

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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BLACK SWAMP IP, LLC,  
Petitioner,

v.

VIRNETX INC.,  
Patent Owner.

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Case IPR2016-00693  
Patent 7,418,504 B2

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Case IPR2016-00957<sup>1</sup>  
Patent 7,921,211 B2

Before MICHAEL P. TIERNEY, *Vice Chief Administrative Patent Judge*, and  
KARL D. EASTHOM, and STEPHEN C. SIU, *Administrative Patent Judges*.

SIU, *Administrative Patent Judge*.

DECISION  
Request for Rehearing  
*37 C.F.R. § 42.71(d)*

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<sup>1</sup> This decision addresses an issue that is identical in each case. We, therefore, exercise our discretion to issue one Decision to be filed in each case. Unless otherwise authorized, the parties, however, are not authorized to use this style heading for any subsequent papers. Citations and page references in the Decision correspond to IPR2016-00693, unless otherwise indicated.

VirnetX (“Patent Owner”), in its Request for Rehearing (“Req.” or “Request”), requests rehearing of the Board’s final determination (“Decision”) that Petitioner met its burden of showing by a preponderance of the evidence that claims 27 and 51 are anticipated by Takahiro Kiuchi and Shigekoto Kaihara, C-HTTP – *The Development of a Secure, Closed HTTP-Based Network on the Internet*, PROCEEDINGS OF THE SYMPOSIUM ON NETWORK AND DISTRIBUTED SYSTEM SECURITY, IEEE 64-75 (1996) (Ex. 1005, “Kiuchi”). See Req. Reh’g. 1.

Claim 27 recites a secure communication link between a first location and a second location transparently to a user at the first location. Claim 51 recites a similar feature. Petitioner initially argued that Kiuchi discloses this feature. In particular, Petitioner initially argued in the Petition that “[t]he client-side proxy or the user agent associated with the client-side proxy can be considered a first location” and that “the end users at the user agents ‘do not even have to be conscious of using C-HTTP based communications.’” Pet. 32 (citing Ex. 1005 68).

In response, Patent Owner argued that “the client-side proxy . . . is a first location . . . [and a] user at a ‘user agent,’ not at the proxies themselves, sends a request.” Prelim. Resp. 40, see also PO Resp. 41. In response to Patent Owner’s contention that that the “user [is] at a ‘user agent,’ not at the [client-side proxy],” Petitioner reiterated that “[t]he client-side proxy or the user agent associated with the client-side proxy can be considered a first location.” Pet. Reply 26.

Hence, Petitioner argued that the “user agent associated with the client-side proxy” is located at a first location, as recited in claim 27. Patent Owner refuted Petitioner’s claim mapping by asserting that a user is located at a “user agent” but

is not located at a “client-side proxy” (i.e., that the “client-side proxy” cannot constitute a “first location,” as recited in claim 27). Notably, Patent Owner did not provide arguments regarding how the location of the user agent and the associated client-side proxy also differed from the claimed “first location.” We agreed with the Petitioner that the “user agent” and the “associated client-side proxy” are located at a “first location” (i.e., both located at an “institution,” as disclosed by Kiuchi) and, in response to Patent Owner’s subsequent arguments that the “client-side proxy” supposedly cannot be considered to be the “first location,” as recited in claim 27, for example, we further determined that, as Petitioner previously explained, the “user agent” and the associated “client-side proxy” are located at a “first location,” as recited in claim 27 (e.g., co-located at an “institution,” as disclosed by Kiuchi). *See* Decision 13.

Patent Owner now argues that “[t]he Final Decision took an entirely new path to address the claimed ‘first location’” and relies on *In re Magnum Oil Tools Int’l., Ltd.*, 829 F.3d 1364 (Fed. Cir. 2016) to support Patent Owner’s implied contention that the Final Decision may not address new arguments raised by Patent Owner in Patent Owner’s Preliminary Response and/or Patent Owner’s Response. Req. Reh’g. 6. We disagree. In the present matter and in accordance with *Magnum Oil*, the ultimate burden of proof remained with Petitioner and was never shifted to Patent Owner at any time during the proceedings and, as discussed above, at no time was an “entirely new path to address the claimed ‘first location’” introduced in the Decision.

Patent Owner presented arguments supporting Patent Owner’s contention that Kiuchi’s “client-side proxy” is located at a location that differs from the claimed “first location” but failed to indicate in a meaningful way how the location at which Kiuchi’s “user agent” and associated “client-side proxy” (co-located at

the “institution,” according to Kiuchi) are located differs from the claimed “first location” (i.e., Petitioner’s original mapping of Kiuchi to the claimed “first location”). Hence, Patent Owner failed to demonstrate specific flaws in Petitioner’s mapping that would indicate Petitioner failed to meet its burden of proof. In view of the fact that Petitioner met its burden of proof of demonstrating by a preponderance of the evidence the unpatentability of claim 27 (and claim 51) and Patent Owner’s failure to demonstrate persuasively any specific flaws in Petitioner’s showing, we determined that Petitioner met its burden of proof. Patent Owner’s failure to demonstrate sufficiently that Petitioner failed to meet its burden of proof is not the same as shifting the burden of proof to Patent Owner.

Patent Owner “suggests that an expanded panel that includes the Chief Judge consider this request for rehearing.” Req. Reh’g 9. A panel does not have authority to expand a panel; only the Chief Judge, acting on behalf of the Director, may act to expand a panel. *See* Standard Operating Procedure 1, rev. 14 § III (PTAB May 8, 2015). In this case, the suggestion to expand the panel was referred to the Chief Judge and considered, but was not adopted.

Based on the foregoing discussion, Patent Owner’s Request is granted to the extent that the Board has reconsidered its Decision, but Patent Owner’s requested relief for a reversal of the Decision is denied because Patent Owner has not shown that the Decision overlooks or misapprehends a material point.

#### ORDER

For the reasons given, it is

ORDERED that the Request for Rehearing is denied; and

FURTHER ORDERED that a copy of this Decision be entered into the file of each of Case IPR02016-00693 and Case IPR2016-00957.

IPR2016-00693, IPR2016-00957  
Patent 7,418,504 B2, Patent 7,921,211 B2

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