Paper No. 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

Patent No. 8,051,181
Issued: November 1, 2011
Filed: February 27, 2007
Inventors: Victor Larson, *et al.*
Title: Method for establishing secure communication link between computers of virtual private network

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Inter Partes Review No. IPR2014-00485 and -00486

PETITIONER'S MOTION FOR JOINDER

I. INTRODUCTION

Six petitions filed separately by Apple Inc. and Microsoft Corp. against two very closely related patents raise a set of overlapping issues that are most efficiently addressed in one *inter partes* review proceeding. By this motion, Apple requests that its petitions regarding U.S. Patent No. 8,051,181 (the '181 patent) and U.S. Patent No. 7,987,274 (the '274 patent) be considered concurrently with Microsoft's petitions regarding the '274 patent, and moves to join any proceedings based on these petitions in a single proceeding.[1]

Joinder is justified because it will enable the Office to efficiently and in a timely certain dispose of common issues of patentability affecting sets of patent claims that Patent Owner has admitted are not patentably distinct. Specifically, during examination of the '181 and '274 patents, the Office rejected claims in each patent as being unpatentable over claims in the other. SOF ¶¶ 9, 13. Patent Owner did not dispute the merits of these double patenting findings, but instead acquiesced by filing terminal disclaimers of each patent over the other.[2] SOF ¶¶ 6,

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[1] IPR2013-00485 and -00486 were filed by Apple on the '181 patent, IPR2014-00483 and 00484 were filed by Apple on the '274 patent, and IPR2014-00403 and -00404 were filed by Microsoft on the '274 patent.

[2] Patent Owner also acquiesced to double patenting rejections of the '181 patent claims over U.S. Patent No. 7,188,180 (the '180 patent) by filing a terminal

8, 11-12, 16-17. Patent Owner thus admitted the '181 and '274 patent claims are not patentably distinct.

Joinder is clearly justified given the interdependence of the patentability of the claims in the '181 and '274 patents. In addition, joinder is warranted in view of the substantial degree of commonality of issues presented in IPR2014-00483, -00484, -00485 and -00486 relative to IPR2014-00403 and -00404. For example, the petitions rely on substantially the same primary references and advance substantially similar grounds of unpatentability for the '181 and '274 patents.

Joinder also is warranted because it will enable *inter partes* review of the '181 patent claims alongside the patentably indistinct '274 patent claims. Although the '181 patent was asserted in an action for infringement more than one year before the date petitions in IPR2014-00485 and -00486 were filed, the Board is authorized to conduct *inter partes* review on the basis of these petitions as they are accompanied by a motion for joinder. *See* 35 U.S.C. § 315(b). Granting the present joinder motion will further the statutory purpose of the *inter partes* review system, as it will reduce the number of issues the district court in related litigation involving the '181 patent must resolve at trial (now scheduled for October 2015).

Other factors relevant to joinder favor granting this motion, including: (i) the same schedule for various proceedings can be adopted, (ii) discovery can be

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disclaimer linking the '181 patent to the '180 patent. SOF ¶¶ 7, 10, 13.

coordinated to minimize burdens on the parties and witnesses, 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. Because all these factors support joining these proceedings, Petitioner requests the Board to grant this motion for joinder.

II. STATEMENT OF MATERIAL FACTS

1. U.S. Patent No. 8,051,181 (the ’181 patent) issued on November 1, 2011 from U.S. Application No. 11/679,416 (the ’416 application). Ex. 1025.

2. U.S. Patent No. 7,987,274 (the ’274 patent) issued on July 26, 2011 from U.S. Application No. 11/839,987 (the ’987 application). Ex. 1027.

3. U.S. Patent No. 7,188,180 (the ’180 patent) issued on March 6, 2007 from U.S. Application No. 10/702,486 (the ’486 application). Ex. 1001.

4. The ’181 and ’274 patents each claim benefit, *inter alia*, to the ’180 patent (*i.e.*, to the ’486 application), and to earlier filed applications to which the ’180 patent claims benefit, including, *inter alia*, U.S. Application No. 09/504,783 filed on February 15, 2000. *See* Exs. 1001, 1025 & 1027.

