 (Jan. 6, 2015); *ZOLL Lifecor Corp. v. Philips Elec. N. Am. Corp.*, IPR2013-00606, Paper No. 13 at 8-11 (Mar. 20, 2014). For instance, in *Galderma*, the Board found that where a President of a parent entity was also at the helm of the parent entity’s subsidiary, this “strongly implies ‘an involved and controlling parent corporation representing the unified interests of itself and Petitioner.’” *Galderma S.A.*, IPR2014-01422, Paper No. 14 at 12 (citing *Zoll Lifecor Corp. v. Philips Elecs. N. Am. Corp.*, IPR2013-00606, Paper No. 13 at 10 (Mar. 20, 2015)). The Board explained in *Galderma* that it “need not consider whether [a party] did or did not, directly or indirectly, exercise [its] control.” *Id.*

Rather, for purposes of finding that a party is an RPI, it is sufficient that the party had the power “to call the shots.” *Id.* (citing *Gonzalez v. Banco Cent. Corp.*, 27 F.3d 751, 758 (1st Cir. 1994)). The Board in *Galderma* thus found a parent entity with control over its subsidiary to be an improperly omitted RPI. *Id.* at 13. Evidence that some panels have found to be determinative of RPI issues should, at a minimum, be viewed as “tending to show beyond speculation that in fact something useful will be uncovered.” *Garmin*, IPR2012-00001, Paper No. 26 at 6.

The Decision’s strict standard for discovery not only contradicts *Garmin*’s holding that a party seeking additional discovery need only “be in possession of evidence tending to show beyond speculation that in fact something useful will be uncovered,” *Garmin*, IPR2012-00001, Paper No. 26 at 6, it also contradicts how other panels have applied *Garmin*. For instance, in *RPX Corp. v. ParkerVision, Inc.*, IPR2014-00946, Paper No. 25 at 3-4 (Feb. 20, 2015), the Board found that evidence regarding a party’s business model (akin to the evidence presented in the Motion regarding the business model of the Mangrove entities) and a formal relationship between a non-party and a party (akin to the evidence presented in the Motion regarding the formal relationship between the Mangrove entities), were important in finding that the “whether something useful will be found” factor of *Garmin* weighed in favor of granting additional discovery. The Decision thus represents a marked departure from *Garmin* and its progeny.

**B. The Decision Overlooked Several Important Facts and Arguments That Should Have Compelled a Finding in Favor of Discovery**

The Decision overlooked several facts further demonstrating that discovery as to RPI is warranted. For one, the Decision overlooked that “Petitioner’s counsel indicated that Petitioner had already collected certain material responsive to draft discovery requests provided by Patent Owner.” (Motion at 4.) The existence of those materials is not speculative given that Petitioner has admitted the materials exist.

In addition, the Decision overlooked that Ward Dietrich, who has no public role in Petitioner, “held himself out as an ‘authorized person’ to sign the Power of Attorney on behalf of Petitioner” (Motion at 3), and that “Jeffrey Kalicka (the Mangrove Partners Hedge Fund’s Senior Analyst) was involved in the preparation of the petition here, despite the fact that, like Ward Dietrich, he has no public role in Petitioner” (Motion at 4). When taken together with the fact that the Mangrove Partners Hedge Fund has complete discretion to control the investments of the US Feeder, the Cayman Feeder, and Petitioner, this further suggests that the Mangrove Partners Hedge Fund had actual control over the Petition, at least beyond “mere speculation.” (Motion at 6.) Stated another way, even if the Board is of the opinion that a parent entity can have complete control over the investments of an entity that only exists to invest, with the parent entity having its employees

participate in the preparation of a petition, and yet still not be an RPI, there is no question that such evidence goes beyond “mere speculation.”

The Decision also overlooked several arguments in the Motion—in fact, the Decision’s analysis was limited to the Background section of the Motion, not analyzing any of the discovery requests in the Motion or the arguments explaining why the *Garmin* factors are satisfied. (Decision at 1-5.) For example, the Decision did not consider any of the following arguments:

- “[T]he material sought in Request For Production (“RFP”) No. 1 is likely to exist given the legal relationships between the Mangrove entities and the involvement of Ward Dietrich and Jeffrey Kalicka in the preparation and filing of the petition in this proceeding (despite the fact that neither is officially affiliated with Petitioner).” (Motion at 6.)
- “The material sought in RFP No. 2 is likely to exist given that, by its very nature as a master fund, Petitioner is only intended to profit on behalf of others (i.e., the US Feeder and the Cayman Feeder, and, in turn, the investors in the US Feeder and the Cayman Feeder), and thus arrangements as to funds, stock, stock options, or other consideration are likely to exist.” (Motion at 6.)

- “The material sought in RFP Nos. 3-4 is almost certain to exist given that, for example, law firms enter into engagement agreements or retainer agreements prior to commencing work, and generate invoices as work is performed, and are likely to be highly probative of whether Petitioner or the other Mangrove entities engaged the counsel listed in the petition for this proceeding and who is funding the proceeding.”  
(Motion at 6.)

#### **IV. PATENT OWNER REQUESTS REHEARING BY AN EXPANDED PANEL THAT INCLUDES THE CHIEF JUDGE**

Patent Owner requests that an expanded panel that includes the Chief Judge consider this request for rehearing. *See* Standard Operating Procedure 1, Rev. 14 (May 8, 2015), Section III.C; *see also Google Inc. v. SimpleAir, Inc.*, CBM2015-00019, Paper No. 15 at 8 (Aug. 19, 2015) (considering a request for expanded panel review under Standard Operating Procedure 1, Rev. 14). Patent Owner is making this request because “[c]onsideration by an expanded panel is necessary to secure and maintain uniformity of the Board’s decisions, such as where different panels of the Board render conflicting decisions on issues of statutory interpretation . . . , or a substantial difference of opinion among judges exists on issues of statutory interpretation.” Standard Operating Procedure 1, Rev. 14, Section III.A. In particular, as discussed above in Section III.A, numerous panels have interpreted the requirements for discovery and for an RPI determination that

is in significant contradiction with that of the Decision. The standard applied in the Decision contradicts *Garmin*'s requirement that a party seeking additional discovery need only "be in possession of evidence tending to show beyond speculation that in fact something useful will be uncovered," *Garmin*, IPR2012-00001, Paper No. 26 at 6, by faulting Patent Owner for not providing certainty that something useful will be uncovered. Demonstrative of the large departure from past Board precedent, the Decision does not permit additional discovery as to RPI despite the fact that other panels have relied on similar evidence to that presented in the Motion to conclude that a party was in fact an improperly omitted RPI, like in *Galderma*. Therefore, an expanded panel review is necessary to resolve these differences, and clarify the standard for additional discovery.

## **V. CONCLUSION**

The Decision found that Patent Owner allegedly did not provide sufficient evidence to warrant discovery. But in doing so, the Decision improperly analyzed the requirements for an RPI determination, and overlooked several important facts and arguments in the Motion. For these reasons, VirnetX respectfully requests rehearing of the Decision and the grant of additional discovery.



Respectfully submitted,

Dated: January 4, 2016

By: /Joseph E. Palys/

Joseph E. Palys

Registration No. 46,508

Counsel for VirnetX Inc.

**CERTIFICATE OF SERVICE**

Pursuant to 37 C.F.R. § 42.6(e), I certify that I caused to be served on the counsel for Petitioner a true and correct copy of the foregoing Patent Owner's Request for Rehearing Under 37 C.F.R. § 42.71(d)(1) by electronic means on the date below at the following address of record:

Abraham Kasdan (akasdan@wiggin.com)  
Wiggin and Dana LLP  
450 Lexington Avenue  
New York, NY 10017

James T. Bailey (jtb@jtbaileylaw.com)  
504 W. 136th St. #1B  
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IP@wiggin.com

Dated: January 4, 2016

By: /Joseph E. Palys/

Joseph E. Palys  
Registration No. 46,508

Counsel for VirnetX Inc.

**Gzj kdk'43''**

**'Gzegt r vgf ''**

# Mangrove Partners

645 Madison Avenue  
14th Floor  
New York, NY 10022  
<http://www.mangrovepartners.com>

March 27, 2015

This Brochure provides information about the qualifications and business practices of Mangrove Partners (“Mangrove” or the “Firm”). Mangrove is an investment adviser registered with the Securities and Exchange Commission (the “SEC”). The information in this brochure has not been approved or verified by the SEC or by any state securities authority. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information with which you can determine whether you wish to hire or retain such adviser.

This document is not an advertisement, an offer to sell or the solicitation of an offer to purchase interests in any fund managed by Mangrove. Offers to invest in any such interests or accounts may be made only pursuant to appropriate offering documents. Investors must be qualified and approved prior to investing.

If you have any questions about the contents of this Brochure, please contact us at (212) 897-9535 or [compliance@MangrovePartners.com](mailto:compliance@MangrovePartners.com).

Additional information about Mangrove is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

# Mangrove Partners

## Item 2: Material Changes

Since our last Brochure dated March 31, 2014, we have made certain updates to the information contained in the Brochure. The following summary is a list of only those changes that we deem as material in nature.

Assets under management (AUM) information has been updated to reflect values as of January 1, 2015.

# Mangrove Partners

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## Item 4: Advisory Business

Mangrove Partners, a Cayman Islands exempted company established in 2010, provides investment management services on a discretionary basis to the Funds (defined below) which are privately offered pooled investment vehicles intended for sophisticated individual and institutional investors. (Mangrove Partners is referred to as “Mangrove” or the “Firm” in this Brochure and references to “us”, “we” and “our” also refer to Mangrove.)

Mangrove is the investment manager for The Mangrove Partners Fund, L.P., a Delaware limited partnership (the “US Feeder”), The Mangrove Partners Fund (Cayman), Ltd., a Cayman Islands exempted company (the “Cayman Feeder”), The Mangrove Partners Master Fund, Ltd., a Cayman Islands exempted company (the “Cayman Master”) and MP OpportunityCo 1, LLC (“MPOC1”), a Delaware limited liability company. (Each of the foregoing funds is referred to individually as a “Fund” and collectively as the “Funds”. “Investor” refers to any investor in any of the Funds.)

An affiliate of Mangrove, Mangrove Capital, a Cayman Islands exempted company (“Mangrove Capital”), serves as the general partner of the US Feeder and the managing member to MPOC1. The US Feeder and the Cayman Feeder are constituents of a “master-feeder” structure for which

# Mangrove Partners

the Cayman Master serves as the master fund. Each of the Funds is exempt from the registration requirements of the Investment Company Act of 1940 (the “Investment Company Act”).

The Funds’ shared investment objective is to organically compound their net worth while minimizing the chances of a permanent loss of capital. Mangrove’s investment strategy concentrates on an identified subset of systematically underfollowed investments and inefficient markets. Our goal is to generate positive returns from both long and short investments as opposed to employing a relative value or market hedging strategy. Our investment process involves in-depth analysis and valuation work at the company level while being cognizant of underlying industry dynamics. Our deep value discipline in combination with our focus on underfollowed securities gives us our edge.

Mangrove neither tailors its advisory services to the individual needs of investors in the Funds (“Investors”), nor accepts investor-imposed investment restrictions.

For further details on the Mangrove’s investment strategy, please see Item 7 (“Types of Clients”) and Item 8 (“Methods of Analysis, Investment Strategies and Risk of Loss”) below.

The principal owner of Mangrove is Nathaniel August.

As of January 1, 2015, Mangrove manages approximately \$449,210,433 of client assets, in net equity terms, on a discretionary basis. Mangrove does not currently manage any client assets on a non-discretionary basis.

## Item 5: Fees and Compensation

### Management Fees

Other than MPOC1, Mangrove receives fees for its advisory services based on a percentage (generally, approximately 2% annually) of assets under management. In general, Mangrove deducts fees from Fund assets. Management fees are payable monthly in advance and are calculated by a third party administrator. Management fees are prorated for any month during which Mangrove does not serve as investment manager for the entire month. Mangrove has discretion to waive, reduce or rebate management fees.

### Performance-Based Compensation

Except for MPOC1, Mangrove Capital is allocated 20% of the annual increase in the net worth of an Investor’s interest in a Fund (the “Performance Allocation”). If, however, there is a decrease in the net worth of an Investor’s interest in a Fund (other than MPOC1) at the conclusion of a calendar year the Performance Allocation will be reduced to 10% until the net worth of the Investor’s interest increases by an amount equal to twice the decrease.

Mangrove Capital structures Performance Allocation subject to Section 205(a)(1) of the Advisers Act in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. In measuring clients’ profits for the calculation of Performance Allocation, Mangrove Capital includes realized and unrealized gains and losses.

**Gzj kdk'44''**



**FORM ADV**

OMB: 3235-0049

**UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION**

Primary Business Name: MANGROVE PARTNERS

IARD/CRD Number: 162296

Rev. 10/2012

**Schedule A****Direct Owners and Executive Officers**

1. Complete Schedule A only if you are submitting an initial application or report. Schedule A asks for information about your direct owners and executive officers. Use Schedule C to amend this information.
2. Direct Owners and Executive Officers. List below the names of:
- (a) each Chief Executive Officer, Chief Financial Officer, Chief Operations Officer, Chief Legal Officer, Chief Compliance Officer (Chief Compliance Officer is required if you are registered or applying for registration and cannot be more than one individual), director, and any other individuals with similar status or functions;
- (b) if you are organized as a corporation, each shareholder that is a direct owner of 5% or more of a class of your voting securities, unless you are a public reporting company (a company subject to Section 12 or 15(d) of the Exchange Act);  
Direct owners include any *person* that owns, beneficially owns, has the right to vote, or has the power to sell or direct the sale of, 5% or more of a class of your voting securities. For purposes of this Schedule, a *person* beneficially owns any securities: (i) owned by his/her child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, sharing the same residence; or (ii) that he/she has the right to acquire, within 60 days, through the exercise of any option, warrant, or right to purchase the security.
- (c) if you are organized as a partnership, all general partners and those limited and special partners that have the right to receive upon dissolution, or have contributed, 5% or more of your capital;
- (d) in the case of a trust that directly owns 5% or more of a class of your voting securities, or that has the right to receive upon dissolution, or has contributed, 5% or more of your capital, the trust and each trustee; and
- (e) if you are organized as a limited liability company ("LLC"), (i) those members that have the right to receive upon dissolution, or have contributed, 5% or more of your capital, and (ii) if managed by elected managers, all elected managers.
3. Do you have any indirect owners to be reported on Schedule B?  Yes  No
4. In the DE/FE/I column below, enter "DE" if the owner is a domestic entity, "FE" if the owner is an entity incorporated or domiciled in a foreign country, or "I" if the owner or executive officer is an individual.
5. Complete the Title or Status column by entering board/management titles; status as partner, trustee, sole proprietor, elected manager, shareholder, or member; and for shareholders or members, the class of securities owned (if more than one is issued).
6. Ownership codes are:
- |                          |                           |                           |
|--------------------------|---------------------------|---------------------------|
| NA - less than 5%        | B - 10% but less than 25% | D - 50% but less than 75% |
| A - 5% but less than 10% | C - 25% but less than 50% | E - 75% or more           |
7. (a) In the *Control Person* column, enter "Yes" if the *person* has *control* as defined in the Glossary of Terms to Form ADV, and enter "No" if the *person* does not have *control*. Note that under this definition, most executive officers and all 25% owners, general partners, elected managers, and trustees are *control persons*.
- (b) In the PR column, enter "PR" if the owner is a public reporting company under Sections 12 or 15(d) of the Exchange Act.
- (c) Complete each column.

FULL LEGAL NAME	DE/FE/I	Status	Date	Ownership	Control	PR	CRD No. If
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[http://www.adviserinfo.sec.gov/iapd/content/viewform/adv/Sections/iapd\\_AdvScheduleASection.aspx?ORG\\_PK=162296&RGLTR\\_PK=50000&STATE\\_CD=8F...](http://www.adviserinfo.sec.gov/iapd/content/viewform/adv/Sections/iapd_AdvScheduleASection.aspx?ORG_PK=162296&RGLTR_PK=50000&STATE_CD=8F...) 1/2

<b>(Individuals: Last Name, First Name, Middle Name)</b>			<b>Status Acquired MM/YYYY</b>	<b>Code</b>	<b>Person</b>		<b>None: S.S. No. and Date of Birth, IRS Tax No. or Employer ID No.</b>
AUGUST, NATHANIEL, HALL	I	PRESIDENT	04/2010	D	Y	N	2934301
DIETRICH, WARD, THOMAS	I	CHIEF OPERATING OFFICER, CHIEF COMPLIANCE OFFICER	01/2012	B	Y	N	5301614
KALICKA, JEFFREY, STEVEN	I	SENIOR ANALYST	01/2011	B	N	N	6040491
MANGROVE CAPITAL	FE	GENERAL PARTNER - THE MANGROVE PARTNERS FUND, L.P.	04/2010	NA	N	N	98-0652571
AUGUST, NATHANIEL, HALL	I	PRESIDENT - MANGROVE CAPITAL	04/2010	D	Y	N	2934301
DIETRICH, WARD, THOMAS	I	CHIEF OPERATING OFFICER - MANGROVE CAPITAL	01/2012	B	Y	N	5301614
KALICKA, JEFFREY, STEVEN	I	SENIOR ANALYST - MANGROVE CAPITAL	01/2011	B	N	N	6040491
STECK, BRIAN, GERARD	I	SENIOR ANALYST	01/2013	B	N	N	2516600
STECK, BRIAN, GERARD	I	SENIOR ANALYST - MANGROVE CAPITAL	01/2013	B	N	N	2516600
LEE, PHILP, SAN	I	SENIOR ANALYST	01/2012	B	N	N	4683251
LEE, PHILP, SAN	I	SENIOR ANALYST - MANGROVE CAPITAL	01/2012	B	N	N	4683251

[Next](#) [Previous](#)

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**CAYMAN ISLANDS**

**Search Report**

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Entity Name: MANGROVE PARTNERS

Jurisdiction: Cayman Islands

File Number: 236886

Formation Date: 05-Feb-2010  
Registration Date: 05-Feb-2010

Entity Type: Company:EXEMPT

Registered Office: H&J CORPORATE SERVICES (CAYMAN) LTD  
PO Box 866  
2nd Floor, Willow House,  
Cricket Square,  
Cayman Islands

Status: ACTIVE  
Status Date: 05-Feb-2010

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- INFORMATION REGARDING THE CORPORATE RECORDS AND REGISTERS ARE NOT AVAILABLE FOR PUBLIC INSPECTION.
- THIS REPORT DOES NOT CONFIRM THAT THE ENTITY IS IN GOOD STANDING.

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# **Exhibit 24**

The Securities and Exchange Commission has not necessarily reviewed the information in this filing and has not determined if it is accurate and complete.

The reader should not assume that the information is accurate and complete.

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 13F**

**FORM 13F INFORMATION TABLE**

**OMB APPROVAL**

OMB Number: 3235-0006  
Expires: July 31, 2015  
Estimated average burden  
hours per response: 23.8

COLUMN 1 NAME OF ISSUER	COLUMN 2 TITLE OF CLASS	COLUMN 3 CUSIP	COLUMN 4 VALUE (x\$1000)	COLUMN 5			COLUMN 6 INVESTMENT DISCRETION	COLUMN 7 OTHER MANAGER	COLUMN 8 VOTING AUTHORITY		
				SHRS OR PRN AMT	SH/ PRN	PUT/ CALL			SOLE	SHARED	NONE
ALLERGAN INC	COM	018490102	19,282	90,702	SH		SOLE		90,702	0	0
AMEDISYS INC	COM	023436108	1,070	36,451	SH		SOLE		36,451	0	0
AMERICAN CAP LTD	COM	02503Y103	9,528	652,158	SH		SOLE		652,158	0	0
AMERICAN CAP MTG INVT CORP	COM	02504A104	12,519	664,500	SH		SOLE		664,500	0	0
ANNALY CAP MGMT INC	COM	035710409	875	80,980	SH		SOLE		80,980	0	0
APOLLO RESIDENTIAL MTG INC	COM	03763V102	10,811	685,524	SH		SOLE		685,524	0	0
ARENA PHARMACEUTICALS INC	COM	040047102	247	71,200	SH		SOLE		71,200	0	0
ARENA PHARMACEUTICALS INC	COM	040047102	3,011	867,700	SH	Put	SOLE		867,700	0	0
ASTA FDG INC	COM	046220109	8,468	967,770	SH		SOLE		967,770	0	0
ATLANTIC PWR CORP	COM NEW	04878Q863	15,305	5,644,710	SH		SOLE		5,644,710	0	0
BRIDGEPOINT ED INC	COM	10807M105	9,092	803,167	SH		SOLE		803,167	0	0
CARRIZO OIL & GAS INC	COM	144577103	18,643	448,156	SH		SOLE		448,156	0	0
CHERRY HILL MTG INVT CORP	COM	164651101	2,798	151,325	SH		SOLE		151,325	0	0
CITIGROUP INC	COM NEW	172967424	12,906	238,506	SH		SOLE		238,506	0	0
COVIDIEN PLC	SHS	G2554F113	12,274	120,000	SH		SOLE		120,000	0	0
EQUITY COMWLTH	COM SH BEN INT	294628102	10,268	400,000	SH		SOLE		400,000	0	0
FIFTH STR ASSET MGMT INC	CL A COM	31679P109	3,650	261,620	SH		SOLE		261,620	0	0
GOL LINHAS AEREAS INTL G S A	SP ADR REP PFD	38045R107	10,840	1,885,203	SH		SOLE		1,885,203	0	0
HATTERAS FINL CORP	COM	41902R103	11,165	605,800	SH		SOLE		605,800	0	0
HUDSON CITY	COM	443683107	26,614	2,629,856	SH		SOLE		2,629,856	0	0

## BANCORP

INTEROIL CORP	COM	460951106	7,475	153,200	SH	Call	SOLE	153,200	0	0
INVESCO MORTGAGE CAPITAL INC	COM	46131B100	11,835	765,519	SH		SOLE	765,519	0	0
LAMAR ADVERTISING CO	CL A	512816109	13,201	246,102	SH		SOLE	246,102	0	0
MEDLEY MGMT INC	CL A COM	58503T106	2,785	189,475	SH		SOLE	189,475	0	0
NATIONSTAR MTG HLDGS INC	COM	63861C109	18,554	658,167	SH		SOLE	658,167	0	0
NL INDS INC	COM NEW	629156407	2,367	275,208	SH		SOLE	275,208	0	0
OM ASSET MGMT PLC	SHS	G67506108	5,010	308,474	SH		SOLE	308,474	0	0
ORGANOVO HLDGS INC	COM	68620A104	725	100,000	SH		SOLE	100,000	0	0
PARKERVISION INC	COM	701354102	10	11,400	SH	Put	SOLE	11,400	0	0
RYMAN HOSPITALITY PPTYS INC	COM	78377T107	12,764	242,015	SH		SOLE	242,015	0	0
SESA STERLITE LTD	ADR	78413F103	904	66,605	SH		SOLE	66,605	0	0
SOLARCITY CORP	NOTE 2.750%11/0	83416TAA8	5,421	5,000	PRN		SOLE	5,000	0	0
STATE NATL COS INC	COM	85711T305	14,370	1,199,500	SH		SOLE	1,199,500	0	0
STEEL PARTNERS HLDGS L P	LTD PRTRSHIP U	85814R107	7,468	422,888	SH		SOLE	422,888	0	0
TALISMAN ENERGY INC	COM	87425E103	2,127	271,600	SH	Call	SOLE	271,600	0	0
TESLA MTRS INC	NOTE 0.015 36678	88160RAA9	25,037	13,500	PRN		SOLE	13,500	0	0
TIME WARNER CABLE INC	COM	88732J207	9,230	60,700	SH		SOLE	60,700	0	0
TWO HBRS INVT CORP	COM	90187B101	3,868	386,000	SH		SOLE	386,000	0	0
VIRNETX HLDG CORP	COM	92823T108	1,482	270,000	SH	Put	SOLE	270,000	0	0
WINTHROP RLTY TR	SH BEN INT NEW	97639I300	13,766	883,014	SH		SOLE	883,014	0	0
ZAIS FINL CORP	COM	98886K108	3,760	217,984	SH		SOLE	217,984	0	0

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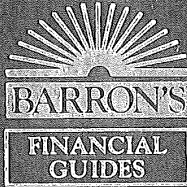
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**Gzj kdkw'47''**





# Dictionary of Finance and Investment Terms

Over 4,000 terms  
defined and explained

Covers stocks and bonds, banking, corporate finance,  
tax laws, mutual funds, and more in accordance with  
federal income tax revisions

Charts and Graphs

Fifth Edition

John Downes  
Jordan Elliot Goodman

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# Dictionary of Finance and Investment Terms

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Fifth Edition

**John Downes**

Editor, *Beating the Dow*  
Former Vice President, AVCO Financial Services, Inc.  
Office for Economic Development, City of New York

**Jordan Elliot Goodman**

Financial Analyst, *NBC News at Sunrise*  
Author, *Everyone's Money Book*  
Creator, *The Money Answers Program*  
Former Wall Street Correspondent,  
MONEY Magazine, Time Warner Incorporated  
Former Business News Commentator,  
*Mutual Broadcasting System*



**PUT GUARANTEE LETTER** letter from a bank certifying that the person writing a put option on an underlying security or index instrument has sufficient funds on deposit at the bank to cover the exercise price of the put if needed. On a short put, the obligation is to pay the aggregate exercise price. There are two forms, as required under New York Stock Exchange Rule 431: the *market index option deposit letter* for index options, and the *equity/Treasury option deposit letter* for security options.

**PUT OPTION**

**Bonds:** bondholder's right to redeem a bond before maturity. *See also* PUT BOND.

**Options:** contract that grants the right to sell at a specified price a specific number of shares by a certain date. The put option buyer gains this right in return for payment of an OPTION PREMIUM. The put option seller grants this right in return for receiving this premium. For instance, a buyer of an XYZ May 70 put has the right to sell 100 shares of XYZ at \$70 to the put seller at any time until the contract expires in May. A put option buyer hopes the stock will drop in price, while the put option seller (called a *writer*) hopes the stock will remain stable, rise, or drop by an amount less than his or her profit on the premium.

**PUT TO SELLER** phrase used when a PUT OPTION is exercised. The OPTION WRITER is obligated to buy the underlying shares at the agreed upon price. If an XYZ June 40 put were "put to seller," for instance, the writer would have to buy 100 shares of XYZ at \$40 a share from the put holder even though the current market price of XYZ may be far less than \$40 a share.

**PYRAMIDING**

**In general:** form of business expansion that makes extensive use of financial LEVERAGE to build complex corporate structures.

**Fraud:** scheme that builds on nonexistent values, often in geometric progression, such as a chain letter, now outlawed by mail fraud legislation. A famous example was the Ponzi scheme, perpetrated by Charles Ponzi in the late 1920s. Investors were paid "earnings" out of money received from new investors until the scheme collapsed.

**Investments:** using unrealized profits from one securities or commodities POSITION as COLLATERAL to buy further positions with funds borrowed from a broker. This use of leverage creates increased profits in a BULL MARKET, and causes MARGIN CALLS and large losses in a BEAR MARKET.

**Marketing:** legal marketing strategy whereby additional distributorships are sold side-by-side with consumer products in order to multiply market reach and maximize profits to the sales organization.

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# **Exhibit 26**

The Securities and Exchange Commission has not necessarily reviewed the information in this filing and has not determined if it is accurate and complete.  
The reader should not assume that the information is accurate and complete.

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 13F**

**FORM 13F INFORMATION TABLE**

**OMB APPROVAL**

OMB Number: 3235-0006  
Expires: July 31, 2015  
Estimated average burden  
hours per response: 23.8

COLUMN 1 NAME OF ISSUER	COLUMN 2 TITLE OF CLASS	COLUMN 3 CUSIP	COLUMN 4		COLUMN 5 PUT/ CALL	COLUMN 6 INVESTMENT DISCRETION	COLUMN 7 OTHER MANAGER	COLUMN 8		
			VALUE (x\$1000)	SHRS OR PRN AMT				SOLE	SHARED	NONE
AAR CORP	COM	000361105	1,581	51,483	SH	SOLE		51,483	0	0
AMEDISYS INC	COM	023436108	976	36,451	SH	SOLE		36,451	0	0
AMERICAN CAP LTD	COM	02503Y103	9,645	652,158	SH	SOLE		652,158	0	0
AMERICAN CAP MTG INVT CORP	COM	02504A104	13,730	764,500	SH	SOLE		764,500	0	0
ANWORTH MORTGAGE ASSET CP	COM	037347101	3,101	609,175	SH	SOLE		609,175	0	0
APOLLO RESIDENTIAL MTG INC	COM	03763V102	10,934	685,524	SH	SOLE		685,524	0	0
ASTA FDG INC	COM	046220109	8,071	967,770	SH	SOLE		967,770	0	0
ATLANTIC PWR CORP	COM NEW	04878Q863	29,671	10,559,109	SH	SOLE		10,559,109	0	0
BRIDGEPOINT ED INC	COM	10807M105	13,249	1,372,931	SH	SOLE		1,372,931	0	0
CELLADON CORP	COM	15117E107	18,940	1,000,000	SH	SOLE		1,000,000	0	0
CHERRY HILL MTG INVT CORP	COM	164651101	2,858	162,092	SH	SOLE		162,092	0	0
CITIGROUP INC	COM NEW	172967424	22,058	428,152	SH	SOLE		428,152	0	0
ECHOSTAR CORP	CL A	278768106	11,651	225,267	SH	SOLE		225,267	0	0
EQUITY COMWLTH	COM SH BEN INT	294628102	13,275	500,000	SH	SOLE		500,000	0	0
FIFTH STR ASSET MGMT INC	CL A COM	31679P109	4,173	370,282	SH	SOLE		370,282	0	0
FIFTH STR SR FLOATNG RATE CO	COM	31679F101	4,266	401,285	SH	SOLE		401,285	0	0
FIFTH STREET FINANCE	COM	31678A103	6,114	837,582	SH	SOLE		837,582	0	0

## CORP

HATTERAS FINL CORP	COM	41902R103	13,505	743,679	SH	SOLE	743,679	0	0
HUDSON CITY BANCORP	COM	443683107	28,711	2,739,622	SH	SOLE	2,739,622	0	0
INVESCO MORTGAGE CAPITAL INC	COM	46131B100	16,069	1,034,719	SH	SOLE	1,034,719	0	0
KLX INC	COM	482539103	5,850	151,782	SH	SOLE	151,782	0	0
LAMAR ADVERTISING CO NEW	CL A	512816109	14,586	246,102	SH	SOLE	246,102	0	0
MEDLEY CAP CORP	COM	58503F106	4,321	472,191	SH	SOLE	472,191	0	0
MEDLEY MGMT INC	CL A COM	58503T106	5,584	508,084	SH	SOLE	508,084	0	0
MRC GLOBAL INC	COM	55345K103	8,453	713,304	SH	SOLE	713,304	0	0
NEWFIELD EXPL CO	COM	651290108	13,587	387,200	SH	SOLE	387,200	0	0
NL INDS INC	COM NEW	629156407	2,133	275,208	SH	SOLE	275,208	0	0
OM ASSET MGMT PLC	SHS	G67506108	6,203	332,789	SH	SOLE	332,789	0	0
ORGANOVO HLDGS INC	COM	68620A104	354	100,000	SH	SOLE	100,000	0	0
PROSPECT CAPITAL CORPORATION	COM	74348T102	4,253	503,321	SH	SOLE	503,321	0	0
RYMAN HOSPITALITY PPTYS INC	COM	78377T107	14,741	242,015	SH	SOLE	242,015	0	0
SESA STERLITE LTD	SPONSORED ADR	78413F103	473	38,119	SH	SOLE	38,119	0	0
SOLARCITY CORP	NOTE 2.750%11/0	83416TAA8	5,240	5,000	PRN	SOLE	5,000	0	0
STATE NATL COS INC	COM	85711T305	12,924	1,298,919	SH	SOLE	1,298,919	0	0
STEEL PARTNERS HLDGS L P	LTD PRTRSHIP U	85814R107	8,031	422,888	SH	SOLE	422,888	0	0
TALISMAN ENERGY INC	COM	87425E103	11,136	1,450,000	SH	SOLE	1,450,000	0	0
TALISMAN ENERGY INC	COM	87425E103	2,086	271,600	SH	Call SOLE	271,600	0	0
TESLA MTRS INC	NOTE 1.500% 6/0	88160RAA9	43,415	27,000	PRN	SOLE	27,000	0	0
TICC CAPITAL CORP	COM	87244T109	4,155	600,493	SH	SOLE	600,493	0	0
TIME WARNER CABLE INC	COM	88732J207	8,860	59,115	SH	SOLE	59,115	0	0
WORLD ACCEP CORP DEL	COM	981419104	3,371	46,223	SH	SOLE	46,223	0	0
ZAIS FINL	COM	98886K108	2,434	136,426	SH	SOLE	136,426	0	0

CORP

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**Gzj kdk'49''**

**'Gzegt r vgf ''**



UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**SCHEDULE 13G**

Under the Securities Exchange Act of 1934  
(Amendment No.   )\*

**Asta Funding, Inc.**

(Name of Issuer)

**COMMON STOCK**

(Title of Class of Securities)

046220109

(CUSIP Number)

**June 10, 2013**

(Date of Event Which Requires Filing of This Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

- Rule 13d-1(b)
- Rule 13d-1(c)
- Rule 13d-1(d)

\*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

Page 1 of 12 pages

**SCHEDULE 13G**

CUSIP No. 046220109

Page 12 of 12 Pages

**Exhibit A**

**JOINT FILING AGREEMENT**

This agreement is made pursuant to Rule 13d-1(c) under the Securities Exchange Act of 1934, as amended (the "Act"), by and among the parties listed below, each referred to herein as a "Joint Filer." The Joint Filers agree that the foregoing Schedule 13G with respect to the Common Stock of Asta Funding, Inc. is filed on behalf of each of the undersigned and that all subsequent amendments to such statement shall be filed on behalf of each of the undersigned without necessity of filing an additional joint filing agreement. This joint filing agreement may be included as an exhibit to such joint filing.

The undersigned further agree that each party hereto is responsible for the timely filing of such Statement on Schedule 13G and, if necessary, Schedule 13D and any amendments to either or both, and for the accuracy and completeness of the information concerning such party contained therein; provided, however, that no party is responsible for the accuracy or completeness of the information concerning any other party, unless such party knows or has reason to believe that such information is inaccurate.

This Joint Filing Agreement may be signed in counterparts with the same effect as if the signature on each counterpart were upon the same instrument.

IN WITNESS WHEREOF, each of the undersigned hereby executes this Joint Filing Agreement as of this 11th day of June, 2013.

THE MANGROVE PARTNERS MASTER FUND, LTD.

By: MANGROVE PARTNERS  
the Investment Manager

By: /s/ Nathaniel August  
Name: Nathaniel August  
Title: Director

THE MANGROVE PARTNERS FUND, L.P.

By: MANGROVE CAPITAL  
as General Partner

By: /s/ Nathaniel August  
Name: Nathaniel August  
Title: Director

THE MANGROVE PARTNERS FUND (CAYMAN), LTD.

By: MANGROVE PARTNERS  
the Investment Manager

By: /s/ Nathaniel August  
Name: Nathaniel August  
Title: Director

MANGROVE PARTNERS

By: /s/ Nathaniel August  
Name: Nathaniel August  
Title: Director

MANGROVE CAPITAL

By: /s/ Nathaniel August  
Name: Nathaniel August  
Title: Director

/s/ Nathaniel August  
Name: Nathaniel August

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# **Exhibit 28**

## **Excerpted**

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**SCHEDULE 13G**

Under the Securities Exchange Act of 1934  
(Amendment No.   )\*

**JGWPT Holdings, Inc.**

(Name of Issuer)

**Class A Common Stock, par value \$0.00001 per share**

(Title of Class of Securities)

46617M109

(CUSIP Number)

**November 8, 2013**

(Date of Event Which Requires Filing of This Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

- Rule 13d-1(b)
- Rule 13d-1(c)
- Rule 13d-1(d)

\*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

Page 1 of 12 pages

**SCHEDULE 13G**

CUSIP No. 46617M109

Page 12 of 12 Pages

**Exhibit A**

**JOINT FILING AGREEMENT**

This agreement is made pursuant to Rule 13d-1(c) under the Securities Exchange Act of 1934, as amended (the "Act"), by and among the parties listed below, each referred to herein as a "Joint Filer." The Joint Filers agree that the foregoing Schedule 13G with respect to the Common Stock of JGWPT Holdings, Inc. is filed on behalf of each of the undersigned and that all subsequent amendments to such statement shall be filed on behalf of each of the undersigned without necessity of filing an additional joint filing agreement. This joint filing agreement may be included as an exhibit to such joint filing.

The undersigned further agree that each party hereto is responsible for the timely filing of such Statement on Schedule 13G and, if necessary, Schedule 13D and any amendments to either or both, and for the accuracy and completeness of the information concerning such party contained therein; provided, however, that no party is responsible for the accuracy or completeness of the information concerning any other party, unless such party knows or has reason to believe that such information is inaccurate.

This Joint Filing Agreement may be signed in counterparts with the same effect as if the signature on each counterpart were upon the same instrument.

IN WITNESS WHEREOF, each of the undersigned hereby executes this Joint Filing Agreement as of this 13th day of November, 2013.

THE MANGROVE PARTNERS MASTER FUND, LTD.

By: MANGROVE PARTNERS  
the Investment Manager

By: /s/ Nathaniel August  
Name: Nathaniel August  
Title: Director

THE MANGROVE PARTNERS FUND, L.P.

By: MANGROVE CAPITAL  
as General Partner

By: /s/ Nathaniel August  
Name: Nathaniel August  
Title: Director

THE MANGROVE PARTNERS FUND (CAYMAN), LTD.

By: MANGROVE PARTNERS  
the Investment Manager

By: /s/ Nathaniel August  
Name: Nathaniel August  
Title: Director

MANGROVE PARTNERS

By: /s/ Nathaniel August  
Name: Nathaniel August  
Title: Director

MANGROVE CAPITAL

By: /s/ Nathaniel August  
Name: Nathaniel August  
Title: Director

/s/ Nathaniel August  
Name: Nathaniel August

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**'Gzegt r vgf "'**



**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**SCHEDULE 13G/A**

**Under the Securities Exchange Act of 1934  
(Amendment No. 1)\***

**JGWPT Holdings, Inc.**

(Name of Issuer)

**Class A Common Stock, par value \$0.00001 per share**

(Title of Class of Securities)

46617M109

(CUSIP Number)

**December 31, 2013**

(Date of Event Which Requires Filing of This Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

- Rule 13d-1(b)
- Rule 13d-1(c)
- Rule 13d-1(d)

\*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

Page 1 of 10 pages

**SIGNATURE**

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

January 29, 2014

THE MANGROVE PARTNERS MASTER FUND, LTD.

