

Filed on behalf of: VirnetX Inc.

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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

THE MANGROVE PARTNERS MASTER FUND, LTD., APPLE INC., AND
BLACK SWAMP, LLC,
Petitioner

v.

VIRNETX INC.,
Patent Owner

Case IPR2015-01047¹
Patent No. 7,490,151

Patent Owner's Brief Regarding Procedure on Remand

¹ 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.

Pursuant to the Board’s instructions during the September 6, 2019 telephone conference (*see* Ex. 1047), Patent Owner VirnetX Inc. (“Patent Owner”) respectfully submits its proposed schedule for the remand proceedings. Patent Owner continues to believe that a briefing sequence where additional discovery regarding the threshold real-parties-in-interest (“RPI”) issues is conducted first, and all the remand issues are briefed together, would be the most efficient way to structure the remand proceedings. At the same time, based on the Board’s suggestion, Patent Owner also developed an alternative schedule where briefing on the merits proceeds simultaneously with discovery. In both instances, Patent Owner sought to propose a discovery and briefing schedule that enables the remand proceedings to progress expeditiously while preventing unfair prejudice.

Patent Owner endeavored to reach an agreement with Petitioners The Mangrove Partners Master Fund, Ltd., Apple Inc., and Black Swamp, LLC (“Petitioners”). The parties, however, have been unable to reach an agreement.

Patent Owner’s Proposal for Sequential Briefing:

Patent Owner proposes that the briefing on remand proceed in two stages: First, the Board should consider and resolve Patent Owner’s motion for additional discovery into the RPI issues, and allow any discovery to take place. Second, upon the conclusion of discovery, the parties should brief both the merits issues (including applicable claim construction standard, *see* Ex. 1047 at 12:16-14:2) and

issues arising from additional discovery. Patent Owner proposes that the parties file simultaneous opening briefs and, subsequently, simultaneous responsive briefs. Patent Owner also believes that the Board would benefit from oral argument, particularly since there may be disputed issues arising from the additional discovery into the RPI relationship. *See* SOP 9 at 7 (“in those situations where new evidence is permitted, the panel may authorize additional oral argument”).

This proposed briefing sequence enables the parties (and the Board) to address the threshold RPI discovery issues first, which follows the typical approach in Board proceedings where discovery is conducted before briefing, and allows the merits and the RPI issues to be addressed in a single set of briefs for consideration by the Board. Thus, the proposed briefing sequence and submission of simultaneous opening and responsive briefs would streamline the schedule without prejudicing any party. Petitioners’ proposal, by contrast, would necessitate multiple sets of briefs to be submitted at different times, each requiring an additional exchange of briefs to accommodate reply and possible sur-reply briefs.

Patent Owner’s proposed schedule promotes expeditious conclusion of discovery and briefing, while affording the benefit of oral argument to discuss issues raised by the papers, within six months from the issuance of the Federal Circuit’s mandate. Patent Owner recognizes the Board would need additional time to prepare its final written decision on remand, but respectfully submits that the

posture of this proceeding—which envisions the possibility of additional discovery—warrants a modest extension of the Board’s general goal of issuing decisions on remanded cases within six months of the receipt of the Federal Circuit’s mandate. As the Board’s Standard Operating Procedures provide, “certain scenarios may necessitate an extension of the six-month goal for issuing a remand decision.” SOP 9 at 2. That is particularly so where the evidentiary record is re-opened for additional evidence, as would be the case if Patent Owner’s motion for additional discovery is granted or if Petitioners provide voluntary discovery. *Cf.* SOP 9 at 6-7.

Patent Owner’s proposed schedule is reflected below, and is also contained in the attached proposed scheduling order. This schedule takes into account the overlap with the holidays in the December-January timeframe.

Paper	Due Date
Patent Owner’s Motion for Additional Discovery	September 27, 2019
Petitioners’ Response to Motion for Additional Discovery	October 4, 2019 ²
Patent Owner’s Reply in Support of Motion for Additional Discovery	October 18, 2019
Close of Discovery	December 6, 2019 (approximately one month from any Board order granting additional discovery, assuming issued within two weeks of Patent Owner’s

² Patent Owner proposed a longer period for Petitioners’ Response, but Petitioners indicated they did not need more than one week.

	Reply)
Parties' Opening Briefs (on both discovery and merits issues)	December 20, 2019
Parties' Response Briefs (on both discovery and merits issues)	January 24, 2020
Oral Argument	February 2020

Patent Owner proposes that the parties' opening and response briefs shall address both RPI and merits issues and be limited to 7,500 words each. The briefing on the motion for additional discovery should be governed by the Board's rules (15 pages for the motion and the response and 5 pages for the reply).

Patent Owner's Alternative Proposal for Parallel Briefing:

The Board also suggested the parties consider a schedule where the briefing on the merits issues "runs in parallel with the process for getting the additional discovery," so as to provide "more time for briefing on the merits" while also "getting the time necessary to get additional discovery on the RPI issue." (Ex. 1047 at 36:11-23, 38:21-39:2.) Patent Owner accordingly proposes an alternative schedule, where the discovery process runs in parallel with the merits briefing. Patent Owner submits its primary proposal above is the more reasonable and fair schedule, but nonetheless provides this alternate proposal for consideration.

Paper	Due Date
Patent Owner's Motion for Additional Discovery	September 27, 2019

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