

No. 23-315

IN THE
Supreme Court of the United States

VIRNETX INC. AND LEIDOS, INC.,
Petitioners,
v.

MANGROVE PARTNERS MASTER FUND, LTD.;
APPLE INC.; BLACK SWAMP IP, LLC; AND KATHERINE
K. VIDAL, UNDER SECRETARY OF COMMERCE FOR
INTELLECTUAL PROPERTY AND DIRECTOR OF THE
UNITED STATES PATENT AND TRADEMARK OFFICE,
Respondents.

ON PETITION FOR A WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

**BRIEF IN OPPOSITION FOR RESPONDENTS
MANGROVE PARTNERS MASTER FUND, LTD.,
APPLE INC., AND BLACK SWAMP IP, LLC**

WESLEY C. MEINERDING <i>Counsel of Record</i>	MARK C. FLEMING <i>Counsel of Record</i>
THOMAS H. MARTIN MARTIN & FERRARO, LLP 1557 Lake O’Pines Street, NE Hartville, OH 44632 (330) 877-0700 wmeinerding@martinferraro.com	WILLIAM F. LEE LAUREN B. FLETCHER WILMER CUTLER PICKERING HALE AND DORR LLP 60 State Street Boston, MA 02109 (617) 526-6000 mark.fleming@wilmerhale.com
<i>Counsel for Respondent Black Swamp IP, LLC</i>	
JAMES T. BAILEY <i>Counsel of Record</i> LAW OFFICE OF JAMES T. BAILEY 504 W. 136th St. #1B New York, NY 10031 (917) 626-1356 jtb@jtbailey.law.com	STEVEN J. HORN WILMER CUTLER PICKERING HALE AND DORR LLP 2100 Pennsylvania Ave NW Washington, DC 20037 (202) 663-6000 <i>Counsel for Respondent Apple Inc.</i>
<i>Counsel for Respondent Mangrove Partners Master Fund, Ltd.</i>	

QUESTIONS PRESENTED

1. Whether the Patent Trial and Appeal Board correctly allowed Apple’s joinder to already-instituted inter partes review proceedings, where 35 U.S.C. §315(b) expressly provides that the one-year time bar VirnetX relies on “shall not apply to a request for joinder,” and the Federal Circuit found that VirnetX was not prejudiced by Apple’s joinder.

2. Whether the Commissioner for Patents’ denial of VirnetX’s rehearing requests was compatible with the Federal Vacancies Reform Act, because he was performing a properly delegated function or duty of the Director of the United States Patent and Trademark Office.

CORPORATE DISCLOSURE STATEMENT

Mangrove Partners Master Fund, Ltd. has no parent corporation. No publicly held corporation holds 10% or more of Mangrove's stock.

Apple Inc. has no parent corporation. No publicly held corporation holds 10% or more of Apple's stock.

Black Swamp IP, LLC has no parent corporation. No publicly held corporation holds 10% or more of Black Swamp's stock.

TABLE OF CONTENTS

	Page
QUESTIONS PRESENTED	i
CORPORATE DISCLOSURE STATEMENT	ii
TABLE OF AUTHORITIES	v
INTRODUCTION	1
STATEMENT	4
A. Statutory Framework	4
1. The America Invents Act and IPRs	4
2. The Federal Vacancies Reform Act.....	6
B. District Court Litigation.....	7
1. VirnetX’s first lawsuit against Apple.....	7
2. VirnetX’s second lawsuit against Apple.....	8
C. Parallel USPTO Proceedings	9
1. Apple’s and Cisco’s initial reexamination requests and IPR petitions.....	9
2. The Mangrove IPRs and VirnetX’s first appeal	10
3. The Mangrove IPR remand and VirnetX’s second appeal	12
REASONS FOR DENYING THE PETITION	13
I. CERTIORARI SHOULD BE DENIED BECAUSE THIS COURT’S REVIEW WOULD NOT RESULT IN ANY MEANINGFUL RELIEF	13

TABLE OF CONTENTS—Continued

	Page
II. VIRNETX’S FIRST QUESTION PRESENTED DOES NOT WARRANT REVIEW	16
A. This Case Is A Poor Vehicle For Addressing 35 U.S.C. §315	16
B. The Board Correctly Interpreted §315.....	20
C. VirnetX’s Policy Concerns Are Misplaced.....	25
III. VIRNETX’S SECOND QUESTION PRESENTED DOES NOT WARRANT REVIEW	27
A. There Is No Circuit Split	27
B. VirnetX Has Forfeited Its Principal Argument	28
C. The Federal Circuit’s FVRA Interpretation Is Correct	29
D. VirnetX’s Policy Concerns Are Again Misplaced.....	34
CONCLUSION	36

TABLE OF AUTHORITIES

CASES

	Page(s)
<i>Action Alliance of Senior Citizens of Greater Philadelphia v. Sullivan</i> , 930 F.2d 77 (D.C. Cir. 1991).....	15
<i>Arthrex, Inc. v. Smith & Nephew, Inc.</i> , 35 F.4th 1328 (Fed. Cir. 2022)	13, 27, 30, 32-35
<i>Christianson v. Colt Industries Operating Corp.</i> , 870 F.2d 1292 (7th Cir. 1989).....	15
<i>Commil USA, LLC v. Cisco Systems, Inc.</i> , 575 U.S. 632 (2015)	26
<i>County of Los Angeles v. Davis</i> , 440 U.S. 625 (1979)	15
<i>Cuozzo Speed Technologies, LLC v. Lee</i> , 136 S. Ct. 2131 (2016).....	4, 17-19, 24, 26
<i>Facebook, Inc. v. Windy City Innovations, LLC</i> , 973 F.3d 1321 (Fed. Cir. 2020)	16, 19-21
<i>Kajmowicz v. Whitaker</i> , 42 F.4th 138 (3d Cir. 2022)	27
<i>Kingdomware Technologies, Inc. v. United States</i> , 136 S. Ct. 1969 (2016)	29
<i>Law v. Siegel</i> , 571 U.S. 415 (2014).....	30
<i>Lowe v. SEC</i> , 472 U.S. 181 (1985).....	23
<i>Microsoft Corp. v. AT&T Corp.</i> , 550 U.S. 437 (2007)	26
<i>North Carolina Department of Transportation v. Crest Street Community Council, Inc.</i> , 479 U.S. 6 (1986)	34

TABLE OF AUTHORITIES—Continued

	Page
<i>Network-1 Technologies, Inc. v. Hewlett-Packard Co.</i> , 981 F.3d 1015 (Fed. Cir. 2020)....	16, 21
<i>Nidec Motor Corp. v. Zhongshan Broad Ocean Motor Co.</i> , 868 F.3d 1013 (Fed. Cir. 2017)	21-22
<i>NLRB v. SW General, Inc.</i> , 137 S. Ct. 929 (2017)	31-32
<i>Oil States Energy Services, LLC v. Greene’s Energy Group, LLC</i> , 138 S. Ct. 1365 (2018)	4-6, 25-26
<i>SAS Institute, Inc. v. Iancu</i> , 138 S. Ct. 1348 (2018)	4, 9, 18
<i>Schaghticoke Tribal Nation v. Kempthorne</i> , 587 F.3d 132 (2d Cir. 2009)	28
<i>Seminole Tribe of Florida v. Florida</i> , 517 U.S. 44 (1996)	21
<i>Stand Up for California! v. U.S. Department of Interior</i> , 994 F.3d 616 (D.C. Cir. 2021)	27
<i>State Farm Fire & Casualty Co. v. United States ex rel. Rigsby</i> , 137 S. Ct. 436 (2016)	22-23
<i>Thryv, Inc. v. Click-to-Call Technologies, LP</i> , 140 S. Ct. 1367 (2020)	1-3, 16, 19-22, 24, 26
<i>United States v. Arthrex, Inc.</i> , 141 S. Ct. 1970 (2021)	6, 12, 33, 35
<i>United States v. Eaton</i> , 169 U.S. 331 (1898)	35
<i>United States v. Gonzales</i> , 520 U.S. 1 (1997)	31
<i>United States v. Thompson/Center Arms Co.</i> , 504 U.S. 505 (1992)	30

TABLE OF AUTHORITIES—Continued

	Page
<i>VirnetX Inc. v. Apple Inc.</i> , No. 22-1523, 2023 WL 6933812 (Fed. Cir. Oct. 20, 2023)	10
<i>VirnetX Inc. v. Cisco Sys., Inc.</i> , 748 F. App'x 332 (Fed. Cir. 2019) (per curiam)	8
<i>VirnetX, Inc. v. Cisco Sys., Inc.</i> , 767 F.3d 1308 (Fed. Cir. 2014)	7-8

DOCKETED CASES

<i>Arthrex, Inc. v. Smith & Nephew, Inc.</i> , No. 20- 2271 (Fed. Cir.)	7, 10, 13-14, 16, 29, 32-33
<i>Arthrex, Inc. v. Smith & Nephew, Inc.</i> , No. 22- 639 (U.S.)	3, 27