By: MANGROVE PARTNERS  
the Investment Manager

By: /s/ Nathaniel August  
Name: Nathaniel August  
Title: Director

THE MANGROVE PARTNERS FUND, L.P.

By: MANGROVE CAPITAL  
as General Partner

By: /s/ Nathaniel August  
Name: Nathaniel August  
Title: Director

THE MANGROVE PARTNERS FUND (CAYMAN), LTD.

By: MANGROVE PARTNERS  
the Investment Manager

By: /s/ Nathaniel August  
Name: Nathaniel August  
Title: Director

MANGROVE PARTNERS

By: /s/ Nathaniel August  
Name: Nathaniel August  
Title: Director

MANGROVE CAPITAL

By: /s/ Nathaniel August  
Name: Nathaniel August  
Title: Director

/s/ Nathaniel August  
Name: Nathaniel August

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**Gzj kdk'52''**

**'Gzegt r vgf ''**

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**SCHEDULE 13G/A**

Under the Securities Exchange Act of 1934  
(Amendment No. 1)\*

**Asta Funding, Inc.**

(Name of Issuer)

**Common Stock**

(Title of Class of Securities)

046220109

(CUSIP Number)

**December 31, 2013**

(Date of Event Which Requires Filing of This Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

- Rule 13d-1(b)
- Rule 13d-1(c)
- Rule 13d-1(d)

\*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

Page 1 of 10 pages

**SIGNATURE**

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

January 29, 2014

THE MANGROVE PARTNERS MASTER FUND, LTD.

By: MANGROVE PARTNERS  
the Investment Manager

By: /s/ Nathaniel August  
Name: Nathaniel August  
Title: Director

THE MANGROVE PARTNERS FUND (CAYMAN), LTD.

By: MANGROVE PARTNERS  
the Investment Manager

By: /s/ Nathaniel August  
Name: Nathaniel August  
Title: Director

THE MANGROVE PARTNERS FUND, L.P.

By: MANGROVE CAPITAL  
as General Partner

By: /s/ Nathaniel August  
Name: Nathaniel August  
Title: Director

MANGROVE PARTNERS

By: /s/ Nathaniel August  
Name: Nathaniel August  
Title: Director

MANGROVE CAPITAL

By: /s/ Nathaniel August  
Name: Nathaniel August  
Title: Director

/s/ Nathaniel August  
Name: Nathaniel August

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# **Exhibit 31**

## **Excerpted**

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**SCHEDULE 13G/A**

Under the Securities Exchange Act of 1934  
(Amendment No. 2)\*

**The First Marblehead Corporation**

(Name of Issuer)

**Common Stock, \$0.01 par value per share**

(Title of Class of Securities)

**320771 10 8**

(CUSIP Number)

**December 31, 2013**

(Date of Event Which Requires Filing of This Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

- Rule 13d-1(b)
- Rule 13d-1(c)
- Rule 13d-1(d)

\*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

Page 1 of 10 pages

## SIGNATURES

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

January 29, 2014

THE MANGROVE PARTNERS MASTER FUND, LTD.

By: MANGROVE PARTNERS  
the Investment Manager

By: /s/ Nathaniel August  
Name: Nathaniel August  
Title: Director

THE MANGROVE PARTNERS FUND (CAYMAN), LTD.

By: MANGROVE PARTNERS  
the Investment Manager

By: /s/ Nathaniel August  
Name: Nathaniel August  
Title: Director

THE MANGROVE PARTNERS FUND, L.P.

By: MANGROVE CAPITAL  
the General Partner

By: /s/ Nathaniel August  
Name: Nathaniel August  
Title: Director

MANGROVE PARTNERS

By: /s/ Nathaniel August  
Name: Nathaniel August  
Title: Director

MANGROVE CAPITAL

By: /s/ Nathaniel August  
Name: Nathaniel August  
Title: Director

/s/ Nathaniel August  
Name: Nathaniel August



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"

# **Exhibit 32**

## **Excerpted**

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 13G/A

Under the Securities Exchange Act of 1934  
(Amendment No. 2)\*

**Asta Funding, Inc.**

(Name of Issuer)

**Common Stock**

(Title of Class of Securities)

046220109

(CUSIP Number)

**December 31, 2014**

(Date of Event Which Requires Filing of This Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

- Rule 13d-1(b)
- Rule 13d-1(c)
- Rule 13d-1(d)

\*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

Page 1 of 10 pages

## SIGNATURES

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

February 5, 2015

THE MANGROVE PARTNERS MASTER FUND, LTD.

By: MANGROVE PARTNERS  
the Investment Manager

By: /s/ Nathaniel August

Name: Nathaniel August

Title: Director

THE MANGROVE PARTNERS FUND (CAYMAN), LTD.

By: MANGROVE PARTNERS  
the Investment Manager

By: /s/ Nathaniel August

Name: Nathaniel August

Title: Director

THE MANGROVE PARTNERS FUND, L.P.

By: MANGROVE CAPITAL  
as General Partner

By: /s/ Nathaniel August

Name: Nathaniel August

Title: Director

MANGROVE PARTNERS

By: /s/ Nathaniel August

Name: Nathaniel August

Title: Director

MANGROVE CAPITAL

By: /s/ Nathaniel August

Name: Nathaniel August

Title: Director

/s/ Nathaniel August

Name: Nathaniel August

# **Exhibit 33**

**Excerpted**

**SCHEDULE 14A**  
**(Rule 14a-101)**  
**INFORMATION REQUIRED IN PROXY STATEMENT**  
**SCHEDULE 14A INFORMATION**  
**PROXY STATEMENT PURSUANT TO SECTION 14(a) OF**  
**THE SECURITIES EXCHANGE ACT OF 1934**

(Amendment No.)

Filed by the Registrant

Filed by a Party Other than the Registrant

Check the Appropriate Box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12

**HOME LOAN SERVICING SOLUTIONS, LTD.**

(Name of registrant as specified in its charter)

**The Mangrove Partners Master Fund, Ltd.**  
**The Mangrove Partners Fund, L.P.**  
**Mangrove Partners Fund (Cayman), Ltd.**  
**Mangrove Partners**  
**Mangrove Capital**  
**Nathaniel August**

(Name of person(s) filing proxy statement, if other than the registrant)

Payment of Filing Fee (Check the Appropriate Box):

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- (4) Proposed maximum aggregate value of transaction:
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  - (1) Amount Previously Paid:
  - (2) Form, Schedule or Registration Statement no.:
  - (3) Filing Party:

# **Mangrove Partners Delivers Letter To Board Of Directors Of Home Loan Servicing Solutions, Ltd. Urging Termination Of HLSS's Relationship With Ocwen Loan Servicing, LLC**

**Outlines HLSS's Opportunity to Generate Significant Value for Shareholders by Forcing Servicing Transfers Away from Ocwen**

**Announces Intention to Nominate a Slate of Directors to the HLSS Board for Election at the Company's 2015 Annual Meeting**

NEW YORK, Feb. 9, 2015 /PRNewswire/ – The Mangrove Partners Master Fund, Ltd., a significant shareholder of Home Loan Servicing Solutions, Ltd. (Nasdaq: [HLSS](#)), today announced it has delivered a letter to the members of HLSS's Board of Directors.

The full text of the letter follows and has been posted to [www.freeHLSS.com](http://www.freeHLSS.com):

The Board of Directors  
Home Loan Servicing Solutions, Ltd.  
c/o Intertrust Corporate Services (Cayman) Limited  
190 Elgin Avenue  
George Town, Grand Cayman KY1-9005  
Cayman Islands

CC: Michael Lubin, Corporate Secretary

Dear Members of the Board:

We are writing you in response to your letter dated February 5, 2015 ("Response"). Based on the latest publicly available shareholdings list, The Mangrove Partners Master Fund, Ltd. ("Mangrove Partners") is one of the ten largest shareholders of Home Loan Servicing Solutions, Ltd. ("HLSS" or the "Company"). As we expressed in our February 2, 2015 letter, we believe it is imperative for the Company to exercise its contractual rights to terminate its relationship with Ocwen Loan Servicing, LLC ("Ocwen") without delay. We believe that continuing to expose HLSS to Ocwen-related risks by leaving the Ocwen relationship intact constitutes a dereliction of your duty to the Company and a grave risk to all shareholders. Your Response was inadequate. As a result, it is our intention to nominate a slate of replacement directors for election this year because time is not the Company's friend and you as the Board are showing no signs of taking concrete action to protect shareholders in this serious situation.

We believe that there have been multiple Termination Events under the documents governing HLSS's purchase of Rights to MSR's ("RMSRs") from Ocwen. Pursuant to each sale supplement governing HLSS's purchase of RMSRs from Ocwen, a Termination Event is defined as "the occurrence of any one or more of the following events...(e) Seller [Ocwen] fails to maintain residential primary servicer ratings for subprime loans of at least 'Average' by Standard & Poor's Rating Services...'SQ3' by Moody's Investors Service, Inc ("Moody's")...and 'RPS4+' and 'RSS4+' by Fitch Ratings." A Termination Event therefore occurred on January 29, 2015, when Moody's downgraded Ocwen's servicer quality (SQ) assessments to SQ3- from SQ3 and as a special servicer of residential mortgage loans to SQ3- from SQ3. Another Termination Event occurred on February 4, 2015, when Fitch Ratings downgraded Ocwen's residential primary servicer rating for Subprime product to "RPS4" from "RPS3." Section 6.13 of the sales supplements specifies that "(i)n the case that any Termination Event occurs with respect to any Servicing Agreement... [Ocwen] shall, upon HLSS's written direction to such effect, use commercially reasonable efforts to transfer the Servicing Rights relating to any affected Servicing Agreement to a third party servicer identified by HLSS."

Importantly, Section 6.13 of the sales supplements then proceeds to state that "**HLSS shall be entitled to receive all proceeds of such transfer**" (emphasis added).

We believe that there are compelling reasons why HLSS should immediately begin the process of exercising its rights to direct Ocwen to transfer the servicing rights to one or more different servicers. Most importantly, servicing transfers will isolate HLSS from the risks of an ongoing relationship with Ocwen. A number of these risks were outlined in our prior letter to you. You are no doubt aware that Moody's downgraded HLSS's corporate family rating from Ba3 to B2 on October 21, 2014, citing HLSS's "reliance on Ocwen" as the primary reason for the downgrade. Additionally, we remind you that the California Department of Business Oversight threatened to suspend Ocwen's servicing license multiple times during 2014. It is our belief that HLSS's continued affiliation with Ocwen is an unacceptable risk and contrary to the best interests of the Company and its shareholders. We believe that restructuring HLSS's servicing counterparty relationships would be a significant positive development for the Company in the current operating environment and would be viewed positively by all of the Company's lending relationships. Transferring servicing would give HLSS the opportunity to engage with servicers that have greater servicing stability, better management oversight, stronger relationships with regulators, and higher ratings.

In addition to shielding HLSS shareholders from Ocwen-related risks, we believe that a transfer of the servicing rights will create significant value for HLSS and its shareholders. While our valuation work shows a range of potential values, we believe that a reasonable estimate of the value created by transferring the servicing rights would be between \$8 and \$13 per share of incremental value to HLSS. Based on the Company's book value on September 30, 2014, this represents an increase in book value of between 44% and 72%. In addition, we believe the Company's stock is currently trading at a discounted multiple due to the Company's close ties to Ocwen. Once the Company ends its association with Ocwen, we see no reason why the Company would not return to trading at its historic multiple of between 120% and 130% of book value. In a reasonable scenario, this would give shareholders a value of between \$31 and \$40 per share. We have included our analysis of the value available to HLSS with a servicing transfer in the appendix to this letter.

Although you may be concerned that HLSS's exercise of its rights to force servicing transfers could create further instability at Ocwen, Mangrove Partners believes that Ocwen's cash flows would only be affected after the servicing transfers are completed. Likewise, while the servicing transfers away from Ocwen would likely cause Ocwen to turn loss-making and give rise to multiple covenant breaches in Ocwen's credit facility pursuant to section 6.07(a) and 6.07(b) of the Ocwen Senior Secured Term Loan Facility Agreement dated February 15, 2013, these breaches would occur only after substantially all servicing transfers requested by HLSS had been completed. As such, any ensuing Ocwen default would be irrelevant to HLSS and the Company's remaining exposure to Ocwen would be de minimis.

We urge you to fulfill your fiduciary duty to act in the best interest of the Company by causing the Company to exercise its contractual rights to force a transfer of the servicing rights. In doing so, the Board can and should insulate HLSS from further Ocwen risk and create substantial value for the Company and its shareholders. Your Response's vague reassurances and legal boilerplate did nothing to ease Mangrove Partners' increasing and justified concerns about the direction of the Company. To be clear, we are not looking for you to make selective disclosure to us—we are looking for you to take prudent action to protect the Company and shareholder interests. Accordingly, until such time as the Company announces it has entered into definitive agreements to transfer the servicing rights away from Ocwen pursuant to competitive processes conducted by top-tier advisors, it is our intention to bring new leadership to the Board by nominating a highly qualified slate of directors this week.

Sincerely,

Nathaniel August  
President and Portfolio Manager  
Mangrove Partners

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**Gzj kdk'56**



NO:

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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THE MANGROVE PARTNERS MASTER FUND, LTD.  
Petitioner,

v.

VIRNETX INC.,  
Patent Owner.

---

Case IPR2015-\_\_\_\_\_  
Patent U.S. 6,502,135  
Issued: December 31, 2002  
Filed: February 15, 2000  
Inventor: Edmund C. Munger, et al.  
Title:

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**POWER OF ATTORNEY FOR PETITIONER THE MANGROVE  
PARTNERS MASTER FUND, LTD.**

In accordance with 37 C.F.R. § 42.10(b), Petitioner The Mangrove Partners Master Fund, Ltd., hereby appoints:

LEAD COUNSEL

Abraham Kasdan, Reg. No. 32,997  
Wiggin and Dana LLP  
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504 W. 136<sup>th</sup> St. #1B  
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as its representative to act on its behalf in the above-identified petition for *inter partes* review, with full power to appoint an associate agent, and to transact all business in the United States Patent and Trademark Office in connection herewith.

I have authority to sign this document on behalf of Petitioner The Mangrove Partners Master Fund, Ltd.

Signature:  \_\_\_\_\_

Name: Wanda Dietrich

Title: ATTORNEY AT LAW

Date: 7/14/15

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# **Exhibit 35**

NO:

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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THE MANGROVE PARTNERS MASTER FUND, LTD.  
Petitioner,

v.

VIRNETX INC.,  
Patent Owner.

---

Case IPR2015-\_\_\_\_\_

Patent U.S. 7,490,151

Issued: February 10, 2009

Filed: September 30, 2002

Inventor: Edmund Colby Munger, et al.

Title: Establishment of a Secure Communication Link Based on a Domain Name  
Service (DNS) Request

---

**POWER OF ATTORNEY FOR PETITIONER THE MANGROVE  
PARTNERS MASTER FUND, LTD.**

In accordance with 37 C.F.R. § 42.10(b), Petitioner, The Mangrove Partners Master Fund, Ltd., hereby appoints:

LEAD COUNSEL

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T: 917-626-1356  
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as its representative to act on its behalf in the above-identified petition for *inter partes* review, with full power to appoint an associate agent, and to transact all business in the United States Patent and Trademark Office in connection herewith.

I have authority to sign this document on behalf of Petitioner The Mangrove Partners Master Fund, Ltd.

Signature:  \_\_\_\_\_

Date: 4/14/15

Name: WAS DITMUN

Title: AUTHORIZED PERSON

"

"

"

"

**Gzj kdkw'58**

Filed on behalf of: VirnetX Inc.

By:

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UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

---

THE MANGROVE PARTNERS MASTER FUND, LTD.,  
Petitioner

v.

VIRNETX INC.  
Patent Owner

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Case IPR2015-01047  
Patent No. 7,490,151

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

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## **I. INTRODUCTION AND PRECISE RELIEF REQUESTED**

Patent Owner VirnetX Inc. requests rehearing of the Patent Trial and Appeal Board's Decision entered December 21, 2015 ("Decision"), denying Patent Owner's Motion For Additional Discovery filed December 9, 2015 (Paper No. 22, "Motion"). The Decision denied the Motion because Patent Owner allegedly did not provide sufficient evidence to demonstrate "more than a mere possibility that something useful will be discovered" with respect to various issues. (*See, e.g.*, Decision at 2, 4, 5.) The Decision should be reversed for at least two reasons. First, the Decision overlooked several important points of law as to a real-party-in-interest ("RPI") determination in finding the Motion to be speculative. Indeed, certain facts that the Decision found to be so speculative as to not even warrant discovery have been found to be *determinative* of RPI issues by other panels. Second, the Decision overlooked several important facts and arguments.

Patent Owner requests rehearing by an expanded panel that includes the Chief Judge in deciding this request. Standard Operating Procedure 1, Rev. 14, Section III.D ("When a judge, a merits panel, or an interlocutory panel . . . receives a suggestion for an expanded panel, the judge, merits panel, or interlocutory panel shall notify the Chief Judge, Deputy Chief Judge, and the Vice Chief Judges of the suggestion, in writing."). An expanded panel that includes the Chief Judge is

necessary to secure and maintain uniformity given the large discrepancy in considering RPI issues between the Decision and numerous other panel decisions.

## **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.*

## **III. STATEMENT OF REASONS FOR RELIEF REQUESTED**

### **A. The Decision Overlooked the Requirements of an RPI Inquiry**

In *Garmin Int’l, Inc. v. Cuozzo Speed Techs. LLC*, IPR2012-00001, Paper No. 26 at 6 (Mar. 5, 2013), the Board explained that “[t]he mere possibility of finding something useful, and mere allegation that something useful will be found, are insufficient to demonstrate that the requested discovery is necessary in the interest of justice.” It stated that “[t]he party requesting discovery should already be in possession of evidence *tending to show beyond speculation* that in fact something useful will be uncovered.” *Garmin*, IPR2012-00001, Paper No. 26 at 6 (emphasis added). Thus, in the Motion, Patent Owner was only required to present evidence that can serve “as the foundation for taking Patent Owner’s belief out of the realm of mere speculation.” *Unified Patents, Inc. v. Clouding IP, LLC*, IPR2013-00586, Paper No. 12 at 3 (Apr. 22, 2014). Since the Motion was directed to improperly omitted RPIs in particular, the evidence presented in the Motion only

needed to show beyond speculation that something useful would be uncovered as to RPI issues. The Motion certainly met this standard.

The Decision found that “[e]ven assuming that ‘Mangrove Partners Hedge Fund has ‘*complete* discretion’ to control the investments of’ [the US Feeder, the Cayman Feeder, and Petitioner] to be true, as asserted by Patent Owner, Patent Owner does not assert or provide a sufficient showing that Mangrove Partners hedge fund also has ‘complete discretion’ and control over the preparation or filing of the Petition.” (Decision at 2.)<sup>1</sup> At the outset, the Decision overlooks that the Petition itself was an investment. As explained in the Motion (and other papers throughout this proceeding), Petitioner is a shell entity that exists for the sole purpose of receiving funding from investors via the US Feeder and Cayman Feeder, making investments directed by the Mangrove Partners Hedge Fund (its investment manager), and paying out profits to investors via the US Feeder and Cayman Feeder. (*See, e.g.*, Motion at 1-4.) Petitioner exists for the purpose of

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<sup>1</sup> The Decision refers to the Mangrove Partners Hedge Fund’s “*complete* discretion” as only an assertion by Patent Owner. (Decision at 2.) But it is more than an assertion. It is a statement by Mangrove Partners Hedge Fund filed with the United States Securities and Exchange Commission. (Motion at 2 (citing Ex. 2001 at 3, 17).)

making investments. Thus, the statement in the Decision regarding “complete discretion” is incorrect.

At a minimum, the complete discretion of the Mangrove Partners Hedge Fund to control the investments of the US Feeder, the Cayman Feeder, and Petitioner highly suggests that the Mangrove Partners Hedge Fund had actual control over the Petition. Indeed, countless other panels have relied on similar evidence of control by a parent entity (i.e., even where there was no evidence specific to a particular proceeding) to be *determinative* of RPI. *See, e.g., Reflectix, Inc. v. Promethean Insulation Tech. LLC*, IPR2015-00039, Paper No. 18 at 9 (Apr. 24, 2015); *Galderma S.A. v. Allergan Industrie, SAS*, IPR2014-01422, Paper No. 14 at 9–13 (Mar. 5, 2015); *Atlanta Gas Light Co. v. Bennett Regulator Guards, Inc.*, IPR2013-00453, Paper No. 88 at 2–6 (Jan. 6, 2015); *ZOLL Lifecor Corp. v. Philips Elec. N. Am. Corp.*, IPR2013-00606, Paper No. 13 at 8-11 (Mar. 20, 2014). For instance, in *Galderma*, the Board found that where a President of a parent entity was also at the helm of the parent entity’s subsidiary, this “strongly implies ‘an involved and controlling parent corporation representing the unified interests of itself and Petitioner.’” *Galderma S.A.*, IPR2014-01422, Paper No. 14 at 12 (citing *Zoll Lifecor Corp. v. Philips Elecs. N. Am. Corp.*, IPR2013-00606, Paper No. 13 at 10 (Mar. 20, 2015)). The Board explained in *Galderma* that it “need not consider whether [a party] did or did not, directly or indirectly, exercise [its] control.” *Id.*

Rather, for purposes of finding that a party is an RPI, it is sufficient that the party had the power “to call the shots.” *Id.* (citing *Gonzalez v. Banco Cent. Corp.*, 27 F.3d 751, 758 (1st Cir. 1994)). The Board in *Galderma* thus found a parent entity with control over its subsidiary to be an improperly omitted RPI. *Id.* at 13. Evidence that some panels have found to be determinative of RPI issues should, at a minimum, be viewed as “tending to show beyond speculation that in fact something useful will be uncovered.” *Garmin*, IPR2012-00001, Paper No. 26 at 6.

The Decision’s strict standard for discovery not only contradicts *Garmin*’s holding that a party seeking additional discovery need only “be in possession of evidence tending to show beyond speculation that in fact something useful will be uncovered,” *Garmin*, IPR2012-00001, Paper No. 26 at 6, it also contradicts how other panels have applied *Garmin*. For instance, in *RPX Corp. v. ParkerVision, Inc.*, IPR2014-00946, Paper No. 25 at 3-4 (Feb. 20, 2015), the Board found that evidence regarding a party’s business model (akin to the evidence presented in the Motion regarding the business model of the Mangrove entities) and a formal relationship between a non-party and a party (akin to the evidence presented in the Motion regarding the formal relationship between the Mangrove entities), were important in finding that the “whether something useful will be found” factor of *Garmin* weighed in favor of granting additional discovery. The Decision thus represents a marked departure from *Garmin* and its progeny.

**B. The Decision Overlooked Several Important Facts and Arguments That Should Have Compelled a Finding in Favor of Discovery**

The Decision overlooked several facts further demonstrating that discovery as to RPI is warranted. For one, the Decision overlooked that “Petitioner’s counsel indicated that Petitioner had already collected certain material responsive to draft discovery requests provided by Patent Owner.” (Motion at 4.) The existence of those materials is not speculative given that Petitioner has admitted the materials exist.

In addition, the Decision overlooked that Ward Dietrich, who has no public role in Petitioner, “held himself out as an ‘authorized person’ to sign the Power of Attorney on behalf of Petitioner” (Motion at 3), and that “Jeffrey Kalicka (the Mangrove Partners Hedge Fund’s Senior Analyst) was involved in the preparation of the petition here, despite the fact that, like Ward Dietrich, he has no public role in Petitioner” (Motion at 4). When taken together with the fact that the Mangrove Partners Hedge Fund has complete discretion to control the investments of the US Feeder, the Cayman Feeder, and Petitioner, this further suggests that the Mangrove Partners Hedge Fund had actual control over the Petition, at least beyond “mere speculation.” (Motion at 6.) Stated another way, even if the Board is of the opinion that a parent entity can have complete control over the investments of an entity that only exists to invest, with the parent entity having its employees

participate in the preparation of a petition, and yet still not be an RPI, there is no question that such evidence goes beyond “mere speculation.”

The Decision also overlooked several arguments in the Motion—in fact, the Decision’s analysis was limited to the Background section of the Motion, not analyzing any of the discovery requests in the Motion or the arguments explaining why the *Garmin* factors are satisfied. (Decision at 1-5.) For example, the Decision did not consider any of the following arguments:

- “[T]he material sought in Request For Production (“RFP”) No. 1 is likely to exist given the legal relationships between the Mangrove entities and the involvement of Ward Dietrich and Jeffrey Kalicka in the preparation and filing of the petition in this proceeding (despite the fact that neither is officially affiliated with Petitioner).” (Motion at 6.)
- “The material sought in RFP No. 2 is likely to exist given that, by its very nature as a master fund, Petitioner is only intended to profit on behalf of others (i.e., the US Feeder and the Cayman Feeder, and, in turn, the investors in the US Feeder and the Cayman Feeder), and thus arrangements as to funds, stock, stock options, or other consideration are likely to exist.” (Motion at 6.)



- “The material sought in RFP Nos. 3-4 is almost certain to exist given that, for example, law firms enter into engagement agreements or retainer agreements prior to commencing work, and generate invoices as work is performed, and are likely to be highly probative of whether Petitioner or the other Mangrove entities engaged the counsel listed in the petition for this proceeding and who is funding the proceeding.”  
(Motion at 6.)

#### **IV. PATENT OWNER REQUESTS REHEARING BY AN EXPANDED PANEL THAT INCLUDES THE CHIEF JUDGE**

Patent Owner requests that an expanded panel that includes the Chief Judge consider this request for rehearing. *See* Standard Operating Procedure 1, Rev. 14 (May 8, 2015), Section III.C; *see also Google Inc. v. SimpleAir, Inc.*, CBM2015-00019, Paper No. 15 at 8 (Aug. 19, 2015) (considering a request for expanded panel review under Standard Operating Procedure 1, Rev. 14). Patent Owner is making this request because “[c]onsideration by an expanded panel is necessary to secure and maintain uniformity of the Board’s decisions, such as where different panels of the Board render conflicting decisions on issues of statutory interpretation . . . , or a substantial difference of opinion among judges exists on issues of statutory interpretation.” Standard Operating Procedure 1, Rev. 14, Section III.A. In particular, as discussed above in Section III.A, numerous panels have interpreted the requirements for discovery and for an RPI determination that

is in significant contradiction with that of the Decision. The standard applied in the Decision contradicts *Garmin*'s requirement that a party seeking additional discovery need only "be in possession of evidence tending to show beyond speculation that in fact something useful will be uncovered," *Garmin*, IPR2012-00001, Paper No. 26 at 6, by faulting Patent Owner for not providing certainty that something useful will be uncovered. Demonstrative of the large departure from past Board precedent, the Decision does not permit additional discovery as to RPI despite the fact that other panels have relied on similar evidence to that presented in the Motion to conclude that a party was in fact an improperly omitted RPI, like in *Galderma*. Therefore, an expanded panel review is necessary to resolve these differences, and clarify the standard for additional discovery.

## **V. CONCLUSION**

The Decision found that Patent Owner allegedly did not provide sufficient evidence to warrant discovery. But in doing so, the Decision improperly analyzed the requirements for an RPI determination, and overlooked several important facts and arguments in the Motion. For these reasons, VirnetX respectfully requests rehearing of the Decision and the grant of additional discovery.

Respectfully submitted,

Dated: January 4, 2016

By: /Joseph E. Palys/

Joseph E. Palys

Registration No. 46,508

Counsel for VirnetX Inc.

**CERTIFICATE OF SERVICE**

Pursuant to 37 C.F.R. § 42.6(e), I certify that I caused to be served on the counsel for Petitioner a true and correct copy of the foregoing Patent Owner's Request for Rehearing Under 37 C.F.R. § 42.71(d)(1) by electronic means on the date below at the following address of record:

Abraham Kasdan (akasdan@wiggin.com)  
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450 Lexington Avenue  
New York, NY 10017

James T. Bailey (jtb@jtbaileylaw.com)  
504 W. 136th St. #1B  
New York, NY 10031

IP@wiggin.com

Dated: January 4, 2016

By: /Joseph E. Palys/

Joseph E. Palys

Registration No. 46,508

Counsel for VirnetX Inc.

"

"

"

"

# **Exhibit 37**

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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THE MANGROVE PARTNERS MASTER FUND, LTD. and APPLE INC.,  
Petitioner,

v.

VIRNETX INC.,  
Patent Owner.

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Case IPR2015-01046<sup>1</sup>  
Patent 6,502,135 B1

---

Before MICHAEL P. TIERNEY, KARL D. EASTHOM, and  
STEPHEN C. SIU, *Administrative Patent Judges*.

SIU, *Administrative Patent Judge*.

DECISION  
Request for Rehearing  
*37 C.F.R. § 42.71(d)*

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<sup>1</sup> Apple Inc., which filed a petition in IPR2016-00062, has been joined as a Petitioner in the instant proceeding.

## I. BACKGROUND

VirnetX Inc. (“Patent Owner”), in its Request for Rehearing, Paper 26 (“Req. Reh’g” or “Request”), seeks reversal of the Board’s Decision to deny Patent Owner’s Motion for Additional Discovery, filed December 9, 2015, Paper 22 (“Motion”). *See* Req. Reh’g 1. The Board grants the requested relief in part.

## II. DISCUSSION

In the Decision dated December 21, 2015, Paper 25 (“Decision”), we explained that “Patent Owner has not met its burden in showing additional discovery is in the interests of justice as required under 37 C.F.R. § 42.51(b)(2).” Decision 5; *see also id.* at 1–5. Patent Owner now argues that “[s]ince the Motion was directed to improperly omitted RPIs in particular, the evidence presented in the Motion only needed to show beyond speculation that something useful would be uncovered as to RPI issues. The Motion certainly met this standard.” Req. Reh’g 2–3.

We have considered Patent Owner’s arguments in the Request but, with the exception noted below, find them unpersuasive to demonstrate that we misapprehended or overlooked any points. For example, we disagree with Patent Owner that “[t]he Motion certainly met this standard [of showing beyond speculation that something useful would be uncovered as to RPI issues]” for at least the reasons previously detailed in the Decision. *See* Decision 1–5.

However, Patent Owner argues that “Ward Dietrich is Chief Operating Officer of the Mangrove Partners Master Fund” and “has no public role in Petitioner” (Motion 3 (citing Ex. 2002 at 2)), and that Ward

Dietrich “held himself out as an ‘authorized person’ to sign the Power of Attorney on behalf of Petitioner” (Req. Reh’g 6 (quoting Motion 3)). Petitioner does not appear to refute this contention. Patent Owner further requests “[c]ommunications and documents or things . . . including assistance with identification of prior art, filing, funding, compensation, and/or preparation of any papers related to the Mangrove IPRs” and the identification of “persons and entities . . . involved in the preparation and filing of the petitions” and “persons and entities . . . who controlled or had the ability to control the preparation and filing of the petitions in the Mangrove IPRs.” Ex. 2039, 3; Ex. 2040, 3. In view of Ward Dietrich’s alleged role as an officer of Mangrove Partners and the named Petitioner, we grant Patent Owner’s motion for additional discovery for the limited purpose of providing communications and/or agreements pertaining to Ward Dietrich’s involvement in the preparation and filing of the Petition and/or control or ability to control the preparation and filing of the Petition.

Patent Owner requests an “expanded panel that includes the Chief Judge” because, according to Patent Owner, an expanded panel “is necessary to secure and maintain uniformity” and to “clarify the standard for additional discovery.” Req. Reh’g 1–2, 8–9. Discretion to expand a panel rests with the Chief Judge, who, on behalf of the Director, may act to expand a panel on a suggestion from a judge or panel. *AOL Inc. v. Coho Sicensing LLC*, Case IPR2014-00771, slip op. at 2 (PTAB Mar. 24, 2015)(Paper 12)(informative). Patent Owner’s suggestion was considered by the Acting Chief Administrative Patent Judge, who declined to expand the panel.



III. ORDER

For the reasons given, it is

ORDERED that Patent Owner's Motion for Additional Discovery is granted as to discovery of communications and/or agreements pertaining to Ward Dietrich's involvement in the preparation and filing of the Petition and/or control or ability to control the preparation and filing of the Petition; and

FURTHER ORDERED that Patent Owner's Motion for Additional Discovery is denied as to discovery of other materials requested.

IPR2015-01046  
Patent 6,502,135 B1

PETITIONER:

Abraham Kasdan  
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PATENT OWNER:

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**Gzj kdk'5:**

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

---

THE MANGROVE PARTNERS MASTER FUND, LTD., APPLE INC.,  
and BLACK SWAMP IP, LLC,  
Petitioner,

v.

VIRNETX INC.,  
Patent Owner.

---

Case IPR2015-01047<sup>1</sup>  
Patent 7,490,151 B2

---

Before MICHAEL P. TIERNEY, KARL D. EASTHOM, and  
STEPHEN C. SIU, *Administrative Patent Judges*.

SIU, *Administrative Patent Judge*.

DECISION  
Request for Rehearing  
*37 C.F.R. § 42.71(d)*

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<sup>1</sup> Apple Inc. and Black Swamp IP, LLC, who filed petitions in IPR2016-00063 and IPR2016-00167, respectively, have been joined as Petitioners in the instant proceeding.

## I. BACKGROUND

VirnetX Inc. (“Patent Owner”), in its Request for Rehearing, Paper 27 (“Req. Reh’g” or “Request”), seeks reversal of the Board’s Decision to deny Patent Owner’s Motion for Additional Discovery, filed December 9, 2015, Paper 22 (“Motion”). *See* Req. Reh’g 1. The Board grants the requested relief in part.

## II. DISCUSSION

In the Decision dated December 21, 2015, Paper 26 (“Decision”), we explained that “Patent Owner has not met its burden in showing additional discovery is in the interests of justice as required under 37 C.F.R. § 42.51(b)(2).” Decision 5; *see also id.* at 1–5. Patent Owner now argues that “[s]ince the Motion was directed to improperly omitted RPIs in particular, the evidence presented in the Motion only needed to show beyond speculation that something useful would be uncovered as to RPI issues. The Motion certainly met this standard.” Req. Reh’g 2–3.

We have considered Patent Owner’s arguments in the Request but, with the exception noted below, find them unpersuasive to demonstrate that we misapprehended or overlooked any points. For example, we disagree with Patent Owner that “[t]he Motion certainly met this standard [of showing beyond speculation that something useful would be uncovered as to RPI issues]” for at least the reasons previously detailed in the Decision. *See* Decision 1–5.

However, Patent Owner argues that “Ward Dietrich is Chief Operating Officer of the Mangrove Partners Master Fund” and “has no public role in petitioner” (Motion 3 (citing Ex. 2002 at 2)) and that “Ward

Dietrich held himself out as an ‘authorized person’ to sign the Power of Attorney on behalf of Petitioner” (Req. Reh’g 6 (quoting Motion 3)). Petitioner does not appear to refute this contention. Patent Owner further requests “[c]ommunications and documents or things . . . including assistance with identification of prior art, filing, funding, compensation, and/or preparation of any papers related to the Mangrove IPRs” and the identification of “persons and entities . . . involved in the preparation and filing of the petitions” and “persons and entities . . . who controlled or had the ability to control the preparation and filing of the petitions in the Mangrove IPRs.” Ex. 2034, 3; Ex. 2035, 3. In view of Ward Dietrich’s alleged role as an officer of Mangrove Partners and the named Petitioner, we grant Patent Owner’s motion for additional discovery for the limited purpose of providing communications and/or agreements pertaining to Ward Dietrich’s involvement in the preparation and filing of the Petition and/or control or ability to control the preparation and filing of the Petition.

Patent Owner requests an “expanded panel that includes the Chief Judge” because, according to Patent Owner, an expanded panel “is necessary to secure and maintain uniformity” and to “clarify the standard for additional discovery.” Req. Reh’g 1–2, 8–9. Discretion to expand a panel rests with the Chief Judge, who, on behalf of the Director, may act to expand a panel on a suggestion from a judge or panel. *AOL Inc. v. Coho Sicensing LLC*, Case IPR2014-00771, slip op. at 2 (PTAB Mar. 24, 2015)(Paper 12)(informative). Patent Owner’s suggestion was considered by the Acting Chief Administrative Patent Judge, who declined to expand the panel.

III. ORDER

For the reasons given, it is

ORDERED that Patent Owner's Motion for Additional Discovery is granted as to discovery of communications and/or agreements pertaining to Ward Dietrich's involvement in the preparation and filing of the Petition and/or control or ability to control the preparation and filing of the Petition; and

FURTHER ORDERED that Patent Owner's Motion for Additional Discovery is denied as to discovery of other materials requested.

IPR2015-01047  
Patent 7,490,151 B2

PETITIONER:

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PATENT OWNER:

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# **Exhibit 39**

**Excerpted**

**Date:** November 10, 2015

**Case:** Mangrove Partners Master Fund v. VirnetX, Inc.



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UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

---

THE MANGROVE PARTNERS MASTER FUND, LTD.,

Petitioner

vs.

VIRNETX INC.

Patent Owner

---

Case IPR2015-01046

Patent No. 6,502,135

and

Case IPR2015-01047

Patent No. 7,490,151

Oral Argument on Proposed Motions

Tuesday, November 10, 2015 (2:34 p.m.)

Before: HON. STEPHEN SIU and HON. KARL D. EASTHOM

1           JUDGE SIU: Okay. Do you want to go on  
2 and discuss your proposed motion?

3           MR. PALYS: Yes, Your Honor. In fact,  
4 this is a segue.

5           So we were asking for leave to file a  
6 motion for additional discovery regarding RPI. Now  
7 our request extends to -- it relates to facts that  
8 we came across after we filed our preliminary  
9 response. We believe that there is a relationship  
10 between Mangrove, the Petitioner here, and RPIs, and  
11 there is facts that have, we have basically gathered  
12 some facts as best we could that definitely in our  
13 view suggests that there is enough here for us to  
14 move for additional discovery regarding the RPI  
15 issue, between RPIs and the Petitioner.

