

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 7,418,504 B2

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

SIU, *Administrative Patent Judge*.

DECISION
Institution of *Inter Partes* Review
37 C.F.R. § 42.108

I. INTRODUCTION

A. *Background*

Petitioner, Black Swamp IP, LLC, filed a Petition (Paper 1, “Pet.”) requesting an *inter partes* review of claims 1, 2, 5, 6, 15, 16, 27, 33, 36, 37, 39, 40, 51, 57, and 60 (the “challenged claims”) of U.S. Patent No. 7,418,504 B2 (Ex. 1001, “the ’504 patent”). See Pet. 5. Patent Owner, VirnetX Inc., filed a Preliminary Response. Paper 6 (“Prelim. Resp.”).

We have authority to determine whether to institute an *inter partes* review. 35 U.S.C. § 314(b); 37 C.F.R. § 42.4(a). The standard for instituting an *inter partes* review is set forth in 35 U.S.C. § 314(a), which provides that an *inter partes* review may not be instituted “unless the Director determines . . . there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.”

After considering the Petition and Preliminary Response, we determine that Petitioner has established a reasonable likelihood of prevailing in showing the unpatentability of at least one of the challenged claims. Accordingly, we institute *inter partes* review.

B. *Related Matters*

According to Petitioner, the ’504 patent is the subject of the following civil actions: Civ. Act. No. 6:13-cv-00211 (E.D. Tex.); Civ. Act. No. 6:12-cv-00855 (E.D. Tex.); Civ. Act. No. 6:10-cv-00417 (E.D. Tex.); Civ. Act. No. 6:11-cv-00018 (E.D. Tex.); Civ. Act. No. 6:13-cv-00351 (E.D. Tex.); Civ. Act. No. 6:13-mc-00037 (E.D. Tex.); and Civ. Act. No. 9:13-mc-80769 (E.D. Fla.). Petitioner also indicates that the ’504 patent is the subject of

inter partes in reexamination 95/001,788 and 95/001,851 and *inter partes* review IPR2013-00377, IPR2013-00393, IPR2013-00394, IPR2014-00176, IPR2014-00177, IPR2014-00612, IPR2014-00613, IPR2014-00614, IPR2015-00188, and IPR2015-00189. Pet. 2–3.

C. *Asserted Ground of Unpatentability*

Petitioner challenges claims 1, 2, 5, 6, 15, 16, 27, 33, 36, 37, 39, 40, 51, 57, and 60 of the '504 patent under 35 U.S.C. § 102 as anticipated by Takahiro Kiuchi & Shigekoto Kaihara, *C-HTTP—The Development of a Secure, Closed HTTP-Based Network on the Internet*, PROC. SYMP. ON NETWORK & DISTRIBUTED SYS. SECURITY, Feb. 22–23, 1996, at 64 (Ex. 1005, “Kiuchi”). Pet. 5.

D. *The '504 Patent*

The '504 patent describes a secure mechanism for communicating over the internet. Ex. 1001, 3:14–15.

E. *Illustrative Challenged Claim 1*

Claim 1 reads as follows:

1. A system for providing a domain name service for establishing a secure communication link, the system comprising:
a domain name service system configured to be connected to a communication network, to store a plurality of domain names and corresponding network addresses, to receive a query for a network address, and to comprise an indication that the domain name service system supports establishing a secure communication link.

F. 35 U.S.C. §§ 315(d) and 325(d) – The Thirteenth Challenge

Patent Owner argues that the present case should not be instituted under 35 U.S.C. §§ 315(d) and 325(d) because the present challenge is “the thirteenth challenge.” Prelim. Resp. 3–9.

Under the specific circumstances involved at this juncture, the Kiuchi-based ground would not place a significant burden on the parties or the Board. Accordingly, Patent Owner has not shown a sufficient reason to deny this Petition, and we decline to exercise our discretion to deny institution of the present proceedings based on this ground. *See* 37 C.F.R. § 42.108(a) (stating that the Board has discretion “to proceed . . . on all or some of the grounds of unpatentability asserted”).

G. Non-reliance on Expert Testimony

Patent Owner argues that Petitioner’s “proposed ground of unpatentability is wholly unsupported by expert testimony” and that “expert testimony is required.” Prelim. Resp. 9, 13–16. Even assuming Petitioner does not rely upon expert testimony, Patent Owner does not demonstrate sufficiently that reliance on expert testimony is required or that the absence of expert testimony alone in this matter indicates the failure to demonstrate a reasonable likelihood of prevailing in proving unpatentability of a challenged claim. We are not persuaded by Patent Owner’s argument.

II. ANALYSIS

A. *Claim Construction*

In an *inter partes* review, the Board construes claims by applying the broadest reasonable interpretation in light of the specification. 37 C.F.R. § 42.100(b). Under this standard, absent any special definitions, claim terms or phrases are given their ordinary and customary meaning, as would be understood by one of ordinary skill in the art, in the context of the entire disclosure. *In re Translogic Tech., Inc.*, 504 F.3d 1249, 1257 (Fed. Cir. 2007).

Petitioner and Patent Owner each proffer proposed constructions of several claim terms. At this stage of the proceeding, and on this record, we determine that no claim term needs express construction at this time. *See Vivid Techs., Inc. v. Am. Sci. & Eng'g, Inc.*, 200 F.3d 795, 803 (Fed. Cir. 1999) (only those terms that are in controversy need to be construed and only to the extent necessary to resolve the controversy).

B. *Overview of Prior Art – Kiuchi (Exhibit 1005)*

Kiuchi discloses closed networks (HTTP (Hypertext Transfer Protocol)-based network (C-HTTP)) of related institutions on the Internet. Ex. 1005, 64. A client and client-side-proxy “asks the C-HTTP name server whether it can communicate with the [specified] host” and, if “the query is legitimate” and if “the requested server-side proxy is registered in the closed network and is permitted to accept the connection,” the “C-HTTP name server sends the [requested] IP address.” *Id.* at 65. After confirmation by the C-HTTP name server “that the specified server-side proxy is an

Explore Litigation Insights

Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

Real-Time Litigation Alerts



Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

Advanced Docket Research



With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

Analytics At Your Fingertips



Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

LAW FIRMS

Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

FINANCIAL INSTITUTIONS

Litigation and bankruptcy checks for companies and debtors.

E-DISCOVERY AND LEGAL VENDORS

Sync your system to PACER to automate legal marketing.