

UNITED STATES PATENT AND TRADEMARK OFFICE

---

BEFORE THE PATENT TRIAL AND APPEAL BOARD

---

APPLE INC.,  
Petitioner,

v.

VIRNETX INC.,  
Patent Owner.

---

Case IPR2014-00403<sup>1</sup>  
Patent 7,987,274 B2

---

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

EASTHOM, *Administrative Patent Judge*.

FINAL WRITTEN DECISION  
*35 U.S.C. § 318(a) and 37 C.F.R. § 42.73*

---

<sup>1</sup> As discussed below, IPR2014-00483 has been joined with IPR2014-00403.  
This Final Written Decision applies to the joined case.

## I. BACKGROUND

Microsoft Corporation filed a revised Petition (Paper 4) requesting *inter partes* review of claims 1–5, 7, 8, 10, 12, 13, 15, 17, and 18 of U.S. Patent No. 7,987,274 B2 (“the ’274 Patent,” Ex. 1001) pursuant to 35 U.S.C. §§ 311–319. Paper 4. The Board instituted an *inter partes* review of claims 1–5, 7, 8, 10, 12, 13, 15, 17, and 18. Paper 13 (“Inst. Dec.”).

Apple Incorporated (“Petitioner”) also filed a Petition (Paper 2) seeking an *inter partes* review of claims 1–5, 7, 8, 10, 12, 13, 15, 17, and 18 of the ’274 patent pursuant to 35 U.S.C. §§ 311–319 in Case IPR2014-00483 (“’483 IPR”). Noting that Microsoft Corporation’s Petition and Apple Incorporated’s Petition were substantially identical in material aspects, the Board instituted an *inter partes* review of claims 1–5, 7, 8, 10, 12, 13, 15, 17, and 18, and joined IPR2014-00483 with IPR2014-00403 pursuant to 35 U.S.C. § 315(c). *See* ’483IPR, Paper 11, 6–9.<sup>2</sup> Thereafter, pursuant to a settlement agreement, the present proceeding was terminated with respect to Microsoft Corporation only. Paper 38.

Prior to institution, VirnetX Incorporated (“Patent Owner”) filed a Patent Owner Preliminary Response (Paper 9) (“Prelim. Resp.”), and after institution, filed a Patent Owner Response (Paper 26) (“PO Resp.”). Petitioner then filed a Reply (Paper 34) (“Pet. Reply”). An Oral Hearing transpired on April 28, 2015. Paper 41 (“Tr.”).

The Board has jurisdiction under 35 U.S.C. § 6(c). This Final Written Decision issues pursuant to 35 U.S.C. § 318(a) and 37 C.F.R. § 42.73.

---

<sup>2</sup> Unless otherwise noted, all citations hereinafter are to filings in IPR2014-00403.

For the reasons that follow, we determine that Petitioner has shown by a preponderance of the evidence that claims 1–5, 7, 8, 10, 12, 13, 15, 17, and 18 of the '274 patent are unpatentable.

*A. The '274 Patent (Ex. 1001)*

The '274 patent Specification describes secure systems for communicating over the Internet. Ex. 1001, Abstract, 9:38–39. The secure systems use a secure domain name service (SDNS): “SDNS 3313 contains a cross-reference database of secure domain names and corresponding secure network addresses. That is, for each secure domain name, SDNS 3313 stores a computer network address corresponding to the secure domain name.” *Id.* at 47:15–19. The '274 patent Specification also describes creating a secure communication link in the form of a virtual private network (“VPN”) link. One preferable “VPN communication link can be based on a technique of inserting a source and destination IP address pair into each data packet that is selected according to a pseudo-random sequence.” *Id.* at 46:64–67. The '274 patent Specification refers to this technique and similar techniques as an “address hopping regime” or a “particular information hopping technique.” *Id.* at 47:1, 13–14.

*B. Illustrative Claim*

Claim 1 of the '274 patent, illustrative of the challenged claims, follows:

1. A method of accessing a secure network address, comprising:
  - sending a query message from a first network device to a secure domain service, the query message requesting from the secure domain service a secure network address for a second network device;

receiving at the first network device a response message from the secure domain name service containing the secure network address for the second network device; and  
sending an access request message from the first network device to the secure network address using a virtual private network communication link.