5. The ’180, ’274 and ’181 patents have a nearly identical disclosure. *Id.*

6. The ’181 patent is terminally disclaimed over the ’274 patent. Ex. 1026 at 797, 1045.

7. The ’181 patent is terminally disclaimed over the ’180 patent. Ex. 1026 at 795, 1045.

8. The ’274 patent is terminally disclaimed over the ’181 patent. Ex. 1028 at 634, 2741.

9. On April 8, 2010, claims 2, 24, 26 and 28-30 of the ’416 application (later issuing as claims 2, 24, 26, 28, 29 and 1, respectively of the ’181 patent) were rejected for obviousness-type double patenting over claim 1 of the ’987 application (which later issued as claim 1 of the ’274 patent). Ex. 1026 at 783-785.

10. Also on April 8, 2010, claims 2, 24, 26 and 28-30 of the ’416 application (later issuing as claims 2, 24, 26, 28, 29 and 1, respectively of the ’181 patent) were rejected for obviousness-type double patenting over claim 1 of the ’180 patent. Ex. 1026 at 783-785.

11. On October 8, 2010, in its response to the two double patenting rejections, Patent Owner did not dispute the merits of either finding of obviousness-type double patenting. Instead, Patent Owner argued the rejections should be withdrawn because it had terminally disclaimed the ’181 patent over each of the ’274 and ’180 patents. Ex. 1026 at 799, 805-816.

12. Also on October 8, 2010, Patent Owner filed terminal disclaimers in the ’181 patent relative to each of the ’180 and ’274 patents. Ex. 1026 at 795 (regarding the ’180 patent) and at 797 (regarding the ’987 application later issued as the ’274 patent). The terminal disclaimer form used by Patent Owner in both instances was entitled “Terminal Disclaimer to Obviate a Double Patenting

Rejection Over a 'Prior' Patent") (PTO/SB/26(07-09)). The Office entered these terminal disclaimers on November 4, 2011. Ex. 1026 at 1045. The Office did not maintain double patenting rejections over the '180 and '274 patents in a subsequent rejection, and the '181 claims were later allowed. Ex. 1026 at 3311.

13. On July 8, 2010, the '274 patent claims were rejected for obviousness-type double patenting over claims 2-23 of the '416 application (which later issued as claims 1-22 of the '181 patent). Ex. 1028 at 380-381.

14. On June 9, 2009, the '274 patent claims were rejected for obviousness-type double patenting over the '180 patent claims. Ex. 1028 at 183-186. The Office maintained this rejection in a later action. Ex. 1028 at 250.

15. On January 8, 2010, Patent Owner responded to the non-statutory double patenting rejection of the '274 claims based on the '180 patent by arguing its provision of a terminal disclaimer obviated the rejection. Ex. 1028 at 282, 284. This followed a prior response offering to provide this terminal disclaimer. Ex. 1028 at 241-243. In its responses, Patent Owner did not dispute the finding of obviousness of the '274 claims over the '180 claims. Ex. 1028 at 282.

16. On January 10, 2011, Patent Owner responded to the double patenting rejection of the '274 claims based on the '181 patent by arguing its provision of a terminal disclaimer obviated the rejection. Ex. 1028 at 11. Patent Owner did not dispute the merits of the Office's finding of obviousness-type double patenting of

the ’274 claims over the ’181 patent claims. *Id.*

17. Also on January 10, 2011, Patent Owner filed a terminal disclaimer in the ’274 patent relative to the ’416 application that later issued as the ’181 patent. Ex. 1028 at 634. The terminal disclaimer was entered by the Office on February 8, 2011. Ex. 1028 at 2741. The Office subsequently withdrew the double patenting rejection, and allowed the ’274 claims. Ex. 1028 at 3012-3016.

18. The independent claims of the ’181 and ’274 patents are highly similar. Ex. 1029 ¶¶ 197-203. For example, claim 2 of the ’181 patent and claim 1 of the ’274 patent, reproduced below, recite highly similar steps:

’181 Patent	**’274 Patent**
2. A method of using a first device to communicate with a second device having a secure name, the method comprising:	1. A method of accessing a secure network address, comprising:
from the first device, **sending a message to a secure name service**, the message **requesting a network address** associated with the **secure name of the second device**;	**sending a query message from a first network device to a secure domain service**, the query message **requesting from the secure domain service** a **secure network address** for a second network device;
at **the first device**, **receiving** a **message** containing the **network address associated** with the secure name of the **second device**; and	**receiving at the first network device** a **response message** from the secure domain name service containing the **secure network address** for the **second network device**; and
from the first device, **sending a message** to the **network address associated** with the secure name of the **second device** using a **secure**	**sending an access request message** from the first network device to the **secure network address** using a **virtual private network communication link**.

communication link.	

