

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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APPLE INC.,  
Petitioner,

v.

VIRNETX INC.,  
Patent Owner.

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Case IPR2015-00870  
Patent 8,560,705 B2

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Before KARL D. EASTHOM, JENNIFER S. BISK, and  
GREGG I. ANDERSON, *Administrative Patent Judges*.

EASTHOM, *Administrative Patent Judge*.

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

## I. INTRODUCTION

Petitioner, Apple Inc., filed a Petition (Paper 1, “Pet.”) seeking an *inter partes* review of claims 1–30 of U.S. Patent No. 8,560,705 B2 (Ex. 1050, “the ’705 patent”) pursuant to 35 U.S.C. §§ 311–319. After VirnetX Inc., Patent Owner, filed a Preliminary Response (Paper 6), we instituted an *inter partes* review of claims 1–30 (Paper 8, “Institution Decision” or “Inst. Dec.”).

Subsequent to institution, Patent Owner filed a Patent Owner Response (Paper 23) (“PO Resp.”), and Petitioner filed a Reply (Paper 26) (“Pet. Reply”). Patent Owner also filed a Motion to Exclude evidence (Paper 30), Petitioner filed an Opposition (Paper 33), and Patent Owner filed a Reply to the Opposition (Paper 34). Petitioner relies on, *inter alia*, the “Declaration of Roberto Tamassia Regarding U.S. Patent Nos. 8,458,341, 8,516,131, and 8,560,705.” Ex. 1005 (the “Tamassia Declaration”). Patent Owner relies on, *inter alia*, the “Declaration of Fabian Monroe, Ph.D.” Ex. 2018 (the “Monroe Declaration”). The Board filed a transcription of the Oral Hearing held on June 27, 2016. Paper 38. This Final Written Decision issues concurrently with the final written decision involving the ’705 patent in *Apple Inc. v. VirnetX Inc.*, IPR2015-00871 (PTAB Sept. 28, 2016) (Paper No. 39, “’871 FWD”) (generally “’871 IPR”).

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. For the reasons that follow, we determine that Petitioner has shown by a preponderance of the evidence that claims 1–30 of the ’705 patent are unpatentable.

*A. The '705 Patent (Ex. 1050)*

The '705 patent describes secure methods for communicating over the Internet. Ex. 1050, 9:41–46. Specifically, the '705 patent describes “the automatic creation of a virtual private network (VPN) in response to a domain-name server look-up function.” *Id.* at 39:4–6. This automatic creation employs a modified Domain Name Server, which may include a conventional Domain Name Server (DNS):

Conventional Domain Name Servers (DNSs) provide a look-up function that returns the IP address of a requested computer or host. For example, when a computer user types in the web name “Yahoo.com,” the user’s web browser transmits a request to a DNS, which converts the name into a four-part IP address that is returned to the user’s browser and then used by the browser to contact the destination web site.

*Id.* at 39:7–13.

“A modified DNS server 2602 includes a conventional DNS server function 2609 and a DNS proxy 2610,” which may be “combined into a single server for convenience.” *Id.* at 39:67–40:2, 40:45–46. The DNS proxy of the modified DNS server intercepts all DNS lookup requests, determines whether the user has requested access to a secure site (using, for example, a domain name extension or an internal table of secure sites), and if so, determines whether the user has sufficient security privileges to access the requested site. *Id.* at 40:6–16. If the user has requested access to a secure site to which it has insufficient security privileges, the DNS proxy returns a “host unknown” error to the user. *Id.* at 40:32–33. If the user has requested access to a secure site to which it has sufficient security privileges, the DNS proxy requests a gatekeeper to create a VPN between the user’s computer and the secure target site. *Id.* at 40:12–16. The DNS proxy then

returns to the user the resolved address passed to it by the gatekeeper, which need not be the actual address of the destination computer. *Id.* at 40:19–25.

The VPN is “preferably implemented using the IP address ‘hopping’ features,” (changing IP addresses based upon an agreed upon algorithm) described elsewhere in the ’705 patent, “such that the true identity of the two nodes cannot be determined even if packets during the communication are intercepted.” *Id.* at 39:52–56. The system may hide the identities (i.e., anonymity, a form of security) by encrypting parts of packets. *See id.* at 1:50–56, 9:41–10:17. Routers along the hopping path determine the “next-hop in a series of . . . router hops” (*id.* at 9:52–53) in the path, by authenticating or decrypting transmitted encrypted parts of packets to find the “next-hop” router address. *See id.* at 3:23–25, 10:2–17. Data messages in the packets also may be encrypted. *See id.* at 1:50–56, 4:10–12, 11:1–9.

### *B. Illustrative Challenged Claim*

Claims 1 and 16 of the ’705 patent are independent and of similar scope. Claim 1, illustrative of the challenged claims, follows:

1. A client device comprising:
  - (a) memory configured and arranged to facilitate a connection of the client device with a target device over a secure communication link created based on
    - (i) interception of a request, generated by the client device, to look up an internet protocol (IP) address of the target device based on a domain name associated with the target device, and
    - (ii) a determination as a result of the request that the target device is a device with which a secure communication link can be established;

(b) an application program configured and arranged so as to allow participation in audio/video communications with the target device over the secure communication link once the secure communication link is established; and

(c) a signal processing configuration arranged to execute the application program.

Ex. 1050, 55:52–65.

### *C. Instituted Grounds of Unpatentability*

We instituted on the following grounds asserted by Petitioner under 35 U.S.C. § 103 for obviousness: claims 1–23 and 25–30 of the '705 patent based on the combination of Beser (Ex. 1007)<sup>1</sup> and RFC 2401 (Ex. 1008)<sup>2</sup>, and claim 24 as unpatentable based on the combination of Beser, RFC 2401, and Brand (Ex. 1012)<sup>3</sup>. Inst. Dec. 19.

### *D. Claim Construction*

In an *inter partes* review, the Board construes claim terms in an unexpired patent under their broadest reasonable construction in light of the specification of the patent in which they appear. *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2144–46 (2016); 37 C.F.R. § 42.100(b). Under this standard, absent any special definitions, claim terms or phrases carry their ordinary and customary meaning, as would be understood by one of ordinary skill in the art, in the context of the entire disclosure. *In re Translogic Tech., Inc.*, 504 F.3d 1249, 1257 (Fed. Cir. 2007).

The Board construed similar claim terms in *Apple Inc. v. VirnetX Inc.*, IPR2014-00237 (PTAB May 11, 2015) (Paper 41) (“’237 final written

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<sup>1</sup> U.S. Patent No. 6,496,867 B1.

<sup>2</sup> S. Kent and R. Atkinson, *Security Architecture for the Internet Protocol*, Request for Comments: 2401, BBN Corp., November 1998.

<sup>3</sup> U.S. Patent No. 5,237,566.

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