

RECORD OF ORAL HEARING
UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE, INC.,
Petitioner,
v.
VIRNETX, INC.,
Patent Owner.

Cases IPR2014-00403 and IPR2014-00404

U.S. Patent 7,987,274

Technology Center 2400

Oral Hearing Held on Tuesday, April 28, 2015

Before: MICHAEL TIERNEY, STEPHEN SIU, and KARL
EASTHOM, *Administrative Patent Judges*.

The above-entitled matter came on for hearing on Tuesday, April 28,
2015, at 10:00 a.m., in Hearing Room A, taken at the U.S. Patent and
Trademark Office, 600 Dulany Street, Alexandria, Virginia.

Cases IPR2014-00403 and IPR2014-00404
U.S. Patent 7,987,274

APPEARANCES:

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1 P R O C E E D I N G S

2 (10:00 a.m.)

3 JUDGE TIERNEY: Welcome to the hearing today
4 for IPR2014-00403, and joined with it 00483, and also
5 consolidated for hearing purposes with IPR2014-00404 and
6 which was joined with 00484 today.

7 We have both parties here I see. Before I begin
8 today, do the parties have any questions or comments before
9 we begin with the arguments today?

10 I will start with Petitioner.

11 MR. KUSHAN: No, Your Honor.

12 JUDGE TIERNEY: Anything we need to be aware
13 of?

14 MR. PALYS: No, Your Honor.

15 JUDGE TIERNEY: Well, for today's hearing we
16 have an hour each side. We will go today with the Petitioner
17 starting, followed by Patent Owner, rebuttal by the Petitioner,
18 and we would allow for a closing statement should Patent
19 Owner wish to reserve some time for that.

20 MR. PALYS: Yes, Your Honor.

21 JUDGE TIERNEY: Thank you. Would the parties
22 like to reserve some time today just before we begin so I am
23 aware? Petitioner, would you like to reserve some time today
24 for rebuttal?

1 MR. KUSHAN: Yes. I am going to attempt to
2 reserve about 20 to 30 minutes depending on when I terminate
3 the opening, if that's all right.

4 JUDGE TIERNEY: 20 or 30 minutes. Okay. And,
5 Patent Owner, what would you like to do today?

6 MR. PALYS: Your Honor, we request about 15
7 minutes.

8 JUDGE TIERNEY: 15. Sounds good. And then,
9 Petitioner, any time you are ready, please proceed to the
10 podium.

11 MR. KUSHAN: Your Honor, may I approach to
12 provide demonstratives?

13 JUDGE TIERNEY: Please do.

14 MR. KUSHAN: Good morning, Your Honors. As
15 you explained, Judge Tierney, the two proceedings in each of
16 these proceedings are organized in two sets, 403 and 483 and
17 404 and 484.

18 If you go to slide 2, the 403/483 proceedings are
19 based on a reference called Provino, which is Exhibit 1003,
20 and there are grounds of both anticipation and obviousness.
21 And in the 404 and 484 the primary reference there is Kiuchi.

22 So what I would like to do is talk about some
23 common issues relating to claim construction and then dive
24 into Provino and then address Kiuchi. Addresses and then
25 address the key issues.

1 Go to claim 3 -- I'm sorry, slide 3. This is the
2 independent claim in the patent, the '274 patent, and as you
3 can see it has three steps recited. It is a method for accessing
4 a secure network address. The first step involves sending a
5 query message from a first network device to a secure domain
6 service, the query message requesting from the secure domain
7 service a secure network address for a second network device.

8 The second step is receiving at that first network
9 device a response message from the secure domain service
10 which contains the secure network address for that second
11 network device. And then once that's done, then it sends an
12 access request message from the first network device to the
13 secure network address that it received using a VPN link or
14 virtual private communication link.

15 As you can see from the language of the claim,
16 there are not a lot of constraints put on each of these
17 operational steps or the features or elements that are addressed
18 in them, and we will go into that in some detail.

19 Go to slide 10. So one issue was to determine
20 what the meaning of secure network address is. And based on
21 the position of the parties you construed that term to be "an
22 address that requires authorization for access." We believe
23 that is consistent with the record. There doesn't seem to be
24 much of a dispute about that.

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