19. Claims dependent from claim 2 of the ’181 patent are substantially similar to corresponding claims dependent from claim 1 of the ’274 patent. Ex. 1029 ¶¶ 197-203. The table below identifies corresponding dependent claims in each of the ’181 and ’274 patents:

’181	5	6	7	8	9	10	11	14	15	16	17	18	20	21	22
’274	7	8	9	10	11	12	13	2	3	4	5	14	15	16	17

20. The additional independent claims in the ’181 patent (*i.e.*, claims 1, 24, 26, 28 and 29) do not add material distinctions to claim 2 of the ’181 patent or claims in the ’274 patent. For example, claim 16 of the ’274 patent specifies that the “second network device has an unsecure name” – a provision recited in claim 26 of the ’181 patent. Similarly, claim 17 specifies “the secure network address is registered with the secure domain service prior to the step of sending a query message to a secure domain service.” A similar clause is found in claims 24 and 26 of the ’181 patent. Independent claims 1, 28 and 29 of the ’181 patent simply express processes as instructions in “[a] non-transitory machine-readable medium.”

21. In a Right of Appeal Notice (“RAN”) dated August 16, 2013 in *inter partes* reexamination control no. 95/001,949 (the ’949 Proceeding), the Office found all claims of the ’181 patent unpatentable. *See* Ex. 1072 (’949 Proceeding) at 1390-1391 (RAN dated 8/16/2013). The grounds of unpatentability that are the

subject of the RAN include, *inter alia*, that (i) claims 1-12 are anticipated by Beser (Ex. 1031); (ii) claims 1-15, 18-23 and 29 are anticipated by Provino (Ex. 1003), and (iii) claims 24-26 are obvious based on Provino (Ex. 1003) in view of the H.323 protocol (Ex. 1077).

22. The ’949 Proceeding is presently the subject of an appeal pending before the Board on the grounds maintained in the RAN. Ex. 1072 at 1505.

23. The ’181 patent was the subject of a complaint for infringement that was served on Apple Inc. in November of 2011, which led to civil action no. 11-cv-00563-LED (E.D. Tex.). That action was consolidated in June 2013 with a different action in which the ’181 patent had not been asserted (*i.e.*, civil action no. 6:12-cv-00855-LED). The ’181 was also the subject of an ITC proceeding (*i.e.*, 337-TA-858), filed on September 14, 2012, which was subsequently withdrawn by Patent Owner in May of 2013.

24. The ’274 and ’180 patents have not been asserted against Apple Inc.

III. ARGUMENT

Under 35 U.S.C. § 315(b), the Board is authorized to join proceedings based on petitions involving different patents. 35 U.S.C. § 315(c) (“…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 … determines warrants the institution of an *inter partes* review under section 314”); 37 C.F.R. 42.122(b).

The joinder authority applicable to IPR proceedings is distinct from that governing post grant review proceedings, which only authorizes joinder for petitions on the same patent. *See* 35 U.S.C. § 325(c) ("JOINDER.--If more than 1 petition for a post-grant review under this chapter is properly filed against the same patent …").

The Board has identified several factors that are relevant to a motion for joinder. For example, in IPR2013-00386, the Board explained:

> A motion for joinder should: (1) set forth 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.

See IPR2013-00004, Paper 15 at 4; Frequently Asked Question ("FAQ") H5 on the Board's website at http://www.uspto.gov/ip/boards/bpai/prps.jsp. Each of these factors is addressed below, and, when considered, strongly supports granting this motion for joinder.

