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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

THE MANGROVE PARTNERS MASTER FUND, LTD. and APPLE INC.,
Petitioner

v.

VIRNETX INC.,
Patent Owner

Case IPR2015-01046[1]
Patent 6,502,135

Patent Owner's Sur-Reply

[1] Apple Inc., who filed a petition in IPR2016-00062, has been joined as a Petitioner in the instant proceeding.

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TABLE OF CONTENTS

I. Introduction 1

II. Petitioners' Improper New Arguments Fail to Remedy the Petitioners' Original Analysis 2

- A. Petitioners' New Position 1 2
- B. Petitioners' New Positions 2–3 4
- C. Petitioners' New Position 4 9
- D. Petitioners' New Position 5 10

III. Petitioner Apple Inc.'s Separate Reply Omits Telling Facts 11

IV. Conclusion 12

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TABLE OF AUTHORITIES

Page(s)

Cases

Intelligent Bio-Sys., Inc. v. Illumina Cambridge Ltd.,
821 F.3d 1359 (Fed. Cir. 2016) 1

Statutes

35 U.S.C. § 312(a)(3)..1

Other Authorities

37 C.F.R. § 42.23(b) 1

Office Patent Trial Practice Guide,
77 Fed. Reg. 48,756 (Aug. 14, 2012) 1

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I. Introduction

In an Order dated July 7, 2016, the Board authorized Patent Owner to file a sur-reply "limited to issues enumerated by Patent Owner in Patent Owner's Identification of Improper Arguments in Petitioners' Consolidated Reply Brief and Petitioner Apple Inc.'s Separate Reply Filing)." Paper No. 66 at 2. As discussed below, Petitioners' new positions (*see* Paper No. 55 at 1–3) are flawed and fail to remedy the deficiencies of Petitioners' original positions. As such, to the extent the Board considers the substance of Petitioners' improper new arguments,[2] the Board should enter judgment against Petitioners, confirm the patentability of the claims, and terminate this proceeding.

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[2] Patent Owner continues to maintain that Petitioners' new arguments should not be considered at this late stage. *See Intelligent Bio-Sys., Inc. v. Illumina Cambridge Ltd.*, 821 F.3d 1359, 1369 (Fed. Cir. 2016) ("Unlike district court litigation—where parties have greater freedom to revise and develop their arguments over time and in response to newly discovered material—the expedited nature of IPRs bring with it an *obligation for petitioners to make their case in their petition to institute*.") (emphasis added); *see also* 35 U.S.C. § 312(a)(3); 37 C.F.R. § 42.23(b); Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,767 (Aug. 14, 2012).

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II. Petitioners' Improper New Arguments Fail to Remedy the Petitioners' Original Analysis

In its Patent Owner's Response (Paper No. 44, "Patent Owner Resp."), VirnetX set forth a multitude of reasons why Petitioners' asserted grounds of unpatentability must fail. In response, Petitioners' Consolidated Reply Brief (Paper No. 50, "Consol. Rep.") shifts Petitioners' positions in at leave five ways. Paper No. 55 at 1–3 (identifying Petitioners' New Positions 1–5). But these new positions are unsupported attorney arguments and do not actually remedy the problems with Petitioners' anticipation and obviousness allegations. Each of Petitioners' new arguments should be rejected.

A. Petitioners' New Position 1

Petitioners' Consolidated Reply Brief asserts that Kiuchi discloses the claimed "Domain Name Service (DNS) request," relying on three different alleged requests sent by Kiuchi's client-side proxy. Consol. Rep. at 10. In particular, Petitioners point to (a) "a 'C-HTTP name service request' sent to the name server," which as discussed in Patent Owner's Response (at 20–23) does not read on the claimed DNS request, along with two new requests: (b) "'a request for connection to the server-side proxy'" and (c) "'C-HTTP requests' to the server-side proxy." Consol. Rep. at 10; *see also* Paper No. 55 at 1–2 (identifying Petitioners' new position). Like Petitioners' original mapping, these latter two new mappings fail to support Petitioners' anticipation positions.

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