Paper No. 93
Filed: November 19, 2019

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

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

v.

VIRNETX INC.,
Patent Owner.

Case No. IPR2015-01046[1]
U.S. Patent No. 6,502,135

PETITIONERS' OPPOSITION TO PATENT OWNER'S NOVEMBER 6, 2019 REQUEST FOR REHEARING

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[1] 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

Patent Owner VirnetX Inc.'s ("VirnetX") latest rehearing request argues that rehearing of the Board's October 23, 2019 Order (Paper 88, "October 23 Order") is "necessary in light of the Federal Circuit's recent decision *Arthrex, Inc. v. Smith & Nephew, Inc.*, No. 18-2140, 2019 WL 5616010 (Fed. Cir. Oct. 31, 2019), so that a new panel could consider VirnetX's original motion to remove constitutional concerns." *See* Paper 92, 1 ("Reh'g Req.").

The predicate of VirnetX's request—that "*any* action taken" in an IPR proceeding must now be redone after *Arthrex* (Reh'g Req. 6)—is simply incorrect. Instead, the Federal Circuit in *Arthrex* left intact the institution decision because it did not implicate the same constitutional concerns as a final written decision, and maintained other non-final orders. The October 23 Order is a decision that likewise raises no constitutional concerns. VirnetX's rehearing request should be denied.[2]

II. Background

The Federal Circuit's *Arthrex* decision held that "APJs have substantial power to issue final decisions on behalf of the United States without any review by a presidentially-appointed officer," reasoning that "[t]here is no provision or

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[2] The Board authorized this opposition via email on November 15. Petitioners previously opposed VirnetX's other rehearing argument. *See* Paper 82 at 11–14.

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procedure providing the Director the power to single-handedly review, nullify or reverse a final written decision issued by a panel of APJs." *Arthrex* at *5, *4; *see also* 35 U.S.C. §§ 141(c), 318(a), 319. Because this meant the current structure of the Board had violated the Appointments Clause, the court vacated the final written decision and remanded the case for hearing by a new panel. *Arthrex* at *8-10.

The court, however, clearly limited the remedy it ordered: only the Board's final written decision was vacated and remanded to a new panel. As the court stated, "[t]o be clear, on remand the decision to institute is not suspect; we see no constitutional infirmity in the institution decision as the statute clearly bestows such authority on the Director pursuant to 35 U.S.C. § 314." *Id.* at *12. The court also saw "no error in the new panel proceeding on the existing written record …," *id.*, which included three non-final orders, none of which were vacated. *See Smith & Nephew, Inc. v. Arthrex, Inc.*, IPR2017-00275, Papers 8, 16, 26.

III. VirnetX's Request for Rehearing under a New Panel Should Be Denied

A. Discovery Orders, like Institution Decisions, Do Not Implicate the Same Constitutional Concerns as Final Written Decisions

VirnetX's request for rehearing by a new panel ignores the narrow remedy actually ordered in *Arthrex*. *See* Reh'g Req. 5–9. In that case, the Federal Circuit limited the decisions that required rehearing by a new panel to those implicating the same constitutional concerns as final written decisions. Discovery orders like the Board's October 23 Order are not such decisions.

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