

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

MICROSOFT CORPORATION,
Petitioner,

v.

VIRNETX INC.,
Patent Owner.

Case IPR2014-00558
Patent 6,502,135 B1

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

SIU, *Administrative Patent Judge*.

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

I. BACKGROUND

Microsoft Corporation (“Petitioner”) filed a Petition (“Pet.”) requesting *inter partes* review of claims 1, 3, 4, 7, 8, 10, 12, and 13 of U.S. Patent No. 6,502,135 B1 (“the ’135 Patent,” Ex. 1001) pursuant to 35 U.S.C. § 311-319. VirnetX Inc. (“Patent Owner”) filed a Preliminary Response (“Prelim. Resp.”) on July 9, 2014. Paper 11.

We have jurisdiction under 35 U.S.C. § 314. The standard for instituting *inter partes* review is set forth in 35 U.S.C. § 314(a):

THRESHOLD—The Director may not authorize an *inter partes* review to be instituted unless the Director determines that the information presented in the petition filed under section 311 and any response filed under section 313 shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.

For the reasons described below, we determine that the Petition was not filed timely within the statutory period of 35 U.S.C. § 315(b). We, thus, deny *inter partes* review.

A. *Related Proceedings*

The ’135 Patent was asserted in a complaint for *VirnetX Inc. v. Microsoft Corp.*, Case No. 6:07-CV-00080 (E.D. Tex. April 5, 2007) (Ex. 2010, “the 2007 complaint”) and a complaint for *VirnetX Inc. v. Microsoft Corp.*, Case No. 6:10-cv-00094 (E.D. Tex. March 17, 2010) (Ex. 2013, “the 2010 complaint”). Prelim. Resp. 3-5.

The ’135 Patent also is involved in the following proceedings: Civ. Act. No. 6:13-cv-00211-LED (E.D. Tex.), filed February 26, 2013; Civ. Act. No. 6:12-cv-00855-LED (E.D. Tex.), filed November 6, 2012; Civ. Act. No. 6:10-CV-00417-LED (E.D. Tex.), filed August 11, 2010; Civ. Act. No.

6:11-CV-00018-LED (E.D. Tex); Civ. Act. No. 6:13-cv-00351-LED (E.D. Tex), filed April 22, 2013 (“the 2013 complaint”); *Inter partes* reexamination, control number 95/001,679; *Inter partes* reexamination, control number 95/001,682; *Inter partes* reexamination, control number 95/001,269 (reexamination certificate issued June 7, 2011); and *Inter partes* review, Attorney Docket No. 38868-0003IP2 (filed concurrently). Pet. 1-2.

II. ANALYSIS

Petitioner was served with a complaint alleging infringement of the ’135 patent on three occasions. The first complaint (i.e., the 2007 complaint) was served on April 5, 2007 and the second complaint (i.e., the 2010 complaint) was served on March 17, 2010. Exs. 2010, 2013. The 2007 complaint and the 2010 complaint were both served more than one year prior to the date on which the Petitioner filed the present Petition requesting *inter partes* review (March 31, 2014). The third complaint (i.e., the 2013 complaint) was served less than one year prior to the date on which the Petitioner filed the present Petition requesting *inter partes* review.

35 U.S.C. § 315(b) follows:

An *inter partes* review may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent.

As described above, 35 U.S.C. § 315(b) states that an *inter partes* review may not be instituted if the petition is filed more than one year after the date of service on Petitioner of a complaint alleging infringement of the

patent. In the present case, the Petition is filed more than one year after the service date of a complaint alleging infringement of the '135 patent. In fact, the Petition is filed more than one year after the service date of two such complaints, namely, the 2007 complaint and the 2010 complaint. Therefore, pursuant to 35 U.S.C. § 315(b), *inter partes* review may not be instituted in the present case.

Petitioner contends that 35 U.S.C. § 315(b) explicitly states that *inter partes* review may not be instituted if the petition is filed more than one year after the date a petitioner is served with “a” complaint alleging infringement of the patent and that a third complaint was served less than one year prior to the date of filing of the present Petition. Pet. 3. Petitioner also asserts that 35 U.S.C. § 315(b) is ambiguous, does not require explicitly that the complaint be the “first” complaint, and that, in view of Petitioner’s perceived ambiguities, “a complaint,” as specified in the statute, should be interpreted as “a latest complaint,” and should not be interpreted as “a first complaint.” Pet. 8-10. While Petitioner asserts that 35 U.S.C. § 315(b) does not require that the complaint be the “first” complaint served, we note, rather, 35 U.S.C. § 315(b) merely requires “a” complaint. We decline Petitioner’s invitation to amend the statute by inserting either “latest” or “first” (or “third,” in this case) into the statute. Rather, we interpret “a complaint,” in accordance with the plain language of 35 U.S.C. § 315(b), to include “a complaint” as explicitly stated. The statute prohibits institution of *inter partes* review if the petition is filed more than one year after the date petitioner is served with “a” complaint. The record shows that in this case, Petitioner was served with “a” complaint on April 5, 2007 (the 2007 complaint) and the Petitioner filed the present Petition for *inter partes*

review on February 4, 2014. Paper 2. The date a complaint was served (April 5, 2007) predates the date Petitioner filed the Petition (February 4, 2014) by more than one year. Under these circumstances, pursuant to the express language of 35 U.S.C. § 315(b), an *inter partes* review may not be instituted..

