

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

BLACK SWAMP IP, LLC,
Petitioner,

v.

VIRNETX INC.,
Patent Owner.

Case IPR2016-00167
Patent 7,490,151 B2

Before MICHAEL P. TIERNEY, KARL D. EASTHOM, and
STEPHEN C. SIU, *Administrative Patent Judges*.

SIU, *Administrative Patent Judge*.

DECISION
Institution of *Inter Partes* Review
37 C.F.R. § 42.108

I. INTRODUCTION

Black Swamp, LLC. (“Petitioner” or “Black Swamp”) filed a Petition (“Pet.”) on November 6, 2015 (Paper 1) requesting *inter partes* review of claims 1, 2, 6–8, and 12–14 of U.S. Patent No. 7,490,151 B2 (“the ’151

Patent,” Ex. 1001). Along with the Petition, Petitioner filed a Motion for Joinder (Paper 2, “Mot.”) with IPR2015-01047, *Mangrove Partners Master Fund, Ltd. v. VirnetX Inc.* (the “Mangrove proceeding”), a pending *inter partes* review involving the ’151 patent.

VirnetX Inc. (“Patent Owner” or “VirnetX”) filed a Preliminary Response (Paper 10, “Prelim. Resp.”) on January 22, 2016 and an Opposition to the Motion for Joinder (Paper 7, “Opp.”) on December 7, 2015. For the reasons described below, we institute an *inter partes* review of all the challenged claims and grant Petitioner’s Motion for Joinder.

II. ANALYSIS

An *inter partes* review may be joined with another *inter partes* review, subject to the provisions of 35 U.S.C. § 315(c), which governs joinder of *inter partes* review proceedings:

(c) JOINDER. – If the Director institutes an *inter partes* review, 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, after receiving a preliminary response under 313 or the expiration of the time for filing such a response, determines warrants the institution of an *inter partes* review under section 314.

As the moving party, Petitioner bears the burden of proving that it is entitled to the requested relief. 37 C.F.R. § 42.20(c). A motion for joinder should: (1) set forth the reasons joinder is appropriate; (2) identify any new grounds of unpatentability asserted in the petition; and (3) explain what impact (if any) joinder would have on the trial schedule for the existing review.

The Petition in this proceeding has been accorded a filing date of November 6, 2015 (Paper 4), which satisfies the joinder requirement of being filed within one month of our instituting a trial in IPR2015-01047 (i.e., within one month of October 7, 2015). 37 C.F.R. § 42.122.

The Petition in this proceeding asserts the same grounds as those on which we instituted review in IPR2015-01047. On October 7, 2015, we instituted a trial in the IPR2015-01047 matter on the following grounds:

Reference(s)	Basis	Claims challenged
Kiuchi ¹	§ 102	1, 2, 6–8, and 12–14
Kiuchi and RFC 1034 ²	§ 103	1, 2, 6–8, and 12–14
Kiuchi and Rescorla ³	§ 103	1, 2, 6–8, and 12–14
Kiuchi and RFC 1034 and Rescorla	§ 103	1, 2, 6–8, and 12–14

Mangrove Partners Master Fund, Ltd. v. VirnetX Inc., Case IPR2015-01047, slip. op. at 12 (PTAB October 7, 2015) (Paper 11) ('1047 Decision); *see also* IPR2015-01047, slip. op. at 1–2 (PTAB December 10, 2015) (Paper 24) ('1047 Errata).

In view of the identity of each of the challenges in the instant Petition to at least one challenge presented in the petition in IPR2015-01047, we

¹ Takahiro Kiuchi and Shigekoto Kaihara, *C-HTTP – The Development of a Secure, Closed HTTP-Based Network on the Internet*, PROCEEDINGS OF THE SYMPOSIUM ON NETWORK AND DISTRIBUTED SYSTEM SECURITY, IEEE 64–75 (1996) (Ex. 1002, “Kiuchi”).

² P. Mockapetris, *Domain Names – Concepts and Facilities*, Network Working Group, Request for Comments: 1034 (1987) (Ex. 1005, “RFC1034”).

³ E. Rescorla and A. Schiffman, *The Secure HyperText Transfer Protocol*, Internet Draft (Feb. 1996) (Ex. 1004, “Rescorla”).

institute an *inter partes* review in this proceeding on the same grounds as those on which we instituted *inter partes* review in IPR2015-01047.

