

UNITED STATES PATENT AND TRADEMARK OFFICE

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 IPR2015-01047¹
Patent 6,502,135

**Patent Owner's Responsive Brief Addressing Whether the Board Should
Maintain Application of the General Order to This Proceeding**

¹ Apple Inc. and Black Swamp IP, LLC, who filed petitions in IPR2016-00063 and IPR2016-00167, respectively, have been joined as a Petitioner in the instant proceeding.

TABLE OF CONTENTS

- I. Background.....2
- II. Argument3
 - A. The Chief Judge Properly Stayed This Case in Light of *Arthrex*3
 - B. Overturning the Stay Would Improperly Prejudice VirnetX.....6
- III. Conclusion6

TABLE OF AUTHORITIES

	Page(s)
Cases	
<i>Arthrex, Inc. v. Smith & Nephew, Inc.</i> , 941 F.3d 1320 (Fed. Cir. 2019)	1, 4, 5
<i>BioDelivery Scis. Int'l, Inc. v. Aquestive Therapeutics, Inc.</i> , 935 F.3d 1362 (Fed. Cir. 2019)	5
<i>Caterpillar Paving Prods., Inc. v. Wirtgen America, Inc.</i> , 957 F.3d 1342 (Fed. Cir. 2020)	4
<i>Commc'n Workers of Am., Local 5008 v. NLRB</i> , 784 F.2d 847 (7th Cir. 1986)	5
<i>Customedia Techs., LLC v. Dish Network Corp.</i> , 941 F.3d 1173 (Fed. Cir. 2019)	6
<i>Freytag v. Comm'r</i> , 501 U.S. 868 (1991).....	4
<i>VirnetX Inc. v. Cisco Sys., Inc.</i> , --- F.3d ---, No. 2019-1671, 2020 WL 2462797 (Fed. Cir. May 13, 2020)	1, 5
<i>VirnetX Inc. v. Mangrove Partners Master Fund, Ltd.</i> , 778 F. App'x 897 (Fed. Cir. 2019)	2, 6
<i>VirnetX, Inc. v. Cisco Sys., Inc.</i> , 767 F.3d 1308 (Fed. Cir. 2014)	2
Statutes	
35 U.S.C. § 315(b)	6
Other Authorities	
Pet. for Writ of Certiorari, <i>Arthrex, Inc. v. Smith & Nephew, Inc.</i> , No. 19-1204, 2020 WL 1817716 (U.S. Apr. 20, 2020).....	6

The Chief Judge properly exercised his discretion in staying this case, among others, pending potential Supreme Court review in *Arthrex, Inc. v. Smith & Nephew, Inc.*, 941 F.3d 1320 (Fed. Cir. 2019). Paper 117 (“General Order”) at 1-2. VirnetX has raised an Appointments Clause challenge to a Board discovery order issued before the Federal Circuit decided *Arthrex*, when the panel members were unconstitutionally appointed principal officers. *See* Paper 101. Under *Arthrex*, that order was invalid; it must be vacated and reconsidered by a new, properly appointed panel. The Supreme Court, however, may provide guidance that further clarifies the law or counsels a different approach. Awaiting review in *Arthrex* thus may avoid the risk of a costly do-over (either now or following a later appeal).

Petitioners err in urging that *Arthrex* applies only to final written decisions. Because “APJs are unconstitutionally appointed principal officers ..., vacatur [is] appropriate for *all agency actions* rendered by those APJs,” including the discovery order here. *VirnetX Inc. v. Cisco Sys., Inc.*, --- F.3d ----, No. 2019-1671, 2020 WL 2462797, at *1 (Fed. Cir. May 13, 2020) (emphasis added). Petitioners’ arguments that VirnetX’s Appointments Clause challenge is waived and foreclosed by the mandate rule are themselves waived and meritless. Petitioners did not argue waiver or the mandate rule when VirnetX challenged the discovery order. That order also issued *after* remand from the prior appeal in this case—VirnetX could not have challenged it in that appeal. And whether Appointments Clause claims are waivable

is before the Supreme Court on certiorari. That alone justifies a stay.

One Petitioner—Apple—claims that the stay will cause it prejudice in infringement litigation. But Apple unsuccessfully pressed the same invalidity arguments in both district court and the Federal Circuit, and was (improperly) joined to this proceeding. Apple cannot credibly claim any prejudice.

I. Background

In 2010, VirnetX sued Apple for infringement of the '135 and '151 patents. Apple challenged the patents as invalid in light of *Kiuchi*, the reference at issue here. The district court upheld the patents, and the Federal Circuit affirmed. *VirnetX, Inc. v. Cisco Sys., Inc.*, 767 F.3d 1308, 1313, 1315, 1323-1324 (Fed. Cir. 2014).

In June 2013, Apple filed multiple IPR petitions challenging the patents: IPR2013-00348, -00349, and -00354. The Board denied them as time-barred. In November 2013, RPX Corporation (“RPX”) filed three more petitions against the same patents: IPR2014-00171, -00172, and -00173. After VirnetX showed Apple was using RPX as a proxy, the Board denied those petitions as time-barred too.

In April 2015, The Mangrove Partners Master Fund, Ltd. (“Mangrove”) initiated these proceedings. VirnetX uncovered a connection between Mangrove and RPX, but the Board refused discovery. It then found the claims unpatentable. On appeal, the Federal Circuit vacated the Board’s unpatentability findings. It also held the Board erred in refusing discovery. *VirnetX Inc. v. Mangrove Partners*

Explore Litigation Insights

Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

Real-Time Litigation Alerts



Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

Advanced Docket Research



With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

Analytics At Your Fingertips



Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

LAW FIRMS

Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

FINANCIAL INSTITUTIONS

Litigation and bankruptcy checks for companies and debtors.

E-DISCOVERY AND LEGAL VENDORS

Sync your system to PACER to automate legal marketing.