

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC.
Petitioner,

v.

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

Patent No. 6,502,135

Issued: December 31, 2002

Filed: November 29, 1999

Inventors: Victor Larson, *et al.*

Title: Agile Network Protocol For Secure Communications With Assured System
Availability

Inter Partes Review No. IPR2013-00348

PETITIONER'S MOTION FOR JOINDER OF PROCEEDINGS

Pursuant to the authorization granted by the Panel on August 14, 2013 in Paper No. 6, Petitioner Apple Inc. (“Petitioner” or Apple) moves to have the Board join IPR proceedings IPR2013-00348 & -00349 to each other and with IPR proceeding IPR2013-00375 filed by New Bay Capital, LLC (“NBC”), each of which concerns U.S. Patent No. 6,502,135.

I. Relevant Facts

Apple filed petitions seeking *inter partes* review of the ’135 patent on June 12, 2013. Each petition challenged the patentability of claims 1-10, 12-15, and 18 based on three references: Aventail, BinGO, and Beser (Exs. 1007-1009). On June 23, 2013, NBC filed its petition challenging the patentability of claims 1, 3, 7, and 8 over two references: Kiuchi and Dalton (Exs. 1002 & 1003 in IPR2013-00375).

The ’135 patent is a member of a family of patents owned by VirnetX that includes U.S. Patent Nos. 7,490,151, 7,418,504 and 7,921,211. The specifications of these patents are nearly identical. VirnetX has asserted varying sets of claims of the ’135 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, 8-10, and 12 of the ’135 patent against Apple and claims 1-5, 7, 9, 10, 12, and 13 against co-defendant Cisco. After trial, it obtained a judgment of infringement against Apple on, *inter*

alia, claims 1, 3, 7, and 8 of the '135 patent. That action now is on appeal to the Federal Circuit.

On December 31, 2012, VirnetX served a new complaint on Apple asserting infringement of “at least” claims 1, 3, 7, 8-10, and 12 of the '135 patent (the “2012 Litigation”). *See* Ex. 1050 at 5. When VirnetX served this new complaint on Apple, it established a 12 month period for Apple to submit a petition for *inter partes* review of the '135 patent that runs until December 31, 2013. 35 U.S.C. § 315(b); *see* Petition at 1-3. The new complaint led to a civil action, now pending in the Eastern District of Texas, that will go to trial on October 13, 2015.

VirnetX also asserted the '135 patent against Microsoft in separate lawsuits filed in February 2007, March 2010, and April 2013,¹ and against numerous other defendants² in actions filed in 2010 and 2011.

¹ The 2013 complaint broadly alleges infringement of the patent without specifying particular claims, and infringement contentions are not due until September 2013. In its 2007 case against Microsoft, VirnetX contended claims 1-3, 1-10, and 12 were infringed.

² Specifically, VirnetX sued Avaya, Inc.; Mitel Networks Corp.; Mitel Networks, Inc.; Siemens Enterprise Commc'ns GmbH & Co. KG; Siemens Enterprise Commc'ns, Inc.; Siemens AG; Siemens Commc'ns, Inc.; and Siemens Corp. in

(Footnote continued)

II. Argument

Apple submits that joinder of the proceedings is fully warranted. *See* IPR2013-00004, Paper 15 at 4; *Dell v. Network-1 Security Solutions, Inc.*, IPR2013-00385, Paper 17 at 2-3. Joinder is proper under the statutory design of *inter partes* review, will simplify and reduce the number of issues before the Board and will enable streamlined proceedings (*i.e.*, one coordinated proceeding instead of three separate proceedings). In addition, the Board can manage the joined proceeding in a way that does not impact scheduling or conduct of the proceedings. *See Motorola Mobility LLC v. Softview, LLC*, IPR2013-00256, Paper 10 at 2-3.

A. Joinder Is Authorized and Appropriate

The Board is authorized to join these proceedings pursuant to 35 U.S.C. § 315(c). *Dell*, IPR2013-00385, Paper 17 at 2-6. In addition, joinder is not precluded by § 315(b), were that provision found to apply to the instant petitions. *Id.* As Apple explained in its petition, § 315(b) does not preclude the submission of its petition or institution of trial on the basis of this petition. *See* Petition at 1-3.