A. Reasons Why Joinder Is Necessary and Appropriate

As explained in § I, above, Patent Owner has conceded the '181 and '274 patent claims are not patentably distinct. Specifically: (i) it acquiesced to the finding by the Office that the '181 claims were unpatentable over the '274 claims by filing a terminal disclaimer to overcome the Office's finding of obviousness-

type double patenting rather than dispute that finding (SOF ¶¶ 6, 9, 11-12) and (ii) it acquiesced to the Office's finding that the '274 claims were unpatentable over the '181 patent claims by again filing a terminal disclaimer rather than disputing the Office's finding of non-statutory double patenting (SOF ¶¶ 8, 13-17). Patent Owner cannot now contend the '181 and '274 patent claims are patentably distinct.

Also, all of the '181 patent claims presently stand rejected in the '949 *inter partes* reexamination proceeding, now on appeal before the Board. SOF ¶¶ 21-22. When that proceeding might conclude, however, cannot be predicted.[3] There is thus a material possibility the '274 patent claims will be found unpatentable in an *inter partes* review proceeding before the Board concludes the reexamination proceedings involving the patentably indistinct '181 patent claims. If that occurs, Patent Owner will be precluded, pursuant to 37 C.F.R. § 42.73(d)(3), from contending the '181 claims are patentable, as it has already conceded they are not

[3] By way of illustration, the Director of the Central Reexamination Unit recently vacated appeals – 8 months after the appeals were taken and nearly 3 months after briefs were filed – in Control Nos. 95/001,788 and 95/001,789 involving two related patents of Patent Owner to enable the Examiner to consider a belatedly filed supplemental expert report that the Examiner – prior to issuing the RANs – stated he had considered and found to not alter his conclusions on patentability. Ex. 1086 at 5; Ex. 1087 at 5. Both proceedings now await action.

patentably distinct from the ’274 patent claims. *See* 37 C.F.R. § 42.73(d)(3) (patent owner precluded from “taking action inconsistent with the adverse judgment, including obtaining in any patent: (i) a claim that is not patentably distinct from a finally refused or canceled claim.”). Granting this joinder motion will enable the Board to conserve its limited resources, obviate the need to conduct independent proceedings on two patents having patentably indistinct claims, and prevent a potentially wasted investment of time conducting an appeal of the ‘949 Proceeding due to the effect of 37 C.F.R. §42.73(d)(3). Instead, joinder will enable the Board to address, in a single *inter partes* review proceeding and in a time-certain manner, the common patentability issues facing the ’181 and ’274 patents.

Joinder is also warranted because the issues raised in the petitions filed by Apple (IPR2014-00483 to -00486) and Microsoft (IPR2014-00403 and -00404) are highly similar. As shown in the table below, there is a substantial overlap in the grounds raised by Apple and Microsoft in their petitions (*e.g.*, the same four primary references are used, the same claims in the ’274 patent are being challenged). The ’274 and ’181 patents also have a nearly identical disclosure (SOF ¶ 5) and their claims have the same effective filing date (*i.e.*, not earlier than April of 2000) (SOF ¶ 4). This means there will be no distinct issues of applicability of the prior art to the claims in the ’274 and ’181 patents, and consistent interpretations will be used for the claim terms. The high degree of

similarity between the claims of the ’274 and ’181 patents (*see* SOF ¶¶ 18-20) also means no additional effort of consequence should be required to compare the claims to the teachings of the primary references or assess the patentability defects that have been identified. There is thus a strong justification for joining the petitions contesting the patentability of the claims in the ’181 and ’274 patents.[4]

IPR2014	**-00403**	**-00404**	**-00483**	**-00484**	**-00485**	**-00486**
Patent	**’274**	**’274**	**’274**	**’274**	**’181**	**’181**
Provino (Ex. 1003)	1-5, 7, 8, 10, 12, 13, 15, 17, 18		1-5, 7, 8, 10, 12, 13, 15, 17, 18			1-29
Kiuchi (Ex. 1004)		1-5, 7, 8, 10, 12, 15, 17		1-5, 7, 8, 10, 12, 15, 17	1-6, 8-9, 13-19, 21-29	
Beser (Ex. 1031)				1-5, 7, 8, 10, 12, 13, 15, 17, 18	1-29	
RFC 2543 (Ex. 1033)			1-5, 7, 8, 10, 12, 13, 15, 17, 18			1-29

[4] Petitioner also has filed petitions contesting the ’180 patent (i.e., IPR2014-00481 and -00482) which present the same grounds as those in IPR2014-00401 and -00405 filed by Microsoft. Petitioner believes any joined proceedings involving the ’274 and ’181 patents can be coordinated with those proceedings.