ADMINISTRATIVE PROCEEDINGS

<i>Apple Inc. v. VirnetX, Inc.</i> , IPR2013-00354, Paper 20 (P.T.A.B. Dec. 13, 2013)	10
<i>Cisco Systems, Inc. v. VirnetX, Inc.</i> , Reexami- nation 95/001,679, Decision on Appeal (P.T.A.B. Feb. 6, 2018).....	9
<i>Cisco Systems, Inc. v. VirnetX, Inc.</i> , Reexami- nation 95/001,714, Decision on Appeal (P.T.A.B. June 23, 2020)	9
Guidance on Application of FVRA, 23 Op. O.L.C. 60 (1999)	34
<i>RPX Corp. v. Applications in Internet Time, LLC</i> , IPR2015-01750, Paper 126 (P.T.A.B. Oct. 20, 2020)	25

TABLE OF AUTHORITIES—Continued

	Page
<i>RPX Corp. v. VirnetX Inc.</i> , IPR2014-00171, Paper 57 (P.T.A.B. June 5, 2014).....	10
<i>Ventex Co. v. Columbia Sportswear North America, Inc.</i> , IPR2017-00651, Paper 152 (P.T.A.B. Feb. 19, 2019).....	25
77 Fed. Reg. 48,680 (Aug. 14, 2012)	22

**CONSTITUTIONAL, STATUTORY, AND
REGULATORY PROVISIONS**

U.S. Const. art. II, §2.....	6
5 U.S.C.	
§706.....	18
§3345.....	29, 31
§3345(a)	6, 7, 29, 31, 35
§3346.....	30-31
§3347.....	29, 31
§3347(a)	6, 29-31
§3348.....	29-32
§3348(a)	6, 29-31, 33
§3348(b).....	6, 29
§3348(d).....	6, 29-32

TABLE OF AUTHORITIES—Continued

	Page
35 U.S.C.	
§3(a)	33
§3(b)	7, 33
§6(c)	6, 33
§141(c)	6
§311	5, 20, 22, 23
§311(a)	5, 20, 23, 26
§311(b)	5, 20
§311(c)	5, 20, 22-23
§314	5, 16
§314(a)	5
§314(d)	19, 24
§315	2, 5, 16, 20, 22, 24-26
§315(b)	2-3, 5, 10-11, 16, 19-25
§315(c)	3, 5, 11, 16, 19, 20-22, 24-25
§315(e)	16
§316(a)	6
§318(a)	6
§318(b)	6
§319	6
37 C.F.R.	
§42.71	6
§42.122(b)	5, 11, 21
§42.123(a)	18

LEGISLATIVE MATERIALS

S. 3600, 110th Cong. (2008)	23
H.R. Rep. No. 112-98, pt. 1 (2011)	22
S. Rep. No. 105-250 (1998)	31-32, 34
154 Cong. Rec. S9982 (daily ed. Sept. 27, 2008)	23

TABLE OF AUTHORITIES—Continued

	Page
OTHER AUTHORITIES	
<i>Supreme Court Practice</i> (11th ed. 2019).....	28
USPTO, <i>Agency Organization Order 45-1</i> (is- sued Nov. 7, 2016).....	7, 33

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INTRODUCTION

Congress created the inter partes review (“IPR”) process “to weed out bad patent claims,” *Thryv, Inc. v. Click-to-Call Techs., LP*, 140 S. Ct. 1367, 1374 (2020), and it served its purpose here. After making detailed findings about the technology involved, the Patent Trial and Appeal Board (“Board”) determined that all challenged claims of two VirnetX patents are unpatentable. The

Federal Circuit affirmed those factual determinations as supported by substantial evidence.

VirnetX's petition does not challenge the Federal Circuit's affirmance of the Board's unpatentability determinations on the merits. Instead, VirnetX raises procedural objections that seek to prolong the underlying IPRs, even though these proceedings have been ongoing for eight years already and further delay cannot save VirnetX's patents from cancellation. VirnetX's petition thus fails to seek any meaningful relief in this case and, more broadly, presents no question of significance warranting this Court's review.

VirnetX's first question, which concerns IPR joinder, suffers from several threshold problems. To begin, the result below would not change even if this Court adopted VirnetX's proposed statutory interpretation. That is because the Federal Circuit did not reach the interpretation question; it instead found, as a factual matter, that VirnetX was not prejudiced by Apple's joinder. VirnetX has presented no question challenging that definitive holding. Moreover, this Court would lack jurisdiction to review VirnetX's first question, because it is premised on a time-bar challenge to the Board's decision to institute review on Apple's IPR petitions—a “nonappealable” decision under this Court's precedent. *Thryv*, 140 S. Ct. at 1370.

Beyond these vehicle problems, 35 U.S.C. §315's language is clear and not susceptible to VirnetX's reading. Although no court has directly decided the question VirnetX raises, this Court and the Federal Circuit have recognized what the statute says expressly: that “[t]he time limitation set forth [in §315(b)] shall not apply to a request for joinder under subsection (c).” 35 U.S.C. §315(b). Thus, as this Court has explained, “failure to

satisfy §315(b)” does not “prevent [a petitioner] from participating on the merits” of an IPR because an otherwise time-barred “party can join a proceeding initiated by another petitioner.” *Thryv*, 140 S. Ct. at 1374 (citing §315(b)-(c)). Far from inviting harassment of patent owners, this exception to the one-year time bar for joinder requests “confirm[s] that Congress prioritized patentability over §315(b)’s timeliness requirement.” *Id.*

VirnetX’s second question presented, concerning the Federal Vacancies Reform Act (“FVRA”), fares no better. VirnetX relies principally on an argument it never raised below and has therefore forfeited. Moreover, there is no circuit split: all three other courts of appeals to address the issue have agreed with the Federal Circuit’s interpretation of the statute, and this Court recently denied review of the same question in *Arthrex, Inc. v. Smith & Nephew, Inc.*, No. 22-639.

VirnetX’s reading of the FVRA is also meritless. The statute prescribes the available mechanisms for authorizing an “acting officer” to temporarily perform the *exclusive* functions and duties of a vacant office requiring presidential appointment and Senate confirmation (a “PAS office”). It does not limit an agency official’s ability to perform *non-exclusive* functions that have been appropriately delegated. The FVRA is therefore inapplicable here because, when the Commissioner for Patents denied VirnetX’s rehearing requests, he was merely performing a non-exclusive function of the Director of the United States Patent and Trademark Office (“USPTO”) that had been properly delegated to him. And despite VirnetX’s complaints, the FVRA’s narrow scope was by design: Congress intentionally cabined the statute’s reach to avoid bringing government operations to a halt when PAS offices are vacant.

Ultimately, VirnetX identifies no question requiring this Court’s intervention. VirnetX’s true aim is, instead, to extract a hefty windfall from Apple for patent claims that never should have issued. Though VirnetX’s petition does not mention it, Apple previously paid VirnetX \$450 million to satisfy an infringement judgment that became due before the Federal Circuit confirmed the patents’ invalidity, and now, VirnetX is hoping to unjustly collect hundreds of millions more in this case. That is no reason to stretch to grant certiorari on procedural issues that are not subject to any conflict in authority.

The petition should be denied.

STATEMENT

A. Statutory Framework

1. The America Invents Act and IPRs

The America Invents Act (“AIA”) created IPRs to “allow[] private parties to challenge previously issued patent claims in an adversarial process before the [USPTO].” *SAS Institute, Inc. v. Iancu*, 138 S. Ct. 1348, 1352 (2018). Through the IPR process, the USPTO can “cancel an issued patent claim” if it finds by a preponderance of the evidence that the claim fails to satisfy certain statutory requirements for patentability. *Oil States Energy Servs., LLC v. Greene’s Energy Grp., LLC*, 138 S. Ct. 1365, 1370-1371 (2018). The IPR system protects “the public’s paramount interest in seeing that patent monopolies are kept within their legitimate scope” by providing an “efficient system for challenging patents that should not have issued.” *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2144 (2016) (quotation marks omitted).

Generally, “[a]ny person other than the patent owner” may file an IPR petition. *Oil States*, 138 S. Ct. at

1371 (citing 35 U.S.C. §311(a)). The petition may “request cancellation” of patent claims for “fail[ing] the novelty or nonobviousness standards for patentability.” *Id.* (quoting 35 U.S.C. §311(b)). Any such petition must comply with the statutory “filing deadline,” which requires a petition to be filed at least nine months after the patent’s issuance and termination of any post-grant review. 35 U.S.C. §311(c).