Joinder will further the statutory purpose of the *inter partes* review authority and is justified in this case. It will enable the Board to efficiently review, in a Case No. 6:11-cv-00018-LED (E.D. Tex.) and Aastra Techs. Limited; Aastra USA, Inc.; Apple Inc.; Cisco Systems, Inc.; NEC Corp.; and NEC Corporation of America in Case No. 6:10-cv-00417-LED (E.D. Tex.).

single proceeding, the patentability of all the claims in the '135 patent that VirnetX has asserted in multiple actions against multiple defendants, including Apple. The schedule of the joined proceedings is also fully compatible with the schedule of the 2012 Litigation. Because that litigation will not go to trial until October 2015, the Board will have ample time to conduct a trial in the joined proceeding and to issue a final written decision before the trial. The joined proceeding will thus provide an alternative forum to efficiently review the patentability of claims being asserted in district court litigation, will reduce the number of issues the district court must address and will minimize any duplication of effort by the Board and the Court. *See* Comments General Trial Rules, 77 Fed. Reg. at 48663. In other words, the Board will be able to issue a decision on the challenged claims that will have a meaningful impact on the 2012 Litigation without causing delay. *See* H.R. Rpt. 112-98, at 45 (2011) (discussing “time limits during litigation”); 157 Cong. Rec. S1326 (daily ed. Mar. 7, 2011) (statement of Sen. Sessions). Joining these proceedings thus is perfectly consonant with the statutory purpose and design of the *inter partes* review authority.

Joinder of the two proceedings initiated by Apple, which involve the same exhibits and same primary references, also will help secure “the just, speedy, and inexpensive resolution of” the proceedings before the Board. *See LaRose Indus. v. Capriola Corp.*, IPR2013-00121, Paper 11 at 24 (joining proceedings “filed on the

same day” involving “the same patent and parties” with “some overlap in the asserted prior art”). Joining Apple’s proceedings with the NBC proceeding (IPR2013-00375) will reduce the overall administrative burden on the Board of individually conducting trials on each petition. Moreover, because the Board has not yet decided on which grounds to institute review, it will be able to review the grounds in the petitions, and institute a single trial in a manner that avoids undue delay or complication. *See Motorola*, IPR2013-00256, Paper 10 at 10 (granting joinder where it would “not unduly complicate or delay” earlier-initiated proceeding).

B. Petitioner Is Willing to Limit the Grounds of Its Petition

To minimize the burden on the Board, and in view of the Panel’s comments during the August 5, 2013 telephone conference, Apple is willing to limit the grounds of unpatentability upon which it is requesting *inter partes* review of the ’135 patent. First, in the context of this motion, Apple requests the Board to consider only those grounds presented in petition nos. IPR2013-00348 and -00349 that are based on the Aventail publication, Ex. 1007, and the Beser patent, Ex. 1009. These are set forth at pages 5 to 6 of the IPR2013-00348 petition, and page 5 of the IPR2013-00349 petition. Apple also is willing to limit the grounds of its challenge to certain combinations based on these primary references; namely, those involving Aventail with RFC 1035, Ex. 1017, and Reed, Ex. 1014, and those

involving Beser with RFC 2401, Ex. 1010, and Blum, Ex. 1011.³ While the other grounds identified in its petitions are fully warranted, Apple recognizes that limiting the grounds of its petitions to these will substantially reduce the number of issues that the Panel must address and will conserve the time and resources of the Board.

Second, although Apple has contested more claims of the '135 patent in its petitions than NBC has, the issues raised by the additional claims will not complicate the joined proceedings in any significant way. The additional claims being disputed by Apple present the same or highly similar concepts and limitations and do not raise unique patentability questions. *See Ariosa Diagnostics v. Isis Innovation*, IPR2012-00022, Paper 32 at 5 (permitting joinder of new petition where new challenges were “premised on the same grounds [as the] earlier proceeding, adding only additional references as needed to address the limitations of the dependent claims.”). Notably, each of the independent claims is directed towards a method or system for establishing a “virtual private network” or “virtual private link” between two computers. Claim 1 is directed to a “method of

³ The resulting grounds upon which inter partes review is requested are (a) grounds (i) to (v) in the IPR2013-00348 Petition, and (b) grounds (i) to (iii) of the IPR2013-00349 Petition.

transparently creating a [VPN]” between a client and target comprising (i) “generating” a DNS request, (ii) “determining” whether the DNS request corresponds to a secure target, and (iii) automatically “initiating” a VPN between the client and the target. Claim 18 includes the same three elements, but adds in the limitations specified in dependent claims 2 and 4. Independent claim 10 is directed to a “system that transparently creates a [VPN]” that incorporates elements of process claims 1, 8 (a “DNS proxy server”), and 7 (a “gatekeeper”).