16           Some of these include -- well, just to set  
17 the stage, Mangrove filed its petition back in April  
18 of 2015. Interestingly around the same time period  
19 between April and June we found out through public  
20 records that Mangrove obtained \$3.5, or thereabouts,  
21 million worth of shares, or an equity stake in RPS  
22 Corporation, that's, you know, the coincidence --

1           JUDGE SIU: Did you bring up this RPI, I  
2 thought it was all these other Mangrove entities in  
3 your preliminary response, did you mention RPX in  
4 your preliminary response?

5           MR. PALYS: No, Your Honor, that's a  
6 separate issue, and that's why I was trying to make  
7 the point that these are facts that came out after  
8 our preliminary response.

9           So the RPI issue relating to the Mangrove  
10 entities, we think we have briefed that in our  
11 request for rehearing, we think there's an RPI issue  
12 that exists with those entities, and we think that,  
13 frankly, the Board should find that and grant our  
14 request for rehearing and not institute based on  
15 that position.

16           What we're asking for here now given the  
17 state of the proceedings is for leave to file a  
18 motion for additional discovery regarding RPI issues  
19 that involve an entity that has a statutory bar  
20 ramifications to this case.

21           So, continuing on, you know, on top of the  
22 issues with the timing of Mangrove getting an equity

1 stake in RPX in around April or June, as best we can  
2 tell, Mangrove's backup counsel, who's on the phone  
3 here, Mr. Bailey, he also represents RPX  
4 Corporation, and, in fact, as far as we can tell  
5 from our research, other than this proceeding he's  
6 only ever represented RPX in these other  
7 proceedings, and in those other proceedings there  
8 was RPI issues that involved statutory bar issues.

9           And there was additional discovery that  
10 was granted on RPI in the ParkerVision cases, I  
11 think it was the ParkerVision cases, and the IPR  
12 numbers that Mr. Bailey was involved with respect to  
13 RPS in those is IPR2014-946, 947, 948, and  
14 IPR2014-01107.

15           And then another, well, there's some other  
16 public information in there that we think that  
17 supports our position that there's enough here to  
18 move for additional discovery, including some of the  
19 public documentation about the relationship between  
20 RPX and Mangrove, in fact RPX, there's documentation  
21 showing how RPX is aggressively looking to partner  
22 with hedge funds such as Mangrove.

1           And given the history of these cases, Your  
2 Honor, again just to take a trip back on the long  
3 trail of attacks that VirnetX has had to endure, and  
4 all of the resources that our client has had to put  
5 up with, petitioners coming out of the woodwork, so  
6 to speak, on filing petitions, finding statutory bar  
7 issues, and more coming up, started way back with,  
8 notwithstanding any re-exam requests, when Apple  
9 started the first round of attacks on these patents,  
10 while 315(b) issues prevented them from pursuing  
11 these, the next in line was this company called  
12 Newbay. I don't know if the panel remembers the  
13 issues that were involved with that case, but the  
14 company was formed maybe 30 days or so before the  
15 petitions were filed, and they were on the heels of  
16 Apple getting ready to lose the 315(b) issues.

17           Well, the second VirnetX started to push  
18 on discovery in the related litigation on who was  
19 behind them, they gave up their hand, and they said,  
20 you know what, we want to terminate. Lo and behold,  
21 right after that RPX came along, and I don't know if  
22 this panel remembers what happened there where they

1 didn't name Apple, and it was found out that there  
2 was a link between Apple and RPX, and having an  
3 unnamed relationship in terms of real party of  
4 interest, 315(b) applied there.

5           Microsoft soon filed, and keep in mind,  
6 all of these petitions the Board is familiar with, I  
7 know you are, Your Honor, you've seen the arguments,  
8 you've seen the prior art, they're all the same, I  
9 mean, they are very similar, same prior art, same  
10 type of positions, same type of experts, et cetera.

11           And after Microsoft was denied on a 315(b)  
12 now we have Mangrove. They come out of the woodwork  
13 and filing very similar types of petitions, and  
14 frankly, our client is kind of frustrated, Your  
15 Honor, with all the serial attacks that they have to  
16 endure on this. There has to be a time or something  
17 that has to be done to prevent these attacks, and I  
18 think this is one of those issues that a party is  
19 trying to play fast and loose with the rules on real  
20 party in interest.

21           I think discovery is definitely something  
22 that the Board should consider here on this issue so



1 that we can find out if there are some issues,  
2 especially with the relationship and the facts  
3 relating to RPX here.

4 JUDGE SIU: So how do you believe RPX is  
5 controlling this proceeding?

6 MR. PALYS: I kind of raised some of the  
7 facts that we can glean from the public arena, Your  
8 Honor. There is the relationship, again the timing,  
9 the fact that, you know, about the same time frame  
10 that Mangrove filed these petitions they get an  
11 equity stake in RPX. Do we know what's behind that?  
12 They got a certain amount of shares. We don't know  
13 what type of agreement was there, but we know that  
14 they obtained some equity stake in RPX.

15 And then, again, the relationship with  
16 Mr. Bailey who, as far as we can tell, solely  
17 represents RPX outside of this proceeding. And  
18 again, in those proceedings, those involved RPI  
19 issues, again. And then again, the public  
20 documentation that's out there that we would like  
21 the opportunity to put into our motion to show that  
22 we can meet the Garmin factors for additional

1 discovery, we would like that opportunity to do so.

2 JUDGE SIU: And are you -- I remember  
3 Apple was involved with the last RPX set of cases;  
4 is it your belief that Apple is also controlling in  
5 some way, are they involved?

6 MR. PALYS: Well, that's a question that  
7 remains unanswered. You know, I'm not going to  
8 misrepresent, but I certainly think so, Your Honor.  
9 But, you know, you remember the relationship between  
10 RPX and Apple, that was established in the public,  
11 in terms of a real party of interest link there.

12 So now that we have -- it's not just that  
13 we have RPX involved or have this relationship with  
14 Mangrove, as we kind of mentioned that we can glean  
15 from the public eye, it's the whole context we think  
16 this Board has to take into consideration. This  
17 pattern of filing of companies that are coming out  
18 of nowhere, challenging these patents from our  
19 client, yet they have no relationship other than  
20 relationships with other companies that seem to have  
21 statutory bar issues.

22 And just to be clear, Your Honor, just to

1 wrap it up, we think you should dismiss the  
2 Petitioner's petition right now, we think there is  
3 just in RPI issue alone with the Mangrove of  
4 entities that exists right now, what we're asking  
5 here today is additional discovery with respect to  
6 RPX based on information that we obtained following  
7 our preliminary response.

8 JUDGE SIU: Okay, let's hear from the  
9 Petitioner.

10 MR. BAILEY: Your Honor, this is Jim  
11 Bailey. Like Your Honor, I'm hearing about this RPX  
12 issue for the first time right now, so this has  
13 never been raised with me. My own name is being  
14 bandied about, and for the record, I'm a sole  
15 practitioner, I've been doing this on my own for  
16 about two and a half years and haven't gotten around  
17 to putting up a website, but, quite frankly, the  
18 notion that I have one client is ridiculous.

19 So, and if you want to talk about the IPRs  
20 and what I did against ParkerVision whose back was  
21 against the wall, that's finished up and all the  
22 claims that have been instituted on them have all

1           MR. BAILEY: And then, Your Honor, the  
2 other one that Mr. Kasdan received in Fed-Ex this  
3 morning I believe, it is, oh, it doesn't have a  
4 number on it. We received one from someone called  
5 Black Swamp IP.

6           JUDGE SIU: So Black Swamp is also  
7 planning on joining; is that right?

8           MR. BAILEY: Yeah, they filed papers and a  
9 Motion to Join.

10          MR. PALYS: Your Honor, if I may, if I can  
11 have a couple minutes?

12          JUDGE SIU: Yes.

13          MR. PALYS: Thank you. I just want to put  
14 this all into context here, and I think Mr. Bailey  
15 has said it all for us, I mean, he's acting  
16 basically as a proxy for Apple right here, asking  
17 when they can join in on these conversations, and it  
18 brings me back a few years ago, I don't know, you  
19 may recall, you may have been on the panel when the  
20 decisions were, where Apple was trying to join the  
21 New Bay decisions but they wanted in through their  
22 315(b) issues, and then there were problems with

1 that.

2 And then when New Bay decided, like I  
3 mentioned, when discovery was being pressed against  
4 them they decided to terminate, and that's when RPX  
5 came up and filed the almost identical type of  
6 petitions.

7 And here we have Apple filing motions  
8 trying to join these petitions, and this Black Swamp  
9 entity, which by the way was formed six days before  
10 Mangrove's IPRs were filed, you know, I just want to  
11 put it all in context. I really believe that the  
12 Board should consider this when they're making their  
13 decisions on all these types of issues of where we  
14 stand in terms of what our client has had to endure  
15 with the serial continued attacks on the same patent  
16 with the same types of petitions with RPI issues  
17 somewhere in the background hidden behind these  
18 other companies that are accompanying.

19 And last I'll say, if anything, Your  
20 Honor, all of these new Apple petitions and the  
21 Black Swamp, they should just be held in abeyance  
22 while we are trying to figure out what is going on

1 with these issues. Thank you.

2 JUDGE SIU: Okay, so what was your  
3 original question, Mr. Bailey?

4 MR. BAILEY: Mine was just on schedule.  
5 The Apple petition, they hired the same expert that  
6 I had used, so if they're going to be joining these  
7 depositions that's something that I would want to  
8 know with the schedule on that, how that impacts  
9 setting up things as we go forward with the VirnetX  
10 case.

11 The Black Swamp one, I haven't even  
12 finished reading it, to tell you the truth, but I  
13 don't think it raises new technical issues.

14 JUDGE SIU: Well, I haven't actually seen  
15 any of these other petitions that Apple supposedly  
16 filed, the 62, 63, or the Black Swamp. I don't know  
17 how many they filed, two, I'm assuming, but in any  
18 event --

19 MR. BAILEY: It's one, Your Honor, that  
20 I've been served with that I know of, and it's on  
21 the 151 Patent.

22 JUDGE SIU: Okay. So I, you know, so they

"

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"

"

# **Exhibit 40**

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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THE MANGROVE PARTNERS MASTER FUND, LTD.,  
Petitioner,

v.

VIRNETX INC.,  
Patent Owner.

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Case IPR2015-01046  
Patent 6,502,135 B1

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Before MICHAEL P. TIERNEY, KARL D. EASTHOM, and STEPHEN C. SIU,  
*Administrative Patent Judges.*

SIU, *Administrative Patent Judge.*

ORDER  
Conduct of the Proceeding  
*37 C.F.R. § 42.5*

A conference call in the above proceeding was held on November 10, 2015, among respective counsel for The Mangrove Partners Master Fund, Ltd. (“Petitioner”) and VirnetX Inc. (“Patent Owner”), and Judges Siu and Easthom. Petitioner requested the conference call for authorization to file a reply to Patent



Owner's Request for Rehearing and to amend the real parties in interest, if determined to be necessary. Patent Owner also requested the conference call to request authorization to file a motion for additional discovery with respect to the real parties in interest. Paper 16. As we explained during the conference call, we deny Petitioner's motion to file a reply to Patent Owner's Request for Rehearing because the record contains sufficient information to render a decision and we defer Petitioner's contingent motion to amend the real parties in interest pending our decision on Patent Owner's request for rehearing.

Patent Owner requested authorization to file a motion for additional discovery under 37 C.F.R. § 42.51(b)(2) regarding whether or not Petitioner failed to identify RPX as a real parties in interest. We deny Patent Owner's request because Patent Owner's request amounts to no more than a mere allegation of some kind of general association between Petitioner and RPX. For example, Patent Owner argues that Petitioner has an equity stake in RPX, that counsel for Petitioner allegedly represents RPX, and that publicly available documents supposedly imply a connection between Petitioner and RPX. The alleged facts presented by Patent Owner during the conference call do not show more than a mere possibility that something useful will be discovered and are therefore insufficient to show beyond mere speculation that discovery would be in the interests of justice. *See Garmin Int'l, Inc. v. Cuozzo Speed Techs. LLC*, IPR 2012-00001, Paper 26 (Mar. 5, 2013).

ORDERED that Petitioner's request to file a reply to Patent Owner's Request for Rehearing is denied;

FURTHER ORDERED that Petitioner's request to amend the real parties in interest is deferred; and

IPR2015-01046  
Patent 6,502,135 B1

FURTHER ORDERED that Patent Owner's request for authorization to file a motion for additional discovery is denied.

PETITIONER:

Abraham Kasdan  
James T. Bailey  
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PATENT OWNER:

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**Gzj kdk'63**

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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APPLE INC.

Petitioner,

v.

VIRNETX INC.,

Patent Owner.

Patent No. 6,502,135

Issued: Dec. 31, 2002

Filed: Feb. 15, 2000

Inventors: Edmund C. Munger, *et al.*

Title: AGILE NETWORK PROTOCOL FOR SECURE COMMUNICATIONS  
WITH ASSURED SYSTEM AVAILABILITY

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*Inter Partes* Review No. IPR2016-00062

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**PETITIONER'S MOTION FOR JOINDER**

## I. INTRODUCTION

Petitioner Apple Inc. (“Apple”) moves to join its concurrently filed petition for *inter partes* review involving U.S. Patent No. 6,502,135 (the ’135 patent) with the *inter partes* review requested by the Mangrove Partners Master Fund, Ltd. (“Mangrove”) against the same patent, *The Mangrove Partners Master Fund, Ltd., v. VirnetX Inc.*, IPR2015-01046 (the Mangrove IPR). The Board instituted trial in that proceeding on October 7, 2015. Apple seeks to join as a party to the Mangrove IPR, and thus, has presented patentability challenges that are substantively the same as those presented by Mangrove. As explained in § III.C below, the sole difference is that, with this petition, Apple is submitting several additional exhibits that supplement the information in the Mangrove IPR record that shows that RFC 1034 is prior art to the ’135 patent.

The Apple petition is timely filed under 35 U.S.C. § 315(c), as it is filed within one month of the date that the Mangrove IPR was instituted. *See* IPR2015-01046, Paper 11 at 1, 12. As the statute provides and the Board has explained, the one-year filing window specified in § 315(b) and § 42.101(b) “shall not apply to a request for joinder under subsection (c).” 35 U.S.C. § 315(b); *Dell Inc. v. Network-1 Security Solutions, Inc.*, IPR2013-00385, Paper 17 at 4-5 (granting joinder beyond the one-year window); *Microsoft Corp. v. Proxyconn, Inc.*, IPR2013-00109, Paper 15 at 4-5 (same); 37 C.F.R. § 42.122(b) (the “time period

set forth in §42.101(b) shall not apply when the petition is accompanied by a request for joinder.”).

Joinder is appropriate because of the substantial similarity between the Apple petition and the Mangrove IPR. The Apple petition relies on the *same grounds* as those instituted by the Board in the Mangrove IPR. Other factors relevant to joinder favor granting this motion, including that: (i) the same schedule for various proceedings can be adopted, (ii) Apple is not advancing any new expert testimony, and thus, discovery will not be impacted by joinder, and (iii) joinder will not materially affect the range of issues needing to be addressed by the Board and by the parties in the joined proceedings. *See Kyocera Corp. v. Softview LLC*, IPR2013-00004, Paper No. 15 at 4 (Apr. 24, 2013). Moreover, Apple is involved in other proceedings involving the '135 patent and other patents in the '135 patent family that involve some of the same art at issue here, and has an interest in ensuring the Board does not resolve an issue in this proceeding that would impact those other proceedings. Because these factors support joining these proceedings, Apple requests the Board to grant this motion for joinder.

## **II. RELEVANT FACTS**

The '135 patent is a member of a family of patents owned by VirnetX. *See* Apple Pet. at § I.C.2. The specifications of these patents are nearly identical.

VirnetX has asserted varying sets of claims of the '135 patent and other of its patents against Apple and other entities in numerous lawsuits.

In August of 2010, VirnetX sued Apple and five other entities (the “2010 Litigation”). VirnetX asserted “at least” claims 1, 3, 7, 8, 9, 10, and 12 of the '135 patent against Apple. After trial, VirnetX obtained a judgment of infringement against Apple on, *inter alia*, claims 1, 3, 7, and 8 of the '135 patent. On December 31, 2012, VirnetX served a new complaint on Apple asserting infringement of “at least” claims 1, 3, 7, 8, 9, 10, and 12 of the '135 patent, and leading to a civil action now pending in the Eastern District of Texas (the “2012 Litigation”). On September 16, 2014, the 2010 Litigation judgment was reversed-in-part by a Federal Circuit panel and remanded for a new trial on damages. *See VirnetX, Inc. v. Cisco Systems, Inc.*, 767 F.3d 1308, 1313-14 (Fed. Cir. 2014). Both the remanded 2010 Litigation and the 2012 Litigation are scheduled for a consolidated trial in January of 2016.

### **III. ARGUMENT**

Joinder with the Mangrove IPR is justified because each factor identified by the Board as supporting joinder is met. For example, the Board has explained that a motion for joinder should: (1) explain the reasons why joinder is appropriate; (2) identify any new grounds of unpatentability asserted in the petition; (3) explain what impact (if any) joinder would have on the trial schedule for the existing

review; and (4) address specifically how briefing and discovery may be simplified. *Kyocera Corp. v. Softview LLC*, IPR2013-00004, Paper 15 at 4 (representative order). Each of these factors is addressed below, and, when considered together, strongly support granting this motion for joinder.

**A. Joinder Is Appropriate**

Joinder between the instant petition and the Mangrove IPR is appropriate because they involve the same patent, the same art, the same expert declaration, and the same arguments and legal rationales. Apple's proposed grounds of invalidity are *identical* to Mangrove's.

Permitting joinder will not prejudice Mangrove or VirnetX. Apple raises no issues that are not already before the Board, and consequently, joinder would not affect the timing of the Mangrove IPR nor the content of any of VirnetX's responses. Moreover, Apple is amenable to coordinating with Mangrove and, as such, neither Mangrove nor VirnetX will suffer any additional costs or burdens in preparing motions and arguments.

The denial of joinder, however, will prejudice Apple. Absent joinder, the petition would be untimely under § 315(b) and Apple would be unable to participate in the *inter partes* review proceeding related to the '135 patent. Apple is involved in other proceedings involving the '135 patent and other patents in the '135 patent family that involve some of the same art at issue here. Specifically,



Apple is the third party requester in *inter partes* reexamination proceedings involving the '135 patent. *See* Control No. 95/001,682.<sup>1</sup> These proceedings are based on a petition Apple filed in 2011, but remain pending now more than four years later, and despite the claims having been rejected repeatedly as unpatentable.<sup>2</sup> Granting joinder would allow Apple to ensure the Board does not resolve an issue in this proceeding that would impact those other proceedings.

Accordingly, because of the strong similarity of the instant petition to the Mangrove IPR, and to avoid prejudice to Apple, joinder is appropriate.

**B. No New Grounds of Unpatentability in the Apple Petitions**

Apple's petition proposes institution of trial on the same grounds that were instituted by the Board in the Mangrove IPR, and Apple relies on the same exhibits

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<sup>1</sup> Control No. 95/001,682 was filed on July 11, 2011. On October 15, 2015, Virnetx filed a Notice of Appeal in response to the Examiner's Right of Appeal Notice rejecting claims 1-18 as unpatentable.

<sup>2</sup> The delays in the '682 proceeding are largely due to the extraordinary number of petitions that Patent Owner VirnetX has filed in that proceeding. These petitions have sought, *inter alia*, to suspend the reexamination proceedings, delay the due dates applicable to VirnetX for filing each of its papers, or to have the Office reverse actions it has taken during the proceeding, including petitions seeking reconsideration of denials of earlier petitions by VirnetX.

and expert testimony included in the Mangrove IPR. In addition to those exhibits, Apple provides Exhibits 1026 to 1030 as supplemental evidence that is relevant to the prior art status of RFC 1034, one of the prior art references at issue in the Mangrove IPR. *See* Apple Pet. at § V. As the Board has found in other contexts, additional evidence of public availability does not change the grounds of unpatentability in a proceeding nor the evidence presented to support those grounds. *See Palo Alto Networks, Inc v. Juniper Networks, Inc.*, IPR2013-00369, Paper 37 at 3 (Feb. 5, 2014). Instead, Exhibits 1026 to 1030 merely supplement the information presented in the Mangrove IPR and further support the Board’s preliminary findings. Accordingly, Apple proposes no new grounds of unpatentability.

**C. No Impact on the Trial Schedule of Costs of the Proceeding**

Granting this motion for joinder will have no impact on the trial schedule because Apple does not raise any issues that are not already before the Board. VirnetX does not need to specifically address any issues raised by Apple, and thus, joinder would have no impact on the cost of the proceeding. In addition, Apple is willing to adhere to the schedule already established for IPR2015-01046. *See, e.g. Motorola Mobility LLC v. Softview LLC*, IPR2013-000256, Paper 10 at 2-3 (June 20, 2013) (identifying “impact of the joinder on the schedule and costs of the proceeding” as a factor relevant to decide whether to join proceedings).

Additionally, consideration of Apple's additional evidence related to the prior art status of RFC 1034 will: (1) have no impact on the trial schedule and (2) not prejudice VirnetX. First, the Board's rules authorize the submission of relevant supplemental information within one month after trial is instituted. *See* 37 C.F.R. § 42.123(a). Each of exhibits 1026 to 1030 could be submitted in the Mangrove IPR as supplemental information under Section 42.123(a) because each (1) has been submitted within one month of institution, and (2) is relevant to a claim for which the trial has been instituted. *See Palo Alto*, IPR2013-00369, Paper 37 at 3; *see also Biomarin Pharma. Inc., v. Genzyme Therapeutic Prods Limited Partnership*, IPR2013-00534, Paper 80 at 5 (Jan. 7, 2015) (more than one month after institution of a proceeding, finding that it was in the interests-of-justice to admit supplemental information on a reference's publication date). As described above, the additional evidence provided with Apple's petition does not change the grounds of unpatentability authorized for trial and does not alter the prior art that supports those grounds. Consideration of the additional evidence by the Board and the parties, thus, will have no impact on the trial schedule.

Second, VirnetX will have limited need (if any) to investigate the proffered information because VirnetX already investigated most of the exhibits during one of the concurrent litigation proceedings. For example, VirnetX received Ms. Ginoza's declaration and RFC 1034 (Exs. 1026-27) as part of a Section 337 action

in 2013, and it had the opportunity to cross-examine Ms. Ginoza about RFC 1034's publication date. *See* Ex. 1028 at 50:7-69:1. Moreover, even if VirnetX feels it would be necessary to further investigate these exhibits, it is early in the discovery period of the Mangrove IPR and the IPR rules contemplate that a patent owner may need to consider relevant supplemental information submitted within one month of trial institution. *See* 37 C.F.R. § 42.123(a). Therefore, granting this motion for joinder will have no impact on the trial schedule.

**D. Proposals for Briefing in the Joined Proceedings**

Joinder will simplify briefing in both the Mangrove IPR and the present proceeding by eliminating the need for VirnetX to respond to substantially identical petitions twice. In the interest of efficiency, Apple is willing to coordinate with Mangrove to provide consolidated filings within the page limits set forth in the rules governing this proceeding so long as Mangrove is actively participating in the proceeding, or to accept other reasonable conditions on the conduct of the joined proceeding. In addition, Apple has not filed a separate expert declaration, and thus, VirnetX will not need to depose any additional witnesses. Apple is also willing to coordinate with Mangrove to avoid duplicative cross-examination of VirnetX expert witnesses.

**IV. Conclusion**

Because the factors relevant to grant of a motion for joinder strongly support joining the present proceeding to IPR2015-01046, Apple requests this motion for joinder be granted.

Dated: October 26, 2015

Respectfully Submitted,

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**CERTIFICATE OF SERVICE**

I hereby certify that on this 26th day of October 2015, a copy of this Motion for Joinder, has been served in its entirety by Federal Express on the following counsel of record for VirnetX:

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Dated: October 26, 2015

Respectfully submitted,

/Jeffrey P. Kushan/  
Jeffrey P. Kushan  
Reg. No. 43,401

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**Gzj kdk'64**

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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APPLE INC.

Petitioner,

v.

VIRNETX INC.,

Patent Owner.

Patent No. 7,490,151

Issued: Feb. 10, 2009

Filed: Sep. 30, 2002

Inventors: Edmund C. Munger, *et al.*

Title: ESTABLISHMENT OF A SECURE COMMUNICATIONS LINK BASED  
DOMAIN NAME (DNS) REQUEST

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*Inter Partes* Review No. IPR2016-00063

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**PETITIONER'S MOTION FOR JOINDER**



**I. INTRODUCTION**

Petitioner Apple Inc. (“Apple”) moves to join its concurrently filed petition for *inter partes* review involving U.S. Patent No. 7,490,151 (the ’151 patent) with the *inter partes* review requested by the Mangrove Partners Master Fund, Ltd. (“Mangrove”) against the same patent, *The Mangrove Partners Master Fund, Ltd., v. VirnetX Inc.*, IPR2015-01047 (the Mangrove IPR). The Board instituted trial in that proceeding on October 7, 2015. Apple seeks to join as a party to the Mangrove IPR, and thus, has presented patentability challenges that are substantively the same as those presented by Mangrove. As explained in § III.C below, the sole difference is that, with this petition, Apple is submitting several additional exhibits that supplement the information in the Mangrove IPR record that shows that Rescorla and RFC 1034 are prior art to the ’151 patent.

The Apple petition is timely filed under 35 U.S.C. § 315(c), as it is filed within one month of the date that the Mangrove IPR was instituted. *See* IPR2015-01047, Paper 11 at 1, 12. As the statute provides and the Board has explained, the one-year filing window specified in § 315(b) and § 42.101(b) “shall not apply to a request for joinder under subsection (c).” 35 U.S.C. § 315(b); *Dell Inc. v. Network-1 Security Solutions, Inc.*, IPR2013-00385, Paper 17 at 4-5 (granting joinder beyond the one-year window); *Microsoft Corp. v. Proxyconn, Inc.*, IPR2013-00109, Paper 15 at 4-5 (same); 37 C.F.R. § 42.122(b) (the “time period

set forth in §42.101(b) shall not apply when the petition is accompanied by a request for joinder.”).

Joinder is appropriate because of the substantial similarity between the Apple petition and the Mangrove IPR. The Apple petition relies on the *same grounds* as those instituted by the Board in the Mangrove IPR. Other factors relevant to joinder favor granting this motion, including that: (i) the same schedule for various proceedings can be adopted, (ii) Apple is not advancing any new expert testimony, and thus, discovery will not be impacted by joinder, and (iii) joinder will not materially affect the range of issues needing to be addressed by the Board and by the parties in the joined proceedings. *See Kyocera Corp. v. Softview LLC*, IPR2013-00004, Paper No. 15 at 4 (Apr. 24, 2013). Moreover, Apple is involved in other proceedings involving the '151 patent and other patents in the '151 patent family that involve some of the same art at issue here, and has an interest in ensuring the Board does not resolve an issue in this proceeding that would impact those other proceedings. Because these factors support joining these proceedings, Apple requests the Board to grant this motion for joinder.

## **II. RELEVANT FACTS**

The '151 patent is a member of a family of patents owned by VirnetX. *See* Apple Pet. at § I.C.2. The specifications of these patents are nearly identical.

VirnetX has asserted varying sets of claims of the '151 patent and other of its patents against Apple and other entities in numerous lawsuits.

In August of 2010, VirnetX sued Apple and five other entities (the "2010 Litigation"). VirnetX asserted "at least" claims 1, 6, 7, 12, and 13 of the '151 patent against Apple. After trial, VirnetX obtained a judgment of infringement against Apple on, *inter alia*, claims 1 and 13 of the '151 patent. On December 31, 2012, VirnetX served a new complaint on Apple asserting infringement of "at least" claims 1, 6, 7, 12, and 13 of the '151 patent, and leading to a civil action now pending in the Eastern District of Texas (the "2012 Litigation"). On September 16, 2014, the 2010 Litigation judgment was reversed-in-part by a Federal Circuit panel and remanded for a new trial on damages. *See VirnetX, Inc. v. Cisco Systems, Inc.*, 767 F.3d 1308, 1313-14 (Fed. Cir. 2014). Both the remanded 2010 Litigation and the 2012 Litigation are scheduled for a consolidated trial in January of 2016.

### **III. ARGUMENT**

Joinder with the Mangrove IPR is justified because each factor identified by the Board as supporting joinder is met. For example, the Board has explained that a motion for joinder should: (1) explain the reasons why joinder is appropriate; (2) identify any new grounds of unpatentability asserted in the petition; (3) explain what impact (if any) joinder would have on the trial schedule for the existing

review; and (4) address specifically how briefing and discovery may be simplified. *Kyocera Corp. v. Softview LLC*, IPR2013-00004, Paper 15 at 4 (representative order). Each of these factors is addressed below, and, when considered together, strongly support granting this motion for joinder.

**A. Joinder Is Appropriate**

Joinder between the instant petition and the Mangrove IPR is appropriate because they involve the same patent, the same art, the same expert declaration, and the same arguments and legal rationales. Apple's proposed grounds of invalidity are *identical* to Mangrove's.

Permitting joinder will not prejudice Mangrove or VirnetX. Apple raises no issues that are not already before the Board, and consequently, joinder would not affect the timing of the Mangrove IPR nor the content of any of VirnetX's responses. Moreover, Apple is amenable to coordinating with Mangrove and, as such, neither Mangrove nor VirnetX will suffer any additional costs or burdens in preparing motions and arguments.

The denial of joinder, however, will prejudice Apple. Absent joinder, the petition would be untimely under § 315(b) and Apple would be unable to participate in the *inter partes* review proceeding related to the '151 patent. Apple is involved in other proceedings involving the '151 patent and other patents in the '151 patent family that involve some of the same art at issue here. Specifically,

Apple is the third party requester in *inter partes* reexamination proceedings involving the '151 patent. *See* Control No. 95/001,697.<sup>1</sup> These proceedings against the '151 patent remain pending more than four years after filing, despite the claims having been rejected repeatedly as unpatentable.<sup>2</sup> Granting joinder would allow Apple to ensure the Board does not resolve an issue in this proceeding that would impact those other proceedings.

Accordingly, because of the strong similarity of the instant petition to the Mangrove IPR, and to avoid prejudice to Apple, joinder is appropriate.

**B. No New Grounds of Unpatentability in the Apple Petitions**

Apple's petition proposes institution of trial on the same grounds that were

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<sup>1</sup> Control No. 95/001,697 was filed on July 25, 2011. On April 20, 2012, the Office issued a Non-Final Action rejecting all claims of the '151 patent. On September 22, 2015, the Office issued its first Action Closing Prosecution, again rejecting all claims.

<sup>2</sup> The delays in the '697 proceeding are due in part to the extraordinary number of petitions that Patent Owner VirnetX has filed in that proceeding. These petitions have sought, *inter alia*, to suspend the reexamination proceedings, delay the due dates applicable to VirnetX for filing each of its papers, or to have the Office reverse actions it has taken during the proceeding, including petitions seeking reconsideration of denials of earlier petitions by VirnetX.

instituted by the Board in the Mangrove IPR, and Apple relies on the same exhibits and expert testimony included in the Mangrove IPR. In addition to those exhibits, Apple provides Exhibits 1026 to 1031 as supplemental evidence that is relevant to the prior art status of RFC 1034 and of “Rescorla,” an Internet-Draft related to the Secure HyperText Transfer Protocol that was published in February 1996 by the Internet Engineering Task Force (IETF) as part of the development of RFC 2660, two of the prior art references at issue in the Mangrove IPR. *See* Apple Pet. at § V. As the Board has found in other contexts, additional evidence of public availability does not change the grounds of unpatentability in a proceeding nor the evidence presented to support those grounds. *See Palo Alto Networks, Inc v. Juniper Networks, Inc.*, IPR2013-00369, Paper 37 at 3 (Feb. 5, 2014). Instead, Exhibits 1026 to 1031 merely supplement the information presented in the Mangrove IPR and further support the Board’s preliminary findings. Accordingly, Apple proposes no new grounds of unpatentability.

**C. No Impact on the Trial Schedule of Costs of the Proceeding**

Granting this motion for joinder will have no impact on the trial schedule because Apple does not raise any issues that are not already before the Board. VirnetX does not need to specifically address any issues raised by Apple, and thus, joinder would have no impact on the cost of the proceeding. In addition, Apple is willing to adhere to the schedule already established for IPR2015-01047. *See, e.g.*

*Motorola Mobility LLC v. Softview LLC*, IPR2013-000256, Paper 10 at 2-3 (June 20, 2013) (identifying “impact of the joinder on the schedule and costs of the proceeding” as a factor relevant to decide whether to join proceedings).

Additionally, consideration of Apple’s additional evidence related to the prior art status of RFC 1034 and Rescorla will: (1) have no impact on the trial schedule and (2) not prejudice VirnetX. First, the Board’s rules authorize the submission of relevant supplemental information within one month after trial is instituted. *See* 37 C.F.R. § 42.123(a). Each of exhibits 1026 to 1031 could be submitted in the Mangrove IPR as supplemental information under Section 42.123(a) because each (1) has been submitted within one month of institution, and (2) is relevant to a claim for which the trial has been instituted. *See Palo Alto*, IPR2013-00369, Paper 37 at 3; *see also Biomarin Pharma. Inc., v. Genzyme Therapeutic Prods Limited Partnership*, IPR2013-00534, Paper 80 at 5 (Jan. 7, 2015) (more than one month after institution of a proceeding, finding that it was in the interests-of-justice to admit supplemental information on a reference’s publication date). As described above, the additional evidence provided with Apple’s petition does not change the grounds of unpatentability authorized for trial and does not alter the prior art that supports those grounds. Consideration of the additional evidence by the Board and the parties, thus, will have no impact on the trial schedule.

Second, VirnetX will have limited need (if any) to investigate the proffered information because VirnetX already investigated most of the exhibits during one of the concurrent litigation proceedings. For example, VirnetX received Ms. Ginoza's declaration and RFC 1034 (Exs. 1026-27) as part of a Section 337 action in 2013, and it had the opportunity to cross-examine Ms. Ginoza about RFC 1034's publication date. *See* Ex. 1028 at 50:7-69:1. Moreover, even if VirnetX feels it would be necessary to further investigate these exhibits, it is early in the discovery period of the Mangrove IPR and the IPR rules contemplate that a patent owner may need to consider relevant supplemental information submitted within one month of trial institution. *See* 37 C.F.R. § 42.123(a). Therefore, granting this motion for joinder will have no impact on the trial schedule.

**D. Proposals for Briefing in the Joined Proceedings**

Joinder will simplify briefing in both the Mangrove IPR and the present proceeding by eliminating the need for VirnetX to respond to substantially identical petitions twice. In the interest of efficiency, Apple is willing to coordinate with Mangrove to provide consolidated filings within the page limits set forth in the rules governing this proceeding so long as Mangrove is actively participating in the proceeding, or to accept other reasonable conditions on the conduct of the joined proceeding. In addition, Apple has not filed a separate expert declaration, and thus, VirnetX will not need to depose any additional witnesses.



Apple is also willing to coordinate with Mangrove to avoid duplicative cross-examination of VirnetX expert witnesses.

#### **IV. Conclusion**

Because the factors relevant to grant of a motion for joinder strongly support joining the present proceeding to IPR2015-01047, Apple requests this motion for joinder be granted.

Dated: October 26, 2015

Respectfully Submitted,

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**CERTIFICATE OF SERVICE**

I hereby certify that on this 26th day of October 2015, a copy of this Motion for Joinder, has been served in its entirety by Federal Express on the following counsel of record for VirnetX:

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Dated: October 26, 2015

Respectfully submitted,

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**Gzj kdk'65''**

**'Gzegt r vgf ''**

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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APPLE INC.  
Petitioner,

v.

VIRNETX INC.,  
Patent Owner.

Patent No. 6,502,135

Issued: Dec. 31, 2002

Filed: Feb. 15, 2000

Inventors: Edmund C. Munger, *et al.*

Title: AGILE NETWORK PROTOCOL FOR SECURE COMMUNICATIONS  
WITH ASSURED SYSTEM AVAILABILITY

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*Inter Partes* Review No. IPR2016-00062

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**Petition for *Inter Partes* Review of  
U.S. Patent No. 6,502,135**

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**V. Additional Evidence of Public Availability**

Petitioner Apple seeks to join as a party to IPR2015-01046, filed by Mangrove. Thus, for the purpose of this Petition, Apple has adopted Mangrove's arguments and has filed the same exhibits (Exs. 1001-1003, 1005, 1007-1011, 1014-1023, 1025) as Mangrove did. Petitioner Apple is also filing exhibits 1026-1030, which are additional evidence confirming that RFC 1034 is a printed publication that was publicly available before the earliest effective filing date of the challenged claims. *See* Ex. 1003 at ¶¶ 41-47.

The Board should consider these additional exhibits because they supplement the evidence presented by Mangrove that shows RFC 1034 was published and publicly available by 1987. *See* Ex. 1003 at ¶¶ 41-47 (describing IETF practices for publishing RFCs); RFC 2026 (Ex. 1010) at 4, 19-20 (RFC formalizing IETF practices for publishing RFCs); Ex. 1005 at 1. In other contexts, the Board has frequently found that admitting supplemental evidence of an at issue prior art reference's publication date after a proceeding has been instituted does not change the grounds or evidentiary basis of the proceeding. *See, e.g., Biomarin Pharma. Inc., v. Genzyme Therapeutic Prods Limited Partnership*, IPR2013-00534, Paper 80 at 5 (Jan. 7, 2015) (after institution of a proceeding, finding that it was in the interests-of-justice to admit supplemental information on a reference's publication date); *Palo Alto Networks, Inc v. Juniper Networks, Inc.*, IPR2013-

00369, Paper 37 at 3 (Feb. 5, 2014) (admitting supplemental evidence of a reference's publication date). The same rationale applies here, and the Board should consider the additional evidence of RFC 1034's publication date in the joined proceeding.

Exhibits 1026 to 1028 are documents and testimony from the IETF, which confirm the IETF's general practices for publishing RFCs and that RFC 1034 specifically was published in November 1987 as stated on its face.