We note that in the dismissal of the 2010 complaint, the Court ordered that “[a]ll claims asserted against [Petitioner] in this action are dismissed with prejudice.” Ex. 2017. Petitioner asserts that “[Patent Owner] voluntarily dismissed its infringement actions, pursuant to Fed. R. Civ. P. 41, before entry of a final judgment” and that “voluntary dismissal of an infringement action *with prejudice* . . . has been found to nullify the legal effect of service of a corresponding complaint.” Pet. 4-5 (citing *Universal Remote Control, Inc. v. Universal Electronics, Inc.*, Case IPR2013-00168, slip op. at 6 (PTAB Aug. 23, 2013) (Paper 9)). Similar to the 2010 complaint, in *Universal Remote Control*, Case IPR2013-00168, a complaint alleging infringement of the patent was dismissed with prejudice. Although, according to *Universal Remote Control*, “the Federal Circuit consistently has interpreted the effect of [dismissals *without prejudice*] as leaving the parties as though the action had never been brought,” the petitioner in that case failed to show that the dismissal *with prejudice* should be treated the same as a dismissal *without prejudice* and, thus, the petition was held to have been not filed timely within the statutory period of 35 U.S.C. § 315(b). *Universal Remote Control, Inc. v. Universal Electronics, Inc.*, Case IPR2013-00168, slip op. at 6 (PTAB Aug. 23, 2013) (Paper 9). Here, Petitioner also has not shown that voluntary dismissal of an infringement action with prejudice should nullify the legal effect of service of the earlier complaints (i.e., that a

dismissal with prejudice should be treated the same as a dismissal without prejudice).

Petitioner maintains that invalidity counterclaims or affirmative defenses by Petitioner corresponding to the 2007 complaint and the 2010 complaint were dismissed without prejudice. Pet. 5-7. However, as previously described, in the dismissal of the 2010 complaint, the court ordered that “[a]ll claims asserted against [Petitioner] in this action are dismissed with prejudice.” Ex. 2017. Hence, the 2010 complaint, at least, was dismissed with prejudice and, therefore, the parties are not left as though the action had never been brought.

Also, as Patent Owner points out, in the dismissal of the 2007 complaint, the court ordered that “[a]ll claims asserted against [Petitioner] in this action are dismissed with prejudice” and the “dismissal is with prejudice to [Petitioner]’s ability to assert any other counterclaims asserted by [Petitioner] in this action.” Ex. 2016.

According to the record, Petitioner and Patent Owner entered into a Settlement and License Agreement (“settlement agreement”). Ex. 1075. Petitioner contends that the settlement agreement states that a subset of “affirmative defenses and counterclaims of (i) non-infringement and invalidity shall be dismissed without prejudice.” Pet. 5-6 (quoting Ex. 1075 § 5.1). Petitioner, thus, argues that the infringement action corresponding to the 2007 complaint should be treated as dismissed without prejudice (and, therefore, the dismissal should nullify the legal effect of service of the 2007 complaint). We disagree. Pursuant to 35 U.S.C. § 315(b), what matters is the temporal relationship between the filing date of the petition requesting *inter partes* review and the date the petitioner is served with a complaint

alleging infringement of the patent. While 35 U.S.C. § 315(b) explicitly states the relevance of the date of a complaint alleging infringement of the patent, Petitioner does not show persuasively that the service date of any of Petitioner's affirmative defenses and counterclaims also pertain to the statute.

Petitioner argues that “the ‘without prejudice’ manner in which [Petitioner]’s affirmative defenses and counterclaims were dismissed placed [Petitioner] and [Patent Owner] in the same position as to invalidity that they would have been had the earlier invalidity action never been brought.” Pet. 7. However, Petitioner does not show sufficiently that the “with prejudice” manner in which all claims asserted against Petitioner were dismissed (*see, e.g., Ex. 2016, 2017*) also places both Petitioner and Patent Owner in the same position as to “a complaint alleging infringement of the patent” (as per 35 U.S.C. § 315(b)). Rather, based on the “with prejudice” manner of the dismissal, it appears that the parties are not in the same position as if the action had never been brought.

We are, therefore, not persuaded that the Petition was filed timely in accordance with 35 U.S.C. § 315(b).

Motion For Joinder

Petitioner filed a motion to join the instant proceeding with another proceeding, IPR2014-00171, pursuant to 35 U.S.C. § 315(c). See Paper 3. IPR2014-00171, however, has been terminated. *RPX Corp. v. VirnetX Corp.*, IPR2014-00171, Paper 52 (PTAB June 23, 2014). Accordingly, Petitioner's Motion for Joinder is dismissed.

III. CONCLUSION

We are not persuaded that the Petition was filed timely, within the statutory period of 35 U.S.C. § 315(b). We, thus, deny *inter partes* review of U.S. Patent 6,502,135 B1.

Petitioner's Motion for Joinder is dismissed.

IV. ORDER

For the reasons given, it is

ORDERED that Petitioner's Motion for Joinder is dismissed; and

FURTHER ORDERED that the Petition is denied as to all challenged claims and no trial is instituted.

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