The USPTO Director may commence (or “institute”) an IPR upon finding a “reasonable likelihood” the petitioner will prevail on at least one claim. *Oil States*, 138 S. Ct. at 1371 (quoting 35 U.S.C. §314(a)). Section 315 permits the Director to “join” another party to an already-instituted IPR:

If the Director institutes an [IPR], the Director, in his or her discretion, may join as a party to that [IPR] any person who properly files a petition under section 311 that the Director ... determines warrants the institution of an [IPR] under section 314.

35 U.S.C. §315(c). The Director has delegated her authority to make institution decisions to the Board. *Oil States*, 138 S. Ct. at 1371 n.1.

Section 315 also provides that an IPR “may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner ... is served with a complaint alleging infringement of the patent.” 35 U.S.C. §315(b). Critically, the same provision adds that “[t]he time limitation set forth in the preceding sentence shall *not* apply to a request for joinder under subsection (c).” *Id.* (emphasis added); see 37 C.F.R. §42.122(b).

“Once [an IPR] is instituted,” the Board “examines the patent’s validity.” *Oil States*, 138 S. Ct. at 1371. The petitioners and patent owner “are entitled” to certain discovery, to file declarations and memoranda, and to an oral hearing. *Id.* (citing 35 U.S.C. §316(a)). At the review’s conclusion, the Board “shall issue a final written decision[.]” 35 U.S.C. §318(a).

Upon request, the Board or Director may rehear the final written decision. 35 U.S.C. §6(c); *United States v. Arthrex, Inc.*, 141 S. Ct. 1970, 1987 (2021); 37 C.F.R. §42.71. After any such rehearing and appeal to the Federal Circuit, “the Director shall issue and publish a certificate canceling any claim ... finally determined to be unpatentable[.]” 35 U.S.C. §318(b); *see id.* §§141(c), 319.

2. The Federal Vacancies Reform Act

Certain government officials must be appointed by the President with “the Advice and Consent of the Senate.” U.S. Const. art. II, §2, cl. 2. When such a “PAS office” is vacant, the Federal Vacancies Reform Act (“FVRA”) provides a mechanism for authorizing an “acting officer” to temporarily discharge the “functions and duties” that must otherwise be performed *exclusively* by the PAS officer. 5 U.S.C. §§3345(a), 3347(a), 3348(a) (defining “function or duty” as that “required by statute [or regulation] to be performed by the applicable officer (*and only that officer*)” (emphasis added)). Absent such authorization, the PAS office shall remain vacant and only the agency head may perform the PAS officer’s exclusive functions. *Id.* §3348(b). Actions taken in violation of the FVRA “shall have no force or effect” and “may not be ratified.” *Id.* §3348(d).¹

¹ VirnetX overstates the “exclusive” nature of the FVRA’s means for designating acting officers, Pet. i, 3, 6, 12, 24, 33, as it does

Nothing in the FVRA, however, prohibits an official (whether an “acting officer” or someone else) from performing *non-exclusive* functions that have been appropriately delegated to that official. As relevant here, the Patent Act authorizes the USPTO Director to “delegate” to officers and employees “such of the powers vested in the Office as the Director may determine.” 35 U.S.C. §3(b)(3)(B). Years ago, the Director exercised that authority by delegating “the non-exclusive functions and duties of the Director” to the Commissioner for Patents to perform when the Director and Deputy Director positions are vacant. USPTO, *Agency Organization Order 45-1*, §II.D (issued Nov. 7, 2016); Dkt.93, U.S. Corrected Intervenor C.A. Br. Add. 2-3 (20-2271).

B. District Court Litigation

1. VirnetX’s first lawsuit against Apple

VirnetX sued Respondent Apple in 2010, asserting four patents “for providing security over networks such as the Internet.” *VirnetX, Inc. v. Cisco Sys., Inc.*, 767 F.3d 1308, 1314 (Fed. Cir. 2014). VirnetX alleged that Apple’s VPN On Demand feature, which allows iPhones and iPads to communicate with secure websites, infringed U.S. Patent Nos. 6,502,135 (“135 patent”) and 7,490,151 (“151 patent”). *Id.* at 1315. VirnetX alleged that Apple’s FaceTime feature, which provides for audio/video calls between iPhones, iPads, and Mac computers, infringed two other patents. *Id.* at 1314.

In 2012, a jury found that Apple’s original versions of VPN On Demand and FaceTime infringed and that Apple failed to prove invalidity by clear and convincing evidence. *VirnetX*, 767 F.3d at 1315-1316, 1323-1324.

not apply to delegable functions and—even then—the statute itself identifies exceptions, 5 U.S.C. §3345(a)(1)-(2).

The Federal Circuit affirmed-in-part on liability, but vacated the FaceTime infringement judgment because the district court had adopted an erroneous claim construction advanced by VirnetX. *Id.* at 1317-1319. The panel also vacated the damages award because VirnetX’s expert failed to “apportion the royalty down to a reasonable estimate[.]” *Id.* at 1328-1329.

On remand in 2016, a jury again found infringement and awarded damages. The district court entered a \$439 million judgment, which was affirmed. *VirnetX Inc. v. Cisco Sys., Inc.*, 748 F. App’x 332 (Fed. Cir. 2019) (per curiam), *cert. denied*, 140 S. Ct. 1122 (2020). Apple paid that judgment, plus interest, in full.

2. VirnetX’s second lawsuit against Apple

After Apple redesigned VPN On Demand and FaceTime in an effort to avoid VirnetX’s patents, VirnetX sued again. Pet.App.250a-252a. In 2018, a jury found that Apple’s redesigned products infringed and awarded damages. Pet.App.252a. The Federal Circuit affirmed that redesigned VPN On Demand infringed claims 1 and 7 of the ’135 patent and claim 13 of the ’151 patent. Pet.App.260a-266a. The panel reversed regarding redesigned FaceTime, concluding it did not infringe, and vacated the damages award given “the reduced basis of liability.” Pet.App.266a-275a.

On remand in 2020, the district court held a new damages trial for the ’135 and ’151 patents only. The jury awarded over \$500 million. Pet.App.276a-279a.

In 2023, however, the Federal Circuit affirmed the Board’s parallel holding (detailed below) that all asserted claims of the ’135 and ’151 patents are unpatentable, and therefore vacated the jury award and ordered dismissal of the district court case as moot. Pet.App.28a-

29a. As the panel pointed out, VirnetX had “agreed that if [the Federal Circuit] affirmed the Board’s finding of unpatentability, ... VirnetX would no longer have a legally cognizable cause of action against Apple.” *Id.* VirnetX’s rehearing petition was denied. Pet.App.285a-286a.

C. Parallel USPTO Proceedings

Beginning in 2011, Apple and others challenged VirnetX’s patents in the USPTO through both inter partes reexaminations and IPRs (after they became available in 2012).² The USPTO has now determined that the challenged claims of the ’135 and ’151 patents—including all three claims asserted against Apple in district court—are invalid for multiple independent reasons across separate agency proceedings.

1. Apple’s and Cisco’s initial reexamination requests and IPR petitions

In 2011, before Congress enacted the AIA, Apple and Cisco Systems, Inc. filed separate requests for inter partes reexamination of the ’135 and ’151 patents. *See* USPTO Reexaminations 95/001,679; 95/001,682; 95/001,697; 95/001,714. VirnetX was able to delay the proceedings for years by filing numerous time extensions and administrative petitions. After nearly a decade, the USPTO rejected all of VirnetX’s claims at issue in the present appeals via these reexaminations. *See generally* *Cisco Sys., Inc. v. VirnetX, Inc.*, Reexamination 95/001,679, Decision on Appeal (P.T.A.B. Feb. 6, 2018) (rejecting, *inter alia*, claims 1 and 7 of ’135 patent); *Cisco Sys., Inc. v. VirnetX, Inc.*, Reexamination

² Inter partes reexamination allowed the USPTO to reconsider and cancel issued patent claims in a less adversarial manner than IPRs. It has been replaced by IPRs. *SAS*, 138 S. Ct. at 1353.

95/001,714, Decision on Appeal (P.T.A.B. June 23, 2020) (rejecting, *inter alia*, claim 13 of '151 patent); *VirnetX Inc. v. Apple Inc.*, No. 22-1523, 2023 WL 6933812 (Fed. Cir. Oct. 20, 2023).

Apple also pursued review of VirnetX's patents through the new IPR system, filing initial petitions in 2013. At that time, the Board had not decided whether infringement complaints filed before the AIA's enactment would trigger 35 U.S.C. §315(b)'s time bar. The Board ultimately concluded that they did and Apple's 2013 petitions were time-barred, even though this interpretation was—as Apple pointed out—“particularly unjust” to defendants like Apple who were sued more than a year before IPRs even existed. *Apple Inc. v. VirnetX, Inc.*, IPR2013-00354, Paper 20, at 3-4 (P.T.A.B. Dec. 13, 2013).³

2. The Mangrove IPRs and VirnetX's first appeal

In 2015, Respondent Mangrove filed IPR petitions challenging several claims of the '135 and '151 patents. Pet.App.33a. Mangrove argued invalidity based primarily on a prior-art article known as “Kiuchi.” *Id.* Mangrove's petitions and supporting expert declarations explained in detail how Kiuchi, either alone or combined with other prior art, disclosed the claimed technology years before VirnetX's patents were filed. C.A.J.A. 213-254, 2623-2685, 7057-7082, 8900-8931 (20-2271).