Patent Owner argues that “[g]iven the number of serial challenges filed against the ’151 patent, and the fact that several are currently pending at the Office, the board should invoke its authority under 35 U.S.C. §§ 315(d) and 325(d) to deny institution of this challenge.” Prelim. Resp. 1. Patent Owner also argues that the instant petition is “duplicative” and presents a “burden for the Board and the parties.” Prelim. Resp. 4; See also, *Id.* 5–7. We have considered carefully Patent Owner’s arguments but decline to exercise our authority to deny institution on this ground.

Patent Owner argues that institution should be denied because Petitioner’s “Petition is entirely devoid of any expert testimony in support of its analysis” and has, therefore, allegedly “fail[ed] to meet its burden of demonstrating a reasonably likelihood of prevailing in proving unpatentability of any challenged claim.” Prelim. Resp. 8. Patent Owner also argues that Petitioner’s “analysis does not rely on any expert testimony.” Opp. 3. Patent Owner does not demonstrate sufficiently that reliance on expert testimony is required or that the absence of expert testimony alone indicates the failure to demonstrate a reasonable likelihood of prevailing in proving unpatentability of a challenged claim. We are not persuaded by Patent Owner’s argument.

Patent Owner argues that joinder would “increase the complexity” of the proceeding because “[w]hile the primary reference, *Kiuchi*, remains the same, the analyses differ throughout.” Opp. 2. In particular, Patent Owner argues that Petitioner “rel[ies] on *Kiuchi*’s ‘client-side proxy’” but that petitioner in IPR2015-01047 “relies on *Kiuchi*’s ‘client-side proxy’ and ‘C-

HTTP name server' for allegedly disclosing the same feature.” Opp. 2. According to Patent Owner, the alleged “differences would require VirnetX additional time to respond.” Opp. 6. We have considered carefully Patent Owner’s argument but are not persuaded. For example, Patent Owner does not demonstrate sufficiently that any alleged difference in rationale presented by Petitioner would be sufficiently different and complex to preclude joinder. Nor does Patent Owner demonstrate adequately that the alleged “additional time to respond,” if any, would be prohibitive.

Patent Owner also argues that if joinder is granted, “an altogether new ground would be added to the Mangrove proceeding” and that the “altogether new ground would be added in the proceeding necessitating significant additional time for Patent Owner to respond.” Opp. 3, 4. Patent Owner’s argument is moot in view of the Errata issued on December 10, 2015 (Paper 24) in IPR2015-01047.

Patent Owner argues that joinder should be denied because “[this] petition represents the tenth attempt to challenge the validity of the ’151 patent at the Office” and would, therefore, allegedly prevent “a just, speedy, and inexpensive review of a patent.” Opp. 6, 7 (citing IPR2013-00354, IPR2013-00376, IPR2014-00173, IPR2014-00610, IPR2015-00187, IPR2015-01047, IPR2016-00063, and IPR2016-00167). We have considered carefully Patent Owner’s arguments but find them unpersuasive. For example, even assuming Patent Owner is correct that there have been nine previous challenges to the patentability of the claims of the ’151 patent, Patent Owner does not assert or demonstrate sufficiently that any of the alleged matters involve Black Swamp at all.

Patent Owner argues that joinder would “prejudice VirnetX because it appears that Black Swamp’s purpose for filing its petition is nothing more than an attempt at extortion.” Opp. 7. Aside from conjecture and speculation, Patent Owner does not provide sufficient evidence to indicate the purpose of this petition. Moreover, even if such evidence were to be presented, Patent Owner does not demonstrate persuasively that the purpose of filing a petition bears on whether to institute or whether to grant or deny joinder.

Patent Owner argues that “allowing another party to join . . . would further tip the scale of resources in favor of the petitioner.” Prelim. Resp. 10. Patent Owner does not provide sufficient detail as to how joining Petitioner would “tip the scale of resources” or how much “tipping of the scale,” if any, would occur. Without such a showing, we can only surmise that any “tipping of scales,” assuming there would be any “tipping” at all, would be inconsequential for purposes of determining joinder. Hence, we are unpersuaded by Patent Owner’s argument.

As a Petitioner in IPR2015-01047, Black Swamp shall adhere to the existing schedule of IPR2015-01047. All filings by Black Swamp in IPR2015-01047 shall be consolidated with the filings of the IPR2015-01047 petitioner (i.e., Mangrove), unless the filing involves an issue unique to Black Swamp or states a point of disagreement related to the consolidated filing. In such circumstances, Black Swamp may make a separate filing of no more than five pages, without prior authorization of the Board. The page limits set forth in 37 C.F.R. § 42.24 will apply to all consolidated filings.

