Paper No. _____
Filed: December 20, 2019

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

THE MANGROVE PARTNERS MASTER FUND, LTD., APPLE INC., and BLACK SWAMP IP, LLC,
Petitioner

v.

VIRNETX INC.,
Patent Owner

Case IPR2015-01047[1]
Patent 7,490,151

Patent Owner's Opposition Brief

[1] Apple Inc. and Black Swamp IP, LLC, who filed petitions in IPR2016-00063 and IPR2016-00167, respectively, have been joined as a Petitioner in the instant proceeding.

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I. Introduction

Patent Owner VirnetX Inc. ("VirnetX") respectfully submits that Petitioners have failed to meet their burden to show that the challenged claims of U.S. Patent No. 7,490,151 ("the '151 patent") are unpatentable. Petitioners' arguments are foreclosed by the Federal Circuit's decision in *VirnetX Inc. v. Mangrove Partners Master Fund, Ltd.*, 778 F. App'x 897 (Fed. Cir. 2019), and the record evidence in this proceeding. In fact, the Federal Circuit rejected identical arguments—addressing the same patent and prior art—in *VirnetX Inc. v. Cisco Systems Inc.*, 767 F.3d 1308, 1323-24 (Fed. Cir. 2014).

II. The Federal Circuit's Decision

The Federal Circuit vacated the Board's claim constructions, and directed the Board to construe the term "client." The Court "agree[d] with VirnetX that the Board erred in failing to resolve the claim construction dispute as to the meaning of 'client.'" *VirnetX*, 778 F. App'x at 908. The Federal Circuit observed that "VirnetX's proposed construction [of 'client'] is a user's computer, not any device that is associated with a user, however indirectly," and instructed the Board to "analyz[e] the language of [VirnetX's] proposed construction, which the patent owner response makes clear does not cover the client-side proxy." *Id.*

Because those errors were dispositive of the Board's anticipation and obviousness findings, the Federal Circuit vacated those findings and remanded to

the Board. *Id.* at 909, 911.

VirnetX also argued that Apple Inc.'s ("Apple's") joinder to these proceedings violates 35 U.S.C. § 315(b)-(c). The Federal Circuit declined to address that argument, finding VirnetX had not shown prejudice from Apple's joinder, but "le[ft] open the question of whether prejudice could arise" on remand. *VirnetX*, 778 F. App'x at 901-02. The Federal Circuit also held that the Board erred in denying VirnetX leave to file a motion seeking additional discovery into the relationship between Mangrove Partners Master Fund, Ltd. ("Mangrove") and RPX Corporation ("RPX"). *Id.* at 904.

III. Claim Construction

A. "Client"

The proper construction of "client" is a "user's computer." (PO Response at 8-10.) The claims recite initiating/creating the encrypted/secure channel between a client and a secure server. (*See, e.g.*, Ex. 1001 at claim 1.) One of ordinary skill in the art would read "client computer" in the claims in view of the specification—the "single best guide to the meaning of a disputed term," *Phillips v. AWH Corp.*, 415 F.3d 1303, 1315 (Fed. Cir. 2005) (en banc). (Ex. 2038 at ¶ 26.) The specification explains that the claimed inventions allow for secure communications between a user's computer and a target computer. Thus, the "Background of the Invention" describes the importance of securing communications between an originating

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