Exhibit 1026 is a declaration from Sandy Ginoza, acting as a designated representative of the IETF, created in response to a subpoena served as part of an investigation initiated by Patent Owner before the International Trade Commission (337-TA-858). Ex. 1026 at ¶¶ 1-5; Ex. 1028 at 6:23-7:4, 10:5-14. In her declaration, Ms. Ginoza testified that RFC 1034 was published on the RFC Editor's website and was publicly available since November 1987. Ex. 1026 at ¶¶ 9-11. For example, Ms. Ginoza explained:

Based on a search of RFC Editor records, I have determined that the RFC Editor maintained a copy of RFC 1034 in the ordinary course of its regularly conducted activities. RFC 1034 has been publicly available through the RFC Editor's web site or through other means since its publication in November 1987.

Ex. 1026 at ¶ 11. Exhibit 1027 is the bates stamped copy of RFC 1034 that IETF produced in conjunction with Ms. Ginoza's declaration.



Exhibit 1028 is the transcript of Ms. Ginoza's February 8, 2013 deposition that was taken as part of the ITC action. At her deposition, Ms. Ginoza testified:

Q [] You've just been handed a document that the court reporter has marked Exhibit 5. The Bates number is 337-TA-858-IETF00022, and the document goes through 73. Is that correct?

A Yes.

Q [] Did the IETF produce this in response to the subpoena?

A Yes.

\* \* \*

Q And is this document here a true and correct copy of the record of RFC 1034 that's present in the business records of IETF?

A I believe so.

\* \* \*

Q Was RFC 1034 publicly available as of the date listed on its face?

A As far as I know, yes.

Q And what was that date?

A November 1987.

Ex. 1028 at 20:23-22:9; *see id.* at 10:5-11:22 (confirming her knowledge of IETF publishing practices as they relate to RFCs). During the February 8, 2013 deposition, Patent Owner cross-examined Ms. Ginoza about her testimony and declaration. *See id.* at 55:3-16; *see also id.* at 50:7-69:1.

Exhibit 1029 is an article concerning VPN technology from InfoWorld magazine (dated August 16, 1999) and Exhibit 1030 is an article concerning VPN technology from NetworkWorld magazine (dated March 15, 1999). Each exhibit is

an excerpt from an industry publication reflecting that it was known that RFCs were publicly available through the Internet, such as through the IETF's website. *See, e.g.*, Ex. 1029 at 9 (discussing RFCs and stating "All of these documents are available on the IETF website: [www.ietf.org/rfc.html](http://www.ietf.org/rfc.html)"); Ex. 1030 at 3 (directing the reader to the IETF website to access an RFC). These exhibits support Petitioner's assertions that RFC 1034 is prior art to the challenged claims.

## **VI. Conclusion**

Petitioner respectfully submits that the evidence presented in this Petition establishes a reasonable likelihood that Petitioner will prevail in establishing the challenged claims are unpatentable, and requests that Petitioner's Motion for Joinder be granted and trial instituted.

Dated: October 26, 2015

Respectfully Submitted,

/Jeffrey P. Kushan/  
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# **Exhibit 44**

## **Excerpted**

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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APPLE INC.  
Petitioner,

v.

VIRNETX INC.,  
Patent Owner.

Patent No. 7,490,151

Issued: Feb. 10, 2009

Filed: Sep. 30, 2002

Inventors: Edward C. Munger, *et al.*

Title: ESTABLISHMENT OF A SECURE COMMUNICATIONS LINK BASED  
ON A DOMAIN NAME SERVICE (DNS) REQUEST

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*Inter Partes* Review No. IPR2016-00063

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**Petition for *Inter Partes* Review of  
U.S. Patent No. 7,490,151**

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resulting in end-to-end encryption and the modifications in light of RFC 1034 making the C-HTTP name server recursive so that it can handle both queries for secure and non-secure servers. *See* Ex. 1003, ¶ 44. Such a combination would render all of the challenged claims obvious even if *all* of the claim interpretation arguments advocated by the Patent Owner were adopted.

#### **V. Additional Evidence of Public Availability**

Petitioner Apple seeks to join as a party to IPR2015-01047, filed by Mangrove. Thus, for the purpose of this Petition, Apple has adopted Mangrove's arguments and has filed the same exhibits (Exs. 1001-1014, 1024) as Mangrove did. Petitioner Apple is also filing Exhibits 1026-1031, which are additional evidence confirming that RFC 1034 and Rescorla are printed publications that were publicly available before the earliest effective filing date of the challenged claims. *See* Ex. 1003 at ¶¶ 45-52. The Board should consider these additional exhibits because they supplement the evidence presented by Mangrove that shows RFC 1034 and Rescorla were published and publicly available. *See* Ex. 1003 at ¶¶ 45-52 (describing IETF practices for publishing RFCs and Internet Drafts); RFC 2026 (Ex. 1010) at 4, 8-9, 19-20 (RFC formalizing IETF practices for publishing RFCs and Internet Drafts); Ex. 1004 at 1; Ex. 1005 at 1. In other contexts, the Board has frequently found that admitting supplemental evidence of an at issue prior art reference's publication date after a proceeding has been instituted does not

change the grounds or evidentiary basis of the proceeding. *See, e.g., Biomarin Pharma. Inc., v. Genzyme Therapeutic Prods Limited Partnership*, IPR2013-00534, Paper 80 at 5 (Jan. 7, 2015) (after institution of a proceeding, finding that it was in the interests-of-justice to admit supplemental information on a reference's publication date); *Palo Alto Networks, Inc v. Juniper Networks, Inc.*, IPR2013-00369, Paper 37 at 3 (Feb. 5, 2014) (admitting supplemental evidence of a reference's publication date). The same rationale applies here, and the Board should consider the additional evidence of RFC 1034 and Rescorla's publication dates in the joined proceeding.

**A. RFC 1034 Is Prior Art to the '151 Patent**

Exhibits 1026 to 1029 are documents and testimony from the IETF, which confirm the IETF's general practices for publishing RFCs and that RFC 1034 specifically was published in November 1987 as stated on its face.

Exhibit 1026 is a declaration from Sandy Ginoza, acting as a designated representative of the IETF, created in response to a subpoena served as part of an investigation initiated by Patent Owner before the International Trade Commission (337-TA-858). Ex. 1026 at ¶¶ 1-5; Ex. 1027 at 6:23-7:4, 10:5-14. In her declaration, Ms. Ginoza testified that RFC 1034 was published on the RFC Editor's website and was publicly available since November 1987. Ex. 1026 at ¶¶ 9-11. For example, Ms. Ginoza explained:



Based on a search of RFC Editor records, I have determined that the RFC Editor maintained a copy of RFC 1034 in the ordinary course of its regularly conducted activities. RFC 1034 has been publicly available through the RFC Editor's web site or through other means since its publication in November 1987.

Ex. 1026 at ¶ 11. Exhibit 1027 is the bates stamped copy of RFC 1034 that IETF produced in conjunction with Ms. Ginoza's declaration.

Exhibit 1028 is the transcript of Ms. Ginoza's February 8, 2013 deposition that was taken as part of the ITC action. At her deposition, Ms. Ginoza testified:

Q [] You've just been handed a document that the court reporter has marked Exhibit 5. The Bates number is 337-TA-858-IETF00022, and the document goes through 73. Is that correct?

A Yes.

Q [] Did the IETF produce this in response to the subpoena?

A Yes.

\* \* \*

Q And is this document here a true and correct copy of the record of RFC 1034 that's present in the business records of IETF?

A I believe so.

\* \* \*

Q Was RFC 1034 publicly available as of the date listed on its face?

A As far as I know, yes.

Q And what was that date?

A November 1987.

Ex. 1028 at 20:23-22:9; *see id.* at 10:5-11:22 (confirming her knowledge of IETF

publishing practices as they relate to RFCs). During the February 8, 2013 deposition, Patent Owner cross-examined Ms. Ginoza about her testimony and declaration. *See id.* at 55:3-16; *see also id.* at 50:7-69:1.

Exhibit 1029 is an article concerning VPN technology from InfoWorld magazine (dated August 16, 1999) and Exhibit 1030 is an article concerning VPN technology from NetworkWorld magazine (dated March 15, 1999). Each exhibit is an excerpt from an industry publication that reflects that it was known that RFCs were publicly available through the Internet, such as through the IETF's website. *See, e.g.*, Ex. 1029 at 9 (discussing RFCs and stating "All of these documents are available on the IETF website: [www.ietf.org/rfc.html](http://www.ietf.org/rfc.html)"); Ex. 1030 at 3 (directing the reader to the IETF website to access an RFC). These exhibits support Petitioner's assertions that RFC 1034 is prior art to the challenged claims.

**B. Rescorla Is Prior Art to the '151 Patent**

Exhibit 1031 is an RFC dated September 1998 that confirms the IETF's general practice of making Internet-Drafts publicly available. RFC 2418 describes the guidelines and procedures for Internet Engineer Task Force (IETF) working groups. Ex. 1031 at 1. RFC 2418 explains that the "IETF is a large, open community of network designers, operators, vendors, users, and researchers concerned with the Internet and the technology used on it," and that the primary activities "are performed by committees known as working groups." Ex. 1031 at 2.

RFC 2418 confirms that Internet-Drafts were made publically available by the working groups, explaining that “[a]ll working group actions shall be taken in a public forum, and wide participation is encouraged.” Ex. 1031 at 11. In advance of a working group session, “[a]ll relevant documents to be discussed . . . should be published and available as Internet-Drafts.” *Id.* at 19. The working groups share and disseminate their in-process documents via the Internet-Drafts directory:

The Internet-Drafts directory is provided to working groups as a resource for posting and disseminating in-process copies of working group documents. This repository is replicated at various locations around the Internet. It is encouraged that draft documents be posted as soon as they become reasonably stable.

Ex. 1031 at 19-20. The date on the face of the Internet-Draft is the date it was published. *Id.* at 20 (“The format of an Internet-Draft must be the same as for an RFC”); Ex. 1003 at ¶ 48 (“The publication date of each RFC is contained in the RFC, typically in the top right corner of the first page of the document. This is the date it was released for public distribution on the Internet.”).

RFC 2418 thus confirms that Internet-Drafts such as Rescorla were made available via the IETF’s Internet-Drafts directory on repositories replicated at “various locations around the Internet.” Ex. 1031 at 19; *accord* RFC 2026 (Ex. 1010) at 8 (“During the development of a specification, draft versions of the document are made available for informal review and comment by placing them in

the IETF's "Internet-Drafts" directory, which is replicated on a number of Internet hosts. This makes an evolving working document readily available to a wide audience, facilitating the process of review and revision."); *see, e.g.*, Ex. 1002 at § 6, Reference 12 (noting a previous version of Rescorla was "available on the World Wide Web as "ftp://ds.internic.net/*internet-drafts*/draft-ietf-html-specv3-00.txt" (emphasis added)). This exhibit thus supports Petitioner's assertions that Rescorla is prior art to the challenged claims.

## **VI. Conclusion**

Petitioner respectfully submits that the evidence presented in this Petition establishes a reasonable likelihood that Petitioner will prevail in establishing the challenged claims are unpatentable, and requests that Petitioner's Motion for Joinder be granted and trial instituted.

Dated: October 26, 2015

Respectfully Submitted,

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UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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APPLE INC.  
Petitioner

v.

VIRNETX INC.  
Patent Owner

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Case IPR2016-00062  
Patent 6,502,135

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**Patent Owner's Preliminary Response  
to Petition for *Inter Partes* Review  
of U.S. Patent No. 6,502,135**

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## **I. Introduction**

Board decisions and sound policy support denying Apple's Petition, which is the eleventh Office challenge to U.S. Patent No. 6,502,135 ("the '135 patent"). Apple initiated six of these challenges (including the instant challenge), either by itself or, as the Board found, through its "proxy" RPX Corporation. IPR2014-00171, Paper No. 57 at 7 (redacted) (June 5, 2014) (finding that "RPX is Apple's proxy"); IPR2014-00172, Paper No. 57 at 7 (redacted) (June 5, 2014) (same finding).

Apple's Petition here should be denied for at least two reasons. First, the Petition is time-barred under 35 U.S.C. § 315(b). Apple's joinder motion should not alter the outcome dictated by § 315(b). Second, the Petition represents a serial attack on the '135 patent that seeks to replicate issues and evidence already before the Office, and should be denied under 35 U.S.C. §§ 315(d) and 325(d).

## **II. Apple Remains Time-Barred and Institution Is Precluded by Statute**

It is undisputed that VirnetX served Apple with "a complaint" alleging infringement of the '135 patent more than one year before the Petition was filed. For this reason, Apple's earlier petitions for *inter partes* review challenging the '135 patent in IPR2013-00348 and IPR2013-00349, along with the one filed by RPX in IPR2014-00171 and IPR2014-00172 (in both of which RPX was found to be Apple's proxy), were correctly denied as time-barred under 35 U.S.C. § 315(b).



IPR2013-00348, Paper No. 14 at 5 (Dec. 13, 2013), *reh'g denied* Paper No. 18 (Feb. 12, 2014); IPR2013-00349, Paper No. 14 at 5 (Dec. 13, 2013) , *reh'g denied* Paper No. 18 (Feb. 12, 2014); IPR2014-00171, Paper No. 57 at 3 (redacted) (June 5, 2014); IPR2014-00172, Paper No. 57 at 3 (redacted) (June 5, 2014). This is a deficiency that Apple cannot cure by filing a further petition and motion for joinder in this matter.

Apple's joinder motion does not alter the outcome dictated by 35 U.S.C. § 315(b). Although some Board panels have interpreted 35 U.S.C. § 315(b) to create an exception to the one year time-bar when an IPR petition is filed concurrently with a motion for joinder, *see, e.g., Zhongshan Ocean Motor Co. v. Nidec Motor Corp.*, IPR2015-00762, Paper No. 16 at 5 (Oct. 5, 2015) (split expanded panel) (finding a § 315(b) time-bar not to apply because “§ 315(c) permits the joinder of any person who properly files a petition under § 311”), VirnetX respectfully submits that such an interpretation of § 315(b) is improper. *See Zhongshan Ocean Motor Co. v. Nidec Motor Corp.*, IPR2015-00762, Paper No. 16, Dissent slip op. at 2 (Oct. 5, 2015) (“the majority’s position is misplaced because it reads too much into § 315(c)’s use of the word ‘any’”); *but see Achatos Reference Publ’g, Inc. v. Apple Inc.*, 803 F.3d 652 (Fed. Cir. 2015) (stating in dicta that “an otherwise time-barred party may nonetheless participate in an *inter partes* review proceeding if another party files a proper petition”). In particular, as

explained in *Target Corp. v. Destination Maternity Corp.*, IPR2014-00508, Paper No. 28, Dissent slip op. at 18 (Feb. 12, 2015):

[S]uch an interpretation “effectively rewrites the second sentence of § 315(b) as follows, with added material underlined: The time limitation set forth in the preceding sentence shall not apply to a petition accompanied by a request for joinder under subsection (c) if that request is granted.

Such an “interpretation of § 315(b) converts the statutory bar set forth therein into a discretionary bar in certain circumstances, including those present in this proceeding.” *Id.* Once a petitioner like Apple “is time-barred under § 315(b) with respect to a particular patent, *it is always time-barred.*” *Id.* at 19 (emphasis added). In fact, the Board has acknowledged that “[t]he statute does . . . set forth at least one circumstance in which we do *not* have the discretion to join a party: if the Board determines that the second petition does not warrant institution.” *Butamax Adv. Biofuels LLC v. Gevo, Inc.*, IPR2014- 00581, Paper No. 8 at 7 (Oct. 14, 2014) (emphasis in original). Because Apple remains time-barred to challenge the ’1355 patent via *inter partes* review, its Petition does not warrant institution generally and so institution is impossible under 35 U.S.C. § 315(c). Therefore, Apple’s Petition must be denied.

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# **Exhibit 46**

## **Excerpted**

Filed on behalf of: VirnetX Inc.

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UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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APPLE INC.  
Petitioner

v.

VIRNETX INC.  
Patent Owner

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Case IPR2016-00063  
Patent 7,490,151

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**Patent Owner's Preliminary Response  
to Petition for *Inter Partes* Review  
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## **I. Introduction**

Board decisions and sound policy support denying Apple's Petition, which is the ninth of ten Office challenges to U.S. Patent No. 7,490,151 ("the '151 patent"). Apple initiated five of these challenges (including the instant challenge), either by itself or, as the Board found, through its "proxy" RPX Corporation. IPR2014-00173, Paper No. 56 at 7 (redacted) (June 5, 2014) (finding that "RPX is Apple's proxy").

Apple's Petition here should be denied for at least two reasons. First, the Petition is time-barred under 35 U.S.C. § 315(b). Apple's joinder motion should not alter the outcome dictated by § 315(b). Second, the Petition represents a serial attack on the '151 patent that seeks to replicate issues and evidence already before the Office, and should be denied under 35 U.S.C. §§ 315(d) and 325(d).

## **II. Apple Remains Time-Barred and Institution Is Precluded by Statute**

It is undisputed that VirnetX served Apple with "a complaint" alleging infringement of the '151 patent more than one year before the Petition was filed. For this reason, Apple's earlier petitions for *inter partes* review challenging the '151 patent in IPR2013-00354 and IPR2015-00187, along with the one filed by RPX in IPR2014-00173 (in which RPX was found to be Apple's proxy), were correctly denied as time-barred under 35 U.S.C. § 315(b). IPR2013-00354, Paper No. 20 at 5 (Dec. 13, 2013); IPR2015-00187, Paper No. 11 at 3 (Feb. 17, 2015);

IPR2014-00173, Paper No. 56 at 3 (redacted) (June 5, 2014). This is a deficiency that Apple cannot cure by filing a further petition and motion for joinder in this matter.

Apple's joinder motion does not alter the outcome dictated by 35 U.S.C. § 315(b). Although some Board panels have interpreted 35 U.S.C. § 315(b) to create an exception to the one year time-bar when an IPR petition is filed concurrently with a motion for joinder, *see, e.g., Zhongshan Ocean Motor Co. v. Nidec Motor Corp.*, IPR2015-00762, Paper No. 16 at 5 (Oct. 5, 2015) (split expanded panel) (finding a § 315(b) time-bar not to apply because “§ 315(c) permits the joinder of any person who properly files a petition under § 311”), VirnetX respectfully submits that such an interpretation of § 315(b) is improper. *See Zhongshan Ocean Motor Co. v. Nidec Motor Corp.*, IPR2015-00762, Paper No. 16, Dissent slip op. at 2 (Oct. 5, 2015) (“the majority’s position is misplaced because it reads too much into § 315(c)’s use of the word ‘any’”); *but see Achatas Reference Publ’g, Inc. v. Apple Inc.*, 803 F.3d 652 (Fed. Cir. 2015) (stating in dicta that “an otherwise time-barred party may nonetheless participate in an *inter partes* review proceeding if another party files a proper petition”). In particular, as explained in *Target Corp. v. Destination Maternity Corp.*, IPR2014-00508, Paper No. 28, Dissent slip op. at 18 (Feb. 12, 2015):

[S]uch an interpretation “effectively rewrites the second sentence of § 315(b) as follows, with added material underlined: The time limitation set forth in the preceding sentence shall not apply to a petition accompanied by a request for joinder under subsection (c) if that request is granted.

Such an “interpretation of § 315(b) converts the statutory bar set forth therein into a discretionary bar in certain circumstances, including those present in this proceeding.” *Id.* Once a petitioner like Apple “is time-barred under § 315(b) with respect to a particular patent, *it is always time-barred.*” *Id.* at 19 (emphasis added). In fact, the Board has acknowledged that “[t]he statute does . . . set forth at least one circumstance in which we do *not* have the discretion to join a party: if the Board determines that the second petition does not warrant institution.” *Butamax Adv. Biofuels LLC v. Gevo, Inc.*, IPR2014- 00581, Paper No. 8 at 7 (Oct. 14, 2014) (emphasis in original). Because Apple remains time-barred to challenge the ’151 patent via *inter partes* review, its Petition does not warrant institution generally and so institution is impossible under 35 U.S.C. § 315(c). Therefore, Apple’s Petition must be denied.

### **III. Apple’s Petition Should Be Denied Under 35 U.S.C. §§ 315(d) and 325(d), Consistent with Board Precedent and Policy**

Given the number of serial challenges filed against the ’151 patent, and the fact that several are currently pending at the Office—including one initiated by



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# **Exhibit 47**

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

---

APPLE, INC.,  
Petitioner,

v.

VIRNETX INC.,  
Patent Owner.

---

Case IPR2016-00062  
Patent 6,502,135 B2

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Before MICHAEL P. TIERNEY, KARL D. EASTHOM, and  
STEPHEN C. SIU, *Administrative Patent Judges*.

SIU, *Administrative Patent Judge*.

DECISION  
Institution of *Inter Partes* Review  
37 C.F.R. § 42.108

I. INTRODUCTION

Apple, Inc. (“Petitioner”) filed a Petition (“Pet.”) on October 26, 2015 (Paper 1) requesting *inter partes* review of claims 1, 3, 4, 7, 8, 10, and 12 of U.S. Patent No. 6,502,135 (“the ’135 Patent,” Ex. 1001). Along with the

Petition, Petitioner filed a Motion for Joinder (Paper 2, “Mot.”) with IPR2015-01046, *The Mangrove Partners Master Fund, Ltd. v. VirnetX Inc.*, a pending *inter partes* review involving the ’135 patent.

VirnetX Inc. (“Patent Owner”) filed a Preliminary Response (Paper 10, “Prelim. Resp.”) and an Opposition to the Motion for Joinder (Paper 9, “Opp.”) on January 8, 2016. Petitioner filed a Reply to Patent Owner’s Opposition to the Motion for Joinder on January 15, 2016 (Paper 12, “Reply”). For the reasons described below, we institute an *inter partes* review of all the challenged claims and grant Petitioner’s Motion for Joinder.

## II. INSTITUTION OF *INTER PARTES* REVIEW

The Petition in this proceeding asserts the same grounds as those on which we instituted review in the IPR2015-01046. On October 7, 2015, we instituted a trial in the IPR2015-01046 matter on the following grounds:

Reference(s)	Basis	Claims challenged
Kiuchi <sup>1</sup>	§ 102	1, 3, 4, 7, 8, 10, and 12
Kiuchi and RFC 1034 <sup>2</sup>	§ 103	8

*The Mangrove Partners Master Fund, Ltd. v. VirnetX Inc.*, Case IPR2015-01046, slip. op. at 12 (PTAB October 7, 2015) (Paper 11) (’1046 Decision).

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<sup>1</sup> Takahiro Kiuchi and Shigekoto Kaihara, *C-HTTP – The Development of a Secure, Closed HTTP-Based Network on the Internet*, PROCEEDINGS OF THE SYMPOSIUM ON NETWORK AND DISTRIBUTED SYSTEM SECURITY, IEEE 64–75 (1996) (Ex. 1002, “Kiuchi”).

<sup>2</sup> P. Mockapetris, *Domain Names – Concepts and Facilities*, Network Working Group, Request for Comments: 1034 (1987) (Ex. 1005, “RFC1034”).

In view of the identity of the challenge in the instant Petition and in the petition in IPR2015-01046, we institute an *inter partes* review in this proceeding on the same grounds as those on which we instituted *inter partes* review in IPR2015-01046.

### III. GRANT OF MOTION FOR JOINDER

An *inter partes* review may be joined with another *inter partes* review, subject to the provisions of 35 U.S.C. § 315(c), which governs joinder of *inter partes* review proceedings:

(c) JOINDER. – If the Director institutes an *inter partes* review, the Director, in his or her discretion, may join as a party to that *inter partes* review any person who properly files a petition under section 311 that the Director, after receiving a preliminary response under 313 or the expiration of the time for filing such a response, determines warrants the institution of an *inter partes* review under section 314.

As the moving party, Petitioner bears the burden of proving that it is entitled to the requested relief. 37 C.F.R. § 42.20(c). A motion for joinder should: (1) set forth the reasons joinder is appropriate; (2) identify any new grounds of unpatentability asserted in the petition; and (3) explain what impact (if any) joinder would have on the trial schedule for the existing review.

The Petition in this proceeding has been accorded a filing date of October 26, 2015 (Paper 4), which satisfies the joinder requirement of being filed within one month of our instituting a trial in IPR2015-01046 (i.e., within one month of October 7, 2015). 37 C.F.R. § 42.122.

Patent Owner argues that Petitioner’s Motion for Joinder “is barred by 35 U.S.C. § 315(b) . . . [b]ecause [Petitioner’s] untimeliness precludes

institution under § 315(b) [and so] it also precludes joinder under § 315(c).” Opp. 4. However, 35 U.S.C. § 315(b) states that “[t]he time limit . . . shall not apply to a request for joinder.” 35 U.S.C. § 315(b). Hence, if a party filing a time-barred petition requests joinder, the one-year time bar “shall not apply.” This is confirmed by the Board’s rules, which provide that a petition requesting *inter partes* review may not be “filed more than one year after the date on which the petitioner, the petitioner’s real party-in-interest, or a privy of the petitioner is served with a complaint alleging infringement of the patent,” but the one-year time limit “shall not apply when the petition is accompanied by a request for joinder.” 37 C.F.R. §§ 42.101(b), 42.122(b); *see also* IPR2013-00109, Paper 15 and IPR2013-00256, Paper 10 (permitting joinder of a party beyond the one-year window). The Board’s rules do not conflict with the language of the statute as Patent Owner suggests.

We have considered Patent Owner’s arguments regarding an alternate interpretation of the statute. *See, e.g.*, Opp. 3–8. However, we do not find these arguments persuasive for at least the reasons set forth by Petitioner. *See, e.g.*, Reply 2–3.

Patent Owner also argues that “joining . . . will have an impact on the ’046 proceeding.” Opp. 8. In particular, Patent Owner argues that the “petition raises additional issues and evidence.” Opp. 8 (citing Pet 39–42; Mot. 6). Patent Owner does not provide details about any specific “additional issue” that is allegedly raised. However, referring to the cited portions of the Petition and Motion, Petitioner states that Petitioner “is also filing . . . additional evidence confirming that RFC 1034 is a printed publication that was publicly available before the earliest effective filing

date of the challenged claims” (Pet. 39; Mot. 6). Hence, Patent Owner appears to argue that the Petition in this matter raises the “additional issue” of whether RFC 1034 is a printed publication that was publicly available before the earliest effective filing date of the challenged claims.

We note that Patent Owner previously argued that “the burden is on Petitioner to establish that RFC 1034 . . . was ‘sufficiently accessible to the public interested in the art’” but that Petitioner allegedly failed to do so. IPR2015-01046, Prelim. Resp. 20–21 (Paper 9). In other words, the issue of whether RFC 1034 is a printed publication that was publicly available before the earliest effective filing date of the challenged claims was previously raised by Patent Owner. Thus, this issue cannot be an “additional issue” raised subsequently by Petitioner. In any event, even assuming that this issue is an “additional issue” raised by Petitioner, Patent Owner does not explain sufficiently how this “additional issue” would impact this proceeding adversely or how an impact, if any, would preclude joinder.

Patent Owner requests that in the event that Petitioner’s Motion for Joinder is granted, the Scheduling Order in IPR2015-01046 should be adopted, that Mangrove “will be responsible for the preparation and filing of any papers,” that “Mangrove will conduct the deposition of any VirnetX witness,” that “Mangrove will be responsible for any redirect of its expert,” and that “Mangrove will conduct all oral arguments.” Opp. 10.

As a Petitioner in IPR2016-01046, Apple, Inc. shall adhere to the existing schedule of IPR2015-01046. All filings by Apple, Inc. in IPR2015-01046 shall be consolidated with the filings of the other petitioner, unless the filing involves an issue unique to Apple, Inc. or states a point of disagreement related to the consolidated filing. In such circumstances,

Apple, Inc. may make a separate filing of no more than five pages, without prior authorization of the Board. The page limits set forth in 37 C.F.R. § 42.24 will apply to all consolidated filings.

Apple, Inc. is bound by any discovery agreements, including deposition arrangements, between Patent Owner and the IPR2015-01046 petitioner and shall not seek any discovery beyond that sought by the IPR2015-01046 petitioner. Patent Owner shall not be required to provide any additional discovery or deposition time as a result of joinder. The IPR2015-01046 petitioner shall designate attorneys to conduct the cross-examination of any witness produced by Patent Owner and the redirect examination of any other witness, within the timeframes set forth in 37 C.F.R. § 42.53(c) or agreed to by Patent Owner and the IPR2015-01046 petitioner. No individual petitioner will receive any additional cross-examination or redirect examination time. Moreover, if an oral hearing is requested and scheduled, the IPR2015-01046 petitioner shall designate attorneys to present at the oral hearing in a consolidated argument.

The Board expects Apple, Inc. and Patent Owner to resolve any disputes between them and/or with the IPR2015-01046 petitioner and to contact the Board only if such matters cannot be resolved.

#### IV. ORDER

For the reasons given, it is  
ORDERED that Petitioner's Motion for Joinder is granted;  
FURTHER ORDERED that IPR2016-00062 is instituted and joined  
with IPR2015-01046;  
FURTHER ORDERED that the grounds on which IPR2015-01046

was instituted are unchanged and no other grounds are included in the joined proceeding;

FURTHER ORDERED that the Scheduling Order entered in IPR2015-01046 (Paper 12) as modified by the Order changing due date 1 (Paper 20) remain unchanged and shall govern the schedule of the joined proceedings;

FURTHER ORDERED that, throughout the joined proceeding, Mangrove will file papers, except for motions that do not involve the other party, as a single, consolidated filing; that the filing party (Mangrove) will identify each such filing as a Consolidated Filing;

FURTHER ORDERED that any separate filing by Apple, Inc. in IPR2015-01046 must not exceed five pages, without prior authorization of the Board;

FURTHER ORDERED that Apple, Inc. is bound by any discovery agreements between Patent Owner and the other petitioner in IPR2015-01046 and that Apple, Inc. shall not seek any discovery beyond that sought by the other petitioner in IPR2015-01046;

FURTHER ORDERED that all petitioners in IPR2015-01046 shall collectively designate attorneys to conduct the cross-examination of any witness produced by Patent Owner and the redirect examination of any other witness; within the timeframes set forth in 37 C.F.R. § 42.53(c) or agreed to by the parties;

FURTHER ORDERED that all petitioners in IPR2015-01046 shall collectively designate attorneys to present at the oral hearing, if requested and scheduled, in a consolidated argument;

FURTHER ORDERED that IPR2016-00062 is terminated under



IPR2016-00062  
Patent 6,502,135 B2

37 C.F.R. § 42.72 and all further filings in the joined proceedings are to be made in IPR2015-01046;

FURTHER ORDERED that a copy of this Decision will be entered into the record of IPR2015-01046; and

FURTHER ORDERED that the case caption in IPR2015-01046 shall be changed to reflect joinder with this proceeding in accordance with the attached example.

For PETITIONER:

Abraham Kasdan  
James T. Bailey,  
WIGGIN AND DANA LLP  
[akasdan@wiggin.com](mailto:akasdan@wiggin.com)  
[jtb@jtbaileylaw.com](mailto:jtb@jtbaileylaw.com)

[Jeffrey P. Kushan](#)  
[Thomas A. Broughan, III](#)  
[Scott M. Border](#)  
SIDLEY AUSTIN LLP  
[jkushan@sidley.com](mailto:jkushan@sidley.com)  
[tbroughan@sidley.com](mailto:tbroughan@sidley.com)  
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For PATENT OWNER:

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Naveen Modi  
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[naveenmodi@paulhastings.com](mailto:naveenmodi@paulhastings.com)  
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*Example Case Caption for Joined Proceeding*

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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THE MANGROVE PARTNERS MASTER FUND, LTD. and APPLE, INC.,  
Petitioner,

v.

VIRNETX INC.,  
Patent Owner.

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Case IPR2015-01046<sup>3</sup>  
Patent 6,502,135 B2

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<sup>3</sup> Apple, Inc., who filed a petition in IPR2016-00062, has been joined as a Petitioner in the instant proceeding.

# **Exhibit 48**

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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APPLE, INC.,  
Petitioner,

v.

VIRNETX INC.,  
Patent Owner.

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Case IPR2016-00063  
Patent 7,490,151 B2

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Before MICHAEL P. TIERNEY, KARL D. EASTHOM, and  
STEPHEN C. SIU, *Administrative Patent Judges*.

SIU, *Administrative Patent Judge*.

DECISION  
Institution of *Inter Partes* Review  
37 C.F.R. § 42.108

I. INTRODUCTION

Apple, Inc. (“Petitioner”) filed a Petition (“Pet.”) on October 26, 2015 (Paper 1) requesting *inter partes* review of claims 1, 2, 6–8, and 12–14 of U.S. Patent No. 7,490,151 (“the ’151 Patent,” Ex. 1001). Along with the

Petition, Petitioner filed a Motion for Joinder (Paper 2, “Mot.”) with IPR2015-01047, *The Mangrove Partners Master Fund, Ltd. v. VirnetX Inc.*, a pending *inter partes* review involving the ’151 patent.

VirnetX Inc. (“Patent Owner”) filed a Preliminary Response (Paper 10, “Prelim. Resp.”) and an Opposition to the Motion for Joinder (Paper 9, “Opp.”) on January 8, 2016. Petitioner filed a Reply to Patent Owner’s Opposition to the Motion for Joinder on January 15, 2016 (Paper 12, “Reply”). For the reasons described below, we institute an *inter partes* review of all the challenged claims and grant Petitioner’s Motion for Joinder.

## II. INSTITUTION OF *INTER PARTES* REVIEW

The Petition in this proceeding asserts the same grounds as those on which we instituted review in the IPR2015-01047. On October 7, 2015, we instituted a trial in the IPR2015-01047 matter on the following grounds:

Reference(s)	Basis	Claims challenged
Kiuchi <sup>1</sup>	§ 102	1, 2, 6–8, and 12–14
Kiuchi and RFC 1034 <sup>2</sup>	§ 103	1, 2, 6–8, and 12–14
Kiuchi and Rescorla <sup>3</sup>	§ 103	1, 2, 6–8, and 12–14
Kiuchi and RFC 1034 and Rescorla	§ 103	1, 2, 6–8, and 12–14

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<sup>1</sup> Takahiro Kiuchi and Shigekoto Kaihara, *C-HTTP – The Development of a Secure, Closed HTTP-Based Network on the Internet*, PROCEEDINGS OF THE SYMPOSIUM ON NETWORK AND DISTRIBUTED SYSTEM SECURITY, IEEE 64–75 (1996) (Ex. 1002, “Kiuchi”).

<sup>2</sup> P. Mockapetris, *Domain Names – Concepts and Facilities*, Network Working Group, Request for Comments: 1034 (1987) (Ex. 1005, “RFC1034”).

<sup>3</sup> E. Rescorla and A. Schiffman, *The Secure HyperText Transfer Protocol*, Internet Draft (Feb. 1996) (Ex. 1004, “Rescorla”).

*The Mangrove Partners Master Fund, Ltd. v. VirnetX Inc.*, Case IPR2015-01047, slip. op. at 12 (PTAB October 7, 2015) (Paper 11) ('1047 Decision); *See also* IPR2015-01047, slip. op. at 1–2 (PTAB December 10, 2015) (Paper 24) ('1047 Errata).

In view of the identity of the challenge in the instant Petition and in the petition in IPR2015-01047, we institute an *inter partes* review in this proceeding on the same grounds as those on which we instituted *inter partes* review in IPR2015-01047.

### III. GRANT OF MOTION FOR JOINDER

An *inter partes* review may be joined with another *inter partes* review, subject to the provisions of 35 U.S.C. § 315(c), which governs joinder of *inter partes* review proceedings:

(c) JOINDER. – If the Director institutes an *inter partes* review, the Director, in his or her discretion, may join as a party to that *inter partes* review any person who properly files a petition under section 311 that the Director, after receiving a preliminary response under 313 or the expiration of the time for filing such a response, determines warrants the institution of an *inter partes* review under section 314.

As the moving party, Petitioner bears the burden of proving that it is entitled to the requested relief. 37 C.F.R. § 42.20(c). A motion for joinder should: (1) set forth the reasons joinder is appropriate; (2) identify any new grounds of unpatentability asserted in the petition; and (3) explain what impact (if any) joinder would have on the trial schedule for the existing review.

The Petition in this proceeding has been accorded a filing date of October 26, 2015 (Paper 4), which satisfies the joinder requirement of being

filed within one month of our instituting a trial in IPR2015-01047 (i.e., within one month of October 7, 2015). 37 C.F.R. § 42.122.

Patent Owner argues that Petitioner’s Motion for Joinder “is barred by 35 U.S.C. § 315(b) . . . [b]ecause [Petitioner’s] untimeliness precludes institution under § 315(b) [and so] it also precludes joinder under § 315(c).” Opp. 4. However, 35 U.S.C. § 315(b) states that “[t]he time limit . . . shall not apply to a request for joinder.” 35 U.S.C. § 315(b). Hence, if a party filing a time-barred petition requests joinder, the one-year time bar “shall not apply.” This is confirmed by the Board’s rules, which provide that a petition requesting *inter partes* review may not be “filed more than one year after the date on which the petitioner, the petitioner’s real party-in-interest, or a privy of the petitioner is served with a complaint alleging infringement of the patent,” but the one-year time limit “shall not apply when the petition is accompanied by a request for joinder.” 37 C.F.R. §§ 42.101(b), 42.122(b); *see also* IPR2013-00109, Paper 15 and IPR2013-00256, Paper 10 (permitting joinder of a party beyond the one-year window). The Board’s rules do not conflict with the language of the statute as Patent Owner suggests.

We have considered Patent Owner’s arguments regarding an alternate interpretation of the statute. *See, e.g.*, Opp. 4–8. However, we do not find these arguments persuasive for at least the reasons set forth by Petitioner. *See, e.g.*, Reply 2–3.

Patent Owner also argues that “joining . . . will have an impact on the ’047 proceeding.” Opp. 8. In particular, Patent Owner argues that the “petition raises additional issues and evidence.” Opp. 8. Patent Owner does not provide details about any specific “additional issue” that is allegedly

raised. However, Petitioner states that Petitioner has filed “additional evidence confirming that RFC 1034 and Rescorla are printed publications that were publicly available before the earliest effective filing date of the challenged claims.” Pet. 54. Hence, Patent Owner appears to argue that the Petition in this matter raises the “additional issue” of whether RFC 1034 or Rescorla is a printed publication that was publicly available before the earliest effective filing date of the challenged claims.