³ VirnetX incorrectly suggests Apple also caused RPX Corporation to file IPR petitions on Apple's behalf. Pet. 9-10. Contrary to VirnetX's narrative, the Board terminated the RPX proceedings simply because Apple had an existing contractual relationship with RPX. *See RPX Corp. v. VirnetX Inc.*, IPR2014-00171, Paper 57, at 4 (P.T.A.B. June 5, 2014).

Promptly after institution of the Mangrove IPRs, Apple timely “filed its own petitions asserting the same grounds of unpatentability as Mangrove’s petitions along with requests for joinder to the instituted proceedings.” Pet.App.33a.⁴ Respondent Black Swamp filed a similar petition and joinder request for the ’151 patent. Pet.App.33a n.1. The Board granted Apple’s and Black Swamp’s requests and joined them to the Mangrove IPRs. Pet.App.129a-136a, 223a-230a; *see* Pet.App.33a. Mangrove, Apple, and Black Swamp collectively presented further briefing, evidence, and oral argument to demonstrate the patents’ invalidity.

In 2016, the Board issued final written decisions holding all claims-at-issue unpatentable. Pet.App.86a-120a, 175a-211a. VirnetX appealed, challenging Apple’s joinder and the Board’s unpatentability determinations.

The Federal Circuit “decline[d] to decide whether Apple’s joinder was permitted under §315(b)-(c) because VirnetX ha[d] not demonstrated that it was prejudiced by Apple’s involvement.” Pet.App.35a. The panel explained that Apple’s petitions “brought the same challenges to the ... [p]atents as Mangrove’s petitions” and “did not add any issues to the proceedings.” *Id.* (citing Pet.App.134a-135a, 228a-229a). The panel also observed that “the Board imposed restrictions on Apple’s involvement,” including that “Apple must adhere to the existing schedule, must consolidate its filings with Mangrove, is bound by any discovery agreements between Mangrove and VirnetX,” “is not entitled to any additional discovery,” and must let Mangrove “designate the attorneys to depose witnesses and present at the oral hearing.” *Id.*

⁴ A party may only join an already-instituted IPR, 35 U.S.C. §315(c), and must file a joinder request within one month after institution of the IPR it seeks to join, 37 C.F.R. §42.122(b).

(citing Pet.App.134a-135a, 228a-229a). The panel thus concluded that, “[a]t this stage,” it saw “no prejudice in Apple’s continued involvement,” while “leav[ing] open the question of whether prejudice could arise later.” *Id.*

As to unpatentability, the Federal Circuit vacated and remanded for the Board to reconsider its findings on two issues. First, for the ’135 patent, the panel interpreted the claims to require “direct communication” and instructed the Board to determine whether Kiuchi taught that requirement. Pet.App.50a-53a. Second, for the ’151 patent, the panel remanded for the Board to address a factual argument not previously considered—i.e., whether Kiuchi’s “client-side proxy” and “C-HTTP name server” together performed the claimed functions. Pet.App.43a-48a.⁵

3. The Mangrove IPR remand and VirnetX’s second appeal

On remand in 2020, after further briefing and oral argument, the Board issued final written decisions again holding all claims-at-issue unpatentable. Pet.App.58a-84a, 143a-173a. The Board also rejected VirnetX’s objection to Apple’s “continued” joinder in the IPRs, finding VirnetX “ha[d] not identified any material change in the case due to Apple’s participation[.]” Pet.App.82a, 170a.

VirnetX again appealed. Following this Court’s decision in *United States v. Arthrex, Inc.*, 141 S. Ct. 1970 (2021), the Federal Circuit ordered a “limited” remand

⁵ The Federal Circuit also remanded to let VirnetX seek additional discovery regarding RPX’s alleged involvement in the IPRs. Pet.App.38a-39a. The Board granted-in-part and denied-in-part VirnetX’s discovery motion on remand. Pet.App.59a-60a, 144a-145a. VirnetX did not appeal that ruling.

to allow VirnetX to request Director rehearing of the Board's decisions. Pet.App.241a. Commissioner for Patents Drew Hirshfeld, who was performing the USPTO Director's non-exclusive functions and duties at that time, denied VirnetX's rehearing requests. Pet.App.55a-56a.

Upon return to the Federal Circuit, VirnetX challenged the Board's unpatentability determinations and Commissioner Hirshfeld's rehearing denials, but did not appeal Apple's continued joinder in the IPRs. Shortly before argument, VirnetX conceded that its FVRA-related argument was "foreclosed" by *Arthrex, Inc. v. Smith & Nephew, Inc.*, 35 F.4th 1328 (Fed. Cir. 2022), *cert. denied*, 143 S. Ct. 2493 (2023). C.A. Dkt. 107 (20-2271).

In 2023, the Federal Circuit affirmed the Board's final written decisions from 2020. Pet.App.1a-26a. The panel explained how substantial evidence supported the Board's unpatentability determinations. Pet.App.13a-25a. The panel "d[id] not address" the FVRA because VirnetX had acknowledged the argument "[wa]s foreclosed." Pet.App.12a n.3.

VirnetX's petition for rehearing of the panel's unpatentability determinations was denied. Pet.App.280a-282a.

REASONS FOR DENYING THE PETITION

I. CERTIORARI SHOULD BE DENIED BECAUSE THIS COURT'S REVIEW WOULD NOT RESULT IN ANY MEANINGFUL RELIEF

This case is a particularly poor vehicle for addressing VirnetX's questions presented because neither issue can save VirnetX's patents from cancellation. The

USPTO has found all claims-at-issue unpatentable in separate reexamination proceedings initiated by Cisco and Apple. *Supra* pp. 9-10. Consequently, whatever happens here, VirnetX's patent claims will remain invalid.

Additionally, VirnetX cannot avoid cancellation of its patent claims even in these IPRs, because VirnetX's petition merely seeks delay, without contesting the Board's actual unpatentability determinations.

- For the first question, VirnetX challenges only Apple's joinder to the Mangrove IPRs. Pet.i. But if Apple were removed as a party (though it should not be), the IPRs would remain intact: Mangrove and Black Swamp, whose participation VirnetX does not challenge, would remain as IPR petitioners; and the Board would still be charged with assessing unpatentability of the same claims based on the same prior art.⁶
- For the second question, VirnetX seeks a remand to allow the USPTO Director to review the Board's decisions. Pet.i-ii. But the Director—who was confirmed while these cases were before the Federal Circuit—intervened below and defended Commissioner Hirshfeld's exercise of authority. C.A. Dkts. 97, 99 (20-2271). Thus, the Director has already at least implicitly approved the Board's and Commissioner Hirshfeld's decisions. There is no reason to believe the result would be

⁶ While VirnetX argued below that the IPRs should be terminated due to Apple's joinder, VirnetX C.A. Br. 60 (17-1368), its petition does not. Regardless, that would not be an appropriate remedy, given that IPRs exist to identify and cancel bad patent claims.

any different if the Director were to engage in the formality of an additional “Director review.”

Additionally, regardless of what happens on these procedural issues, the Federal Circuit’s substantive analysis of the Board’s unpatentability determinations still carries precedential weight. See *Christianson v. Colt Indus. Operating Corp.*, 870 F.2d 1292, 1298 (7th Cir. 1989) (holding that where this Court vacated a Federal Circuit decision for lack of jurisdiction and provided “no indication” of “any error in the Federal Circuit’s decision” on the merits, the Federal Circuit’s “decision stands as the most comprehensive source of guidance available on the patent law questions at issue”); *Action Alliance of Senior Citizens of Greater Philadelphia v. Sullivan*, 930 F.2d 77, 83 (D.C. Cir. 1991) (explaining that “[a]lthough the Supreme Court vacated ... [the] prior opinion, it expressed no opinion on the merit of these holdings” and “[t]hey therefore continue to have precedential weight” (citation omitted)); see also *County of Los Angeles v. Davis*, 440 U.S. 625, 646 n.10 (1979) (Powell, J., dissenting) (“Although a decision vacating a judgment necessarily prevents the opinion of the lower court from being the law of the case, the expression of the court below on the merits, if not reversed, will continue to have precedential weight[.]” (citations omitted)). Accordingly, even if the Board or Director reviewed VirnetX’s patents further, they would be bound to reach the same result—the claims are unpatentable.

The inescapable unpatentability of VirnetX’s claims also means that VirnetX cannot receive any relief in the district court. As VirnetX conceded below, the Federal Circuit’s confirmation of the claims’ unpatentability means VirnetX “no longer ha[s] a legally cognizable cause of action against Apple.” Pet.App.28a-29a. VirnetX’s request for review of the district court case (Fed.

