

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC.,
Petitioner,

v.

VIRNETX INC.,
Patent Owner.

Case IPR2015-00870
Patent 8,560,705 B2

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

EASTHOM, *Administrative Patent Judge*.

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

I. INTRODUCTION

A. Background

Petitioner, Apple Inc., filed a Petition (Paper 1, “Pet.”) requesting an *inter partes* review of claims 1–30 (the “challenged claims”) of U.S. Patent No. 8,560,705 B2 (Ex. 1050, “the ’705 patent”). Patent Owner, VirnetX Inc., filed a Preliminary Response. Paper 6 (“Prelim. Resp.”).

We have authority to determine whether to institute an *inter partes* review. 35 U.S.C. § 314(b); 37 C.F.R. § 42.4(a). The standard for instituting an *inter partes* review is set forth in 35 U.S.C. § 314(a), which provides that an *inter partes* review may not be instituted “unless the Director determines . . . there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.”

After considering the Petition and Preliminary Response, we determine that Petitioner has established a reasonable likelihood of prevailing in showing the unpatentability of at least one of the challenged claims. Accordingly, we institute *inter partes* review.

B. Related Matters

Petitioner indicates that the ’705 patent “has never been asserted against Petitioner in litigation.” Pet. 1. Patent Owner indicates that the ’705 patent “and/or” related patents are involved in several proceedings in the United States District Court for the Eastern District of Texas.¹ Paper 5, 12–

¹ In the future, Petitioner is advised that referring to “numerous lawsuits,” without specifically identifying the court in which the lawsuit is taking place and other information necessary to identify the proceeding may be considered a violation of 37 C.F.R. § 42.8. *See* Pet. 6–7. Similarly, Patent Owner is advised to be specific in addressing whether the challenged patent

13. Petitioner filed another petition seeking *inter partes* review of the '705 patent—IPR2015-00871. Pet. 2. In addition, many other *inter partes* review and *inter partes* reexamination proceedings challenging related patents are currently, or have been recently, before the Office. See Paper 5, 2–10.

C. The Asserted Grounds of Unpatentability

Petitioner contends, under 35 U.S.C. § 103, that claims 1–23 and 25–30 of the '705 patent are unpatentable based on the combination of Beser² and RFC 2401³, and that claim 24 is unpatentable based on the combination of Beser, RFC 2401, and Brand⁴. Petitioner also provides testimony from Dr. Roberto Tamassia. Ex. 1005.

D. The '705 Patent

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

is actually the subject of the enumerated related litigation. See Paper 5, 12–13.

² U.S. Patent No. 6,496,867 B1 (Ex. 1007).

³ S. Kent and R. Atkinson, *Security Architecture for the Internet Protocol*, Request for Comments: 2401, BBN Corp., November 1998 (Ex. 1008).

⁴ U.S. Patent No. 5,237,566 (Ex. 1012).

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.

The modified DNS server may include both a conventional DNS and a DNS proxy. *Id.* at 39:67–40:2. 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, 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.

E. Illustrative Challenged Claim 1

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. 1003, 55:52–65.

II. ANALYSIS

A. Claim Construction

“[T]he PTO give[s] claims [in an unexpired patent] their broadest reasonable construction.” *In re Cuozzo Speed Techs., LLC*, 793 F.3d 1268, 1277 (Fed. Cir. 2015). Under this standard, the Board interprets claims in light of the patent specification. 37 C.F.R. § 42.100(b). Under “the best practices for claim construction,” a claim term generally carries its ““ordinary and customary meaning””— ““the meaning that the term would have to a person of ordinary skill in the art in question. . . . in view of the specification.”” *In re Translogic Tech., Inc.*, 504 F.3d 1249, 1257 (Fed. Cir.

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.