#### C. Cited Prior Art

|         |                 |               |            |
|---------|-----------------|---------------|------------|
| Provino | US 6,557,037 B1 | Apr. 29, 2003 | (Ex. 1003) |
| Xu      | US 6,151,628    | Nov. 21, 2012 | (Ex. 1007) |

Dave Kosiur, *Building and Managing Private Networks* (Sept. 1, 1998) (Ex. 1006, “Kosiur”).

#### D. Instituted Grounds of Unpatentability

| References         | Basis | Claims Challenged               |
|--------------------|-------|---------------------------------|
| Provino            | § 102 | 1, 7, 8, 10, 12, 13, 15, and 17 |
| Provino and Kosiur | § 103 | 2–5                             |
| Provino and Xu     | § 103 | 18                              |

#### E. Claim Construction

In an *inter partes* review, the Board interprets claim terms in an unexpired patent according to the broadest reasonable construction in light of the specification of the patent in which they appear. *In re Cuozzo Speed Techs., LLC*, No. 2014-1301, 2015 WL 4097949, at \*6 (Fed. Cir. July 8, 2015); 37 C.F.R. § 42.100(b). Under that standard, claims must be construed according to their ordinary and customary meaning, in view of the specification, as would be understood by one of ordinary skill in the art at the time of the invention. *See In re Translogic Tech., Inc.*, 504 F.3d 1249, 1257 (Fed. Cir. 2007). A “lexicographer” who redefines a claim term to

IPR2014-00403  
Patent 7,987,274 B2

have an “uncommon meaning[]” or “uncommon definition” must do so with “reasonable clarity, deliberateness, and precision.” *In re Paulsen*, 30 F.3d 1475, 1480 (Fed. Cir. 1994) (citation omitted).

Recently, the Federal Circuit indicated that even for non-expired patents that return to the PTO, prosecution history may be an important component of intrinsic evidence in construing claims (notwithstanding that Patent Owner may amend the claims and a broadest reasonable construction standard applies).<sup>3</sup> See *Tempo Lighting, Inc. v. Tivoli, LLC*, 742 F.3d 973, 977 (Fed. Cir. 2014) (“In claim construction, this court gives primacy to the language of the claims, followed by the specification. Additionally, the prosecution history, while not literally within the patent document, serves as intrinsic evidence for purposes of claim construction. This remains true in construing patent claims before the PTO.”) (citing *In re Morris*, 127 F.3d 1048, 1056 (Fed. Cir. 1997)); *Microsoft Corp. v. Proxyconn, Inc.*, No. 2014-1542, 2015 WL 3747257, at \*3 (Fed. Cir. June 16, 2015) (“The PTO should also consult the patent’s prosecution history in proceedings in which the patent has been brought back to the agency for a second review.”)

---

<sup>3</sup> For district court litigation and for expired patents that return to the PTO, claims cannot be amended. Those claims must be construed using their ordinary and customary meaning, as would be understood by a person of ordinary skill in the art, at the time of the invention, in light of the language of the claims, the specification, and the prosecution history of record. See *Phillips v. AWH Corp.*, 415 F.3d 1303, 1313–17 (Fed. Cir. 2005) (en banc); *In re Rambus*, 694 F.3d 42, 46 (Fed. Cir. 2012) (“[T]he Board’s review of the claims of an expired patent is similar to that of a district court’s review.”); *Cuozzo*, 2015 WL 4097949, at \*6 n.6 (“The claims of an expired patent are the one exception where the broadest reasonable interpretation is not used because the patentee is unable to amend the claims.”) (citing *In re Rambus, Inc.*, 753 F.3d 1253, 1256 (Fed. Cir. 2014)).

# Explore Litigation Insights

Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

## Real-Time Litigation Alerts



Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

## Advanced Docket Research



With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

## Analytics At Your Fingertips



Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

## API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

## LAW FIRMS

Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

## FINANCIAL INSTITUTIONS

Litigation and bankruptcy checks for companies and debtors.

## E-DISCOVERY AND LEGAL VENDORS

Sync your system to PACER to automate legal marketing.