Cir. No. 21-1672), which VirnetX mentions only in passing and without any developed argument, Pet. 1, 14 n.3, should therefore be denied regardless of whether this Court reviews any issue in the IPR appeals (Fed. Cir. Nos. 20-2271, -2272).

II. VIRNETX’S FIRST QUESTION PRESENTED DOES NOT WARRANT REVIEW

A. This Case Is A Poor Vehicle For Addressing 35 U.S.C. §315

VirnetX’s first question relates to the USPTO’s discretionary authority, under 35 U.S.C. §315, to join a party who was previously sued for infringement to an already-instituted IPR. Even if the question were worthy of review (it is not), this is not an appropriate case for addressing it.

1. To begin, there is no intra-circuit split or dissent within the Federal Circuit—in fact, no court has actually decided the statutory question VirnetX raises because none has needed to. Here, the Federal Circuit “decline[d] to decide whether Apple’s joinder was permitted under §315(b)-(c)” because “VirnetX ha[d] not demonstrated that it was prejudiced by Apple’s involvement.” Pet.App.35a. And in the few instances where courts have discussed the interplay of §315(b) and (c), those cases were decided on other grounds. *See Thryv*, 140 S. Ct. at 1370 (dismissing for lack of jurisdiction because the Board’s application of §315(b)’s time limit was non-appealable under §314); *Network-1 Techs., Inc. v. Hewlett-Packard Co.*, 981 F.3d 1015, 1027 (Fed. Cir. 2020) (holding party “statutorily estopped under §315(e)” from challenging patents); *Facebook, Inc. v. Windy City Innovations, LLC*, 973 F.3d 1321, 1332-1333 (Fed. Cir. 2020) (holding §315(c) “does not authorize same-party joinder” or “joinder of new issues material

to patentability”). This Court is a court of review, not first view; it should await a case where a lower court has actually decided the question presented.

2. VirnetX also provides no reason for this Court to review, much less disturb, the Federal Circuit’s dispositive finding that Apple’s joinder was not prejudicial. Apple’s petitions “brought the same challenges” as Mangrove’s petitions and “did not add any issues.” Pet.App.35a. Apple’s joinder thus did not alter the Board’s mandate to determine whether Kiuchi invalidated the challenged claims—determinations the Federal Circuit affirmed and VirnetX’s petition does not contest.

VirnetX asserts that having to litigate against Apple in an “administrative forum, on top of many years of court litigation” was “itself harm.” Pet. 23. But the patent system contemplates that “[a] district court may find a patent claim to be valid, and the [USPTO] may later cancel that claim in its own review.” *Cuozzo*, 136 S. Ct. at 2146. VirnetX also claims prejudice due to Apple’s “financial and litigation resources” and “leading role in the IPRs.” Pet. 23. VirnetX, however, does not get to choose its adversaries or their attorneys, and it has not sought review of the Federal Circuit’s fact-bound ruling that “the Board imposed restrictions on Apple’s involvement,” such that Mangrove maintained decision-making authority over discovery, filings, and attorney roles. Pet.App.35a. Moreover, to the extent VirnetX claims prejudice from Apple’s “*continue[d]*” IPR participation following the Federal Circuit’s remand to the Board, VirnetX forfeited that argument by failing to raise it before the Federal Circuit, *supra* p. 13, and identifies no such prejudice now. Pet. 11, 23-24.

Nor is there any merit to VirnetX’s suggestion that Apple supposedly “submitted evidence of unpatentability for which Mangrove missed the deadline.” Pet. 23. VirnetX opaquely references a few exhibits relating to a prior-art issue that the Board found was already implicated in the IPRs before Apple’s joinder. Pet.App.133a. Regardless, Mangrove could have submitted those exhibits itself even after Apple’s joinder petitions. C.A.J.A. 1897 (17-1368); *see* 37 C.F.R. §42.123(a) (allowing supplemental information one month after institution). VirnetX’s quarrel over its preferred record is nowhere near worthy of this Court’s consideration.

VirnetX cannot avoid the Federal Circuit’s finding of no prejudice simply by contending that “[t]he AIA does not contemplate a harmlessness analysis for statutory violations.” Pet. 22-23. VirnetX has presented no such question for review. In any event, harmless-error analysis does apply to administrative proceedings, including when reviewing statutory interpretations. *See* 5 U.S.C. §706 (“due account shall be taken of the rule of prejudicial error” when a “reviewing court ... interpret[s] ... statutory provisions”); *see also* *Cuozzo*, 136 S. Ct. at 2153 (Alito, J., concurring) (“normal limits on judicial review ... apply” to AIA review, including that “errors that do not cause a patent owner prejudice may not warrant relief”).

SAS Institute, Inc. v. Iancu, 138 S. Ct. 1348 (2018), does not help VirnetX. To the contrary, it confirmed that “judicial review ... consistent with the Administrative Procedure Act”—which includes “the rule of prejudicial error,” 5 U.S.C. §706—is available “[i]f a party believes the [USPTO] has ... exceed[ed] its statutory bounds” under the AIA. 138 S. Ct. at 1359-1360. Moreover, VirnetX’s claim that the Federal Circuit’s error in

SAS “was likely harmless,” Pet. 23, is unfounded speculation and appears nowhere in the Court’s opinion.

3. Even if one could look past the Federal Circuit’s finding of no prejudice, VirnetX still faces a threshold problem with its legal argument: this Court lacks jurisdiction to review VirnetX’s first question. Although VirnetX attempts to frame the issue as “[w]hether the Federal Circuit erred in upholding joinder of a party under 35 U.S.C. §315(c),” the real issue VirnetX raises is whether a “joined party ... ‘properly file[d] a petition’ for [IPR] within the statutory time limit.” Pet. i. VirnetX’s argument is thus a direct challenge to the Board’s decision to institute Apple’s IPR petitions.

IPR institution decisions, however, are “final and nonappealable.” 35 U.S.C. §314(d); *see Cuozzo*, 136 S. Ct. at 2139 (“[The] contention that the [USPTO] unlawfully initiated its agency review is not appealable[.]”). Likewise, the Board’s “application of §315(b)’s time limit ... is closely related to its decision whether to institute [IPR] and is therefore rendered nonappealable by §314(d).” *Thryv*, 140 S. Ct. at 1370; *see id.* at 1373-1377. VirnetX’s question presented, which focuses on whether §315(b) should have barred institution of Apple’s IPR petitions, Pet. i, 3-5, 10, 15-22, is therefore unreviewable.

Facebook, Inc. v. Windy City Innovations, LLC, 973 F.3d 1321 (Fed. Cir. 2020), does not suggest otherwise. There, the Federal Circuit held only that it had “jurisdiction to review the Board’s joinder decisions ... under §315(c).” *Id.* at 1332. It was not presented with any challenge, like here, to the Board’s underlying decision to institute the joinder applicant’s IPR petitions. *Id.* (“Windy City’s cross-appeal does not challenge the Board’s decision to institute Facebook’s follow-on petitions[.]”). Even so, the Federal Circuit recognized that

it “may not review th[e] decision” to institute a joinder applicant’s IPR petition “whether for timeliness” or “on the merits.” *Id.* (citing *Thryv*, 140 S. Ct. at 1373).

At minimum, the Court would need to resolve this jurisdictional question, which VirnetX has not presented or meaningfully briefed, before reaching any joinder issue. This impediment provides yet another reason to deny review.

B. The Board Correctly Interpreted §315

1. Review is further unwarranted because the Board correctly applied §315, which allows the USPTO Director to “join as a party to [an IPR] any person who properly files a petition under section 311[.]” 35 U.S.C. §315(c). Apple’s joinder petitions plainly satisfied §311’s requirements: Apple is not the patent owner; the petitions asserted invalidity based on prior art; and the petitions were filed more than nine months after patent issuance. *Id.* §311(a)-(c). The Board was accordingly entitled to join Apple to the Mangrove IPRs. Pet.App.131a-136a, 225a-230a.

Section 315(b)’s time bar does not provide otherwise. Its first sentence sets out a one-year time limit, but its second sentence creates an exception:

The time limitation set forth in the preceding sentence shall not apply to a request for joinder under subsection (c).

35 U.S.C. §315(b). The one-year limitation is thus inapplicable where, as here, a party seeks to join an already-instituted IPR.

Although no appellate court has squarely decided VirnetX’s question, this Court has indicated that the one-year bar does not apply to joinder petitions. In *Thryv*, the Court explained that “failure to satisfy

§315(b)” does not “prevent [a petitioner] from participating on the merits” in an IPR because an otherwise time-barred “party can join a proceeding initiated by another petitioner.” 140 S. Ct. at 1374 (citing §315(b)-(c)). The Court relied on this feature of “[t]he AIA’s purpose and design” as “strongly reinforc[ing]” its ultimate conclusion regarding the nonappealability of decisions applying §315(b)’s time bar. *Id.* The Court’s analysis is therefore instructive. *See Seminole Tribe of Fla. v. Florida*, 517 U.S. 44, 66-67 (1996) (“We adhere in this case, however, not to mere *obiter dicta*, but rather to the well-established rationale upon which the Court based the results of its earlier decisions.”).