We note that Patent Owner previously argued that “the burden is on Petitioner to establish that RFC 1034 and Rescorla . . . were ‘sufficiently accessible to the public interested in the art’” but that Petitioner allegedly failed to do so. IPR2015-01047, Prelim. Resp. 18. In other words, the issue of whether RFC 1034 and Rescorla are printed publications that were publicly available before the earliest effective filing date of the challenged claims was previously raised by Patent Owner. Thus, this issue cannot be an “additional issue” raised subsequently by Petitioner. In any event, even assuming that this issue is an “additional issue” raised by Petitioner, Patent Owner does not explain sufficiently how this “additional issue” would impact this proceeding adversely or how an impact, if any, would preclude joinder.

Patent Owner requests that in the event that Petitioner’s Motion for Joinder is granted, the Scheduling Order in IPR2015-01047 should be adopted, that Mangrove “will be responsible for the preparation and filing of any papers,” that “Mangrove will conduct the deposition of any VirnetX witness,” that “Mangrove will be responsible for any redirect of its expert,” and that “Mangrove will conduct all oral arguments.” Opp. 10.



As a Petitioner in IPR2015-01047, Apple, Inc. shall adhere to the existing schedule of IPR2015-01047. All filings by Apple, Inc. in IPR2015-01047 shall be consolidated with the filings of the other petitioner, unless the filing involves an issue unique to Apple, Inc. or states a point of disagreement related to the consolidated filing. In such circumstances, Apple, Inc. may make a separate filing of no more than five pages, without prior authorization of the Board. The page limits set forth in 37 C.F.R. § 42.24 will apply to all consolidated filings.

Apple, Inc. is bound by any discovery agreements, including deposition arrangements, between Patent Owner and the IPR2015-01047 petitioner and shall not seek any discovery beyond that sought by the IPR2015-01047 petitioner. Patent Owner shall not be required to provide any additional discovery or deposition time as a result of joinder. The IPR2015-01047 petitioner shall designate attorneys to conduct the cross-examination of any witness produced by Patent Owner and the redirect examination of any other witness, within the timeframes set forth in 37 C.F.R. § 42.53(c) or agreed to by Patent Owner and the IPR2015-01047 petitioner. No individual petitioner will receive any additional cross-examination or redirect examination time. Moreover, if an oral hearing is requested and scheduled, the IPR2015-01047 petitioner shall designate attorney(s) to present at the oral hearing in a consolidated argument.

The Board expects Apple, Inc. and Patent Owner to resolve any disputes between them and/or with the IPR2015-01047 Petitioner and to contact the Board only if such matters cannot be resolved.

IV. ORDER

For the reasons given, it is

ORDERED that Petitioner's Motion for Joinder is granted;

FURTHER ORDERED that IPR2016-00063 is instituted and joined with IPR2015-01047;

FURTHER ORDERED that the grounds on which IPR2015-01047 was instituted are unchanged and no other grounds are included in the joined proceeding;

FURTHER ORDERED that the Scheduling Order entered in IPR2015-01047 (Paper 12) as modified by the Order changing due date 1 (Paper 20) remain unchanged and shall govern the schedule of the joined proceedings;

FURTHER ORDERED that, throughout the joined proceeding, Mangrove will file papers, except for motions that do not involve the other party, as a single, consolidated filing; that the filing party (Mangrove) will identify each such filing as a Consolidated Filing;

FURTHER ORDERED that any separate filing by Apple, Inc. in IPR2015-01047 must not exceed five pages, without prior authorization of the Board;

FURTHER ORDERED that Apple, Inc. is bound by any discovery agreements between Patent Owner and the other petitioner in IPR2015-01047 and that Apple, Inc. shall not seek any discovery beyond that sought by the other petitioner in IPR2015-01047;

FURTHER ORDERED that all petitioners in IPR2015-01047 shall collectively designate attorney(s) to conduct the cross-examination of any witness produced by Patent Owner and the redirect examination of any other

IPR2016-00063  
Patent 7,490,151 B2

witness; within the timeframes set forth in 37 C.F.R. § 42.53(c) or agreed to by the parties;

FURTHER ORDERED that all petitioners in IPR2015-01047 shall collectively designate attorney(s) to present at the oral hearing, if requested and scheduled, in a consolidated argument;

FURTHER ORDERED that IPR2016-00063 is terminated under 37 C.F.R. § 42.72 and all further filings in the joined proceedings are to be made in IPR2015-01047;

FURTHER ORDERED that a copy of this Decision will be entered into the record of IPR2015-01047; and

FURTHER ORDERED that the case caption in IPR2015-01047 shall be changed to reflect joinder with this proceeding in accordance with the attached example.

IPR2016-00063  
Patent 7,490,151 B2

For PETITIONER:

Abraham Kasdan  
James T. Bailey,  
WIGGIN AND DANA LLP  
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jtb@jtbaileylaw.com

Jeffrey P. Kushan  
Thomas A. Broughan, III  
Scott M. Border  
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tbroughan@sidley.com  
sborder@sidley.com

For PATENT OWNER:

Joseph E. Palys  
Naveen Modi  
PAUL HASTINGS LLP  
josephpalys@paulhastings.com  
naveenmodi@paulhastings.com

*Example Case Caption for Joined Proceeding*

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

---

THE MANGROVE PARTNERS MASTER FUND, LTD. and APPLE, INC.,  
Petitioner,

v.

VIRNETX INC.,  
Patent Owner.

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Case IPR2015-01047<sup>4</sup>  
Patent 7,490,151 B2

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<sup>4</sup> Apple, Inc., who filed a petition in IPR2016-00063, has been joined as a Petitioner in the instant proceeding.

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UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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THE MANGROVE PARTNERS MASTER FUND, LTD.

and

APPLE, INC.

Petitioners

v.

VIRNETX INC.

Patent Owner

Case IPR2015-01046

Patent No. 6,502,135

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Case IPR2015-01047

Patent No. 7,490,151

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DEPOSITION OF ROCH GUERIN, PH.D.

Washington, D.C.

Monday, February 1, 2016





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ON BEHALF OF THE MANGROVE PARTNERS  
MASTER FUND, LTD.:

JAMES T. BAILEY, ESQUIRE  
504 West 136th Street, #1B  
New York, New York 10031  
JTB@JTBAILEYLAW.COM  
(917) 626-1356

ON BEHALF OF APPLE, INC. AND THE WITNESS:

SCOTT M. BORDER, ESQUIRE  
Sidley Austin LLP  
1501 K Street, Northwest  
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sborder@sidley.com  
(202) 736-8818

ON BEHALF OF VIRNETX INC.:

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DANIEL ZEILBERGER, ESQUIRE  
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875 15th Street, Northwest  
Washington, D.C. 20005  
danielzeilberger@paulhastings.com  
josephpalys@paulhastings.com  
(202) 551-1996

"

"

"

"

# **Exhibit 50**

**From:** [Border, Scott](#)  
**To:** [Zeilberger, Daniel](#); "[akasan@wiggin.com](#)"; "[jtb@jtbailey.com](#)"; "[tmartin@martinferraro.com](#)"; [Kushan, Jeffrey P.](#); [Broughan III, Thomas A.](#)  
**Cc:** [Modi, Naveen](#); [Palys, Joseph E.](#)  
**Subject:** RE: IPR2015-01047  
**Date:** Thursday, February 25, 2016 3:09:07 PM

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Dan-

Thank you -- Petitioners have nothing to add to your email.

Unfortunately, the only overlapping time that all three petitioners are currently available for a call is Wednesday (Mar 2) between 12-1 EST and 2-430 EST.

**SCOTT M. BORDER**  
Associate

**SIDLEY AUSTIN LLP**  
+1 202 736 8818  
[sborder@sidley.com](mailto:sborder@sidley.com)

---

**From:** Zeilberger, Daniel [<mailto:danielzeilberger@paulhastings.com>]  
**Sent:** Thursday, February 25, 2016 11:27 AM  
**To:** Border, Scott; "[akasan@wiggin.com](#)"; "[jtb@jtbailey.com](#)"; "[tmartin@martinferraro.com](#)"; [Kushan, Jeffrey P.](#); [Broughan III, Thomas A.](#)  
**Cc:** [Modi, Naveen](#); [Palys, Joseph E.](#)  
**Subject:** RE: IPR2015-01047

Scott,

We have prepared an email to the Board, below, that we will send later today. If Petitioners Apple, Mangrove, or Black Swamp would like to add a position to the email, please send us what you would like to add by 4pm today. Please also send us your availability for a call with the Board the rest of this week, and Monday and Tuesday of next week. Please note that the email includes an indication that we are considering filing a petition for a writ of mandamus to the Federal Circuit.

Regards,  
Dan

\*\*\*\*Email to the Board\*\*\*\*

Subject: IPR2015-01047

Counsel for Patent Owner respectfully requests consideration of several issues relating to the Patent Owner Response currently due in IPR2015-01047 on March 8, 2016.

First, in light of the many issues pending in these multi-petitioner proceedings, including issues specific to individual Petitioners, Patent Owner requests authorization for 20-extra pages for its Response.

Second, there are three pending requests for rehearing, the decisions for which may affect the substance of the Patent Owner Response: Paper No. 27, filed January 4, 2016; Paper No. 36, filed February 8, 2016; and Paper No. 38, filed February 18, 2016. Patent Owner requests (a) authorization to file a motion to stay the proceeding until the rehearing requests are decided, and (b) that the deadline to file the Patent Owner Response be put on hold until after the motion to stay is considered.

Third, if the Board denies the second request above, denies the motion to stay, or denies the request for rehearing filed February 8, 2016 (Paper No. 36), Patent Owner intends to file a petition for writ of mandamus to the Court of Appeals for the Federal Circuit with respect to the decision to institute IPR2016-00063 and join Petitioner Apple to IPR2015-01047, and would request that the Board stay the proceeding until the Federal Circuit has an opportunity to consider the mandamus petition.

The parties have conferred, but Petitioners oppose all of these requests. The parties are available for a call with the Board on [REDACTED].

[Optional position for Petitioners]

Patent Owner appreciates the Board's consideration of these requests.

Respectfully,

---

**From:** Border, Scott [<mailto:sborder@sidley.com>]  
**Sent:** Wednesday, February 24, 2016 3:50 PM  
**To:** Zeilberger, Daniel; "[akasan@wiggin.com](#)"; "[jtb@jtbailey.com](#)"; "[tmartin@martinferraro.com](#)"; [Kushan, Jeffrey P.](#); [Broughan III, Thomas A.](#)  
**Cc:** [Modi, Naveen](#); [Palys, Joseph E.](#)  
**Subject:** RE: IPR2015-01047

Dan-

Thank you for your response. Unfortunately, your email fails to make clear what VirnetX's unique issues would be and, why any such issues would require 20 additional pages - more than 2 times the amount any of the parties are allowed for these same unstated "issues" to which your email refers. As you note, the Board has allowed no more than 5 pages to address "issues that are unique to the particular parties" as to Apple. We asked why you needed such an extreme number of additional pages, and your response unfortunately does not reveal that. Given the above, we do not think there is any justification for such a large increase in pages, and cannot agree to your 20 page extension request.

As for the stay request, we continue to oppose any further delays in this proceeding.

We are willing to meet-and-confer on these issues, but we need something more definitive from your responses.

Thanks,  
Scott

**SCOTT BORDER**  
Associate

**Sidley Austin LLP**  
+1.202.736.8818  
[sborder@sidley.com](mailto:sborder@sidley.com)

---

**From:** Zeilberger, Daniel [<mailto:danielzeilberger@paulhastings.com>]  
**Sent:** Tuesday, February 23, 2016 10:37 PM  
**To:** Border, Scott; 'akasan@wiggin.com'; 'jtb@jtbailey.com'; 'tmartin@martinferraro.com'; Kushan, Jeffrey P.; Broughan III, Thomas A.  
**Cc:** Modi, Naveen; Palys, Joseph E.  
**Subject:** RE: IPR2015-01047

Scott,

Thank you for getting back to us on behalf of Petitioners Apple, Mangrove, and Black Swamp.

Patent Owner is requesting the additional pages because of the many issues that need to be addressed, including issues that are unique to the particular parties. As you know, the Board has already authorized both Petitioner Apple and Petitioner Black Swamp to "make a separate filing of no more than five pages" to address "an issue unique to" Apple and Black Swamp. In addition, we would certainly not oppose a reasonable request for additional pages if you find that you need it.

As to the stay request, Patent Owner disagrees with your characterization of the facts, the law, and the merits of the requests for rehearing. Patent Owner also finds Petitioner Apple's threat to pursue sanctions to be based on a misrepresentation of the record and extremely improper.

We will prepare and send you our draft email to the Board. However, before we can do so, please let us know your stance on the additional pages.

Regards,  
Dan

---

**From:** Border, Scott [<mailto:sborder@sidley.com>]  
**Sent:** Tuesday, February 23, 2016 3:59 PM  
**To:** Zeilberger, Daniel; 'akasan@wiggin.com'; 'jtb@jtbailey.com'; 'tmartin@martinferraro.com'; Kushan, Jeffrey P.; Broughan III, Thomas A.  
**Cc:** Modi, Naveen; Palys, Joseph E.  
**Subject:** RE: IPR2015-01047

Dan-

First, you did not identify a justification for the additional pages, and Petitioners cannot therefore assess that request. The Board has consolidated the three proceedings and are providing Petitioners with only a limited independent opportunity to participate, in no large part due to VirnetX's vigorous opposition to joinder. Petitioners, nonetheless, would consider a request for additional pages if it were accompanied with a justification that we could assess. In addition, you have not indicated whether you would support or oppose a proportionate increase in pages for the Petitioners' reply, or, depending on the arguments you are intending to make, provide additional pages for individual petitioners to supplement the reply to address specific challenges you may raise to each petitioner. Please respond to these points so that Petitioners may accurately state our positions on this request before you correspond with the Board.

On the stay request, Patent Owner has already unilaterally obtained extensions of time for submitting the patent owner's

response. No further extension of time (even in the form of a stay) should be warranted. In addition, Petitioners cannot find any basis in the statute, the rules, the legislative intent or the circumstances of these proceedings that could in any way justify such a request. Petitioners also believe your reconsideration grounds have no merit, and regardless of that, they will be decided in the normal course by the Board. Petitioners would therefore oppose this request.

Finally, please send us your draft email to the Board so that we may add our positions in.

In addition, Petitioner Apple has the following comment. Apple considers this request to be an improper attempt to delay the conclusion of these IPR proceedings, similar to the improper actions VirnetX has taken to delay other PTO proceedings involving its patents. Apple reserves its right to pursue sanctions for such improper actions taken by VirnetX or its counsel that improperly delay resolution of these or other proceedings before the Office.

Thanks,  
Scott

---

**From:** Zeilberger, Daniel [<mailto:danielzeilberger@paulhastings.com>]  
**Sent:** Monday, February 22, 2016 9:37 PM  
**To:** 'akasan@wiggin.com'; 'jtb@jtbailey.com'; 'tmartin@martinferraro.com'; Kushan, Jeffrey P.; Broughan III, Thomas A.; Border, Scott  
**Cc:** Modi, Naveen; Palys, Joseph E.  
**Subject:** IPR2015-01047

Counsel,

Patent Owner VirnetX intends to contact the Board tomorrow regarding authorization for 20 extra pages for the Patent Owner Response in IPR2015-01047. VirnetX also intends to ask the Board for authorization to file a motion to stay the deadline to file the Patent Owner Response until the Board decides the pending requests for rehearing.

Please let us know by 3pm tomorrow whether you oppose these requests.

Regards,  
Dan

---

Paul Hastings LLP  


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# **Exhibit 51**

Filed on behalf of: VirnetX Inc.

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UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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THE MANGROVE PARTNERS MASTER FUND, LTD., and APPLE INC.,  
Petitioner

v.

VIRNETX INC.,  
Patent Owner

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Case IPR2015-01046<sup>1</sup>  
Patent No. 6,502,135

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**Patent Owner's Request for Rehearing Under 37 C.F.R. § 42.71(d)(1) of  
Institution Decision in IPR2016-00062**

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<sup>1</sup> Apple Inc., who filed a petition in IPR2016-00062, has been joined as a Petitioner in the instant proceeding.

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## I. INTRODUCTION AND PRECISE RELIEF REQUESTED

Patent Owner VirnetX Inc. requests rehearing of the Patent Trial and Appeal Board's Institution Decision entered January 25, 2016 (Paper No. 28 in IPR2015-01046, "Decision"), granting Apple Inc.'s petition and instituting trial in IPR2016-00062 and joining that proceeding with IPR2015-01046.

The patent-at-issue has been subjected to eleven office challenges—*six* of the eleven challenges were either filed directly by Apple or, worse, filed on Apple's behalf by RPX Corporation in an attempt to evade the one-year statutory bar under 35 U.S.C. § 315(b). (Prelim. Resp. in IPR2016-00062 at 4-7.) The Decision discounted VirnetX's argument that Apple's Petition is barred under § 315(b) without any substantive analysis of VirnetX's statutory interpretation. (Decision at 4.) However, as discussed in the Preliminary Response and below, strong dissenting opinions by Members of the Board suggest that VirnetX's statutory interpretation is correct and that joining Apple to IPR2015-01046, despite the one-year bar, is not only improper but also an *ultra vires* action.

Setting aside § 315(b), if there was ever a case where the Board should deny institution under 35 U.S.C. § 325(d), it is this case. Despite the extreme facts, with Apple actively trying to evade the statutory one-year bar, the Decision completely omits any discussion of § 325(d). Previous decisions dictate the Board should have exercised its discretion to deny Apple's Petition. The Decision took the

opposite approach, and has even allowed Apple to take the driver's seat in IPR2015-01046.

VirnetX requests rehearing by an expanded panel that includes the Chief Judge in deciding this request. Standard Operating Procedure 1, Rev. 14, Section III.D (“When a judge, a merits panel, or an interlocutory panel . . . receives a suggestion for an expanded panel, the judge, merits panel, or interlocutory panel shall notify the Chief Judge, Deputy Chief Judge, and the Vice Chief Judges of the suggestion, in writing.”). An expanded panel that includes the Chief Judge is necessary given the exceptional importance of, and the need for uniformity relating to, the § 315(b) and § 325(d) issues in this proceeding.

In short, VirnetX requests that rehearing be granted and Apple's petition be denied.

## **II. BACKGROUND**

Apple's Petition in IPR2016-00062 is one of eleven challenges to the validity of U.S. Patent No. 6,502,135 (“the '135 patent”) in *inter partes* proceedings before the Office. These challenges have included three *inter partes* reexamination proceedings and eight IPRs. They began over six years ago when Microsoft filed a request for *inter partes* reexamination of the '135 patent on December 8, 2009, which the Office assigned Control No. 95/001,269 and in which the Office confirmed the patentability of all the challenged claims. Cisco

filed a second request for *inter partes* reexamination of the '135 patent on July 8, 2011, which the Office assigned Control No. 95/001,679 (“the '1,679 reexamination”), and remains pending. The '1,679 reexamination involves the same *Kiuchi* reference asserted in Apple’s Petition and in Mangrove’s IPR2015-01046 proceeding. Soon after, Apple filed a third request for *inter partes* reexamination of the '135 patent on July 11, 2011, which the Office assigned Control No. 95/001,682 (“the '1,682 reexamination”), and which also remains pending.

Apple filed its first two IPR petitions against the '135 patent on June 12, 2013, in IPR2013-00348 and IPR2013-00349, respectively. The Board denied both these petitions because Apple was time-barred under 35 U.S.C. § 315(b) as it had been served with a complaint alleging infringement of the '135 patent in August 2010, more than a year before it filed its IPR petitions. IPR2013-00348, Paper No. 14 at 5 (Dec. 13, 2013), *reh’g denied* Paper No. 18 (Feb. 12, 2014); IPR2013-00349, Paper No. 14 at 5 (Dec. 13, 2013), *reh’g denied* Paper No. 18 (Feb. 12, 2014).

The third IPR petition against the '135 patent was filed by New Bay Capital, LLC on June 23, 2013. That proceeding was terminated in favor of VirnetX, pursuant to New Bay’s request for adverse judgment. IPR2013-00375, Paper No. 16 (Nov. 12, 2013).

RPX Corporation, which the Board found was acting as a proxy for time-barred Apple, concurrently filed two other IPR petitions against the '135 patent on November 20, 2013, in IPR2014-00171 and IPR2014-00172 (i.e., the fourth and fifth IPR petitions). As VirnetX explained, Apple tried to hide its involvement in the RPX proceedings in several ways, giving the false impression that Apple and RPX were unconnected entities without a privity or real party-in-interest relationship. IPR2014-00171, Paper No. 55 at 5-7 (redacted) (Mar. 6, 2014); IPR2014-00172, Paper No. 55 at 5-7 (redacted) (Mar. 6, 2014). Despite these efforts, the Board found that Apple was a real party-in-interest for both of RPX's petitions, and accordingly denied institution given Apple's time-barred status. IPR2014-00171, Paper No. 57 at 3 (redacted) (June 5, 2014); IPR2014-00172, Paper No. 57 at 3 (redacted) (June 5, 2014).

Microsoft then filed a sixth IPR petition in IPR2014-00558 on March 31, 2014 challenging the '135 patent. The Board denied the petition because Microsoft was time-barred under 35 U.S.C. § 315(b). IPR2013-00558, Paper No. 13 at 8 (July 23, 2014), *reh'g denied* Paper No. 16 (Sep. 5, 2014).

The Mangrove Partners Master Fund, Ltd. filed the seventh IPR petition in IPR2015-01046 on April 14, 2015 challenging the '135 patent. The Board instituted the proceeding. IPR2015-01046, Paper No. 11 (Oct. 7, 2015). Apple filed the eighth IPR petition in IPR2016-00062, which is at issue in this request.

According to Apple, the grounds and declarations submitted with its Petition are the same as those in the Mangrove petition, (Paper No. 2 in IPR2016-00062 at 4; Exs. 1003 in each proceeding), although Apple’s Petition also raises new issues and introduces new exhibits (Paper No. 1 in IPR2016-00062 at 39-42).

Apple’s challenges to the validity of the ’135 patent have not been limited to challenges before the Office. Apple also challenged the validity of the ’135 patent in a litigation that included a jury trial. In that litigation, *VirnetX Inc. v. Cisco Sys. Inc. et al.*, Case No. 6:10-cv-00417 (E.D. Tex.), Apple failed to establish that any claim of the ’135 patent was invalid. (Ex. 2004 in IPR2016-00062, Jury Verdict Form (E.D. Tex. Nov. 6, 2012).) Apple appealed to the U.S. Court of Appeals for the Federal Circuit, which affirmed that “none of the asserted claims are invalid.” *VirnetX, Inc. v. Cisco Sys., Inc.*, 767 F.3d 1308, 1313-14 (Fed. Cir. 2014).

### **III. 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. *See* 37 C.F.R. § 42.71(c). An abuse of discretion occurs when a “decision [i]s based on an erroneous conclusion of law or clearly erroneous factual findings, or

... a clear error of judgment.” *Apple Inc. v. DSS Technology Management, Inc.*, IPR2015-00369, Paper No. 14 at 3 (Aug. 12, 2015) (citing *PPG Indus. Inc. v. Celanese Polymer Specialties Co.*, 840 F.2d 1565, 1567 (Fed. Cir. 1988)).

#### **IV. STATEMENT OF REASONS FOR RELIEF REQUESTED**

##### **A. The Decision Incorrectly Applied § 315(b) in Failing to Conclude Apple Is Time-Barred**

Just like the first two IPRs filed by Apple, and the two IPRs filed by RPX on Apple’s behalf, Apple’s Petition in IPR2016-00062 should have been denied under § 315(b). (Prelim. Resp. in IPR2016-00062 at 1-3.) The Board, relying on 37 C.F.R. § 42.122(b), instead found that “the one-year time limit [in § 315(b)] ‘shall not apply when the petition is accompanied by a request for joinder.’” (Decision at 4.) The Board’s Decision is inconsistent with the statutory language in §§ 315(b) and (c), which provide:

##### **(b) Patent Owner’s Action. –**

An inter partes review may not be instituted if *the petition* requesting the proceeding is filed more than 1 year after the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent. The time limitation set forth in the preceding sentence shall not apply to *a request for joinder* under subsection (c).

##### **(c) Joinder. –**

If the Director institutes an inter partes review, the



Director, in his or her discretion, may join as a party to that inter partes review *any person who properly files a petition* under section 311 that the Director, after receiving a preliminary response under section 313 or the expiration of the time for filing such a response, determines warrants the institution of an inter partes review under section 314.

35 U.S.C. §§ 315(b), (c) (emphasis added). As a result of these provisions, before a request for joinder may be considered, the Board must first determine that the petition accompanying the request for joinder warrants institution. *Id.*; *see also Butamax Adv. Biofuels LLC v. Gevo, Inc.*, IPR2014-00581, Paper No. 8 at 7 (Oct. 14, 2014). If a party “properly files a *petition*” within the one-year deadline, and then files a “*request for joinder* under subsection (c)” after the one-year deadline, § 315(b) would permit the Board to grant the request for joinder. 35 U.S.C. §§ 315(b), (c). This is so because the *petition*, assuming it is otherwise sufficient, would have warranted institution. *Id.* A *petition* filed after the one-year deadline does not warrant institution—in fact, it is expressly barred by statute, *see* 35 U.S.C. § 315(b)—and so a *request for joinder* associated with such a *petition* cannot be properly considered. *Id.*

That a petition is not a request for joinder is clear from the language of the statute. Within § 315(b) itself, the statute uses the terms “petition” and “request for joinder” separately. Even the Office’s own rules distinguish between petitions

and requests for joinder. *See* 37 C.F.R. § 42.122(b) (“ . . . the petition is accompanied by a request for joinder”). As Members of the Board have observed in analogous circumstances, the Decision’s interpretation “effectively rewrites the second sentence of § 315(b) as follows with added material underlined: The time limitation set forth in the preceding sentence shall not apply to a petition accompanied by a request for joinder under subsection (c) if that request is granted.” *Target Corp. v. Destination Maternity Corp.*, IPR2014-00508, Paper No. 28, Dissent slip op. at 18 (Feb. 12, 2015) (emphasis original). This is improper. The Office is not permitted to modify the clear intent of Congress. *See Chevron U.S.A. Inc. v. Natural Res. Def. Council Inc.*, 467 U.S. 837, 842 (1984) (“If the intent of Congress is clear, that is the end of the matter; for the court, as well as the agency, must give effect to the unambiguously expressed intent of Congress.”). The Office may not “convert[] the statutory bar set forth [in § 315(b)] into a discretionary bar in certain circumstances.” *Target*, Dissent slip op. at 18.

Allowing Apple to participate in this proceeding is an *ultra vires* action by the Board. *Zhongshan Ocean Motor Co. v. Nidex Motor Corp.*, IPR2015-00762, Paper No. 16, Dissent slip op. at 1 (Oct. 5, 2015) (“the majority’s determination that 35 U.S.C. §§ 315(b) and 315(c) provide discretion to join time-barred issues to an inter partes review proceeding is *ultra vires*”). Even if the Decision is correct that its finding as to Apple is consistent with 37 C.F.R. § 42.122(b) (Decision at 4),

§ 315(b) should control. *Oshkosh Truck Corp. v. United States*, 123 F.3d 1477, 1481 (Fed. Cir. 1997) (agency regulation receives no deference where it is at odds with the statutory language). The Decision should have denied Apple’s Petition.

The Decision states that it “considered Patent Owner’s arguments” regarding this interpretation of § 315(b), but does “not find these arguments persuasive for at least the reasons set forth by Petitioner.” (Decision at 4.) However, the only “reason” provided by Apple (other than reliance on an interpretation of the Office’s rules and non-precedential Board decisions) is that “VirnetX’s reading of § 315(b) would render its second sentence a legal nullity – it would *never* apply, as no petition filed more than a year after service could ever be the basis of participation in any proceeding.” (Reply in IPR2016-00062 at 3 (emphasis original) (*citing U.S. v. Atl. Research*, 551 U.S. 128, 137 (2007).) Apple’s reason is simply not true; § 315(b)’s second sentence would apply when a petition is filed before the one-year deadline, but a request for joinder is filed after the one-year deadline.<sup>2</sup> The Decision’s adoption of Apple’s argument was legal error. Just like Apple’s first four attempts at evading the statutory one-year bar, Apple’s Petition

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<sup>2</sup> The Federal Circuit’s observation, in *dicta* in *Achates Reference Publishing, Inc. v. Apple Inc.*, 803 F.3d 652, 657 (Fed. Cir. 2015), that “an otherwise time-barred party may nonetheless participate in an *inter partes* review proceeding if another party files a proper petition” is consistent with this principle.

in the present proceeding should have been rejected under § 315(b).

**B. The Decision Incorrectly Applied § 325(d) and Ignored Apple’s Numerous Serial and Concurrent Attacks to Validity**

Even if the Board concludes that Apple’s Petition is not statutorily barred, Apple’s past conduct and the numerous challenges to the ’135 patent nonetheless compel that the Petition be denied under § 325(d). (Prelim. Resp. in IPR2016-00062 at 4-11.) The Decision incorrectly overlooked VirnetX’s analysis of § 325(d), not even discussing it in any manner at all.

In enacting § 325(d), Congress had a clear intent to provide the Board a tool to discourage serial challenges to the same patent through *inter partes* reviews, which unnecessarily burden the resources of the Board and patent owners. *See* 157 Cong. Rec. S1041-42 (daily ed. Mar. 1, 2011) (statement of Sen. Kyl) (the purpose of § 325(d) is to avoid “serial challenges” and the resulting burden on the patent owners and Office in managing multiple proceedings involving the same patent). The Board has defined the contours of how § 325(d) should be applied in numerous past cases. *See, e.g., Conopco, Inc. v. Procter & Gamble Co.*, IPR2014-00506, Paper No. 25 at 3-4 (Dec. 10, 2015) (designated informative) (not allowing a petitioner to file a “follow-on” second petition to “correct deficiencies noted” as to a first petition, since doing so would “tax Board resources, and force patent owners to defend multiple attacks”); *Standard Innovation Corp. v. Lelo, Inc.*, IPR2014-00907, Paper No. 10 at 4 (Dec. 1, 2014) (denying institution where

“[n]either the Petition nor the Motion for Joinder presents cogent argument or evidence to explain why the grounds of unpatentability asserted in the Petition could not have been asserted in the [previous] IPR”); *Conopco, Inc. v. Procter & Gamble Co.*, IPR2014-00628, Paper No. 21 at 11 (Oct. 20, 2014) (noting that “the interests of fairness, economy, and efficiency support” denying institution where a petitioner files a second petition relying on references and arguments it could have raised in a first unsuccessful petition); *Unified Patents, Inc. v. Personal Web Techs., LLC*, IPR2014-00702, Paper No. 13 at 2-3, 7-8 (July 24, 2014) (declining to institute an IPR where three other IPR petitions, and one request for *ex parte* reexamination, had previously been filed by other parties); *Prism Pharma, Co., Ltd. v. Choongwae Pharma Corp.*, IPR2014-00315, Paper No. 14 at 2, 12-13 (July 8, 2014) (denying IPR petition under § 325(d) because “[t]he same prior art . . . and arguments substantially the same as Petitioner’s current contention” were raised during prosecution).

To name just a few of the facts compelling application of § 325(d) in this case, discussed in more detail above in Section II: (1) the ’135 patent has been subjected to eleven *inter partes* challenges at the Office (Prelim. Resp. in IPR2016-00062 at 1, 4, 7, 9); (2) six of the eleven challenges were either filed directly by Apple or on Apple’s behalf by RPX in an attempt to evade the one-year statutory bar under § 315(b) (*id.* at 1, 4-6); (3) Apple already tried to establish that

any claim of the '135 patent was invalid in litigation, but Apple's validity arguments were rejected by both the jury and the Federal Circuit (*id.* at 4, 13); (4) Apple is a third-party requester in a pending *inter partes* reexamination of the '135 patent (*id.* at 5); and (5) the same *Kiuchi* reference at issue in Apple's Petition is also at issue in another pending *inter partes* reexamination of the '135 patent (*id.* at 4-5). The Decision's non-application of § 325(d) cannot be reconciled with the decisions of numerous other panels, such as those noted above. Apple's Petition should have been denied under § 325(d).

#### **V. PATENT OWNER REQUESTS REHEARING BY AN EXPANDED PANEL THAT INCLUDES THE CHIEF JUDGE**

Patent Owner requests that an expanded panel that includes the Chief Judge consider this request for rehearing. *See* Standard Operating Procedure 1, Rev. 14 (May 8, 2015), Section III.C; *see also Google Inc. v. SimpleAir, Inc.*, CBM2015-00019, Paper No. 15 at 8 (Aug. 19, 2015) (considering a request for expanded panel review under Standard Operating Procedure 1, Rev. 14). Patent Owner is making this request because (1) the proceeding "involves an issue of exceptional importance," and (2) "[c]onsideration by an expanded panel is necessary to secure and maintain uniformity of the Board's decisions, such as where different panels of the Board render conflicting decisions on issues of statutory interpretation . . . , or a substantial difference of opinion among judges exists on issues of statutory interpretation." Standard Operating Procedure 1, Rev. 14, Section III.A.

For example, as discussed above in Section IV.A, the correct interpretation of § 315(b) is hotly debated within the Board itself. Two previous expanded panels considering (among other issues) whether § 315(b)'s one-year bar applies to a petition accompanied by a request for joinder have resulted in closely split decisions; the *Target* decision (4-3) and the *Zhongshan* decision (3-2), neither of which is precedential, demonstrate that an expanded panel that includes the Chief Judge should consider the issue, which is critical to the proper scope of the Board's statutory authority. Given that the Board's willingness to join a time-barred party has been viewed as *ultra vires* (i.e., beyond the Board's legal authority) by at least some judges, this is an issue of tremendous importance. *Zhongshan Ocean Motor Co.*, IPR2015-00762, Paper No. 16, Dissent slip op. at 1.

An expanded panel is also needed because the Decision's application of § 325(d) is inconsistent with that of many past panels. *See supra* Section IV.B. The '135 patent is at issue in three separate pending office challenges (including IPR2015-01046 and Control Nos. 95/001,679 and 95/001,682), had its validity confirmed in one office challenge (Control No. 95/001,269), had its validity confirmed by a jury and the Federal Circuit, and was at issue in six IPRs that were dismissed. Apple itself has been associated with six of the office challenges to the '135 patent, including two in which Apple improperly hid its involvement to try to sidestep its time-barred status. The Decision's grant of Apple's Petition and

joinder of Apple is inconsistent with Congress's intent for § 325(d) and previous decisions by the Board applying § 325(d).

## **VI. CONCLUSION**

When Congress established the *inter partes* review process, it had a clear concern that patent owners would be subjected to serial attacks. 157 Cong. Rec. S1041-42 (daily ed. Mar. 1, 2011) (statement of Sen. Kyl). It is no mistake that §§ 315(b) and 325(d) appear in the statute; both provide tools to alleviate the concern for harassment. The proper and consistent application of these provisions is necessary. For at least these reasons, VirnetX respectfully requests rehearing of the Decision and denial of Apple's Petition.

Respectfully submitted,

Dated: February 8, 2016

By: /Joseph E. Palys/  
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Registration No. 46,508

Counsel for VirnetX Inc.



**CERTIFICATE OF SERVICE**

Pursuant to 37 C.F.R. § 42.6(e), I certify that I caused to be served on the counsel for Petitioner a true and correct copy of the foregoing Patent Owner's Request for Rehearing Under 37 C.F.R. § 42.71(d)(1) of Institution Decision in IPR2016-00062 by electronic means on the date below at the following addresses of record:

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Dated: February 8, 2016

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Counsel for VirnetX Inc.

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# **Exhibit 52**

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UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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THE MANGROVE PARTNERS MASTER FUND, LTD., APPLE INC., and  
BLACK SWAMP, LLC,  
Petitioner

v.

VIRNETX INC.,  
Patent Owner

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Case IPR2015-01047<sup>1</sup>  
Patent No. 7,490,151

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**Patent Owner's Request for Rehearing Under 37 C.F.R. § 42.71(d)(1) of  
Institution Decision in IPR2016-00063**

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<sup>1</sup> Apple Inc. and Black Swamp, LLC, who filed petitions in IPR2016-00063 and IPR2016-00167, respectively, have been joined as Petitioners in the instant proceeding.

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## **I. INTRODUCTION AND PRECISE RELIEF REQUESTED**

Patent Owner VirnetX Inc. requests rehearing of the Patent Trial and Appeal Board’s Institution Decision entered January 25, 2016 (Paper No. 29 in IPR2015-01047, “Decision”), granting Apple Inc.’s petition and instituting trial in IPR2016-00063 and joining that proceeding with IPR2015-01047.

The patent-at-issue has been subjected to ten office challenges—*five* of the ten challenges were either filed directly by Apple or, worse, filed on Apple’s behalf by RPX Corporation in an attempt to evade the one-year statutory bar under 35 U.S.C. § 315(b). (Prelim. Resp. in IPR2016-00063 at 4-6.) The Decision discounted VirnetX’s argument that Apple’s Petition is barred under § 315(b) without any substantive analysis of VirnetX’s statutory interpretation. (Decision at 4.) However, as discussed in the Preliminary Response and below, strong dissenting opinions by Members of the Board suggest that VirnetX’s statutory interpretation is correct and that joining Apple to IPR2015-01047, despite the one-year bar, is not only improper but also an *ultra vires* action.

Setting aside § 315(b), if there was ever a case where the Board should deny institution under 35 U.S.C. § 325(d), it is this case. Despite the extreme facts, with Apple actively trying to evade the statutory one-year bar, the Decision completely omits any discussion of § 325(d). Previous decisions dictate the Board should have exercised its discretion to deny Apple’s Petition. The Decision took the

opposite approach, and has even allowed Apple to take the driver's seat in IPR2015-01047.

VirnetX requests rehearing by an expanded panel that includes the Chief Judge in deciding this request. Standard Operating Procedure 1, Rev. 14, Section III.D (“When a judge, a merits panel, or an interlocutory panel . . . receives a suggestion for an expanded panel, the judge, merits panel, or interlocutory panel shall notify the Chief Judge, Deputy Chief Judge, and the Vice Chief Judges of the suggestion, in writing.”). An expanded panel that includes the Chief Judge is necessary given the exceptional importance of, and the need for uniformity relating to, the § 315(b) and § 325(d) issues in this proceeding.

In short, VirnetX requests that rehearing be granted and Apple's petition be denied.