B. New Grounds of Patentability in the Apple Petitions

As shown in the table above, the -00483 and -00484 petitions present substantially overlapping grounds relative to the -00403 and -00404 petitions, and present additional grounds based on Beser (Ex. 1031) and RFC 2543 (Ex. 1033). The petitions against the '**181** patent (-00485 and -00486) rely on the same four primary references, but as that patent has different claims, different explanations are provided as to why the '181 claims are unpatentable over those four references.

Consideration of the additional grounds presented in the Apple petitions will not impose burdens on the Board relative to consideration of the grounds in the -00403 and -00404 petitions. The primary independent claims in the '274 and '181 patents share the same structure and key claim elements, and the '274 claim elements are simply narrower than their counterparts in the '181 claims (*e.g.*, "query message" vs. "message"; "secure domain name" vs. "secure name"; "secure domain name service" vs. "secure name service"). SOF ¶¶ 18-20; Ex. 1029 ¶¶ 199, 200, 202. Considering the two additional primary references applied to the '274 and '181 patent claims (*i.e.*, Beser (Ex. 1031) and RFC 2543 (Ex. 1033)) also will not impose a significant burden on the Board – while each reference describes distinct systems, each system achieves secure communications via IP tunneling and VPNs, and refers to well known Internet protocols in doing so. Patent Owner also is familiar with Beser and RFC 2543, which are at issue in related IPR and *inter*

partes reexamination proceedings (*e.g.*, IPR2014-00237-00238, the '949 Proceeding). Consideration of additional secondary references also will not be burdensome, given the limited role those references play in supporting the findings of obviousness. Consideration of the additional grounds thus will not impose an unreasonable burden on the Board or the Parties.

C. Impact on the Trial Schedule

Granting this motion for joinder will have no impact on the trial schedule of the various proceedings. The Apple petitions were submitted well before trial might be instituted on the IPR2014-00403 and -00404 petitions, and the Board can thus readily accommodate consideration of the Apple petitions within the schedule it sets for evaluating the Microsoft petitions. There also is no prejudice to Patent Owner, given that Apple's petitions have been filed well before the date Patent Owner's preliminary response would be due. Further, as neither briefing nor discovery in the Microsoft proceedings has begun, the Board can issue a single scheduling order for the joined proceedings. *See* IPR2013-00327, Paper 15 at 3-4.

D. Proposals for Briefing in the Joined Proceedings

In the interest of efficiency, Petitioner is willing to accept reasonable restrictions on discovery as long as they do not preclude Petitioner from effectively participating in the joined proceeding. For example, based on the petitions that have been filed, only one expert witness per petitioner has provided testimony.

Patent Owner likewise should need only one or two witnesses to support its position. Depositions of this small number of witnesses can be readily accommodated within a standard IPR schedule. Apple is also willing to coordinate with Microsoft to avoid duplicative cross-examination of Patent Owner witnesses (*e.g.*, providing that only one party conducts cross-examination of each witness on each ground advanced in the joined proceedings).

Petitioner also is willing to accept other conditions on the conduct of the joined proceeding, such as limiting its participation to the unique grounds presented in its petitions, and by providing joint comments with Microsoft on the common grounds. *See Motorola*, IPR2013-00256, Paper 10 at 2-3. For example, if the Board instituted review on the basis of the two primary references advanced by Apple in its petitions, along with grounds based on references advanced by both Apple and Microsoft, Apple would limit its reply to grounds based on the prior art it alone has advanced, and would file a joint reply on the remaining grounds.

IV. Conclusion

Because the factors relevant to grant of a motion for joinder strongly support joining IPR2014-0403, -0404, -0483, -0484, -0485 and -0486, Petitioner requests this joinder motion be granted.

Dated: March 10, 2014

Respectfully Submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on this 10th day of March 2014, a copy of this Third Party Proposal on Discovery, has been served in its entirety by e-mail on the following counsel of record for patent owner:

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