The Federal Circuit has likewise endorsed this correct reading of the statute, not based on any “misapprehension” of *Thryv*, Pet. 22, but based on the statute’s text. *See Network-1*, 981 F.3d at 1027 (“HP was permitted to join the Avaya IPR ‘as a party’ even though HP was time-barred under §315(b) from bringing its own petition.”); *Facebook*, 973 F.3d at 1333 (Section “315(b) includes a specific exception to the time bar. By its own terms, ‘[t]he time limitation ... shall not apply to a request for joinder under subsection (c).’” (quoting 35 U.S.C. §315(b))); *see also Nidec Motor Corp. v. Zhongshan Broad Ocean Motor Co.*, 868 F.3d 1013, 1020 (Fed. Cir. 2017) (Dyk, J., joined by Wallach, J., concurring) (The “exception to the time bar for ‘request[s] for joinder’ was plainly designed to apply where time-barred Party A seeks to join an existing IPR timely commenced by Party B when this would not introduce any new patentability issues.”).

The USPTO’s regulations similarly interpret §315(b)’s time bar as inapplicable “when the petition is accompanied by a request for joinder.” 37 C.F.R. §42.122(b); *see* Pet.App.132a, 226a. As the USPTO has

explained, this approach “is consistent with the last sentence of 35 U.S.C. 315(b).” 77 Fed. Reg. 48,680, 48,690 (Aug. 14, 2012).

This consensus reading of §315 fits with the statute’s purpose and history. The House Committee Report explained that, while IPR generally “must be sought by a party within 12 months of [being] served with a complaint for infringement,” §315(c) grants the USPTO authority to “allow other petitioners to join an [IPR].” H.R. Rep. No. 112-98, pt. 1, at 76 (2011); *see Nidec*, 868 F.3d at 1020 (Dyk, J., joined by Wallach, J., concurring) (explaining “the legislative history for the joinder provision” supports this view). More generally, the exception to the one-year bar for joinder petitions “confirm[s] that Congress prioritized patentability over §315(b)’s timeliness requirement.” *Thryv*, 140 S. Ct. at 1374.

2. By contrast, VirnetX’s interpretation contradicts the statutory text and would render §315(b)’s second sentence a nullity.

VirnetX primarily argues that §315(c)’s requirement that a party seeking joinder “properly file a petition *under section 311*” means the party must comply with §315(b)’s time limit. Pet. 15, 17-19. That strained reading makes little sense. If Congress intended §315(b)’s time bar to apply to joinder, “it would have said so.” *State Farm Fire & Cas. Co. v. United States ex rel. Rigsby*, 137 S. Ct. 436, 443 (2016). Instead, Congress required a petition properly filed “under section 311.” To be timely under §311, a petition must comply with that section’s “[f]iling [d]eadline,” which requires filing at least nine months after the patent’s issuance and termination of any post-grant review. 35 U.S.C. §311(c). Section 311’s “[f]iling [d]eadline” makes no reference to §315(b)’s one-year limit.

Senator Kyl's 2008 statement does not support a different understanding. Pet. 18-19. That statement did not mention §315(b)'s time bar; it referenced unspecified "time deadlines for filing petitions," 154 Cong. Rec. S9982, S9988 (daily ed. Sept. 27, 2008), which more likely referred to the "[f]iling deadline" that eventually became §311(c). *See* S. 3600, 110th Cong., §5(c) (2008); 154 Cong. Rec. at S9988 (Senator Kyl explaining "there [was] no time deadline that applies to [IPR] petitions ... other than they not be filed before [post-grant reviews] are concluded"). In any event, the equivocal words of a single legislator on a different bill three years earlier cannot override §315(b)'s enacted text. *See State Farm*, 137 S. Ct. at 444.

VirnetX contends that §311 implicitly incorporates the one-year limit because §311(a) states that a person may file an IPR petition subject to "the provisions of this chapter." Pet. 19. But such a reading would render §315(b)'s specific reference to §311 superfluous. It also highlights the incongruity of VirnetX's position, which requires believing that Congress obscurely communicated an important restriction using a cross-reference to another cross-reference, rather than simply saying so clearly.

VirnetX points to the difference between an IPR "petition" and a "request for joinder," Pet. 20, but that only underscores another problem: VirnetX's interpretation fails to "give effect to every word that Congress used in the statute." *Lowe v. SEC*, 472 U.S. 181, 208 n.53 (1985). Section 315(b)'s time bar applies only to IPR "petitions"; it does not apply to "joinder" requests. If VirnetX were correct that a party may only seek joinder if it files a petition within the one-year limit, then §315(b)'s second sentence—the time-bar exception—would be deprived of all meaning, because the first sentence's time

bar effectively *would* “apply to a request for joinder under subsection (c).”

VirnetX argues that its reading treats §315(b)’s second sentence as a clarification that a “joinder” request may be filed after the one-year limit, though the accompanying “petition” may not. Pet. 20. But that still treats §315(b)’s second sentence as surplusage, because §315(b)’s first sentence nowhere places a time limit on joinder requests. Congress would not have sought to “clarify” something that is clear to begin with. The only conceivable reason to mention joinder in the second sentence is if Congress assumed that a joinder request would be accompanied by a petition that—absent the express statutory carve-out in §315(b)’s second sentence—would otherwise run afoul of §315(b)’s time bar.

VirnetX also invokes the meaning of “joinder” as used in district courts. Pet. 21. An IPR, however, “is less like a judicial proceeding and more like a specialized agency proceeding.” *Cuozzo*, 136 S. Ct. at 2143. Many district court rules have no application in USPTO proceedings—for example, “[p]arties that initiate the proceeding ... may lack constitutional standing.” *Id.* at 2143-2144. Nothing in the statute indicates Congress intended §315’s use of “joinder” to mirror its meaning in district courts.

Finally, VirnetX’s argument has a further, fatal flaw: VirnetX cannot challenge the Board’s underlying decisions to institute Apple’s IPR petitions because, as even VirnetX agrees, “institution of an IPR, including the timeliness of the instituted petition, is not reviewable under §314(d).” Pet. 22 (citing *Thryv*, 140 S. Ct. at 1373); *see supra* pp. 19-20. Given that the Board’s institution of Apple’s IPR “petition[s]” must be accepted as correct, and that §315(c) exempts Apple’s “request[s] for

joinder” from the one-year bar, Pet. 20, there is nothing left—at least nothing reviewable—of VirnetX’s statutory argument.

C. VirnetX’s Policy Concerns Are Misplaced

Contrary to VirnetX’s exaggerated claims, the Board’s interpretation does not “eviscerate” the AIA’s time limits. Pet. 15, 21. Section 315(b)’s one-year bar still applies to infringement defendants not seeking to join another IPR. 35 U.S.C. §315(b). It also applies to any “real party in interest” or “privy” of a time-barred defendant. *Id.* Thus, even in VirnetX’s cited cases, the USPTO has applied §315(b)’s time bar to *deny* IPR petitions filed by entities other than infringement defendants. *E.g., Ventex Co. v. Columbia Sportswear N. Am., Inc.*, IPR2017-00651, Paper 152, at 11, 14-15 (P.T.A.B. Feb. 19, 2019); *RPX Corp. v. Applications in Internet Time, LLC*, IPR2015-01750, Paper 128, at 35 (P.T.A.B. Oct. 2, 2020). These examples confirm that §315(b)’s time bar remains a meaningful limitation.

VirnetX also is wrong in suggesting that the Board’s reading of §315 invites harassment of patent owners via repetitive IPRs. Pet. 17. Joinder does not create a new proceeding; it adds a party to an existing proceeding. Moreover, “patent claims are granted subject to the qualification that the PTO” may “reexamine—and perhaps cancel—a patent claim.” *Oil States*, 138 S. Ct. at 1374. Congress addressed risks of agency overload and patentee harassment by giving the USPTO the discretion to decide, on a case-by-case basis, whether joinder is appropriate. 35 U.S.C. §315(c).

VirnetX’s real complaint seems to be that entities like Mangrove, who are not themselves at risk of being sued for infringement, can file IPR petitions challenging

patents asserted in litigation against others. Pet. 16-17.⁷ But that is not properly raised here, and is as Congress intended: the AIA broadly provides that “[a]ny person other than the patent owner” may file a petition. *Oil States*, 138 S. Ct. at 1371 (citing 35 U.S.C. §311(a)). This approach furthers Congress’s goal of keeping “patent monopolies ... within their legitimate scope.” *Cuozzo*, 136 S. Ct. at 2144. But even if VirnetX’s concerns were valid, they are for Congress. See *Microsoft Corp. v. AT&T Corp.*, 550 U.S. 437, 458-459 (2007) (“[A]lteration [of patent laws] should be made after focused legislative consideration, and not by the Judiciary[.]”).