## **II. BACKGROUND**

Apple's Petition in IPR2016-00063 is one of ten challenges to the validity of U.S. Patent No. 7,490,151 (“the '151 patent”) in *inter partes* proceedings before the Office. These challenges have included two *inter partes* reexamination proceedings and eight IPRs. They began nearly five years ago when Apple filed a request for *inter partes* reexamination of the '151 patent on July 25, 2011, which the Office assigned Control No. 95/001,697 (“the '1,697 reexamination”), and remains pending. A second request for *inter partes* reexamination of the '151



patent was filed on August 16, 2011 by Cisco and accorded Control No. 95/001,714 (“the ’1,714 reexamination”). That proceeding is also currently pending at the Office,<sup>2</sup> and involves the same *Kiuchi* reference asserted in Apple’s Petition here and in Mangrove’s IPR2015-01047 proceeding.

The first IPR petition against the ’151 patent was filed by New Bay Capital, LLC on June 23, 2013. That proceeding was terminated in favor of VirnetX, pursuant to New Bay’s request for adverse judgment. IPR2013-00376, Paper No. 17 (Nov. 12, 2013).

Apple filed an IPR petition against the ’151 patent on July 1, 2013, in IPR2013-00354. The Board denied this petition because Apple was time-barred under 35 U.S.C. § 315(b) as it had been served with a complaint alleging infringement of the ’151 patent in August 2010, more than a year before it filed its IPR petition. IPR2013-00354, Paper No. 20 (Dec. 13, 2013), *reh’g denied* Paper No. 24 (Feb. 12, 2014).

RPX Corporation, which the Board found was acting as a proxy for time-barred Apple, filed one other IPR petition against the ’151 patent on November 20, 2013, in IPR2014-00173. As VirnetX explained, Apple tried to hide its involvement in the RPX proceedings in several ways, giving the false impression that Apple and RPX were unconnected entities without a privity or real party-in-

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<sup>2</sup> The ’1,697 and ’1,714 reexaminations are presently merged.

interest relationship. IPR2014-00173, Paper No. 54 at 6-8 (redacted) (Mar. 6, 2014). Despite these efforts, the Board found that Apple was a real party-in-interest for RPX's petitions, and accordingly denied institution given Apple's time-barred status. IPR2014-00173, Paper No. 56 at 10 (redacted) (June 5, 2014).

Microsoft then filed a petition in IPR2014-00610 on April 10, 2014 challenging the '151 patent. The Board instituted trial. (IPR2014-00610, Paper No. 9 (Oct. 15, 2014).) However, the proceeding was subsequently terminated pursuant to a joint motion to terminate. IPR2014-00610, Paper No. 14 (Dec. 19, 2014), Paper No. 19 (January 26, 2015). Apple tried to join the Microsoft IPR proceeding by filing its own IPR petition in IPR2015-00187 and a motion for joinder on October 30, 2014. But in part because of the termination of IPR2014-00610, and given Apple's time-barred status, the Board again denied institution. IPR2015-00187, Paper No. 11 at 2-3 (February 17, 2015).

The Mangrove Partners Master Fund, Ltd. filed the sixth IPR petition in IPR2015-01047 on April 14, 2015 challenging the '151 patent. The Board instituted the proceeding. IPR2015-01047, Paper No. 11 (Oct. 7, 2015). Apple filed the seventh IPR petition in IPR2016-00063, which is at issue in this request. According to Apple, the grounds and declarations submitted with its Petition are the same as those in the Mangrove petition, (Paper No. 2 at 4; Exs. 1003 in each proceeding), although Apple's Petition also raises new issues and introduces new

exhibits (Paper No. 1 in IPR2016-00063 at 54-59).

Black Swamp IP, LLC filed the eighth IPR petition in IPR2016-00167 on November 6, 2015. The Board instituted trial and joined Black Swamp to IPR2015-01047 on February 4, 2016. IPR2016-00167, Paper No. 12 (Feb. 4, 2016).

Apple's challenges to the validity of the '151 patent have not been limited to challenges before the Office. Apple also challenged the validity of the '151 patent in a litigation that included a jury trial. In that litigation, *VirnetX Inc. v. Cisco Sys. Inc. et al.*, Case No. 6:10-cv- 00417 (E.D. Tex.), Apple failed to establish that any claim of the '151 patent was invalid. (Ex. 2004, Jury Verdict Form (E.D. Tex. Nov. 6, 2012). Apple appealed to the U.S. Court of Appeals for the Federal Circuit, which affirmed that "none of the asserted claims are invalid." *VirnetX, Inc. v. Cisco Sys., Inc.*, 767 F.3d 1308, 1313-14 (Fed. Cir. 2014).

### **III. 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. *See* 37 C.F.R. § 42.71(c). An abuse of discretion occurs when a "decision [i]s

based on an erroneous conclusion of law or clearly erroneous factual findings, or . . . a clear error of judgment.” *Apple Inc. v. DSS Technology Management, Inc.*, IPR2015-00369, Paper No. 14 at 3 (Aug. 12, 2015) (citing *PPG Indus. Inc. v. Celanese Polymer Specialties Co.*, 840 F.2d 1565, 1567 (Fed. Cir. 1988)).

#### **IV. STATEMENT OF REASONS FOR RELIEF REQUESTED**

##### **A. The Decision Incorrectly Applied § 315(b) in Failing to Conclude Apple Is Time-Barred**

Just like the first two IPRs filed by Apple, and the IPR filed by RPX on Apple’s behalf, Apple’s Petition in IPR2016-00063 should have been denied under § 315(b). (Prelim. Resp. in IPR2016-00063 at 1-3.) The Board, relying on 37 C.F.R. § 42.122(b), instead found that “the one-year time limit [in § 315(b)] ‘shall not apply when the petition is accompanied by a request for joinder.’” (Decision at 4.) The Board’s Decision is inconsistent with the statutory language in §§ 315(b) and (c), which provide:

##### **(b) Patent Owner’s Action. –**

An inter partes review may not be instituted if *the petition* requesting the proceeding is filed more than 1 year after the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent. The time limitation set forth in the preceding sentence shall not apply to *a request for joinder* under subsection (c).

##### **(c) Joinder. –**

If the Director institutes an inter partes review, the Director, in his or her discretion, may join as a party to that inter partes review *any person who properly files a petition* under section 311 that the Director, after receiving a preliminary response under section 313 or the expiration of the time for filing such a response, determines warrants the institution of an inter partes review under section 314.

35 U.S.C. §§ 315(b), (c) (emphasis added). As a result of these provisions, before a request for joinder may be considered, the Board must first determine that the petition accompanying the request for joinder warrants institution. *Id.*; *see also Butamax Adv. Biofuels LLC v. Gevo, Inc.*, IPR2014-00581, Paper No. 8 at 7 (Oct. 14, 2014). If a party “properly files a *petition*” within the one-year deadline, and then files a “*request for joinder* under subsection (c)” after the one-year deadline, § 315(b) would permit the Board to grant the request for joinder. 35 U.S.C. §§ 315(b), (c). This is so because the *petition*, assuming it is otherwise sufficient, would have warranted institution. *Id.* A *petition* filed after the one-year deadline does not warrant institution—in fact, it is expressly barred by statute, *see* 35 U.S.C. § 315(b)—and so a *request for joinder* associated with such a *petition* cannot be properly considered. *Id.*

That a petition is not a request for joinder is clear from the language of the statute. Within § 315(b) itself, the statute uses the terms “petition” and “request

for joinder” separately. Even the Office’s own rules distinguish between petitions and requests for joinder. *See* 37 C.F.R. § 42.122(b) (“ . . . the petition is accompanied by a request for joinder”). As Members of the Board have previously observed in analogous circumstances, the Decision’s interpretation “effectively rewrites the second sentence of § 315(b) as follows with added material underlined: The time limitation set forth in the preceding sentence shall not apply to a petition accompanied by a request for joinder under subsection (c) if that request is granted.” *Target Corp. v. Destination Maternity Corp.*, IPR2014-00508, Paper No. 28, Dissent slip op. at 18 (Feb. 12, 2015) (emphasis original). This is improper. The Office is not permitted to modify the clear intent of Congress. *See Chevron U.S.A. Inc. v. Natural Res. Def. Council Inc.*, 467 U.S. 837, 842 (1984) (“If the intent of Congress is clear, that is the end of the matter; for the court, as well as the agency, must give effect to the unambiguously expressed intent of Congress.”). The Office may not “convert[] the statutory bar set forth [in § 315(b)] into a discretionary bar in certain circumstances.” *Target*, Dissent slip op. at 18.

Allowing Apple to participate in this proceeding is an *ultra vires* action by the Board. *Zhongshan Ocean Motor Co. v. Nidex Motor Corp.*, IPR2015-00762, Paper No. 16, Dissent slip op. at 1 (Oct. 5, 2015) (“the majority’s determination that 35 U.S.C. §§ 315(b) and 315(c) provide discretion to join time-barred issues to an inter partes review proceeding is *ultra vires*”). Even if the Decision is correct

that its finding as to Apple is consistent with 37 C.F.R. § 42.122(b) (Decision at 4), § 315(b) should control. *Oshkosh Truck Corp. v. United States*, 123 F.3d 1477, 1481 (Fed. Cir. 1997) (agency regulation receives no deference where it is at odds with the statutory language). The Decision should have denied Apple’s Petition.

The Decision states that it “considered Patent Owner’s arguments” regarding this interpretation of § 315(b), but does “not find these arguments persuasive for at least the reasons set forth by Petitioner.” (Decision at 4.) However, the only “reason” provided by Apple (other than reliance on an interpretation of the Office’s rules and non-precedential Board decisions) is that “VirnetX’s reading of § 315(b) would render its second sentence a legal nullity – it would *never* apply, as no petition filed more than a year after service could ever be the basis of participation in any proceeding.” (Reply in IPR2016-00063 at 3 (emphasis original) (*citing U.S. v. Atl. Research*, 551 U.S. 128, 137 (2007).) Apple’s reason is simply not true; § 315(b)’s second sentence would apply when a petition is filed before the one-year deadline, but a request for joinder is filed after the one-year deadline.<sup>3</sup> The Decision’s adoption of Apple’s argument was legal error. Just like

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<sup>3</sup> The Federal Circuit’s observation, in *dicta* in *Achates Reference Publishing, Inc. v. Apple Inc.*, 803 F.3d 652, 657 (Fed. Cir. 2015), that “an otherwise time-barred party may nonetheless participate in an *inter partes* review proceeding if another party files a proper petition” is consistent with this principle.

Apple's first four attempts at evading the statutory one-year bar, Apple's Petition in the present proceeding should have been rejected under § 315(b).

**B. The Decision Incorrectly Applied § 325(d) and Ignored Apple's Numerous Serial and Concurrent Attacks to Validity**

Even if the Board concludes that Apple's Petition is not statutorily barred, Apple's past conduct and the numerous challenges to the '151 patent nonetheless compel that the Petition be denied under § 325(d). (Prelim. Resp. in IPR2016-00063 at 3-11.) The Decision incorrectly overlooked VirnetX's analysis of § 325(d), not even discussing it in any manner at all.

In enacting § 325(d), Congress had a clear intent to provide the Board a tool to discourage serial challenges to the same patent through *inter partes* reviews, which unnecessarily burden the resources of the Board and patent owners. *See* 157 Cong. Rec. S1041-42 (daily ed. Mar. 1, 2011) (statement of Sen. Kyl) (the purpose of § 325(d) is to avoid "serial challenges" and the resulting burden on the patent owners and Office in managing multiple proceedings involving the same patent). The Board has defined the contours of how § 325(d) should be applied in numerous past cases. *See, e.g., Conopco, Inc. v. Procter & Gamble Co.*, IPR2014-00506, Paper No. 25 at 3-4 (Dec. 10, 2015) (designated informative) (not allowing a petitioner to file a "follow-on" second petition to "correct deficiencies noted" as to a first petition, since doing so would "tax Board resources, and force patent owners to defend multiple attacks"); *Standard Innovation Corp. v. Lelo, Inc.*,



IPR2014-00907, Paper No. 10 at 4 (Dec. 1, 2014) (denying institution where “[n]either the Petition nor the Motion for Joinder presents cogent argument or evidence to explain why the grounds of unpatentability asserted in the Petition could not have been asserted in the [previous] IPR”); *Conopco, Inc. v. Procter & Gamble Co.*, IPR2014-00628, Paper No. 21 at 11 (Oct. 20, 2014) (noting that “the interests of fairness, economy, and efficiency support” denying institution where a petition files a second petition relying on references and arguments it could have raised in a first unsuccessful petition); *Unified Patents, Inc. v. Personal Web Techs., LLC*, IPR2014-00702, Paper No. 13 at 2-3, 7-8 (July 24, 2014) (declining to institute an IPR where three other IPR petitions, and one request for *ex parte* reexamination, had previously been filed by other parties); *Prism Pharma, Co., Ltd. v. Choongwae Pharma Corp.*, IPR2014-00315, Paper No. 14 at 2, 12-13 (July 8, 2014) (denying IPR petition under § 325(d) because “[t]he same prior art . . . and arguments substantially the same as Petitioner’s current contention” were raised during prosecution).

To name just a few of the facts compelling application of § 325(d) in this case, discussed in more detail above in Section II: (1) the ’151 patent has been subjected to ten *inter partes* challenges at the Office (Prelim. Resp. in IPR2016-00063 at 1, 4, 9); (2) five of the ten challenges were either filed directly by Apple or on Apple’s behalf by RPX in an attempt to evade the one-year statutory bar

under § 315(b) (*id.* at 1, 4, 5, 11, 13); (3) Apple already tried to establish that any claim of the '151 patent was invalid in litigation, but Apple's validity arguments were rejected by both the jury and the Federal Circuit (*id.* at 4, 12, 13); (4) Apple is a third-party requester in a pending *inter partes* reexamination of the '151 patent (*id.* at 4-5); and (5) the same *Kiuchi* reference at issue in Apple's Petition is also at issue in another pending *inter partes* reexamination of the '151 patent (*id.* at 4-5). The Decision's non-application of § 325(d) cannot be reconciled with the decisions of numerous other panels, such as those noted above. Apple's Petition should have been denied under § 325(d).

**V. PATENT OWNER REQUESTS REHEARING BY AN EXPANDED PANEL THAT INCLUDES THE CHIEF JUDGE**

Patent Owner requests that an expanded panel that includes the Chief Judge consider this request for rehearing. *See* Standard Operating Procedure 1, Rev. 14 (May 8, 2015), Section III.C; *see also Google Inc. v. SimpleAir, Inc.*, CBM2015-00019, Paper No. 15 at 8 (Aug. 19, 2015) (considering a request for expanded panel review under Standard Operating Procedure 1, Rev. 14). Patent Owner is making this request because (1) the proceeding "involves an issue of exceptional importance," and (2) "[c]onsideration by an expanded panel is necessary to secure and maintain uniformity of the Board's decisions, such as where different panels of the Board render conflicting decisions on issues of statutory interpretation . . . , or a substantial difference of opinion among judges exists on issues of statutory

interpretation.” Standard Operating Procedure 1, Rev. 14, Section III.A.

For example, as discussed above in Section IV.A, the correct interpretation of § 315(b) is hotly debated within the Board itself. Two previous expanded panels considering (among other issues) whether § 315(b)’s one-year bar applies to a petition accompanied by a request for joinder have resulted in closely split decisions; the *Target* decision (4-3) and the *Zhongshan* decision (3-2), neither of which is precedential, demonstrate that an expanded panel that includes the Chief Judge should consider the issue, which is critical to the proper scope of the Board’s statutory authority. Given that the Board’s willingness to join a time-barred party has been viewed as *ultra vires* (i.e., beyond the Board’s legal authority) by at least some judges, this is an issue of tremendous importance. *Zhongshan Ocean Motor Co.*, IPR2015-00762, Paper No. 16, Dissent slip op. at 1.

An expanded panel is also needed because the Decision’s application of § 325(d) is inconsistent with that of many past panels. *See supra* Section IV.B. The ’151 patent is at issue in three separate pending office challenges (including IPR2015-01047 and Control Nos. 95/001,697 and 95/001,714), had its validity confirmed by a jury and the Federal Circuit, and was at issue in five IPRs that were dismissed. Apple itself has been associated with five of the office challenges to the ’151 patent, including one in which Apple improperly hid its involvement to try to sidestep its time-barred status. The Decision’s grant of Apple’s Petition and

joinder of Apple is inconsistent with Congress's intent for § 325(d) and previous decisions by the Board applying § 325(d).

## **VI. CONCLUSION**

When Congress established the *inter partes* review process, it had a clear concern that patent owners would be subjected to serial attacks. 157 Cong. Rec. S1041-42 (daily ed. Mar. 1, 2011) (statement of Sen. Kyl). It is no mistake that §§ 315(b) and 325(d) appear in the statute; both provide tools to alleviate the concern for harassment. The proper and consistent application of these provisions is necessary. For at least these reasons, VirnetX respectfully requests rehearing of the Decision and denial of Apple's Petition.

Respectfully submitted,

Dated: February 8, 2016

By: /Joseph E. Palys/  
Joseph E. Palys  
Registration No. 46,508

Counsel for VirnetX Inc.

**CERTIFICATE OF SERVICE**

Pursuant to 37 C.F.R. § 42.6(e), I certify that I caused to be served on the counsel for Petitioner a true and correct copy of the foregoing Patent Owner's Request for Rehearing Under 37 C.F.R. § 42.71(d)(1) of Institution Decision in IPR2016-00063 by electronic means on the date below at the following addresses of record:

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Dated: February 8, 2016

By: /Joseph E. Palys/

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Registration No. 46,508

Counsel for VirnetX Inc.

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# **Exhibit 53**

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**Subject:** IPR2015-01046  
**Date:** Thursday, February 25, 2016 7:44:00 PM  
**Attachments:** [image001.gif](#)

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Counsel for Patent Owner respectfully requests consideration of several issues relating to the Patent Owner Response currently due in IPR2015-01046 on March 8, 2016.

First, in light of the many issues pending in these multi-petitioner proceedings, including issues specific to individual Petitioners, Patent Owner requests authorization for 20-extra pages for its Response.

Second, there are two pending requests for rehearing, the decisions for which may affect the substance of the Patent Owner Response: Paper No. 26, filed January 4, 2016; and Paper No. 35, filed February 8, 2016. Patent Owner requests (a) authorization to file a motion to stay the proceeding until the rehearing requests are decided, and (b) that the deadline to file the Patent Owner Response be put on hold until after the motion to stay is considered.

Third, if the Board denies the second request above, denies the motion to stay, or denies the request for rehearing filed February 8, 2016 (Paper No. 35), Patent Owner intends to file a petition for writ of mandamus to the Court of Appeals for the Federal Circuit with respect to the decision to institute IPR2016-00062 and join Petitioner Apple to IPR2015-01046, and would request that the Board stay the proceeding until the Federal Circuit has an opportunity to consider the mandamus petition.

The parties have conferred, but Petitioners oppose all of these requests. The parties are available for a call with the Board on Wednesday, March 2, between 12-1 EST and 2-430 EST.

Patent Owner appreciates the Board's consideration of these requests.

Respectfully,

Naveen Modi  
Counsel for Patent Owner



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**Subject:** IPR2015-01047  
**Date:** Thursday, February 25, 2016 7:44:00 PM  
**Attachments:** [image001.gif](#)

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Counsel for Patent Owner respectfully requests consideration of several issues relating to the Patent Owner Response currently due in IPR2015-01047 on March 8, 2016.

First, in light of the many issues pending in these multi-petitioner proceedings, including issues specific to individual Petitioners, Patent Owner requests authorization for 20-extra pages for its Response.

Second, there are three pending requests for rehearing, the decisions for which may affect the substance of the Patent Owner Response: Paper No. 27, filed January 4, 2016; Paper No. 36, filed February 8, 2016; and Paper No. 38, filed February 18, 2016. Patent Owner requests (a) authorization to file a motion to stay the proceeding until the rehearing requests are decided, and (b) that the deadline to file the Patent Owner Response be put on hold until after the motion to stay is considered.

Third, if the Board denies the second request above, denies the motion to stay, or denies the request for rehearing filed February 8, 2016 (Paper No. 36), Patent Owner intends to file a petition for writ of mandamus to the Court of Appeals for the Federal Circuit with respect to the decision to institute IPR2016-00063 and join Petitioner Apple to IPR2015-01047, and would request that the Board stay the proceeding until the Federal Circuit has an opportunity to consider the mandamus petition.

The parties have conferred, but Petitioners oppose all of these requests. The parties are available for a call with the Board on Wednesday, March 2, between 12-1 EST and 2-430 EST.

Patent Owner appreciates the Board's consideration of these requests.

Respectfully,

Naveen Modi  
Counsel for Patent Owner

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# **Exhibit 54**

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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THE MANGROVE PARTNERS MASTER FUND, LTD. and APPLE INC.,  
Petitioner,

v.

VIRNETX INC.,  
Patent Owner.

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Case IPR2015-01046<sup>1</sup>  
Patent 6,502,135 B1

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Before MICHAEL P. TIERNEY, KARL D. EASTHOM, and  
STEPHEN C. SIU, *Administrative Patent Judges*.

SIU, *Administrative Patent Judge*.

DECISION  
Request for Rehearing  
*37 C.F.R. § 42.71(d)*

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<sup>1</sup> Apple Inc., which filed a petition in IPR2016-00062, has been joined as a Petitioner in the instant proceeding.

## I. BACKGROUND

VirnetX Inc. (“Patent Owner”), in its Request for Rehearing, Paper 35 (“Req. Reh’g” or “Request”), seeks reversal of the Board’s Decision granting institution in IPR2016-00062 and joining IPR2016-00062 with IPR2015-01046. *See* Req. Reh’g 1. The Board denies the requested relief.

## II. DISCUSSION

In the Decision dated January 25, 2016, Paper 28 (“Decision”), we granted institution of IPR2016-00062 (filed by Apple Inc.) and joined IPR2016-00062 with the instant matter (i.e., IPR2015-01046). Decision 6.

Patent Owner argues that we incorrectly granted institution of IPR2016-00062 under 35 U.S.C. § 315(b). *See, e.g.*, Req. Reh’g 6–10. Contrary to Patent Owner’s contention, our granting of institution of IPR2016-00062 is in accordance with 35 U.S.C. § 315(b) for at least the reasons previously discussed. Decision 3–4. Patent Owner reiterates that an alternative interpretation of 35 U.S.C. § 315(b) should be adopted to permit denial of institution of IPR2016-00062. *See, e.g.*, Req. Reh’g 6–10. In support of this contention, Patent Owner continues to cite the dissent in *Target Corp. v. Destination Maternity Corp.*, Case IPR2014-00508, dissent slip op. at 18 (PTAB Feb. 12, 2015) (Fitzpatrick, Bisk, & Weatherly, A.P.JJ., dissenting) (Paper 28) but does not explain why a dissent in this cited matter should compel us to adopt an alternate interpretation of 35 U.S.C. § 315(b). We therefore continue not to do so.

Patent Owner argues that “Apple’s past conduct and the numerous challenges to the ’135 patent nonetheless compel that the Petition be denied under § 325(d).” Req. Reh’g 10. According to 35 U.S.C. § 325(d), “the

Director may take into account whether, and reject the petition or request, because the same or substantially the same prior art or arguments previously were presented to the Office.” Having carefully considered Patent Owner’s arguments (Req. Reh’g 10–12), we decline to exercise our discretion to reject the Petition because the same or substantially the same prior art or arguments previously were presented (allegedly) to the Office, even assuming that the same or substantially the same prior art or arguments were, in fact, previously presented to the Office. Apple has been joined in this proceeding. *Supra* note 1. Also, Patent Owner’s Request indicates that most, if not all, of the prior petitions were denied for time bar reasons, and that the Office has not reached a final decision on the merits based on the same or substantially same prior art in an IPR or a reexamination proceeding. *See* Req. Reh’g 2–5.

Patent Owner requests rehearing by an expanded panel that includes the Chief Judge. *Id.* at 12–14. Discretion to expand a panel rests with the Chief Judge, who, on behalf of the Director, may act to expand a panel on a suggestion from a judge or panel. *AOL Inc. v. Coho Sicensing LLC*, Case IPR2014-00771, slip op. at 2 (PTAB Mar. 24, 2015)(Paper 12)(informative). Patent Owner’s suggestion was considered by the Acting Chief Administrative Patent Judge, who declined to expand the panel.

We have considered Patent Owner’s arguments in the Request but find them unpersuasive to demonstrate that we misapprehended or overlooked any points.

III. CONCLUSION

Patent Owner's Request is granted to the extent that the Board has reconsidered its Decision, but Patent Owner's requested relief for a reversal of the Decision is denied because Patent Owner has not shown that the Decision overlooks or misapprehends a material point.

IV. ORDER

For the reasons given, it is

ORDERED that the Request for Rehearing is denied.

IPR2015-01046  
Patent 6,502,135 B1

PETITIONER:

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# **Exhibit 55**

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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THE MANGROVE PARTNERS MASTER FUND, LTD., APPLE INC.,  
and BLACK SWAMP IP, LLC,  
Petitioner,

v.

VIRNETX INC.,  
Patent Owner.

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Case IPR2015-01047<sup>1</sup>  
Patent 7,490,151 B2

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Before MICHAEL P. TIERNEY, KARL D. EASTHOM, and  
STEPHEN C. SIU, *Administrative Patent Judges*.

SIU, *Administrative Patent Judge*.

DECISION  
Request for Rehearing  
*37 C.F.R. § 42.71(d)*

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<sup>1</sup> Apple Inc. and Black Swamp IP, LLC, which filed petitions in IPR2016-00063 and IPR2016-00167, respectively, have been joined as Petitioners in the instant proceeding.



## I. BACKGROUND

VirnetX Inc. (“Patent Owner”), in its Request for Rehearing, Paper 36 (“Req. Reh’g” or “Request”), seeks reversal of the Board’s Decision granting institution in IPR2016-00063 and joining IPR2016-00063 with IPR2015-01047. *See* Req. Reh’g 1. The Board denies the requested relief.

## II. DISCUSSION

In the Decision dated January 25, 2016, Paper 29 (“Decision”), we granted institution of IPR2016-00063 (filed by Apple Inc.) and joined IPR2016-00063 with the instant matter (i.e., IPR2015-01047). Decision 7.

Patent Owner argues that we incorrectly granted institution of IPR2016-00062 under 35 U.S.C. § 315(b). *See, e.g.*, Req. Reh’g 6–10. Contrary to Patent Owner’s contention, our granting of institution of IPR2016-00063 is in accordance with 35 U.S.C. § 315(b) for at least the reasons previously discussed. Decision 4. Patent Owner reiterates that an alternative interpretation of 35 U.S.C. § 315(b) should be adopted to permit denial of institution of IPR2016-00063. *See, e.g.*, Req. Reh’g 6–10. In support of this contention, Patent Owner continues to cite the dissent in *Target Corp. v. Destination Maternity Corp.*, Case IPR2014-00508, dissent slip op. at 18 (PTAB Feb. 12, 2015) (Fitzpatrick, Bisk, & Weatherly, A.P.JJ., dissenting) (Paper 28) but does not explain why a dissent in this cited matter should compel us to adopt an alternate interpretation of 35 U.S.C. § 315(b). We therefore continue not to do so.

Patent Owner argues that “Apple’s past conduct and the numerous challenges to the ’151 patent nonetheless compel that the Petition be denied under § 325(d).” Req. Reh’g 10. According to 35 U.S.C. § 325(d), “the

Director may take into account whether, and reject the petition or request, because the same or substantially the same prior art or arguments previously were presented to the Office.” Having carefully considered Patent Owner’s arguments (Req. Reh’g 10–12), we decline to exercise our discretion to reject the petition or request because the same or substantially the same prior art or arguments previously were presented (allegedly) to the Office, even assuming that the same or substantially the same prior art or arguments were, in fact, previously presented to the Office.

Patent Owner requests rehearing by an expanded panel that includes the Chief Judge. *Id.* at 12–14. Discretion to expand a panel rests with the Chief Judge, who, on behalf of the Director, may act to expand a panel on a suggestion from a judge or panel. *AOL Inc. v. Coho Sicensing LLC*, Case IPR2014-00771, slip op. at 2 (PTAB Mar. 24, 2015)(Paper 12)(informative). Patent Owner’s suggestion was considered by the Acting Chief Administrative Patent Judge, who declined to expand the panel.

We have considered Patent Owner’s arguments in the Request but find them unpersuasive to demonstrate that we misapprehended or overlooked any points.

### III. CONCLUSION

Based on the foregoing discussion, Patent Owner’s Request is granted to the extent that the Board has reconsidered its Decision, but Patent Owner’s requested relief for a reversal of the Decision is denied because Patent Owner has not shown that the Decision overlooks or misapprehends a material point.

IPR2015-01047  
Patent 7,490,151 B2

IV. ORDER

For the reasons given, it is

ORDERED that the Request for Rehearing is denied.

IPR2015-01047  
Patent 7,490,151 B2

PETITIONER:

Abraham Kasdan  
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# **Exhibit 56**

**From:** [Vignone, Maria](#) on behalf of [Trials](#)  
**To:** [Modi, Naveen](#); [Trials](#)  
**Cc:** [Palys, Joseph E.](#); [Border, Scott](#); "[akasan@wiggins.com](#)"; "[jtb@jtbailey.com](#)"; "[tmartin@martinferraro.com](#)"; [Kushan, Jeffrey P.](#); [Broughan III, Thomas A.](#)  
**Subject:** RE: IPR2015-01047  
**Date:** Tuesday, March 01, 2016 9:34:58 AM

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RE: IPR2015-01046 and IPR2015-01047

Counsel: The Board has considered Patent Owner's request for an additional 20 pages for its response, but the request is denied. In light of the substantial similarity of issues of the individual Petitioners. As to Patent Owner's request for a stay until the rehearing requests are decided, a decision on the rehearing requests has already been rendered, and this request is dismissed as moot.

Patent Owner requests a stay so that Patent Owner may file a petition for writ of mandamus to the Court of Appeals for the Federal Circuit with respect to the decision to institute in IPR2015-00062 and join Petitioner Apple to IPR2015-01046. The Board has considered Patent Owner's request, but the request is denied as Patent Owner has failed to identify a sufficient rationale as to why a stay is necessary based on the facts of this particular proceeding.

No conference call is deemed necessary at this time.

Thank you,

Maria Vignone  
Paralegal Operations Manager  
Patent Trial and Appeal Board  
703-756-1288

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**From:** Modi, Naveen [mailto:naveenmodi@paulhastings.com]  
**Sent:** Thursday, February 25, 2016 7:45 PM  
**To:** Trials <Trials@USPTO.GOV>  
**Cc:** Modi, Naveen <naveenmodi@paulhastings.com>; Palys, Joseph E. <josephpalys@paulhastings.com>; Border, Scott <sborder@sidley.com>; 'akasan@wiggins.com' <akasan@wiggins.com>; 'jtb@jtbailey.com' <jtb@jtbailey.com>; 'tmartin@martinferraro.com' <tmartin@martinferraro.com>; Kushan, Jeffrey P. <jkushan@sidley.com>; Broughan III, Thomas A. <tbroughan@sidley.com>  
**Subject:** IPR2015-01047

Counsel for Patent Owner respectfully requests consideration of several issues relating to the Patent Owner Response currently due in IPR2015-01047 on March 8, 2016.

First, in light of the many issues pending in these multi-petitioner proceedings, including issues specific to individual Petitioners, Patent Owner requests authorization for 20-extra pages for its Response.

Second, there are three pending requests for rehearing, the decisions for which may affect the substance of the Patent Owner Response: Paper No. 27, filed January 4, 2016; Paper No. 36, filed February 8, 2016; and Paper No. 38, filed February 18, 2016. Patent Owner requests (a) authorization to file a motion to stay the proceeding until the rehearing requests are decided, and (b) that the deadline to file the Patent Owner Response be put on hold until after the motion to stay is considered.

Third, if the Board denies the second request above, denies the motion to stay, or denies the request for rehearing filed February 8, 2016 (Paper No. 36), Patent Owner intends to file a petition for writ of mandamus to the Court of Appeals for the Federal Circuit with respect to the decision to institute IPR2016-00063 and join Petitioner Apple to IPR2015-01047, and would request that the Board stay the proceeding until the Federal Circuit has an opportunity to consider the mandamus petition.

The parties have conferred, but Petitioners oppose all of these requests. The parties are available for a call with the Board on Wednesday, March 2, between 12-1 EST and 2-430 EST.

Patent Owner appreciates the Board's consideration of these requests.

Respectfully,

Naveen Modi  
Counsel for Patent Owner

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Paul Hastings LLP  


**Naveen Modi | Partner and Global Vice Chair of Intellectual Property, Litigation Department**  
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# **Exhibit 57**



UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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APPLE INC.  
Petitioner,

v.

VIRNETX, INC.,  
Patent Owner

Patent No. 6,502,135

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*Inter Partes* Review No. IPR2016-00062

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**PETITIONER'S REPLY IN SUPPORT OF ITS MOTION FOR JOINDER**

## **I. INTRODUCTION**

In its opposition, VirnetX identifies *no actual effect* of granting Apple's motion, and instead contends the Board has no authority to join Apple. But that assertion conflicts not only with the statutory language, but with the Board's rules and prior decisions. VirnetX also complains that Apple had its chance to challenge the '135 patent via an ongoing *inter partes* reexamination. But VirnetX conceals its unprecedented campaign to prevent conclusion of that same proceeding. Granting Apple's motion will actually mitigate the harm caused by VirnetX's actions in the reexamination, which were made possible by the systemic flaws in that system which Congress sought to fix with the IPR system. Joinder here is proper.

## **II. ARGUMENT**

### **A. The Merits Warrant Joinder**

In its motion, Apple presented a petition with identical grounds and a nearly identical record of evidence, and agreed to conditions including: (i) agreeing to follow the existing schedule, (ii) not advancing independent expert testimony, and (iii) coordinating its participation with Mangrove. Paper 2 at 2. In numerous cases presenting similar circumstances, the Board has found joinder appropriate. *Dell Inc. v. Network-1 Sec. Soln. Inc.*, IPR2013-00385, Paper 17 (July 29, 2013); *Oracle v. Crossroads*, IPR2015-00825, Paper 20 (Sept. 17, 2015); *Perfect World Ent., Inc. v. Uniloc USA, Inc.*, IPR2015-01026, Paper 10 (Aug. 3, 2015); *LG Elec. Inc. v. Innovative Display Tech.*, IPR2015-00493, Paper 10 (July 10, 2015).

VirnetX ignores these considerations, and instead states in a conclusory fashion that “joining Apple will have an impact on the ‘046 proceeding.” Opp. at 8. But it nowhere reveals what that “impact” might be. It then, without any justification, asks the Board to impose additional, draconian restrictions on Apple’s participation, including, perversely, *supplemental* briefing by both parties. *Id.* at 9-10. VirnetX’s restrictions are a transparent attempt to simply prevent Apple from participating in the proceedings, while its call for supplemental briefing is both inefficient and ignores the independent interests of the Board. There is simply no basis for imposing such constraints in this case.

**B. VirnetX’s “Permanent Ban” Theory Conflicts with the Statute**

VirnetX’s principal challenge to joinder is its theory that a party is “permanently” barred from participating in any *inter partes* review under any and all circumstances if its petition is filed more than a year after service of a complaint for infringement. The Board has already rejected that theory, and for good reason – it is contrary to the statute. IPR2015-00825, Paper 20 at 10-12; *see Target v. Destination Maternity*, IPR2014-00508, Paper 28 (Feb 12, 2015) (expanded panel).

Under § 315(b), the Director is prohibited from *instituting* an *inter partes* review on the basis of petition filed by a party more than a year after that party was served with a complaint for infringement. But, if the Director *has already instituted* an *inter partes* review, she is authorized to join any party to that instituted

proceeding as long as: (i) that party files a petition that complies with § 311 and (ii) institution on the basis of that petition is warranted under § 314. *See* 35 U.S.C. § 315(c). And that is precisely how both the Office and the Board have read the statute. For example, Rule 122(b) waives the one year deadline in Rule 101(b) where the party filing the petition seeks to join an instituted proceeding. *See* 37 C.F.R. § 42.122(b). The Board's joinder decisions hold likewise. *See, e.g.*, IPR2014-00385, Paper 17; IPR2015-00825, Paper 20 at 10-12. The "authority" VirnetX cites in its opposition is actually *a dissent* in a Board decision holding precisely the opposite of what VirnetX contends. *Opp.* at 5. Thus, under the statute, joinder is proper because: (i) the Board found Apple's petition to comply with § 311, *see* Paper 4, and (ii) the grounds in Apple's petition warrant institution as they are the same as those upon which trial has already been instituted.

VirnetX nonetheless argues that "[o]nce a petitioner like Apple 'is time-barred under § 315(b) with respect to a particular patent, *it is always time-barred.*" *Opp.* at 5. But that argument conflicts with the plain language of § 315(b), which states "*the time limitation set forth in the preceding sentence shall not apply to a request for joinder under subsection (c).*" (emphases added). VirnetX's reading of § 315(b) would render its second sentence a legal nullity – it would *never* apply, as no petition filed more than a year after service could ever be the basis of participation in any proceeding. *U.S. v. Atl. Research*, 551 U.S. 128, 137 (2007).

**C. VirnetX's Equities Argument Is Baseless**

VirnetX also complains about the number of petitions filed against the '135 patent, seeking to portray itself as an aggrieved party unfairly subjected to serial challenges to its '135 patent. Nothing could be further from the truth.

VirnetX started this dispute by suing Apple in 2010. Apple promptly requested *inter partes* reexamination of the '135 patent, and the Office started that reexamination in 2011, finding all of the challenged claims unpatentable. In 2012, a jury found certain claims of the '135 patent infringed; at that point, VirnetX switched gears, and began its unprecedented campaign to paralyze the reexamination. To do so, VirnetX exploited the Office's practice of suspending party deadlines and not issuing further Office actions while a petition filed by a party remains undecided. To date, VirnetX has filed *at least 21 such petitions* in the '1682 proceeding alone. Many are plainly frivolous – one sought to stop the reexamination simply because a jury had found infringement. 95/001,682, Petition (Feb. 15, 2013). Others sought reconsideration of denials of earlier petitions, waivers of page and time limits, or opposed merger, etc.<sup>1</sup> It is simply remarkable that VirnetX suggests now, after doing everything in its power for the past four

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<sup>1</sup> The '1682 proceeding has entered the PTAB appeal phase, and, consistent with its past practice, VirnetX filed *a 109 page appeal brief*, nearly three times the limit allowed by the rules, along with yet another petition to waive those rules.

years to *prevent* the Office from concluding the '1682 proceeding, that proceeding is Apple's fair opportunity to address the merits of the '135 patent.

