Paper No. _____
Filed: July 12, 2017

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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

BLACK SWAMP IP, LLC
Petitioner

v.

VIRNETX INC.
Patent Owner

Case IPR2016-00693
Patent No. 7,418,504

Patent Owner's Request for Rehearing and Suggestion for Expanded Panel

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I. INTRODUCTION AND PRECISE RELIEF REQUESTED

Patent Owner VirnetX Inc. ("Patent Owner") requests rehearing of the Patent Trial and Appeal Board's Final Written Decision entered June 12, 2017 (Paper No. 14, "Final Decision"). This request is directed to one issue: the Final Decision's reliance on an unpatentability theory for dependent claims 27 and 51 that could have been included in Petitioner Black Swamp IP, LLC's ("Petitioner's") petition (Paper No. 1, "the Petition"), but was not.[1] While it was once the Office's position that new theories of unpatentability like this are permissible, the Federal Circuit has since disagreed. *See In re Magnum Oil Tools Int'l, Ltd.*, 829 F.3d 1364, 1377, 1380–81 (Fed. Cir. 2016); *see also EmeraChem Holdings, LLC v. Volkswagen Grp. of Am., Inc.*, No. 2016-1984, 2017 WL 2587462, at *6–8 (Fed. Cir. June 15, 2017); *Dell Inc. v. Acceleron, LLC*, 818 F.3d 1293, 1301 (Fed. Cir. 2016); *In re NuVasive, Inc.*, 841 F.3d 966, 972–73 (Fed. Cir. 2016); *SAS Inst., Inc. v. ComplementSoft, LLC*, 825 F.3d 1341, 1351–52 (Fed. Cir. 2016).

[1] Patent Owner does not concede that the new unpatentability theory advanced in the Final Decision is itself correct. However, this request is directed to the procedural impropriety of that new theory. Patent Owner reserves all rights to appeal all aspects of the Final Decision.

There is no reasonable question that the Final Decision, in addressing claims 27 and 51, relied on an unpatentability theory that was not presented by the Petitioner. Claims 27 and 51 recite, *inter alia*, a "first location." The Petitioner alleged that "[t]he *client-side proxy or the user agent* associated with the client-side proxy [in Kiuchi] can be considered a first location." Petition at 32 (emphasis added). As Patent Owner previously explained, however, neither Kiuchi's client-side proxy nor Kiuchi's user agent can properly be mapped to the claimed "first location." *See* Patent Owner's Response at 41–43. The Final Decision did not disagree, but instead introduced a new mapping, alleging that an "*institution*" in which both the client-side proxy and the user agent are purportedly located can be mapped to the claimed "first location." Final Decision at 13 (emphasis added). In doing so, the Board either misapprehended the Petitioner's position or overlooked Federal Circuit precedent forbidding the new unpatentability theory advanced in the Final Decision. As a consequence, the Final Decision's finding that claims 27 and 51 are unpatentable should be withdrawn.

VirnetX suggests rehearing by an expanded panel that includes the Chief Judge in deciding this request. Standard Operating Procedure 1, Rev. 14, Section III.D (May 8, 2015) ("When a judge, a merits panel, or an interlocutory panel . . . receives a suggestion for an expanded panel, the judge, merits panel, or interlocutory panel shall notify the Chief Judge, Deputy Chief Judge, and the Vice

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