VirnetX’s case-specific grievances about Apple’s participation in these IPRs do not suggest any problem with the joinder rules. Pet. 16. As the Federal Circuit explained, Apple joined the Mangrove IPRs after institution and added no new issues. Pet.App.35a. Mangrove maintained decision-making control over discovery, filings, and attorney roles. *Id.* And the Board faithfully carried out its mandate, holding every challenged claim unpatentable. In short, these IPRs accomplished what Congress intended: they “weed[ed] out bad patent claims[.]” *Thryv*, 140 S. Ct. at 1374.

VirnetX’s insinuation that Apple has “escap[ed] liability” for infringement thus rings hollow, Pet. 16, for “an invalid patent cannot be infringed,” *Commil USA, LLC v. Cisco Sys., Inc.*, 575 U.S. 632, 644 (2015). If anyone has benefitted unjustly here, it is VirnetX—who, through procedural maneuverings and delay, was able to collect \$450 million from Apple on these invalid patents

⁷ VirnetX’s assertion regarding an entity purportedly “extort[ing]” a patent owner in unrelated IPRs has nothing to do with this case or §315. Pet. 16-17 (emphasis omitted). That allegation refers to conduct that occurred apart from any joinder.

in a prior case. *Supra* p. 8. VirnetX’s desire for more is no reason for this Court to review a splitless question through a poor vehicle.

III. VIRNETX’S SECOND QUESTION PRESENTED DOES NOT WARRANT REVIEW

VirnetX’s second question asks whether Commissioner Hirshfeld’s exercise of the USPTO Director’s authority to rehear the Board’s decisions violated the FVRA. This Court should deny review for procedural and substantive reasons.

A. There Is No Circuit Split

The Federal Circuit “did not address” any FVRA question in this case. Pet.App.12a n.3. Consequently, VirnetX actually seeks review of the Federal Circuit’s FVRA interpretation in *Arthrex*, 35 F.4th 1328. Pet. 13-14, 24-35. But this Court already considered and denied review of the same question there, *Arthrex*, 143 S. Ct. at 2493, and this case presents no more compelling reason to grant review.⁸

In any event, the Federal Circuit’s FVRA interpretation fully aligns with other appellate decisions. *See* U.S. Opp. 15-16, *Arthrex*, No. 22-639 (“U.S. *Arthrex* Opp.”). Although VirnetX does not mention it, every other circuit to address the question has agreed with the Federal Circuit’s view. *See Kajmowicz v. Whitaker*, 42 F.4th 138, 148 (3d Cir. 2022) (FVRA “does not apply to delegable functions and duties” (quoting *Arthrex*, 35 F.4th at 1336)); *Stand Up for California! v. U.S. Dep’t of the Interior*, 994 F.3d 616, 622 (D.C. Cir. 2021) (“[T]he

⁸ This case is not “more urgent.” Pet. 30 n.9. If the Court wanted to address the FVRA “before Inauguration Day,” *id.*, it could have done so in *Arthrex*.

FVRA provides the Executive Branch with leeway to set out which functions or duties are exclusive and which are not.”), *cert. denied*, 142 S. Ct. 771 (2022); *Schaghticoke Tribal Nation v. Kempthorne*, 587 F.3d 132, 134-135 (2d Cir. 2009) (FVRA “did not prohibit the Secretary of the Interior from designating [the Associate Deputy Secretary] as the ‘authorized representative’ in charge of Indian acknowledgment”), *cert. denied*, 529 U.S. 947 (2010).

VirnetX points to a few district court cases, Pet. 28-29, but even under VirnetX’s reading, none creates a division of authority warranting this Court’s review. *See Supreme Court Practice* §4.8 (11th ed. 2019) (“The Supreme Court will not grant certiorari to review a decision of a federal court of appeals merely because it is in direct conflict on a point of federal law with a decision rendered by a district court[.]”); *see also* U.S. *Arthrex* Opp. 16. And three of VirnetX’s cases are from the District of Columbia, where the D.C. Circuit has already articulated its FVRA interpretation consistent with the Federal Circuit’s, *supra* p. 28.

VirnetX also argues that its second question merits review because “this Court will review decisions ‘invaliddat[ing] a federal statute,’ or raising important structural concerns,” Pet. 29 (citations omitted), but neither situation is present here. The Federal Circuit has not invalidated the FVRA or any agency action, and VirnetX’s petition does not present any constitutional challenge. The Federal Circuit has merely read the FVRA as Congress wrote it—and in a manner reflecting appellate courts’ uniform interpretation.

B. VirnetX Has Forfeited Its Principal Argument

Another reason to deny review of the FVRA question is that VirnetX failed to preserve its principal

argument. VirnetX claims the Federal Circuit misconstrued the FVRA by applying §3348’s definition of “function or duty”—which limits that term to *non-delegable* functions and duties that must “be performed by the applicable officer (and only that officer),” 5 U.S.C. §3348(a)(2)—to the entire statute. Pet. 3, 6-7, 13-14, 24-34; *e.g.*, Pet. 31 (arguing that §3348’s definition “does *not* apply to provisions *outside* §3348”).

VirnetX did not present this argument to the Federal Circuit. Just the opposite: VirnetX acknowledged that §3348’s definition of “function or duty” applies to provisions outside §3348, including to §§3345 and 3347. *See* VirnetX Amended C.A. Br. 59-60 (20-2271) (“[T]he FVRA provides that any function or duties ‘required by statute to be performed by the [principal] officer (and only that officer)’ may be performed *only* by (1) ‘the first assistant to the office’ or (2) someone directed by ‘the President (and only the President)’ to perform them. 5 U.S.C. §§3345(a), 3348(a)-(b). No one else may perform those functions and duties without ‘express[] statutory authorization. §3347(a).’”); VirnetX C.A. Reply Br. 22-24 (20-2271). VirnetX has therefore forfeited its principal statutory challenge under the FVRA. *See Kingdomware Techs., Inc. v. United States*, 136 S. Ct. 1969, 1978 (2016) (“[W]e normally decline to entertain such forfeited arguments.”).

C. The Federal Circuit’s FVRA Interpretation Is Correct

1. The FVRA provides that “[a]n action taken by any person who is not acting” under the statute’s terms “in the performance of any function or duty of a vacant [PAS] office ... shall have no force or effect.” 5 U.S.C. §3348(d)(1). The statute narrowly defines “function or duty” to mean “any function or duty ... required by

statute [or regulation] to be performed by the applicable officer (*and only that officer*)." *Id.* §3348(a)(2) (emphasis added). Thus, as the Federal Circuit concluded, the FVRA's text "is unambiguous: the FVRA applies only to functions and duties that a PAS officer alone is permitted by statute and regulation to perform"; "[i]t does not apply to delegable functions and duties." *Arthrex*, 35 F.4th at 1336.

VirnetX now insists, contrary to its position below, that §3348's definition of "function or duty" applies "*only [i]n this section.*" Pet. 30-31 (quoting 5 U.S.C. §3348(a)). But VirnetX's insertion of the word "only" does not make it so. Section 3348 merely says its definition applies "in this section"; it does not exclude that definition from applying to other sections as well, and the FVRA nowhere indicates that a different definition of "function or duty" applies elsewhere in the statute. Instead, "the 'normal rule of statutory construction' [is] that words repeated in different parts of the same statute generally have the same meaning." *Law v. Siegel*, 571 U.S. 415, 422 (2014); see *United States v. Thompson/Center Arms Co.*, 504 U.S. 505, 512 (1992).

This makes good sense in light of the FVRA's limited operation, which enumerates the available "means for temporarily authorizing an *acting official* to perform the functions and duties" of a vacant PAS office. 5 U.S.C. §3347(a) (emphasis added); see *id.* §§3345-3346. As the government explained in *Arthrex*, the FVRA does not limit the authority of officials who are not serving in an "acting" capacity to carry out non-exclusive functions of the vacant office pursuant to a valid delegation. See *id.* §3348(d); see also U.S. *Arthrex* Opp. 2-3, 10-12. Here, Commissioner Hirshfeld was not the Acting Director of the USPTO; he was merely performing non-exclusive functions that had been properly delegated to

him. *See infra* pp. 33-34; *see also* U.S. *Arthrex* Opp. 5, 13. The FVRA is thus wholly inapplicable in this case.