Finally, VirnetX's depiction of the history of IPR petitions against the '135 patent is both wrong and irrelevant. For example, Apple's first petitions were filed within 1-year of being served with a complaint for infringement after enactment of the *inter partes* authority. At that time, the Board had not yet interpreted § 315(b) to apply to actions initiated before enactment of the statute, an interpretation Apple could not appeal to the Federal Circuit. VirnetX also asserts "Apple had RPX Corporation file" petitions – this *grossly misrepresents* those proceedings. What the Board actually found was that Apple was a real-party-in-interest due to a *contractual relationship* with RPX, not that it had anything to do with RPX's *filings of the petitions*. See, e.g., IPR2014-00171, Paper 49. But most importantly, *none* of these prior decisions addressed the merits of the '135 patent, and none gave Apple an opportunity to join an instituted proceeding. The prior IPR petitions VirnetX identifies are simply irrelevant to the question whether Apple may be properly joined to this instituted *inter partes* review proceeding.

### **III. CONCLUSION**

Under the statute, the Board's rules and prior decisions, and based on the facts presented here, joinder of IPR2016-00062 to IPR2015-01046 is warranted. Apple's motion should be granted.

Petitioner's Reply on Joinder in IPR2016-00062

Dated: January 15, 2016

Respectfully Submitted,

/Jeffrey P. Kushan/

Jeffrey P. Kushan (Reg No. 43,401)

Sidley Austin LLP

1501 K Street NW

Washington, DC 20005

[jkushan@sidley.com](mailto:jkushan@sidley.com)

*Attorney for Petitioner*

**CERTIFICATE OF SERVICE**

I hereby certify that on this 15th day of January, 2016, a copy of this  
Petitioner's Reply in Support of Joinder, has been served in its entirety by e-mail  
on the following counsel of record for patent owner:

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Dated: January 15, 2016

Respectfully submitted,

/Jeffrey P. Kushan/  
Jeffrey P. Kushan  
Reg. No. 43,401



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# **Exhibit 58**

## **Excerpted**

guts of their doctors and nurses. I can still see them in my mind, struggling to keep those hospitals open with the city completely underwater and a parish underwater. This is for Orleans and Jefferson. They still have not been reimbursed for the work that they did during Katrina.

For some reason, we can't get this Congress to understand the importance of what those hospitals did during this great time of need. So I wish to send this in for the RECORD.

**DISASTER DECLARATION**

Ms. LANDRIEU. Mr. President, finally, I wish to urge this administration to provide a 100-percent disaster declaration for at least these parishes. Our Governor has asked for 100 percent for all the parishes—and I am going to put up that chart in a minute—but the Governor believes the entire State deserves to have a 100-percent reimbursement because Gustav went through our whole State, and then Ike came up a few weeks later and flooded and did a tremendous amount of wind damage.

We are not designated as a 100-percent cost share yet, which means the Federal Government would step in and pick up 100 percent of some of these parishes that are on their last leg. They have been through four storms in the last couple years. Unfortunately, and I am not sure why, but several counties in Texas have been granted the first 0 to 14 days at 100 percent. Yet our parishes, which were hit equally as hard, have not yet received that designation.

So I am asking, on their behalf and with the full support of our Governor, our Lieutenant Governor, and others who are leading our effort in the recovery, if the administration would please consider at least giving equal treatment—100 percent, 0 to 14—for the parishes that were as hard hit as the Texas counties were in this aerial.

But do not forget, as I close, that when Hurricane Gustav was in the gulf, our Governor called for a mandatory evacuation, and 2 million people, the largest evacuation in the country's history, left their homes to move temporarily, for a couple days, and then came back. The damage was very bad. It wasn't catastrophic such as Katrina, but it was as bad as Hurricane Rita. But when they came home, the Federal Government said: Well, thank you for evacuating, but there is virtually no help for you or your counties.

It is expensive to evacuate. I know people don't understand, those who have never had to go through it, but it costs hundreds of dollars to fill your tank with gas, if you have a car; it costs hundreds of dollars to stay at a hotel, even if it is just for a day or two; it costs hundreds of dollars to drive down the road to pick up your elderly aunt or your grandmother, who lives in another parish, to get her to evacuate. I can't tell you the expense that people incur.

I don't think the Federal Government should pick up 100 percent of the expense of mandatory evacuations, but I do think, for some period in some parishes, particularly those that have been very hard hit, that the Government, the Federal Government, if they can do it for some of the counties in Texas, most certainly should consider the parishes in Louisiana. So I am going to submit that as my last plea for the RECORD.

I know it has been a long day, but I feel as if we got some things accomplished. I don't know what the schedule will be as the leaders decide on how we bring this particular Congress to a close, but I have to say the work of the recovery is still going on. It will go on for many years. My heart goes out to my neighbors from Texas who are just now discovering with awe and shock, shock and awe, what a hurricane can mean. They haven't had one in 50 years, such as the one in Galveston, and they had one last week. So I know what they are experiencing because we have been through that. I will stand ready to work with them in my committee, as chair of the Subcommittee on Disaster, when we return. Whether it is floods in the Midwest or hurricanes in the gulf, we will continue to, first, try to protect ourselves by better levees and flood control; and then have a better system of aid and help that is reliable and dependable for these people—for our people, our constituents, and our citizens in need.

**PATENT REFORM**

Mr. KYL. Mr. President, I rise today to comment on S. 3600, the Patent Reform Act of 2008. This bill is based on, but makes a number of changes to, S. 1145, a patent reform bill that was reported out of the Judiciary Committee in 2007 but that was never considered by the full Senate.

S. 1145 proposed several salutary and uncontroversial reforms to the patent system, but also included provisions that would rewrite the formula for awarding damages in patent cases and that would create new administrative proceedings for challenging patents. These and other provisions of that bill would have made it much more expensive to hold and defend a patent, would have extended the time for recovering damages for infringement, and would have substantially reduced the amount that the patent holder would ultimately recover for infringement. The changes proposed by S. 1145 went so far that under that bill's regime, it may have proved cheaper in many cases to infringe a patent and suffer the attenuated and reduced consequences of doing so, rather than to pay a license to the holder of the patent. Once such a line is crossed, the incentive to invest in research and development and the commercialization of new technology in this country would be greatly reduced. Such a change would do enormous harm to the U.S. economy in the me-

dium-to-long term. Reputable economists estimate that historically, between 35 and 40 percent of U.S. productivity growth has been the result of innovation.

My bill makes substantial changes to those sections of S. 1145 that address damages, post grant review, venue and interlocutory appeals, applicant quality submissions, and inequitable conduct. This bill will not be considered in this Congress. I nevertheless thought that it would be useful to propose alternative approaches to these issues now, to allow Senators and interested parties the time to consider these alternatives as we prepare for the patent reform debate in the next Congress. I hope that my colleagues will work with me in a bipartisan and deliberative manner to construct a bill that will be considered in the next Congress. With those thoughts in mind, allow me to describe the significant changes that this bill makes to S. 1145.

I believe that S. 1145 goes too far in restricting a patent owner's right to recover reasonable royalty damages. On the other hand, I also believe that there is room for improvement in current law. Some unsound practices have crept into U.S. patent damages litigation. My staff and I spent several months at the end of last year and the beginning of this year discussing the current state of patent damages litigation with a number of seasoned practitioners and even some professional damages experts. I sought out people with deep experience in the field who had not been retained to lobby on pending legislation.

A substantial number of the experts with whom I spoke said that there is nothing wrong with current damages litigation and that Congress should not change the law. Others, however, identified a number of unsound practices that they believe have led to inflated damages awards in a significant number of cases. Different attorneys and experts repeatedly identified the same valuation methods and criteria as being unsound, subject to manipulation, and leading to damages awards that are far out of proportion to an invention's economic contribution to the infringing product. Examples of problematic methodologies that were identified to me include the so-called rule of thumb, under which an infringed patent is presumptively entitled to 40 percent or some other standard portion of all of the profits on a product, the use of the average license paid for patents in an industry as a starting point for calculating the value of a particular patent, and a formula attributed to IBM whereby every high-technology patent is entitled to 1 percent of the revenues on a product. A number of experts also criticized the use of comparables, whereby the value of a patent is calculated by reference to the license paid for a supposedly comparable patent.

The views of those experts who were critical of current damages law find

Subsection (b) of section 327 is designed to allow parties to use first-window proceedings to resolve important legal questions early in the life of such controversies. Currently, for example, if there is debate over whether a particular subject matter or thing is really patentable, parties who disagree with PTO's conclusion that it is patentable must wait until a patent is granted and an infringement dispute arises before the question can be tested in court. In such a situation, subsection (b) would allow parties with an economic interest in the matter to raise the question early in its life. If PTO is wrong and such a thing cannot be patented, subsection (b) creates an avenue by which the question can be conclusively resolved by the Federal circuit before a large number of improper patents are granted and allowed to unjustifiably disrupt an industry. Obviously, subsection (a) alone would not be enough to test the view that PTO has reached an incorrect conclusion on an important legal question, because subsection (a) requires the petitioner to persuade PTO that a claim appears to be unpatentable, and PTO is unlikely to be so persuaded if it has already decided the underlying legal question in favor of patentability. Subsection (a) is directed only at individual instances of error that PTO itself appreciates, while subsection (b) allows PTO to reconsider an important legal question and to effectively certify it for Federal circuit resolution when it appears that the question is worthy of early conclusive resolution.

Subsection (c) of section 327 applies a successive-petition bar of sorts to second or successive petitions for second-period review. It is a rare patent that should be twice subjected to second-window proceedings. Nevertheless, Congress ought not preclude such review entirely. It is possible, for example, that a second-period proceeding may be resolved in a way that suggests that there was some collusion between the petitioner and the patent owner. And PTO may over time identify other circumstances in which even a second or third second-period proceeding is appropriate. Subsection (c) requires that such latter circumstances be exceptional, however.

Lengthy and duplicative proceedings are one of the worst evils of other systems of administrative review of patents. During the pendency of such proceedings, a patent owner is effectively prevented from enforcing his patent. Subsection (c) should ensure that second or successive second-period proceedings are few and far between.

It would be desirable that, when the Director grants petitions, he identify for the parties those issues that he found to be sufficiently established and those that were not. Such a practice would help to expedite proceedings in many cases, as it would limit the issues, and it would also give the patent owner a sense of what issues are important to the board and where he

ought to focus his amendments. Ultimately, though, I decided against requiring such practice in the text of the bill. If a mandate were in the statute, it would create problems for the board in the rare but inevitable case where the board initially identifies one issue as the basis for granting the petition, but it later becomes apparent that a different issue is really the central issue in the case. It is better that these proceedings not become as formal as is certiorari practice in the Supreme Court. Nevertheless, it would be helpful to the process and to the parties if the board were to adopt a practice in the ordinary case of identifying the issues that formed the basis of its grant of the petition.

A few words about joinder: section 325 mandates that multiple first-period proceedings be consolidated, and allows multiple second-period proceedings to be so joined. There is no provision in the bill for successive first-period proceedings, so any additional first-period petition that is worthy of being instituted must be joined with the first one. The threshold imposed by section 327, in combination with the mandates of section 329(c), gives the Director the discretion to reject additional first-period petitions that do not add anything new to the case. This section is not intended to make first-period review operate like a notice-and-comment proceeding, in which everyone gets his say and the agency may be buried under an avalanche of repetitive comments.

In the case of both first and second-period proceedings, additional petitions can be joined only if, among other things, they are properly filed. The words "properly filed" are a term of art that is also employed in section 2244 of title 28 and that has been given content no less than three times during this decade by the U.S. Supreme Court, see *Artuz v. Bennett*, 531 U.S. 4 (2000), *Pace v. DiGuglielmo*, 544 U.S. 408, and *Allen v. Siebert*, 128 S.Ct. 2 (2007). The gist of these decisions is that a petition is properly filed when it is delivered and accepted in compliance with applicable rules governing filings, though particular claims within filings be barred on other procedural grounds, and that time deadlines for filing petitions must be complied with in all cases.

Where possible, I have sought to make the intended operation of these provisions clear and evident on their face, but the interaction between sections 325(b), 327, and 329(b)(2) requires some explanation. Under 329(b)(2), a request to join a second-period proceeding must be made within a time period to be set by the Director. If the request is so made, the additional second-period petition may be joined to a pending proceeding at the discretion of the Director if he has determined that the additional petition satisfies the threshold set in section 327(a). If the 329(b)(2) deadline is not met, however, the additional second-period petition can still be joined to a pending pro-

ceeding at the discretion of the Director if he determines that the additional petition satisfies the threshold set in section 327(c). Section 325(b) requires that a petition be procedurally in order if it is to be considered for joinder, but there is no time deadline that applies to petitions for second-period proceedings, other than that they not be filed before first-period proceedings are concluded. The deadline set pursuant to 329(b)(2) applies only to the motion for joinder, not to the filing of the additional petition itself, and 327(c) expressly contemplates that successive petitions will be filed outside the 329(b)(2) deadline for seeking joinder. Thus a procedurally proper successive petition for second-period review may be joined to a pending proceeding at the discretion of the Director, even if the 329(b)(2) deadline has not been met, so long as the Director determines that the petition satisfies the threshold set in section 327(c).

This is by design. Such a rule encourages petitioners to seek timely joinder to a pending second-period proceeding, but gives the Director discretion to join petitions that meet the successive petition bar even if the request for joinder is untimely. Since an additional petition that satisfies 327(c) would be entitled to its own successive proceeding in any event, it makes sense to allow the Director to join that petition to the pending proceeding, even though joinder was not timely sought.

Section 325(c) gives the PTO broad discretion to consolidate, stay, or terminate any PTO proceeding involving a patent if that patent is the subject of a postgrant review proceeding. It is anticipated, for example, that if a second-period proceeding is instituted and reexam is sought, the Director would be inclined to stay the postgrant review during exhaustion of the reexam. On the other hand, if a postgrant review is near completion, the Director may consolidate or terminate any other PTO proceeding that is initiated with regard to that patent.

Section 329(a)(5) prescribes discovery standards for first-window proceedings, and section 329(b)(3) sets standards for second-period discovery. The standard for allowing second-period discovery is more limited, out of recognition of the fact that the issues that can be raised in that proceeding are few and thus the need for discovery is less. Also, because a second-period proceeding can be instituted long after the patent has issued, it is more burdensome for the patent owner. Limiting second-window discovery limits that burden. Subparagraph (A) of section 329(b)(3) thus allows depositions of witnesses submitting statements, and subparagraph (B) allows further discovery as necessary in the interest of justice. This latter standard restricts additional discovery to particular limited situations, such as minor discovery that PTO finds to be routinely useful, or to discovery that is justified by the special circumstances of the case. Given the time

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# **Exhibit 59**

1 ALDERSON REPORTING COMPANY

2 HJU104000

3 MARKUP OF H.R. 1249, THE AMERICA INVENTS ACT

4 Thursday, April 14, 2011

5 House of Representatives

6 Committee on the Judiciary

7 Washington, D.C.

8           The committee met, pursuant to call, at 10:35 a.m., in  
9 Room 2141, Rayburn Office Building, Hon. Lamar Smith  
10 [chairman of the committee] presiding.

11           Present: Representatives Smith, Sensenbrenner, Coble,  
12 Gallegly, Goodlatte, Lungren, Chabot, Issa, Pence, Forbes,  
13 King, Franks, Gohmert, Jordan, Poe, Chaffetz, Griffin,  
14 Marino, Gowdy, Ross, Adams, Quayle, Conyers, Berman, Nadler,  
15 Scott, Watt, Lofgren, Jackson Lee, Waters, Cohen, Johnson,  
16 Pierluisi, Quigley, Chu, Deutch, Sanchez, and Wasserman  
17 Schultz.

18           Staff present: Sean McLaughlin, Chief of Staff;  
19 Allison Halatei, Deputy Chief of Staff/Parliamentarian;  
20 Sarah Kish, Clerk; Perry Apelbaum, Minority Staff Director;  
21 and Chrystal Sheppard.  
22

1408 genuine issues in the case in order to prepare an effective  
1409 petition.

1410 I think this is a fair approach for both the patent  
1411 owner and those accused of infringement. It preserves the  
1412 ability of inter partes while still preventing undue delay,  
1413 and while there is no deadline tied to litigation in the  
1414 status quo, proponents of strict deadlines really haven't  
1415 given any real world examples that I am aware of of inter  
1416 partes challenges that have been unduly delayed or harm that  
1417 would occur therefor.

1418 So if there are concerns, they are theoretical, and  
1419 regardless of the deadline, defendants have a significant  
1420 incentive to file their petitions for IPR as early as  
1421 possible. If the defendant waits too long to file, it could  
1422 lose at trial and be forced into paying damages for  
1423 infringement before the PTO makes a decision to invalidate  
1424 the patent.

1425 So I think this amendment is a middle ground and  
1426 improves the bill, and I hope that the members will see fit  
1427 to approve it.

1428 And I yield back.

1429 Chairman Smith. Thank you, Ms. Lofgren.

1430 I will recognize myself in opposition to the  
1431 amendment.

1432 This amendment expands the inter partes review program  
1433 from 12 months after the filing of a civil action to 30 days  
1434 after the Markman hearing. This amendment could create an  
1435 open-ended process because there is actually no guarantee  
1436 that a Markman hearing will even take place. The inter  
1437 partes proceeding in H.R. 1249 has been carefully written to  
1438 balance the need to encourage its use while at same time  
1439 preventing the serial harassment of patent holders. This  
1440 bill represents a delicate balance, and making such a core  
1441 change to the deadline may turn the inter partes program  
1442 into a tool for litigation gamesmanship rather than a  
1443 meaningful and less expensive alternative to litigation.

1444 For those reasons, I oppose the amendment.

1445 Are there other members who wish to be heard on this  
1446 amendment?

1447 [No response.]

1448 Chairman Smith. If not, we will vote on it. All  
1449 those in -- the gentleman from California, Mr. Berman, is  
1450 recognized.

1451 Mr. Berman. Mr. Chairman, the issue you raise -- I



1452 rise to suggest an alternative to the amendment, although I  
1453 think the amendment is good.

1454         If there is a Markman hearing, that is the logical  
1455 time to cut off the ability to stay a court case, 30 days  
1456 afterwards. So on the face of it, I think the amendment  
1457 makes sense. You raise legitimately what if there is no  
1458 Markman hearing. So what if the gentlelady's amendment said  
1459 the Markman hearing or no later than 18 months so that if  
1460 there were no Markman hearing, the time set, they could not  
1461 go beyond the 18 months? Would that make it then more  
1462 attractive to you? It would deal with this issue of no  
1463 Markman hearing.

1464         Remember, under existing law -- first of all, the stay  
1465 is never mandated. The court gets to decide whether or not  
1466 to have a stay. And your bill, I think, is a positive  
1467 improvement on the Senate language which was only 6 months,  
1468 but conceptually knowing what claims are going to be  
1469 litigated makes the most sense in terms of telling the  
1470 defendant they no longer can use inter partes reexam as an  
1471 effort to stall the litigation. They got to do it within 30  
1472 days of the Markman hearing or if they haven't gotten the  
1473 Markman hearing or aren't going to get a Markman hearing, no

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# **Exhibit 60**

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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TARGET CORPORATION,  
Petitioner,

v.

DESTINATION MATERNITY CORPORATION,  
Patent Owner.

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Case IPR2014-00508  
Patent RE43,563 E

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Before MICHAEL P. TIERNEY, LORA M. GREEN, JONI Y. CHANG,  
THOMAS L. GIANNETTI, JENNIFER S. BISK,  
MICHAEL J. FITZPATRICK, and MITCHELL G. WEATHERLY,  
*Administrative Patent Judges.*

Opinion for the Board filed by *Administrative Patent Judge*  
LORA M. GREEN.

Opinion Dissenting filed by *Administrative Patent Judge*  
MICHAEL J. FITZPATRICK, in which *Administrative Patent Judges*  
JENNIFER S. BISK and MITCHELL G. WEATHERLY join.

GREEN, *Administrative Patent Judge.*

DECISION  
Granting Petitioner's Request for Rehearing  
*37 C.F.R. § 42.71*

## I. INTRODUCTION

Petitioner, Target Corporation (“Target”), requests reconsideration of our Decision Denying Joinder of the instant proceeding with IPR2013-00531 (Paper 18), as well as our Decision Denying Institution of *Inter Partes* Review (Paper 20). Paper 22 (“Request for Rehearing”). Patent Owner, Destination Maternity Corporation, was authorized to file an Opposition (Paper 24), to which Petitioner was authorized to file a Reply (Paper 25). For the reasons discussed below, we grant the Request for Rehearing.

## II. BACKGROUND

Petitioner filed a Petition for *inter partes* review of U.S. Patent No. RE43,563 E (“the ’563 patent”) on March 14, 2014 (Paper 1), and concurrently filed a Motion for Joinder, requesting joinder of this proceeding with IPR2013-00531, involving the same parties and patent as this proceeding. Paper 3. To facilitate joinder and to reduce the burden on Patent Owner, Petitioner requested authorization to file a Motion to Limit the Petition to simplify the issues presented. With the Board’s authorization, Petitioner filed such a motion, limiting the claims challenged to two: claims 20 and 21.<sup>1</sup> Paper 7. In IPR2013-00531, the Board instituted a trial as to claim 20, but not claim 21. *Id.* at 1; *see* IPR2013-00531, Paper 10, 29. In its Motion to Limit the Petition in the current proceeding, Petitioner moved to limit the new grounds of challenge to five. Paper 7, 1–2. All but one of the

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<sup>1</sup> Petitioner included also claim 1 in its motion, on the theory that as claims 20 and 21 are dependent on claim 1, any challenge of claims 20 and 21 would necessarily also apply to claim 1. Paper 7, 2 n.3.

new grounds is based upon a Japanese patent publication (Asada), which Petitioner contends was known to Patent Owner and requested in federal court discovery, but which was withheld from Petitioner until after the Petition in IPR2013-00531, and a bar under 35 U.S.C. § 315(b) arose. Paper 3, 2–3. Petitioner’s Motion for Joinder was filed, no later than one month after institution of the trial in IPR2013-00531, which is timely in accordance with 37 C.F.R. § 42.122(b).

### III. ANALYSIS

When rehearing a decision on petition, the Board reviews the decision for an abuse of discretion. 37 C.F.R. § 42.71(c). An abuse of discretion occurs, *inter alia*, when a “decision . . . [was] based on an erroneous conclusion of law.” *Stevens v. Tamai*, 366 F.3d 1325, 1330 (Fed. Cir. 2004). A request for rehearing “must specifically identify all matters the party believes the Board misapprehended or overlooked.” 37 C.F.R. § 42.71(d).

#### A. *Whether the Board has the Authority to Expand the Panel*

As an initial matter, Patent Owner contends that there is no regulatory or statutory authority for the Board to expand the panel. Paper 24, 7. Patent Owner argues that the regulation that governs rehearing, 37 C.F.R. § 42.71(d), does not authorize rehearing by an expanded panel, but is instead directed to rehearing by the same panel, not a different panel. *Id.* at 8–9. According to Patent Owner, “the designation of an enlarged panel to try to change the current panel’s conclusion affects Destination Maternity’s substantive rights . . . since it is being done here to change the outcome of this inter partes proceeding, which is now not instituted.” *Id.* at 10 (citing *In re Alappat*, 33 F.3d 1526, 1575 n.6 (Fed. Cir. 1994), *overruled on other*

*grounds by In re Bilski*, 545 F.3d 943 (Fed. Cir. 2008)). Patent Owner contends also that the Board’s Standard Operating Procedure 1 (“SOP1”)<sup>2</sup> does not govern the proceedings before the Patent Trial and Appeal Board (“PTAB”), including the proceedings created under the America Invents Act<sup>3</sup> (“AIA”), as it was issued by a Chief Administrative Patent Judge of the Board of Patent Appeals and Interferences (“BPAI”), which no longer exists. *Id.* at 11–12.

We are not persuaded by Patent Owner’s arguments. Section 6(c) of Title 35 reads (in relevant part; emphasis added):

(c) 3-MEMBER PANELS.—Each appeal, derivation proceeding, post-grant review, and inter partes review shall be heard by *at least 3 members* of the Patent Trial and Appeal Board, who shall be designated by the Director. Only the Patent Trial and Appeal Board may grant rehearings.

Thus, Congress did not limit the panel that may hear an *inter partes* review to a three member panel, but set only the minimum size of the panel. That is, the statute specifies that an *inter partes* review must be heard by *at least* three Administrative Patent Judges.

We have considered the decision of the Court of Appeals for the Federal Circuit in *In re Alappat*, but that decision also does not persuade us otherwise. An issue in that case was whether 35 U.S.C. § 7 (1988) granted the Commissioner of the Patent and Trademark Office the authority to

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<sup>2</sup> See Standard Operating Procedure 1 (Rev. 13), *Assignment of judges to merits panels, motions panels, and expanded panels* (Feb. 12, 2009) (available at <http://www.uspto.gov/ip/boards/bpai/procedures/index.jsp>).

<sup>3</sup> Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011).

designate the members of what was an expanded panel to consider a request for reconsideration of a BPAI decision. *Alappat*, 33 F.3d at 1531–32. The Federal Circuit held that it did. *Id.* at 1532. In particular, the Federal Circuit noted as to the expansion of the panel, that “[b]y use of the language ‘at least three,’ Congress expressly granted the Commissioner the authority to designate expanded Board panels made up of more than three Board members.” *Id.*

We acknowledge that the court, in passing, noted:

[T]he Commissioner’s authority to designate the members of a Board panel may or may not be constrained by principles of due process or by Title 5, the Administrative Procedure Act (APA). However, as noted herein, *Alappat* has not raised any such arguments in this appeal, and therefore we need not address such issues.

*Id.* at 1532 n.4. Thus, while noting that due process considerations “may or may not” limit the ability of the Commissioner to expand a panel on rehearing, the Federal Circuit expressly declined to address that issue in *Alappat*.

Moreover, whether SOP1 governs AIA trial proceedings is irrelevant, because, as confirmed by the Federal Circuit in *Alappat*, the Director has the statutory authority to designate an expanded panel. Thus, the Chief Judge, acting on behalf of the Director, has the authority to designate an expanded panel in appropriate cases. *See, e.g.*, Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions, 77 Fed. Reg. 48,612, 48,647 (Aug. 14, 2012) (“When rehearing a petition decision, the Office envisions that the decision will typically be reviewed by *a panel of at least three administrative patent judges.*”) (emphasis added).

As noted by the dissenting opinion in the Decision Denying Joinder, the Board consistently has allowed joinder of additional grounds by the same party. Paper 18, 2 (Green, dissenting) (citing *Ariosa Diagnostics v. Isis Innovation Ltd.*, Case IPR2012-00022 (PTAB Sept. 2, 2014) (Paper 166)(“*Ariosa*”); *Samsung Elecs. Co. v. Virginia Innovation Scis., Inc.*, Case IPR2014-00557 (PTAB June 13, 2014) (Paper 10); *Microsoft Corp. v. Proxyconn, Inc.*, Case IPR2013-00109 (PTAB Feb. 25, 2013) (Paper 15); *ABB Inc. v. Roy-G-Biv Corp.*, Case IPR2013-00282 (PTAB Aug. 9, 2013) (Paper15)). The inconsistencies in the interpretation of the statute presented by the Decision Denying Joinder in the instant proceeding are a sufficient reason for expanding the panel. We, therefore, conclude that the Board has the discretion to expand the panel as provided for in 35 U.S.C. § 6(c).

*B. Statutory Interpretation of 35 U.S.C. § 315(c)*

Turning now to the merits of the Request for Rehearing, the contention at the heart of Petitioner’s request for rehearing is that the denial of its Motion for Joinder was “based on an erroneously narrow interpretation of 35 U.S.C. § 315(c).” Paper 22, 1. We agree with Petitioner.

Statutory interpretation begins with the language of the statute itself. *Ransom v. FIA Card Serv.*, 131 S. Ct. 716, 723–24 (2011). Terms that are not defined expressly by a statutory scheme are given their ordinary meaning. *Id.* “[O]ur task is to ‘give effect, if possible, to every clause and word of [the] statute, avoiding, if it may be, any construction which implies that the legislature was ignorant of the meaning of the language it employed.’” *Mitchell v. MSPB*, 741 F.3d 81, 84 (Fed. Cir. 2014) (quoting *Inhabitants of Montclair Twp. v. Ramsdell*, 107 U.S. 147, 152 (1883)).



The statute governing joinder of *inter partes* review proceedings, 35 U.S.C. § 315(c), provides (emphasis added):

(c) JOINDER.—If the Director institutes an inter partes review, the Director, in his or her discretion, may join as a party to that inter partes review *any person who properly files a petition under section 311* that the Director, after receiving a preliminary response under section 313 or the expiration of the time for filing such a response, determines warrants the institution of an inter partes review under section 314.

We recognize that although the plain language of the statute mentions joinder of “a party,” and does not mention specifically the joinder of issues, the statute states that “any person who properly *files a petition* under section 311” may be joined at the Director’s discretion. Filing a petition under § 311 is, therefore, a predicate to joinder.

As noted by Petitioner (Paper 22, 5–6), § 311(a) specifies who can file a petition for *inter partes* review. Under that section, “a person who is not the owner of a patent may file with the Office a petition to institute an inter partes review of the patent.” Thus, when “any person” is read in light of § 311(a), the only person excluded by the language is the owner of the patent at issue. More specifically, the statute does not exclude a person who is already a petitioner in an instituted review proceeding that is the subject of the joinder analysis. The choice of Congress to exclude only Patent Owners is telling. *See, e.g., Figueroa v. Sec’y of Health & Human Servs.*, 715 F.3d 1314, 1322 (Fed. Cir 2013) (“[T]he term left out must have been meant to be excluded.” (quoting *Chevron U.S.A. Inc. v. Echazabal*, 536 U.S. 73, 81 (2002))); *Gonzalez v. Dep’t of Transp.*, 551 F.3d 1372, 1375 (Fed. Cir. 2009) (“Where Congress explicitly enumerates certain exceptions to a general prohibition, additional exceptions are not to be implied in the absence of

evidence of a contrary legislative intent.” (quoting *Espenschied v. MSPB*, 804 F.2d 1233, 1237 (Fed. Cir. 1986))).

Moreover, the word “any” may be defined as “one or more without specification or identification.”<sup>4</sup> If the legislature meant to exclude joining the same petitioner to an instituted *inter partes* review, it is unclear why it used the word “any” in the statute, such that “any person” who properly files a petition may be joined. Congress could have specified “any non-party” instead of “any person.” An interpretation that requires us to read “any party” as excluding a same petitioner, in essence, reads the word “any” out of the statute and ignores the statutory language of § 311(a).<sup>5</sup>

Central to the Decision Denying Joinder is the conclusion that the language of the statute is unambiguous. We, however, disagree. We acknowledge that, as written, there is some ambiguity in the statute. Once ambiguity in the statutory language is recognized, the legislative history and other factors become relevant. We, therefore, look at the remainder of the statutory language and the legislative history, as well as the statutory purpose to aid us in resolving that ambiguity.

Section 315(c) specifies that a person seeking joinder need “properly file[ ] a petition under section 311.” According to the Decision Denying

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<sup>4</sup> Random House, Inc., *Any*, DICTIONARY.COM UNABRIDGED, <http://dictionary.reference.com/browse/any> (last visited September 22, 2014).

<sup>5</sup> While the dissent reiterates the arguments made in Decision Denying Joinder (Dissenting Op. 5), it does not reconcile the language of § 315(c) with § 311, which, as discussed above, specifically defines who may file a petition, that is, “a person who is not the owner of a patent.”

Joinder, “the plain language of § 315(c) permits joinder of only a party to an instituted *inter partes* review,” and thus, under that construction, joinder of issues would not be permitted. Paper 18, 11. The Decision Denying Joinder accounted for the statutory requirement for a petition to be filed with a request for joinder as serving the purpose of identifying the real parties in interest, related matters, lead and backup counsel, and service information. *Id.* at 5–6. In our view, however, a careful reading of § 315(c), as well as statutory sections relating to the content of a petition, however, demonstrates that the Decision Denying Joinder, selectively read out portions of the statute.

Section 315(c) specifies that joinder may be granted only after a person “properly files a petition under section 311,” such that the Director, “after receiving a preliminary response under section 313 or the expiration of the time for filing such a response, determines [that the petition] warrants the institution of an *inter partes* review under section 314.” Section 314 does not discuss the real parties in interest, related matters, lead and backup counsel, and service information, but instead presents the standard for instituting *inter partes* review on the merits of grounds presented in a petition. Specifically, subsection (a) states:

**THRESHOLD.** -- The Director may not authorize an *inter partes* review to be instituted unless the Director determines that the information presented in the petition filed under section 311 and any response filed under section 313 shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.

35 U.S.C. § 314(a). Section 315(c), by specifically referencing § 314, clearly contemplates that the merits of the petition be considered in

determining whether joinder is granted, and thus, as a consequence, necessarily contemplates joinder of issues as well as joinder of parties.

Moreover, review of §§ 311(b) and 312 of the statute further supports our construction. Section 311(b) states that “[a] petitioner . . . may request to cancel as unpatentable 1 or more claims of a patent only on a ground that could be raised under section 102 or 103.” Section 312, which sets forth the requirements of the petition, specifies that the petition need identify “with particularity, each claim challenged, the grounds on which the challenge to each claim is based, and the evidence that supports the grounds for the challenge to each claim.” Thus, as is evident from those sections of the statute, the primary purpose of the petition is to frame the issues for *inter partes* review. By requiring a properly filed petition, Congress has made it clear that § 315(c) contemplates the joinder of issues, as well as parties.

We conclude further that the legislative history of that section supports our view that allowing joinder of issues, and not just the joinder of parties, was intended. We acknowledge, as the dissent notes, that the Final Committee Report states, with respect to §§ 315(c) and 325(c), that “[t]he Director may allow other petitioners to join an inter partes or post-grant review.” *See* H.R. Rep. No. 112-98, pt.1, at 76 (2011). While that statement may expressly refer to “other petitioners,” it does not preclude joinder of a same petitioner. During the Senate’s March 2011 debates on the AIA, Senator Kyl explained that the USPTO expected to allow liberal joinder of reviews, including those having new arguments:

The Office anticipates that joinder will be allowed as of right— if an inter partes review is instituted on the basis of a petition, for example, a party that files an identical petition will be joined to that proceeding, and thus allowed to file its own briefs and

make its own arguments. If a party seeking joinder also presents additional challenges to validity that satisfy the threshold for instituting a proceeding, the Office will either join that party and its *new arguments* to the existing proceeding, or institute a second proceeding for the patent.

157 Cong. Rec. S 1376 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl) (emphasis added). By specifically referring to “new arguments,” Senator Kyl’s remarks contemplate not only the joinder of parties, but, in conflict with the dissent’s interpretation of the statute, specifically contemplate the joinder of additional issues to the pending proceeding. *See also* 154 Cong. Rec. S 9988 (daily ed. Sept. 27, 2008) (statement of Sen. Kyl) (“[A]dditional petitions can be joined only if, among other things, they are properly filed.”); *id.* (“[A] procedurally proper successive petition for . . . review may be joined to a pending proceeding at the discretion of the Director, even if the 329(b)(2) deadline has not been met, so long as the Director determines that the petition satisfies the threshold set in section 327(c).”)

Noting that §§ 315(c) and 325(c) give the USPTO discretion over whether to allow joinder, Senator Kyl observed that “[t]his safety valve will allow the Office to avoid being overwhelmed if there happens to be a deluge of joinder petitions in a particular case.” 157 Cong. Rec. S 1376 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl). The Board will determine whether to grant joinder on a case-by-case basis, taking into account the particular facts of each case, substantive and procedural issues, and other considerations. *See id.* (stating that when determining whether and when to allow joinder, the Office may consider factors including “the breadth or unusualness of the claim scope” and claim construction issues). Those remarks highlight the discretion given to the USPTO by Congress in joinder matters. We, thus,

conclude that there is nothing in the language of the statute governing joinder, 35 U.S.C. § 315(c), nor anything in its legislative history, that limits joinder to the joinder of parties only. In fact, joinder of issues was specifically envisioned by Congress.

Consideration of the purpose of the AIA also supports our construction. *See, e.g., Ransom*, 131 S. Ct. at 725 (considering statutory purpose in determining the construction of a term in the Bankruptcy Abuse Prevention and Consumer Protection Act). It is significant that a primary purpose of the AIA was to “limit unnecessary and counterproductive litigation costs.” 157 Cong. Rec. S1349 (daily ed. Mar. 8, 2011) (statement of Sen. Leahy). We look also to our rule governing joinder in *inter partes* review, 37 C.F.R. § 42.122(b), which states:

*Request for joinder.* Joinder may be requested by a patent owner or petitioner. Any request for joinder must be filed, as a motion under § 42.22, no later than one month after the institution date of any *inter partes* review for which joinder is requested. The time period set forth in § 42.101(b) shall not apply when the petition is accompanied by a request for joinder.

The policy basis for construing our rules for these proceedings, which were prescribed as mandated by 35 U.S.C. § 316, is expressed in 37 C.F.R. § 42.1(b): The rules “shall be construed so as to ensure the just, speedy, and inexpensive resolution of every proceeding.” *See also* Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,758 (Aug. 14, 2012) (stating the same). Thus, even if some claims of the ’563 patent were to be found unpatentable in IPR2013-00531, by removing the discretion to join claim 21, as well as the new challenges presented in the instant proceeding, the case would necessarily have to go back to the district court for a separate determination as to those claims and challenges not at issue in IPR2013-

00531. That could result in a waste of judicial resources, increase the litigation costs to both parties, and be contrary to the purpose of ensuring a “just, speedy, and inexpensive resolution.”

A review of the facts as presented in Target’s Petition for Joinder suggests that joinder may well have been appropriate had the majority in the Decision Denying Joinder decided the issues that were briefed by the parties, and had reached the merits of those issues. Specifically, the overlap in issues and Petitioner’s agreement to limit the Petition to facilitate joinder are significant factors that should have been considered, but were precluded by the Decision Denying Joinder. *See, e.g., ABB Inc. v. Roy-G-Biv Corp.*, Case IPR2013-00286 (PTAB Aug. 9, 2013) (Paper 14) (permitting joinder of issues presented by the same petitioner to an already instituted trial after the petitioner agreed to limit the issues presented by the second filed petition). That is, permitting joinder in this case may well have served the statutory objective of decreasing litigation costs and conserving judicial resources. The statutory construction proposed by the Decision Denying Joinder, however, would deprive the Board of any discretion to move forward in such circumstances, where a petitioner in a prior *inter partes* proceeding seeks joinder of an issue to that proceeding, and may not bring a separate petition because of a § 315(b) bar. *See Chevron, U.S.A., Inc. v. Natural Resources Defence Council*, 367 U.S. 837, 843 (1984) (noting that “considerable weight should be accorded to an executive department’s construction of a statutory scheme it is entrusted to administer.”); *see also Heckler v. Chaney*, 470 U.S. 821, 832 (1985) (noting that “courts generally will defer to an agency’s construction of the statute it is charged with implementing, and to the procedures it adopts for implementing that statute.”).

