UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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

v.

VIRNETX INC.,
Patent Owner

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

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Patent Owner's Request for Director Rehearing

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

TABLE OF CONTENTS

On August 19, 2021, the Federal Circuit issued an order "allowing VirnetX the opportunity to request Director rehearing." *VirnetX Inc. v. Mangrove Partners Master Fund, Ltd.*, Nos. 2020-2271, 2020-2272, Dkt. No. 51 at 3 (Fed. Cir. Aug. 19, 2021). Pursuant to that order, VirnetX hereby requests Director rehearing of the Final Written Decision on Remand issued July 14, 2020 ("Remand FWD").

The patent claims at issue are directed to the automatic generation of secure communications between client and target computers. On a prior appeal, the Federal Circuit held (based on a prosecution disclaimer to distinguish the prior art) that the claims require "direct communication," whereby the client computer itself opens a connection with the target computer. On remand, the Board failed to heed the Federal Circuit's guidance, and held the claims were anticipated by a prior-art system with no connection between the client and target computers. That material legal error warrants rehearing by a properly appointed Director.

I.   Background

The primary reference in this proceeding is Kiuchi (Ex. 1002). In Kiuchi, a user agent requests information residing in an "origin server." Kiuchi at 64-67. Two entities are interposed between the user agent and origin server and relay information between them. A "client-side proxy" relays information between a user agent and the Internet, and a "server-side proxy" relays information between the Internet and the origin server. *Id.* at 64. A "C-HTTP name server" facilitates exchange of

encryption keys between the client-side and server-side proxy. *Id.* at 64-65.

The Federal Circuit first considered whether Kiuchi could render the '135 patent claims unpatentable in *VirnetX, Inc. v. Cisco Systems, Inc.*, 767 F.3d 1308 (Fed. Cir. 2014). In affirming a jury finding that it could not, *Cisco* explained that Kiuchi did not disclose direct communication required by the claims; "the jury heard expert testimony that Kiuchi's client-side and server-side proxies terminate the connection, process information, and create a new connection—actions that are not 'direct' within the meaning of the asserted claims." *Id.* at 1323-24.

In the original Final Written Decision issued September 9, 2016 ("Original FWD"), the Board nonetheless found Kiuchi rendered the challenged '135 patent claims unpatentable. The Federal Circuit vacated that decision, holding that VirnetX's claims should be construed to "require[] direct communication between the client and target computers." *VirnetX Inc. v. Mangrove Partners Master Fund, Ltd.*, 778 F. App'x 897, 910 (Fed. Cir. 2019). VirnetX's claims, the court explained, exclude systems where "the client cannot open a connection with the target itself," such as those that only communicate directly with an "intermediate server [that] then relays the data to [the] target computer." *Id.* On remand, in addressing the VPN limitation, the Board found that Kiuchi nonetheless disclosed "direct communication" because the user agent generates a request that includes a URL that identifies the server on which the desired resource resides. Remand FWD at 14-15.

II. The Remand Decision's Rationale for Finding that Kiuchi Anticipates the Claims Contravenes the Federal Circuit's Prior Holdings

In *Mangrove*, the Federal Circuit ruled that VirnetX had unambiguously disclaimed indirect-communication VPNs like those in a prior-art system, Aventail. 778 F. App'x at 909. Aventail disclosed "a system in which a client computer communicates with an intermediate server via a singular, point-to-point connection." *Id.* The "intermediate server then relays the data to a target computer." *Id.* Unlike VirnetX's invention, VirnetX explained during prosecution, "the computers [in Aventail] 'do not communicate directly with each other'" because "the client cannot open a connection with the target itself." *Id.* (internal quotation marks omitted). VirnetX thus "clearly and unmistakably state[d] that . . . [its claims] require[ ] direct communication between the client and target computers." *Id.* *Mangrove* thus sets clear bounds for what qualifies as "direct communication." The client must be able to "open a connection with the target itself." *Id.* Systems where the client's connection is with an "intermediate server" that "relays the data" to the target server are outside the claims. *Id.*

Under *Mangrove*'s claim construction, Kiuchi does not teach the required "direct communication between a client computer and a target computer." Kiuchi's "client" establishes a "connection ... to a client-side proxy"—not the origin server. Ex. 1002 at 8. The client and the client-side proxy communicate using unencrypted HTTP/1.0 communications. *Id.*; Ex. 2063 at 7. A second "connection is established"

3

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