The Board has permitted joinder of proceedings involving different prior art and different claims. For example, the Board allowed joinder of a second petition challenging certain claims not originally asserted by the patent owner after it had instituted trial to review the originally asserted claims. *See, e.g., Microsoft Corp. v. Proxyconn, Inc.*, IPR2013-00109, Paper 14 at 2-3. Similarly, the Board has permitted joinder based on a petition seeking review of claims that were the subject of a first trial on the basis of prior art the PTAB previously declined to review. *See ABB, Inc. v. Roy-G-Biv Corp.*, IPR2013-00282, Paper 6.

Here, allowing the joined proceeding to address claims beyond those addressed in NBC’s petition is appropriate in view of Patent Owner’s decision to file multiple infringement suits against multiple parties raising various combinations of its claims. For example, Patent Owner is alleging that Apple infringes multiple claims not addressed in NBC’s petition. Patent Owner also has

recently filed lawsuits against third parties broadly alleging infringement of all claims of the '135 patent. Because Patent Owner has repeatedly asserted various combinations of the claims in serial litigation, consideration of claims that are not presented in the NBC petition is warranted, particularly in view of the statutory purpose of IPR proceedings. *See* § II.A, *above*.

C. Joinder Will Not Impact the Schedule and Will Simplify the Board's Review of the Issues

Unlike motions for joinder filed after a trial has been instituted, here, the Board can establish, and the parties can follow, a single schedule in the joined proceedings. Petitioner believes that doing so will substantially minimize the burdens on the Board and the parties. For example, in a joined IPR proceeding, it is anticipated that only one expert witness per petitioner, and one or two witnesses from Patent Owner, will present testimony. Depositions of this small number of witnesses can be readily accommodated within a standard IPR schedule.

Moreover, joining the proceedings at this stage will not prejudice either Patent Owner or NBC. The Board has yet to institute a trial on the patent, and it will be able to evaluate the arguments of both petitioners and any response from the Patent Owner prior to instituting such trial. The Board will then be able to define the scope of the issues and select the grounds that will lead to the most efficient resolution of all these proceedings. *Cf. Netapp, Inc. v. Personal Web Techs, LLC*, IPR2013-00319, Paper 18 (denying joinder because new petition was filed after

trial was instituted, raised new substantive issues that would delay schedule, and would disrupt coordination between five other IPRs).

D. Briefing and Discovery Can Be Streamlined

In the interest of efficiency, Petitioner is willing to accept reasonable restrictions on discovery so long as they do not preclude it from independently challenging the claims. In addition, Petitioner is willing to accept the condition that each party limit its participation to the grounds presented in its respective petition(s). *See Motorola*, IPR2013-00256, Paper 10 at 2-3. Thus, if the Board instituted review on the basis of the two primary references advanced by Apple and one primary reference advanced by NBC, Apple would be willing to limit its comments to issues raised by its prior art, and forgo comments on NBC's grounds.

E. Petitioner Has Shown a Need to Use this Forum

Apple also has a need to use this process as a cost-effective alternative to district court litigation. This need outweighs any countervailing consideration of joinder, including the burden and prejudice to the parties as discussed above. Apple presently is defending itself against multiple lawsuits filed by the Patent Owner that assert dozens of claims from the '135 patent and related patents. Also, Petitioner has faced substantial procedural challenges in addressing invalidity issues in district court. For example, in the 2010 Litigation, even though Patent Owner asserted at trial over a dozen claims from four different patents, Apple was

given only 12 hours of trial time to put on an invalidity, non-infringement, inequitable conduct, and damages case.

Finally, VirnetX will suffer no prejudice from joinder. VirnetX has filed multiple actions against multiple parties over several years, each changing in scope and the particular claims being asserted. By joining the present proceedings, the Board will be able to limit, in the aggregate, the grounds at issue in these various proceedings. Thus, joinder will enable the efficient resolution of these proceedings before the Board without affecting the schedule of concurrent litigation and will reduce, rather than increase the complexity of the concurrent litigation by reducing the number of issues in those proceedings.

III. Conclusion

For all of these reasons, Apple submits that joinder is warranted between IPR2013-00348 & -00349 and IPR2013-00375.

Dated: August 21, 2013

Respectfully Submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on this 21st day of August 2013, a copy of this Motion for Joinder, has been served in its entirety by e-mail and Express Mail on the following counsel of record for patent owner:

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