Black Swamp is bound by any discovery agreements, including deposition arrangements, between Patent Owner and the IPR2015-01047

petitioner and shall not seek any discovery beyond that sought by the IPR2015-01047 petitioner (i.e., Mangrove). Patent Owner shall not be required to provide any additional discovery or deposition time as a result of joinder. The IPR2015-01047 petitioner shall designate attorneys to conduct the cross-examination of any witness produced by Patent Owner and the redirect examination of any other witness, within the timeframes set forth in 37 C.F.R. § 42.53(c) or agreed to by Patent Owner and the IPR2015-01047 petitioner (i.e., Mangrove). No individual petitioner will receive any additional cross-examination or redirect examination time. Moreover, if an oral hearing is requested and scheduled, the IPR2015-01047 petitioner (i.e., Mangrove) shall designate attorney(s) to present at the oral hearing in a consolidated argument.

The Board expects Black Swamp and Patent Owner to resolve any disputes between them and/or with the IPR2015-01047 petitioner (i.e., Mangrove) or with Apple, Inc., and to contact the Board only if such matters cannot be resolved.

III. ORDER

For the reasons given, it is

ORDERED that Petitioner's Motion for Joinder is granted;

FURTHER ORDERED that IPR2016-00167 is instituted and joined with IPR2015-01047;

FURTHER ORDERED that the grounds on which IPR2015-01047 was instituted are unchanged and no other grounds are included in the joined proceeding;

FURTHER ORDERED that the Scheduling Order entered in IPR2015-01047 (Paper 12) as modified by the Order changing due date 1 (Paper 20) and the Order changing due date 1 and 2 (Paper 34) remain unchanged and shall govern the schedule of the joined proceedings;

FURTHER ORDERED that, throughout the joined proceeding, Mangrove will file papers, except for motions that do not involve the other party or parties, as a single, consolidated filing; that the filing party (Mangrove) will identify each such filing as a Consolidated Filing;

FURTHER ORDERED that any separate filing by Black Swamp in IPR2015-01047 must not exceed five pages, without prior authorization of the Board;

FURTHER ORDERED that Black Swamp is bound by any discovery agreements between Patent Owner and the other petitioner in IPR2015-01047 (i.e., Mangrove) and that Black Swamp shall not seek any discovery beyond that sought by the other petitioner in IPR2015-01047 (i.e., Mangrove);

FURTHER ORDERED that all petitioners in IPR2015-01047 (i.e., Mangrove, Apple, Inc., and Black Swamp) shall collectively designate attorney(s) to conduct the cross-examination of any witness produced by Patent Owner and the redirect examination of any other witness; within the timeframes set forth in 37 C.F.R. § 42.53(c) or agreed to by the parties;

FURTHER ORDERED that all petitioners in IPR2015-01047 (i.e., Mangrove, Apple, Inc., and Black Swamp) shall collectively designate attorney(s) to present at the oral hearing, if requested and scheduled, in a consolidated argument;

FURTHER ORDERED that IPR2016-00167 is terminated under

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37 C.F.R. § 42.72 and all further filings in the joined proceedings are to be made in IPR2015-01047;

FURTHER ORDERED that a copy of this Decision will be entered into the record of IPR2015-01047; and

FURTHER ORDERED that the case caption in IPR2015-01047 shall be changed to reflect joinder with this proceeding in accordance with the attached example.

For PETITIONER:

Abraham Kasdan
James T. Bailey,
WIGGIN AND DANA LLP
akasdan@wiggins.com
jtb@jtbaileylaw.com

Jeffrey P. Kushan
Thomas A. Broughan, III
Scott M. Border
SIDLEY AUSTIN LLP
jkushan@sidley.com
tbroughan@sidley.com
sborder@sidley.com

Thomas H. Martin
Wesley C. Meinerding
MARTIN & FERRARO, LLP
1557 Lake O'Pines Street, NE
Hartville, OH 44632

For PATENT OWNER:

Joseph E. Palys
Naveen Modi
PAUL HASTINGS LLP

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josephpalys@paulhastings.com
naveenmodi@paulhastings.com

Example Case Caption for Joined Proceeding

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THE MANGROVE PARTNERS MASTER FUND, LTD., APPLE, INC., and
BLACK SWAMP, LLC,
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VIRNETX INC.,
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⁴ 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.