The statute's structure also supports the Federal Circuit's interpretation. Sections 3345 through 3347 provide the mechanisms by which certain government officials may "perform the *functions and duties* of [a vacant PAS] office temporarily in an acting capacity." 5 U.S.C. §§3345(a), 3347(a) (emphasis added); *see id.* §3346. Section 3348 then sets forth the consequences for noncompliance with the previous sections: "An action taken by any person who is not acting under section 3345, 3346, or 3347 ... in the performance of any *function or duty* of a vacant [PAS] office ... shall have no force or effect" and "may not be ratified." *Id.* §3348(d)(1)-(2) (emphasis added); *see NLRB v. SW General, Inc.*, 137 S. Ct. 929, 939 (2017) ("[Section] 3348(d)(1) describes the consequences of noncompliance with the FVRA[.]"). These sections work together, using parallel language, to refer to the *same* "functions and duties" across each provision—which §3348(a) makes clear are limited to non-delegable ones.

"[T]here is no reason to resort to legislative history" in view of the clear statutory text. *United States v. Gonzales*, 520 U.S. 1, 6 (1997). Nevertheless, the FVRA's history supports the Federal Circuit's reading. Commenting on §3348(a)(2), the Senate Committee on Governmental Affairs explained that "[t]he bill define[d] 'function or duty'" as including only "*non-delegable* functions or duties" that must be performed by a PAS officer, and that "[d]elegable functions of the office could still be performed by other officers or employees." S. Rep. No. 105-250, at 17-18 (1998). Congress ultimately settled on this narrow application to "address concerns that a broader definition could 'cause an unintended shutdown of the Federal agency within which the vacancy exists

due to administrative paralysis.” *Arthrex*, 35 F.4th at 1336-1337 (quoting S. Rep. No. 105-250, at 30-31); *see also* U.S. *Arthrex* Opp. 14-15.

NLRB v. SW General, Inc., 137 S. Ct. 929 (2017), does not suggest anything different. This Court’s opinion said nothing about the scope of the “functions and duties” that an official may perform. Nor did it endorse the incongruous result that VirnetX proposes, Pet. 32:—i.e., that the FVRA prescribes the circumstances under which an official may perform both delegable and non-delegable functions of a vacant PAS office, but then provides a remedy only for violations involving non-delegable functions. In fact, the Court “d[id] not consider” any remedy issues. 137 S. Ct. at 938 n.2.

Regardless, even if the FVRA’s definition of “function or duty” applied only to §3348 (which is incorrect), that would not affect the outcome here—because VirnetX only sought vacatur under §3348. *See* VirnetX Amended C.A. Br. 59-60 (20-2271) (alleging Commissioner Hirshfeld’s actions had “no force and effect” under §3348(d)(1)); VirnetX C.A. Reply Br. 23-24 (20-2271) (same). And that section, as even VirnetX concedes, Pet. 31, can void only *non-delegable* functions and duties.⁹

2. VirnetX briefly contends that, even under the Federal Circuit’s FVRA interpretation, Commissioner Hirshfeld exceeded his authority because “[t]he [USPTO] Director’s authority to unilaterally review PTAB decisions is *non-delegable*.” Pet. 34-35. VirnetX nowhere contends that this question independently merits this Court’s review. Nor could it, as this narrow

⁹ VirnetX did not seek any “other remedies,” such as under the APA, as it now speculates could be available. Pet. 32-33.

question affects only a single function (reviewing Board decisions) within a single agency (the USPTO), is of no immediate consequence given that the Director position is now filled by a PAS officer performing that function herself, and has no impact on the validity of VirnetX's patents. *See generally* U.S. *Arthrex* Opp. 18-19.

VirnetX's argument also lacks merit. Considering requests to rehear Board decisions is not a function that must be performed by "only th[e Director]." 5 U.S.C. §3348(a)(2). Rather, the Patent Act provides that Board panels may "grant rehearings" in IPRs, 35 U.S.C. §6(c), and also grants the Director authority to "delegate ... such of the powers vested in the [USPTO] as the Director may determine," *id.* §3(b)(3)(B). Years ago, the Director properly delegated such powers by authorizing the Commissioner of Patents to perform the Director's "non-exclusive functions and duties" when the Director and Deputy Director positions are vacant. USPTO, *Agency Organization Order 45-1*, §II.D (issued Nov. 7, 2016); Dkt.93, U.S. Corrected Intervenor C.A. Br. Add. 2-3 (20-2271). Thus, the Commissioner's denial of VirnetX's rehearing requests on the Director's behalf did not violate the FVRA. *See Arthrex*, 35 F.4th at 1339; *see also* U.S. *Arthrex* Opp. 19-20.

Nothing in this Court's *Arthrex* decision suggests the Court intended to foreclose the Director from delegating her power to "singlehanded[ly] review" Board decisions. Pet. 34. To the contrary, this Court recognized that the Director can review Board decisions "[b]ecause Congress has vested the Director with the 'power and duties' of the [USPTO]." *Arthrex*, 141 S. Ct. at 1987 (quoting 35 U.S.C. §3(a)(1)). Congress also has authorized the Director to "delegate" those same "powers," as happened here. 35 U.S.C. §3(b)(3)(B).

D. VirnetX's Policy Concerns Are Again Misplaced

VirnetX's cries of urgency are overblown. The FVRA has existed since 1998, through several presidential transitions, and Congress has seen no need to substantively amend it. The Federal Circuit's FVRA interpretation is consistent with how the Department of Justice and agencies like the USPTO have long understood the statute. *E.g.*, Guidance on Application of FVRA, 23 Op. O.L.C. 60, 72 (1999) (FVRA "permits non-exclusive responsibilities to be delegated to other appropriate officers and employees in the agency"); *see also* U.S. *Arthrex* Opp. 12-13. And appellate courts have uniformly approved that same approach. VirnetX presents no compelling reason to disrupt this settled law.

VirnetX complains that the Federal Circuit's construction makes the FVRA narrow, Pet. 25, but that does not "justify departing from [its] plain language," as courts should not "rewrite the statute [or] supplant Congress'[s] judgment." *Arthrex*, 35 F.4th at 1337 (citing *N.C. Dep't of Transp. v. Crest St. Cmty. Council, Inc.*, 479 U.S. 6 (1986)). When Congress enacted the FVRA, it purposefully confined the statute's reach to avoid paralyzing federal agencies when vacancies exist. *See* S. Rep. No. 105-250, at 30-31; *see also* U.S. *Arthrex* Opp. 13-14. If Congress wishes to expand the statute's applicability, it can amend the FVRA or create additional non-delegable functions through legislation. That is a judgment for Congress, not the courts.

Notably, the Federal Circuit's interpretation allows the government to function properly. By VirnetX's own estimate, its argument would potentially require appointment of 1,000 acting officers with each new presidential term. Pet. 27. That undertaking would cripple

the government upon every change in administration. Regarding the USPTO alone, “[c]onstruing the FVRA to apply to delegable duties would call [into question] the validity of” over 668,000 issued patents. *Arthrex*, 35 F.4th at 1337.

Finally, VirnetX claims “[t]he Federal Circuit’s construction undermines the Appointments Clause and the Senate’s role in overseeing appointments.” Pet. 26. But VirnetX has abandoned its prior allegation of a constitutional violation by not developing any argument or presenting any question on it. And for good reason, as any “Appointments Clause challenge [would] run[] headlong into” this Court’s decisions allowing inferior officers to temporarily perform the duties of absent PAS officers. *Arthrex*, 35 F.4th at 1333-1335 (discussing *United States v. Eaton*, 169 U.S. 331 (1898), and *United States v. Arthrex, Inc.*, 141 S. Ct. 1970 (2021)). Nor was there any weakening of “presidential accountability” here. Pet. 26-27. Commissioner Hirshfeld’s “stint as the Director’s stand-in was always limited in that the President could have replaced him with an Acting Director at any time.” *Arthrex*, 35 F.4th at 1335 (citing 5 U.S.C. §3345(a)(2)-(3)).

CONCLUSION

The petition for certiorari should be denied.

Respectfully submitted.

WESLEY C. MEINERDING
Counsel of Record
THOMAS H. MARTIN
MARTIN & FERRARO, LLP
1557 Lake O’Pines Street, NE
Hartville, OH 44632
(330) 877-0700
wmeinerding@martinferraro.com

Counsel for Respondent
Black Swamp IP, LLC

JAMES T. BAILEY
Counsel of Record
LAW OFFICE OF JAMES T. BAILEY
504 W. 136th St. #1B
New York, NY 10031
(917) 626-1356
jtb@jtbailey.law.com

Counsel for Respondent Mangrove
Partners Master Fund, Ltd.

MARK C. FLEMING
Counsel of Record
WILLIAM F. LEE
LAUREN B. FLETCHER
WILMER CUTLER PICKERING
HALE AND DORR LLP
60 State Street
Boston, MA 02109
(617) 526-6000
mark.fleming@wilmerhale.com

STEVEN J. HORN
WILMER CUTLER PICKERING
HALE AND DORR LLP
2100 Pennsylvania Ave NW
Washington, DC 20037
(202) 663-6000

Counsel for Respondent
Apple Inc.

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