Patent Owner agrees with the Decision Denying Joinder that 35 U.S.C. § 315(c) addresses joinder of parties, not issues. Paper 24, 1–2. According to Patent Owner, “where there are multiple proceedings involving the same patent, as here, Congress refers to ‘consolidation,’” which is addressed in § 315(d). *Id.*

We are not persuaded by Patent Owner’s argument. Section 315(d) discusses consolidation and states:

**MULTIPLE PROCEEDINGS**—Notwithstanding sections 135(a), 251, and 252, and chapter 30, during the pendency of an inter partes review, if another proceeding or matter involving the patent is before the Office, the Director may determine the manner in which the inter partes review or other proceeding or matter may proceed, including providing for stay, transfer, consolidation, or termination of any such matter or proceeding.

“Consolidation,” as used in § 315(d) is different from “joinder” as used in § 315(c), as § 315(d) allows consolidation of different types of proceedings before the Office. Although consolidation, like joinder, may include a second *inter partes* review of the same patent, other types of proceedings, such as post-grant reviews and reexaminations, are also eligible. *See* 157 Cong. Rec. S 9988 (daily ed. Sept. 27, 2008) (statement of Sen. Kyl) (“Section 325(c) gives the PTO broad discretion to consolidate, stay, or terminate any PTO proceeding involving a patent if that patent is the subject of a post-grant review proceeding. It is anticipated, for example, that if a . . . proceeding is instituted and reexam[ination] is sought, the Director would be inclined to stay the postgrant review during exhaustion of the reexam[ination]. On the other hand, if a postgrant review is near completion, the Director may consolidate or terminate any other PTO proceeding that is initiated with regard to that patent.”).



For joinder under § 315(c), the petition need not be filed within a year of receiving a complaint alleging infringement of the patent at issue, as required § 315(b). With consolidation under § 315(d), there is no waiver of that requirement. Thus, Congress provided two separate and distinct ways to manage parallel proceedings. As explained above, Patent Owner's proffered interpretation would deprive the Board of any opportunity to use either provision to move forward in circumstances where a petitioner in a prior *inter partes* proceeding seeks joinder of an issue to that proceeding, and may not bring a separate petition because of a § 315(b) bar.

Patent Owner contends further that § 315(d) limits the proceeding that may be consolidated with the *inter partes* review to one involving the same patent, whereas § 315(c) does not. Paper 24, 3; *see also* Paper 22, 9 n.3 (Petitioner agreeing that there is no language in § 315(c) that limits joinder to the same patent). Patent Owner argues also that there is nothing in the language of § 315(c) that limits the number of petitions that may be filed, and thus, Petitioner's construction "allows joinder of petitions including any arguments and concerning any patents, and allows multiple, successive petitions." Paper 24, 3. Patent Owner contends that this reading of § 315(c) creates an "untenable" result (*id.* at 2) and "ignores one of Congress's greatest concerns—expressed throughout the legislative history: 'harassment of patent owners who want to assume quiet title over their invention'" (*id.* at 4).

We agree with Petitioner (Paper 25, 1), however, that the remedy to the possible abuses of joinder, including those suggested by Patent Owner, is found in the language of § 315(c) itself. That is, § 315(c) specifies that joinder is at the discretion of the Director, and the Board has exercised that

discretion in situations that may have resulted otherwise, in Patent Owner's words, "untenable results." *See, e.g., Reloaded Games, Inc. v. Parallel Networks LLC.*, Case IPR2014-00950, slip. op. at 4–5 (PTAB Oct. 22, 2014) (Paper 12) (denying joinder request by the same petitioner, concluding that the petitioner was seeking "a second bite of the apple" on grounds that could have been raised in the earlier petition); *Medtronic, Inc. v. Endotach LLC*, Case IPR2014-00695, slip. op. at 5 (PTAB Sept. 25, 2014) (Paper 18) (denying joinder request by the same petitioner based, in part, that Petitioner created its own § 315(b) bar situation); *Apple Inc. v. Virnetx, Inc.*, Case IPR2014-00485, slip. op. at 8 (PTAB Sept. 16, 2014) (Paper 18) (denying joinder request in which the proceedings involved different patents involving claims of different scope).

Moreover, even assuming Patent Owner is correct that one objective of the AIA is to prevent harassment of patent owners who want to enjoy quiet title to their patent, it is unclear how that goal would be met here by denying joinder. Petitioner has limited the Petition to claims 20 and 21, which both depend on claim 1. Paper 7, 2. Thus, if independent claim 1 were determined unpatentable in IPR2013-00531, that determination may possibly cast doubt on Patent Owner's entitlement to dependent claims 20 and 21.

Finally, Patent Owner argues that the Board could not have misapprehended or overlooked any matters, as Petitioner's Request for Rehearing merely "reiterates arguments made by the dissent in the Board's Decision Denying Motion for Joinder." Paper 24, 14. That is, according to Patent Owner, as Petitioner's Request for Rehearing only repeats the arguments made by the dissent, it cannot meet the "misapprehended or

overlooked” standard and, thus, must be rejected on that ground alone. *Id.* at 15.

We are not persuaded by this argument. A conclusion based on an erroneous interpretation of law constitutes an abuse of discretion. *See Stevens*, 366 F.3d at 1331. We conclude that Petitioner is correct in its contention that the Decision Denying Joinder was based on an erroneously narrow interpretation of 35 U.S.C. § 315(c). We, therefore, determine that Petitioner’s Request for Rehearing was proper.

#### IV. CONCLUSION

For the foregoing reasons, we conclude that the Decision Denying Joinder was based on an improper construction of 35 U.S.C. § 315(c), and thus, the denial of joinder on that basis alone constituted an abuse of discretion. Accordingly, Petitioner’s Request for Rehearing is *granted*.

Opinion Dissenting filed by *Administrative Patent Judge* FITZPATRICK, in which BISK and WEATHERLY, *Administrative Patent Judges*, join.

## I. INTRODUCTION

Via expanded panel, the majority grants rehearing of the Decision Denying Joinder. To do so, it rewrites two subsections of 35 U.S.C. § 315; reads past the most relevant provision of the Final Committee Report; misinterprets ambiguous statements by a single Member of Congress, some of which were made in connection with a version of a bill that differed materially from the enacted legislation; relies on non-binding prior Board decisions that allowed joinder of issues without explicitly analyzing § 315(c); and relies on the Board’s Rules and Office Patent Trial Practice Guide, which cannot trump a federal statute. In doing so, the majority converts a statutory bar to *inter partes* review into a discretionary bar. We respectfully dissent.<sup>1</sup>

## II. BACKGROUND

The majority asserts that the Decision Denying Joinder “would deprive the Board of any discretion to move forward in such circumstances, where a petitioner in a prior *inter partes* proceeding seeks joinder of an issue to that proceeding, and may not bring a separate petition because of a

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<sup>1</sup> We recognize that in opposition to Petitioner’s Request for Rehearing, Patent Owner also makes procedural arguments related to the makeup of the panel. Paper 24, 7–13. Specifically, Patent Owner argues that creating a panel of seven to decide Petitioner’s Request for Rehearing would violate Due Process, the Administrative Procedures Act, and 35 U.S.C. § 2(b)(2). *Id.* Because we would not grant rehearing, we decline to address these additional arguments.

§ 315(b) bar.” Maj. Op. 14. To say that the Decision Denying Joinder would deprive the Board of discretion, however, presumes that the Board begins with the broad discretion resulting from the majority’s interpretation of § 315(c). The divergence in the two interpretations of § 315(c) stems from fundamentally different approaches to reading the statute. The majority reads § 315(c) as if it grants discretion for the Board to act in any way not expressly prohibited by the statute. By contrast, we interpret § 315(c) to grant discretion for the Board to act only in ways that are stated expressly in the statute. For reasons expressed more specifically below, we consider our interpretation also to be more consistent with the other portions of the statutory framework than the majority’s interpretation.

### III. 35 U.S.C. § 315(c)

Petitioner filed a Motion for Joinder pursuant to § 315(c). Paper 3, 1. Specifically, Petitioner seeks to have the instant “Petition . . . joined with the instituted *inter partes* review, *Target Corp. v. Destination Maternity Corp.*, IPR2013-00531.” *Id.*

#### A. The Statutory Language

As our reviewing court has noted, “[a]s always, the ‘starting point in every case involving construction of a statute is the language itself.’” *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1425 (Fed. Cir. 1988) (quoting *United States v. Hohri*, 482 U.S. 64, 69 (1987) and *Kelly v. Robinson*, 479 U.S. 36, 43 (1986)). Additionally, “[i]n expounding a statute, we must not be guided by a single sentence or member of a sentence, but look to the provisions of the whole law, and to its object and policy.” *Kelly*, 479 U.S. at

43 (quoting *Offshore Logistics, Inc. v. Tallentire*, 477 U.S. 207, 222 (1986)).

The statute under which Petitioner seeks relief provides:

(c) JOINDER.—If the Director institutes an inter partes review, the Director, in his or her discretion, may *join as a party* to that inter partes review *any person who properly files a petition* under section 311 that the Director, after receiving a preliminary response under section 313 or the expiration of the time for filing such a response, determines warrants the institution of an inter partes review under section 314.

35 U.S.C. § 315(c) (emphasis added). The statute does not refer to the joining of a petition or new patentability challenges presented therein. Rather, it refers to the joining of a petitioner (i.e., “any person who properly files a petition”). *Id.* Further, it refers to the joining of that petitioner “as a party to [the instituted] inter partes review.” *Id.* Because Target is already a party to the proceeding in IPR2013-00531, Target cannot be *joined* to IPR2013-00531.

The majority points out that the Board consistently has allowed joinder of additional grounds by the same party. *See, e.g.*, Maj. Op. 6. But, only the *Ariosa* panel explicitly construed § 315(c). *Compare Ariosa Diagnostics v. Isis Innovation Ltd.*, Case IPR2012-00022 (PTAB Sept. 2, 2014) (Paper 166) (explicitly interpreting § 315(c)) *with Samsung Elecs. Co. v. Virginia Innovation Scis., Inc.*, Case IPR2014-00557 (PTAB June 13, 2014) (Paper 10) (“*Samsung*”), *Sony Corp. v. Yissum Research Dev. Co. of the Hebrew Univ. of Jerusalem*, Case IPR2013-00327 (PTAB Sept. 24, 2013) (Paper 15), *ABB Inc. v. Roy-G-Biv Corp.*, Case IPR2013-00286 (PTAB Aug. 9, 2013) (Paper 14), *Microsoft Corp. v. Proxyconn, Inc.*, Case IPR2013-00109 (PTAB Feb. 25, 2013) (Paper 15). Given that the majority concludes that the statute is ambiguous, it should not place any weight on

such decisions, which are not binding and do not analyze the statute explicitly.

The *Ariosa* panel construed § 315(c) as authorizing joinder of issues presented in another petition. *Ariosa* at 18–21. In fact, *Ariosa* interpreted § 315(c) as authorizing joinder of issues presented in another petition *brought by the same petitioner. Id.* The decision stated:

While the plain language of the statute mentions joinder of “a party” and does not specifically articulate the joinder of issues, it states that “any person who properly files a petition under section 311” may be joined at the Director’s discretion. Thus, there does not appear to be any language in the statute directly prohibiting the joinder of issues by the same party.

*Id.* at 19.

We agree with *Ariosa*’s characterization of the express content of § 315(c), but we reach a different conclusion. In our view, the absence from the statute of an express prohibition against joining issues presented in another petition to an instituted *inter partes* review does not inform whether the authority to do so has been granted. “[A]n agency’s power is no greater than that delegated to it by Congress.” *Lyng v. Payne*, 476 U.S. 926, 937(1986); *Killip v. Office of Pers. Mgmt.*, 991 F.2d 1564, 1569 (Fed. Cir. 1993) (“An agency is but a creature of statute. Any and all authority pursuant to which an agency may act ultimately must be grounded in an express grant from Congress.”). Indeed, if the absence of a prohibition constituted a grant of authority, § 315(c)’s express grant of authority for joining a party would be superfluous. We view the statute as authorizing only what it states, i.e., that the Director “may join as a party to that *inter partes* review any person who properly files a petition.” 35 U.S.C. § 315(c).

1. “*Re-Joining*” an Existing Party

Central to the majority’s opinion is its focus on the statutory language “any person” to the exclusion of other statutory language, in particular the phrase “join as a party.” The majority erroneously characterizes the Decision Denying Joinder as reading the word “any” out of § 315(c). It did not. The Decision Denying Joinder did not hold that Target was not “any person.” Rather, it held that Target cannot be joined as a party to IPR2013-00531 because it already is a party. More specifically, it stated:

*Ariosa* noted that § 315(c) is available to “*any person* who properly files a petition under section 311,” and, thus, interpreted the statute to apply to an existing party. *Ariosa* at 19 (quoting 35 U.S.C. § 315(c)) (our emphasis). However, the relief described in § 315(c) is something an existing party already has, namely, party status in the instituted *inter partes* review. A person cannot be joined to a proceeding in which it already is a party.<sup>[FN]2</sup>

[FN]2. Additionally, solely focusing upon “any person” does not give full effect to the other words in the statute that limit who “any person” may be. Other language in § 315(c) excludes from “any person” at least two persons from among those who may be joined to a proceeding. More specifically, the phrase “who properly files a petition under section 311” excludes the patent owner, and “as a party” excludes persons who are already a party.

Decision Denying Joinder 4–5 & n.2.

2. *Joining a Ground or an Issue*

Even if § 315(c) were to contemplate the *re*-joining, so to speak, of an existing party by virtue of the “any person” language, as the majority holds,



the statute never authorizes joining a ground or an issue (as opposed to a person) to the instituted *inter partes* review. *See* 35 U.S.C. § 315(c).

The majority asks, if our construction were correct, why then would § 315(c) require the person to be joined to properly file its own petition under § 311 and the Director to determine whether that petition warrants institution under § 314. The majority's question presupposes that the filing of such a petition would be redundant unless it permits the person to raise additional challenges to patentability *in* the previously-instituted *inter partes* review. But, that is not the case. The petition requirement of § 315(c) serves many purposes.

Foremost among these purposes is the initiation of a legal process in which a non-patent owner voluntarily subjects itself to the Board's jurisdiction by filing a petition. Without a requirement to file a petition, a person could be joined involuntarily as a party to someone else's *inter partes* review. For example, suppose a patent owner accuses two unrelated persons of infringing its patent: Person A and Person B. If Person A files a petition for an *inter partes* review and it is instituted, the patent owner may want to join Person B involuntarily to expand the number of persons subject to estoppel under 35 U.S.C. § 315(e)(1) and (2) upon a final written decision. *See* 37 C.F.R. § 42.122(b) ("Joinder may be requested *by a patent owner or petitioner.*") (emphasis added). But, the petition requirement in § 315(c) enables Person B to avoid being dragged into the *inter partes* review simply by not filing its own petition. *See* 35 U.S.C. § 315(c). The petition requirement of § 315(c) prevents involuntary joinder under such circumstances, and also prevents the potential estoppel that might result

from an involuntary joinder of a person who filed its own petition for an *inter partes* review but was not successful.

Still, it would be a mistake to focus exclusively on the merits of the petition in ascribing possible purposes for the petition requirement of § 315(c). Indeed, determining whether a petition warrants institution under § 314 involves far more than evaluating the merits of patentability challenges. Section 314 requires the Director to consider “any response filed under section 313.” The preliminary response under § 313 is a paper in which a patent owner may set forth “reasons why no *inter partes* review should be instituted based upon the failure of the petition to meet any requirement of this chapter.” 35 U.S.C. § 313. Thus, all requirements of Chapter 31 of Title 35 are relevant for determining whether a petition “warrants the institution of an *inter partes* review.”<sup>2</sup> For example, § 312(a), states:

(a) *Requirements of a petition.*—A petition filed under section 311 may be considered only if—

(1) the petition is accompanied by payment of the fee established by the Director under section 311;

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<sup>2</sup> Those requirements are set forth in at least §§ 311(c), 312(a)(1), (2), (4), and (5), 315(a), (b), and (e)(1). These requirements do not include § 325(d), because it is not part of Chapter 31. The exclusion of § 325(d) is notable because it is § 325(d) that allows the Director to “take into account whether, and reject the petition or request because, the same or substantially the same prior art or arguments previously were presented to the Office.” 35 U.S.C. § 325(d). If § 325(d) were not excluded, it would provide an avenue for rejecting a request by a person seeking joinder as a party to an instituted *inter partes* review because he filed a petition that merely repeats the grounds involved in the instituted *inter partes* review.

- (2) the petition identifies all real parties in interest;
- (3) the petition identifies, in writing and with particularity, each claim challenged, the grounds on which the challenge to each claim is based, and the evidence that supports the grounds for the challenge to each claim, . . . ;
- (4) the petition provides such other information as the Director may require by regulation; . . . .”

35 U.S.C. § 312(a). Pursuant to 35 U.S.C. § 312(a)(4), the Director requires that petitions identify real parties-in-interest, related matters, lead and backup counsel, and service information. *See* 37 C.F.R. § 42.104 (requiring the notices set forth in 37 C.F.R. § 42.8 to be set forth in a petition).

Each statutory and regulatory requirement imposed upon a prospective party, i.e., a petitioner, remains meaningful. The second petitioner’s payment of a fee is equitable because the original petitioner paid a fee to create the proceeding and the second fee helps cover the costs of the added complexity to the proceeding. The second petitioner must identify all real parties-in-interest so that the Board may evaluate whether the second petitioner is barred under § 315(a) or § 315(b) and so that the estoppel provisions of § 315(e)(1) and (2) have the intended effect against the appropriate persons. Similarly, the second petitioner must identify the basis of each challenge so that the Board can determine whether the second petitioner’s participation in a prior *inter partes* review results in estoppel. The second petitioner must identify related matters to aid the Board in determining the presence of a bar under § 315(a) or (b) or estoppel under § 315(e)(1). The second petitioner must identify lead and backup counsel so that the Board can determine whether those counsel are qualified to

represent the petitioner and to render those counsel subject to the ethical requirements of practice that apply in *inter partes* reviews. The second petitioner must identify service information so that the Board and the other parties to the proceeding know how to communicate with the second petitioner's counsel and effect service of papers as required under the Rules.

Thus, many more reasons exist for requiring the filing of a petition that the Director determines “warrants institution of an *inter partes* review” than determining whether the patentability challenges presented in the petition are meritorious. The majority, however, posits that § 315(c), “by specifically referencing § 314, clearly contemplates that the merits of the petition be considered in determining whether joinder is granted, *and thus, as a consequence, necessarily contemplates joinder of issues* as well as joinder of parties.” Maj. Op. 9–10 (emphasis added). The majority's conclusion is not dictated by the stated premise. The majority implies that, if a second petitioner's petition warrants institution, it must be joined to a first *inter partes* review in order for the grounds therein to be heard. But, the statutorily-prescribed manner for the second petitioner's grounds to be heard is through institution of an *inter partes* review. 35 U.S.C. § 314. Section 315(c) does not contemplate, let alone authorize, joining the second petition to a first petitioner's *inter partes* review. Section 315(d), however, expressly authorizes the consolidation of a second *inter partes* review with a first *inter partes* review of the same patent.

In overemphasizing the merits of new patentability challenges presented in a second petition, the majority ignores the fundamentally stated character of joinder under § 315(c), namely to permit joinder of a person as a party to an instituted *inter partes* review. In our view, § 315(c) is not

ambiguous as to whether it permits joinder of grounds or issues. It unambiguously does not. It states that a person “may join as a party” and, despite referring to “a petition,”<sup>3</sup> nowhere refers to the joining of that petition. 35 U.S.C. § 315(c).

### B. The Legislative History

Because the majority perceives ambiguity in § 315(c), it reviews the legislative history for guidance in resolving the perceived ambiguity. While we consider § 315(c) to be unambiguous, we respond to the majority’s analysis of the legislative history.

The Final Committee Report states, under §§ 315(c) and 325(c), “[t]he Director may allow *other* petitioners to join an inter partes or post-grant review.” H.R. Rep. No. 112-98, pt.1, at 76 (2011) (emphasis added). The majority acknowledges this statement but discounts its plain reference to “other petitioners” as those who may seek joinder. Instead, the majority notes that the statement does not, on its face, prohibit same petitioner joinder. But, the statement was meant to “represen[t] the considered and collective understanding of those Congressmen involved in drafting and studying proposed legislation.” *Zuber v. Allen*, 396 U.S. 168, 186 (1969). We discern no reason why the drafters intentionally would describe only part

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<sup>3</sup> Whatever the reason for the petition requirement of § 315(c), the merits aspect of the requirement does not present much of an obstacle to a person seeking to join an instituted *inter partes* review. That person can satisfy the merits aspect of the requirement, regardless of whether it wishes to pursue new patentability challenges, merely by repeating the grounds upon which the *inter partes* review was instituted.

of their understanding of what the statute provides, for example, by referring to joinder of “other petitioners,” if, in fact, they understood the statute to provide for joinder also of same petitioners.

The majority relies heavily on comments from a single legislator and concludes that “joinder of issues was specifically envisioned by Congress.” Maj. Op. 12. The Supreme Court, however, informs us that committee reports are substantially more authoritative than comments from any one Member.

In surveying legislative history we have repeatedly stated that the authoritative source for finding the Legislature’s intent lies in the Committee Reports on the bill, which “represent[t] the considered and collective understanding of those Congressmen involved in drafting and studying proposed legislation.” *Zuber v. Allen*, 396 U.S. 168, 186 (1969). We have eschewed reliance on the passing comments of one Member, *Weinberger v. Rossi*, 456 U.S. 25, 35 (1982), and casual statements from the floor debates. *United States v. O’Brien*, 391 U.S. 367, 385; *Consumer Product Safety Comm’n v. GTE Sylvania, Inc.*, 447 U.S. 102, 108 (1980). In *O’Brien, supra*, 391 U.S., at 385, we stated that Committee Reports are “more authoritative” than comments from the floor, and we expressed a similar preference in *Zuber, supra*, 396 U.S., at 187.<sup>FN3</sup>

FN3. As Justice Jackson stated:

“Resort to legislative history is only justified where the face of the Act is inescapably ambiguous, and then I think we should not go beyond Committee reports, which presumably are well considered and carefully prepared.... [T]o select casual statements from floor debates, not always distinguished for candor or accuracy, as a basis for making up our minds what law Congress intended to enact is to substitute ourselves for the Congress in one of its important functions.” *Schwegmann Bros. v. Calvert*

*Distillers Corp.*, 341 U.S. 384, 395-396 (1951)  
(concurring).

*Garcia v. United States*, 469 U.S. 70, 76 & n.3 (1984) (parallel citations omitted).

Instead of relying upon the clear intent set forth in the Final Committee Report as directed by the Supreme Court, the majority relies upon the following comments from Senator Kyl:

The Office anticipates that joinder will be allowed as of right—if an inter partes review is instituted on the basis of a petition, for example, a party that files an identical petition will be joined to that proceeding, and thus allowed to file its own briefs and make its own arguments. *If a party seeking joinder also presents additional challenges to validity that satisfy the threshold for instituting a proceeding, the Office will either join that party and its new arguments to the existing proceeding, or institute a second proceeding for the patent.*

157 Cong. Rec. S 1376 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl) (emphasis added). Senator Kyl’s first sentence refers to “a party that files an identical petition,” which must refer to a person who is not already a party. Nevertheless, Senator Kyl also refers to a party who “presents additional challenges to validity.” It is not clear, from Senator Kyl’s statement, whether every word relates to his view of the operation of § 315(c) or § 325(c). His comments regarding “additional challenges” may relate solely to a second petitioner seeking consolidation of post-grant reviews under § 325(c), which expressly contemplates consolidation of issues presented in multiple petitions. *See* 35 U.S.C. § 325(c) (“If more than 1 petition for a post-grant review under this chapter is properly filed against the same patent and the Director determines that more than 1 of these petitions warrants the

institution of a post-grant review under section 324, the Director may *consolidate* such reviews into a single post-grant review.”) (emphasis added). At best, Senator Kyl’s remarks are ambiguous regarding his view of joinder under § 315(c). Regardless, under Supreme Court precedent, they are far less authoritative than the Final Committee Report, which expressly refers to those who the Director may join to an *inter partes* review as “other petitioners.”

The majority also quotes the following remarks by Senator Kyl as justifying its interpretation of § 315(c) as permitting joinder of issues: “[A] procedurally proper successive petition for second-period review may be joined to a pending proceeding at the discretion of the Director, even if the 329(b)(2) deadline has not been met, so long as the Director determines that the petition satisfies the threshold set in section 327(c).” 154 Cong. Rec. S 9988 (daily ed. Sept. 27, 2008) (statement of Sen. Kyl); Maj. Op. 11. Senator Kyl’s 2008 remarks relate to a statutory framework that materially differs from the AIA as enacted in 2011 and, in particular, from Chapter 31, which covers *inter partes* reviews. His remarks relate to S. 3600, a bill that was never considered in committee or presented to the Senate for a vote. That bill included the following provision, which states in pertinent part:



§ 322. Relation to other proceedings or actions

\* \* \*

(c) **DUPLICATIVE PROCEEDINGS.**—A post-grant review<sup>[4]</sup> or reexamination proceeding may not be instituted if—

(1) the petition requesting the proceeding identifies the same petitioner or real party in interest and the same patent as a previous petition requesting a post-grant review proceeding;

Patent Reform Act of 2008, S. 3600, 110th Congress § 5 (2008) (proposing 35 U.S.C. § 322 titled “Relation to other proceedings or actions” and including § 322(c) quoted above). Senator Kyl’s comments relate to a framework in which, once a party filed a first petition seeking review of a patent, the Board would be prohibited from instituting review on any subsequent petition filed by that party on the same patent. Thus, while the majority-quoted statement from Senator Kyl might support a view that he envisioned his 2008 bill would have permitted joinder of issues had it been enacted, it expressly barred institution based on subsequent petitions by the *same* petitioner.

The majority quotes a prediction by another Member that the AIA “will establish a more efficient and streamlined patent system that will

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<sup>4</sup> Senator Kyl’s bill, S. 3600, referred to two types of post-grant proceedings, a first-period proceeding and a second-period proceeding. Of these two types, the second-period proceeding is akin to an *inter partes* review. See Patent Reform Act of 2008, S. 3600, 110th Congress § 5 (2008) (proposing 35 U.S.C. § 321(c) titled “Second-Period Proceeding” describing a review of a patent based on prior art that includes only patents and printed publications for which a petition may be filed no sooner than 9 months after grant of the patent).

improve patent quality and limit unnecessary and counterproductive litigation costs, while making sure no party's access to court is denied." 157 Cong. Rec. S1349 (daily ed. Mar. 8, 2011) (statement of Sen. Leahy); Maj. Op. 12. Additionally, the majority quotes Rule 42.1(b) and the Office Patent Trial Practice Guide as stating: "The rules are to be construed so as to ensure the just, speedy, and inexpensive resolution of a proceeding." Maj. Op. 12 (citing 37 C.F.R. § 42.1(b); 77 Fed. Reg. 48,756, 48,758) (Aug. 14, 2012)). Upon citation of these sources, the majority concludes:

Thus, even if some claims of the '563 patent were to be found unpatentable in IPR2013-00531, by removing the discretion to join claim 21, as well as the new challenges, the case would necessarily have to go back to the district court for a separate determination as to those claims and challenges. That could result in a waste of judicial resources, increase the litigation costs to both parties, and be contrary to the purpose of ensuring a "just, speedy, and inexpensive resolution."

Maj. Op. 12. We do not find this reasoning persuasive.

First, Rule 42.1(b) directs the Board with regard to the manner in which our Rules should be interpreted. It does not provide a broad mandate for the Board to supplant U.S. District Courts as a venue for resolving disputes relating to patentability. Rule 42.1(b) also cannot permit the Board to act contrary to any statutory requirement. *See Santa Fe Indus., Inc. v. Green*, 430 U.S. 462, 472–73 (1977) ("The rulemaking power granted to an administrative agency charged with the administration of a federal statute is not the power to make law. Rather, it is 'the power to adopt regulations to carry into effect the will of Congress as expressed by the statute.' . . . (The scope of the Rule) cannot exceed the power granted the Commission by Congress under §10(b).") (quoting *Ernst & Ernst v. Hochfelder*, 425 U.S.

185, 212–14 (1976)); *Belkin Int’l., Inc. v. Kappos*, 696 F.3d 1379, 1384 (Fed. Cir. 2012) (“Statutes rank higher than regulations . . .”). We also note that U.S. District Courts are similarly directed to interpret the Federal Rules of Civil Procedure to “secure the just, speedy, and inexpensive determination of every action and proceeding.” FED. R. CIV. P. 1. While each venue has its own benefits and drawbacks from the perspective of potential parties, it is not a foregone conclusion that the Board automatically is preferred.

Second, although it might be more efficient and less costly to these parties for the Board to resolve the patentability challenges to claim 21 along with the challenges to other claims of the ’563 patent, we must be careful not to substitute our judgment for that of Congress. It is clear from the AIA that Congress did not give the Board a mandate to resolve all perceived clouds on a challenged patent. For example, a “petitioner in an inter partes review may request to cancel as unpatentable 1 or more claims of a patent *only* on a ground that could be raised under section 102 or 103 *and only* on the basis of prior art consisting of patents or printed publications.” 35 U.S.C. § 311(b) (emphasis added). Additionally, an “inter partes review may not be instituted if, before the date on which the petition for such a review is filed, the petitioner or real party in interest filed a civil action challenging the validity of a claim of the patent.” 35 U.S.C. § 315(a)(1); *see also* 35 U.S.C. § 315(b) (barring institution of an *inter partes* review if “the petition . . . is filed more than 1 year after the date on which the petitioner . . . is served with a complaint alleging infringement of the patent”). We may not discard any of these limitations in a quest to be speedy or efficient.

The plain language of § 315(c) permits the Director to join a “person” and only “as a party.” 35 U.S.C. § 315(c). The majority reads the words “join as a party” out of § 315(c) to permit an existing party to “re-join” an *inter partes* review to which it already is a party. The majority further rewrites § 315(c) by ignoring the word “person” to also permit joinder of grounds or issues. We respectfully dissent from the majority’s interpretation of § 315(c).

#### IV. OTHER RELEVANT PORTIONS OF THE STATUTORY FRAMEWORK

“In expounding a statute, we must not be guided by a single sentence or member of a sentence, but look to the provisions of the whole law, and to its object and policy.” *Kelly*, 479 U.S. at 43 (quoting *Offshore Logistics*, 477 U.S. at 222). We therefore look to other provisions in Chapter 31 of Title 35 for guidance regarding the meaning of § 315(c).

##### A. 35 U.S.C. § 315(b)

Section 315(b) is at issue in this proceeding because it provides a time bar to the Petition, which was filed more than one year after Petitioner was served with a complaint alleging infringement of the ’563 patent.<sup>5</sup>

Section 315(b) states:

(b) PATENT OWNER’S ACTION.—An *inter partes* review may not be instituted if the petition requesting the proceeding is

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<sup>5</sup> The Petition was accorded a filing date of March 14, 2014. Paper 5. Petitioner was served with a complaint alleging infringement of the ’563 patent on October 4, 2012. *Destination Maternity Corp. v. Target Corp.*, Case No. 2:12-cv-05680-AB (E.D. Pa.) (Dkt. No. 5).

filed more than 1 year after the date on which the petitioner . . . is served with a complaint alleging infringement of the patent. The time limitation set forth in the preceding sentence shall not apply to a request for joinder under subsection (c).

35 U.S.C. § 315(b). The first sentence of § 315(b) bars institution of an *inter partes* review if “the petition . . . is filed more than 1 year after the date on which the petitioner . . . is served with a complaint alleging infringement of the patent.” 35 U.S.C. § 315(b). The second sentence clarifies that the time limitation applies only to petitions and “shall not apply to a request for joinder under subsection (c).” 35 U.S.C. § 315(b) (emphasis added).

The majority holds that the second sentence of § 315(b) excludes petitions for *inter partes* reviews, rather than (or in addition to) requests for joinder, from the one-year bar set forth in the first sentence of § 315(b). *See* Maj. Op. 14 (“Under § 315(c), the *petition* need not be filed within a year of receiving a complaint alleging infringement of the patent at issue, as required § 315(b).”) (emphasis added); *see also* Paper 18, *dissent* at 11 (“[I]n our view, § 315(b) of the statute only allows waiver of the time bar if joinder is granted, and not by the mere filing of a motion requesting joinder.”). In doing so, the majority effectively rewrites the second sentence of § 315(b) as follows, with added material underlined: The time limitation set forth in the preceding sentence shall not apply to a petition accompanied by a request for joinder under subsection (c) if that request is granted.

The decision whether to grant joinder is discretionary. 35 U.S.C. § 315(c). Thus, the majority’s interpretation of § 315(b) converts the statutory bar set forth therein into a discretionary bar in certain circumstances, including those present in this proceeding. That is an

untenable result to us. We would enforce the statutory time bar against the Petition.

Under our interpretation, once a petitioner is time-barred under § 315(b) with respect to a particular patent, it is always time-barred. A time-barred petitioner cannot petition successfully for an *inter partes* review of the patent, regardless of whether it requests joinder under subsection (c). If an *inter partes* review of the patent is underway at the Board, a time-barred petitioner (as well as a non-time-barred petitioner) may request to join it as a party. 35 U.S.C. § 315(c). The Board, in its discretion, may grant or deny the request, but it may not deny the request as statutorily time-barred under § 315(b). If the request is granted, the requester becomes a party in the previously-instituted *inter partes* review, but § 315(c) does not provide for joining the requester's petition to the previously-instituted *inter partes* review.<sup>6</sup>

#### B. 35 U.S.C. § 315(d)

Section 315(d) is relevant to the construction of § 315(c) because the former, unlike the latter, expressly refers to the merging (termed “consolidation”) of two proceedings, such as two *inter partes* reviews.

Section 315(d) states:

**MULTIPLE PROCEEDINGS.**—Notwithstanding sections 135(a), 251, and 252, and chapter 30, during the pendency of an

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<sup>6</sup> Note, however, that the previously-instituted *inter partes* review potentially could be consolidated, under § 315(d), with another matter involving the same patent, which consolidation could result in expanded grounds or claims.

inter partes review, if another proceeding or matter involving the patent is before the Office, the Director may determine the manner in which the inter partes review or other proceeding or matter may proceed, including providing for stay, transfer, consolidation, or termination of any such matter or proceeding.

35 U.S.C. § 315(d). Thus, a clear distinction exists between § 315(c) and § 315(d) in that § 315(c) refers to the joinder of persons as parties, whereas § 315(d) refers to the consolidation of proceedings. This distinction undermines the majority's interpretation of § 315(c), which lacks language providing for joinder of proceedings.

The majority attempts to distinguish joinder under § 315(c) from consolidation under § 315(d) by stating that joinder is limited to the merging of two like proceedings (e.g., two *inter partes* reviews) whereas consolidation includes the merger of like proceedings as well as the merger of different proceedings (e.g., an *inter partes* review and a reexamination). Maj. Op. 14. But, this purported distinction is contradicted by Congress's use of the term "consolidate" to describe, specifically, the merger of two like proceedings. *See* 35 U.S.C. § 325(c) ("If more than 1 petition for a post-grant review under this chapter is properly filed against the same patent and the Director determines that more than 1 of these petitions warrants the institution of a post-grant review under section 324, the Director may consolidate such reviews into a single post-grant review.").

When Congress wanted to provide for the merger of multiple proceedings, it used language to that effect. *See* 35 U.S.C. § 315(d). It did not do so in § 315(c).

## V. REHEARING STANDARD

Our rule on rehearing requires a request for rehearing to “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.” 37 C.F.R. § 42.71(d). Petitioner has not done this, *see generally* Reh’g Req., and Patent Owner has pointed out the omission. *See* PO Opp. 14. The majority states that it is not persuaded that the Request for Rehearing fails to meet the requirement set forth in Rule 42.71(d), but does not explain why. Instead, the majority implies that the requirement set forth in Rule 42.71(d) is met whenever legal error is present. The legal error that the majority imputes to the Decision Denying Joinder, however, cannot be described fairly as based on misapprehending or overlooking anything presented in the record.

Under the standard applied by the majority, any decision based on legal error is amenable to rehearing regardless of whether the decision misapprehended or overlooked anything in the record. This would include, for example, all decisions that turn on claim construction or include a conclusion of obviousness or non-obviousness. *See, e.g., Teva Pharms. v. Sandoz, Inc.*, 135 S. Ct. 831, 842 (2015) (claim construction is a question of law); *Bristol-Myers Squibb Co. v. Teva Pharms. USA, Inc.*, 769 F.3d 1339, 1341 (Fed. Cir. 2014) (obviousness is a question of law). We disagree that the standard is so broad. We believe that the explicit requirement for the requester to identify something that was misapprehended or overlooked implicitly requires that something, in fact, was misapprehended or overlooked. *See* 37 C.F.R. § 42.71(d); *see also* 77 Fed. Reg. at 48,757 (“A party dissatisfied with the Board’s determination to institute a trial may



request rehearing as to points believed to have been overlooked or misapprehended. *See* § 42.71(d) and (c).”).

Petitioner has not identified any matter it believes the prior panel misapprehended or overlooked in the Decision Denying Joinder, or the place where Petitioner previously addressed that matter. *See* 37 C.F.R. § 42.71(d). For that reason alone, we would deny rehearing.

## VI. CONCLUSION

We would deny rehearing because 35 U.S.C. § 315(c) does not provide for the relief requested by Petitioner and because its Petition is barred by 35 U.S.C. § 315(b). Additionally, we would deny rehearing because Petitioner has not identified any matter it believes the Decision Denying Joinder misapprehended or overlooked, or how that matter was previously addressed. *See* 37 C.F.R. § 42.71(d).

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