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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 IPR2016-00957  
Patent 7,921,211

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**Patent Owner's Identification of New Issues in Petitioner's Reply Brief**

Patent Owner identifies arguments presented in Black Swamp IP LLC's Reply Brief (Paper No. 12, "Reply Brief") believed to be improper.<sup>1</sup> Specifically, as discussed below, the Reply Brief is improper at least because it presents a new claim mapping and new claim interpretation that go beyond properly responding to VirnetX's Patent Owner Response (Paper No. 10, "Response"). The new arguments contained in the Reply Brief should not be considered by the Board.

A petitioner's reply "may only respond to arguments raised in the corresponding . . . patent owner response." 37 C.F.R. § 42.23(b). In its reply, moreover, a petitioner may not "embark in a new direction with a new approach as compared to the position originally taken in the Petition." *Apple Inc. v. e-Watch, Inc.*, IPR2015-00412, Paper No. 50 at 44 (May 6, 2016). A reply brief will exceed the scope permitted by § 42.23(b) if it, for example, introduces a new claim mapping or new claim interpretation. *See, e.g., In re NuVasive*, 841 F.3d 966, 972–73 (Fed. Cir. 2016) (finding lack of requisite notice to patent owner where

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<sup>1</sup> In an email dated February 28, 2017, the Patent Trial and Appeal Board authorized Patent Owner "to file a brief addressing the new issues alleged to be raised by Petitioner in Petitioner's reply brief," which "clearly identif[ies] each alleged new issue in Petitioner's reply brief," but that does not present any "new arguments."

petitioner's reply provided a new claim mapping); *SAS Institute, Inc. v. ComplementSoft, LLC*, 825 F.3d 1341, 1351 (Fed. Cir. 2016) (vacating a final written decision where a party lacked notice as to a new claim interpretation).

As the Board has explained, “[a]ccepting such belatedly presented new arguments would be unjust.” *Apple*, IPR2015-00412, Paper No. 50 at 44; *see also Altraire Pharm., Inc. v. Paragon Biotech, Inc.*, PGR2015-00011, Paper No. 38 at 1 (May 18, 2016) (explaining that a petitioner’s reply may not “depart from the position originally taken in the Petition and embark in a new direction with a new approach”). For this reason, the Federal Circuit has stressed that “[i]t is of the utmost importance that petitioners in the IPR proceedings adhere to the requirement that the initial petition identify ‘with particularity’ the ‘evidence that supports the grounds for the challenge to each claim.’” *Intelligent Bio-Systems, Inc. v. Illumina Cambridge, Ltd.*, 821 F.3d 1359, 1369 (Fed. Cir. 2016) (citing 35 U.S.C. § 312(a)(3)). “Unlike district court litigation—where parties have greater freedom to revise and develop their arguments over time and in response to newly discovered material—the expedited nature of IPRs bring with it an obligation for petitioners to make their case in their petition to institute.” *Id.* In fact, where a petitioner’s reply exceeds the scope permitted by § 42.23(b), the Board need not “parse the reply brief to determine which, if any, parts of that brief are responsive

and which are improper.” *Id.* (citing Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,767 (Aug. 14, 2012)).

The Reply Brief filed by Black Swamp presents at least two improper new issues:

**New Issue #1:** The Reply Brief attempts to map the alleged prior art, Kiuchi, to the claimed “secure communication link” in two different ways, one of which is consistent with the Petition and one of which is not. Specifically, the Reply Brief first argues, consistent with the Petition, that “Kiuchi discloses establishing a secure communication link between the client-side proxy and the server-side proxy.” Reply Brief at 22; *see also* Pet. at 24 (“the C-HTTP name server facilitates the establishment and operation of a secure communication link between the client-side proxy and the server-side proxy”); Response at 33–36 (explaining why this first mapping is wrong). But the Reply Brief then deviates from the Petition, arguing that “the secure communication link could occur between any of the entities in Kiuchi (not just between the server-side proxy and the client-side proxy).” Reply Brief at 22. Moreover, the Reply Brief argues that “because the client-side proxy and the *C-HTTP name server* communicate securely with one another, there is a secure communication link therebetween.” Reply Brief at 23. Neither the general mapping (that “the secure communication link could occur between any of the entities in Kiuchi”) nor the more specific mapping (that a

“secure communication link” could occur between “the client-side proxy and the C-HTTP name server”) was presented in the Petition.

**New Issue #2:** The Reply Brief argues that independent claims 1, 36, and 60 should be interpreted such that “the ‘indicate’/‘indicating’ claim elements and the alleged ‘establishing’ claim elements are not separate claim elements.” Reply Brief at 14; *see also id.* at 17 (“As discussed above, the ‘indicate’/‘indicating’ claim elements and alleged ‘establishing’ claim elements are not separate claim elements in independent claims 1, 36, and 60.”). According to Black Swamp, this is so because (1) “the preambles of independent claims 1 and 60 are clearly non-limiting statements of intended use . . . [that] should be accorded no patentable weight,” and (2) “the recitations of ‘supports establishing a secure communication link’ in the bodies of independent claims 1, 36, and 60 are embedded in the ‘indicate’/‘indicating’ recitations thereof.” *Id.* at 14. This interpretation of the independent claims departs from the interpretation originally set forth in the Petition. Specifically, in contrast to the Reply Brief, the Petition interpreted the two elements as separate claim elements. For instance, in analyzing the preamble of independent claim 1, rather than treating it as “non-limiting,” the Petition argued that “Kiuchi discloses establishment of ‘a secure communication link’ as defined by the Board.” Pet. at 21–22. Moreover, in addressing the claimed “indication that the domain name service system supports establishing a secure communication

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