

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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MICROSOFT CORPORATION,  
Petitioner,

v.

PROXYCONN, INC.,  
Patent Owner.

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Case IPR2012-00026  
Case IPR2013-00109  
Patent 6,757,717

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Before SALLY C. MEDLEY, THOMAS L. GIANNETTI, and  
MITCHELL G. WEATHERLY, *Administrative Patent Judges*.

GIANNETTI, *Administrative Patent Judge*.

DECISION ON REMAND  
35 U.S.C. § 144 and 37 C.F.R. § 42.5(a)

**MICROSOFT**  
**Exhibit 1009**

## BACKGROUND

On December 21, 2012, at the request of Microsoft Corporation (“Microsoft”) in a petition (Paper 6, “Pet.”) filed in this case, we instituted an *inter partes* review of claims 1, 3, 10, and 22–24 of U.S. Patent No. 6,757,717 (“the ’717 Patent”) under 35 U.S.C. §§ 311–319. Paper 17. On February 25, 2013, also at Microsoft’s request in a separate petition, we instituted an *inter partes* review of claims 6, 7, 9, 11, 12, and 14 of the ’717 patent, and joined the two review proceedings under 35 U.S.C. § 315(c). IPR2013-00109, Papers 14, 15. Patent Owner, Proxyconn, Inc. (“Proxyconn”), did not file a Preliminary Response in either of the proceedings. After institution and joinder of the proceedings, however, Proxyconn filed a Corrected Patent Owner Response (Paper 45, “PO Resp.”) and a Motion to Amend (Paper 37). The trial proceeded and oral argument was held on November 18, 2013.

On February 19, 2014, the Board issued a Final Written Decision in accordance with 37 C.F.R. § 42.73. Paper 73 (“Final Dec.”). The Board concluded that Microsoft had established, by a preponderance of evidence, that claims 1, 3, 6, 7, 9, 10, 11, 12, 14, 22, and 23 of the ’717 patent were unpatentable as anticipated and claims 1, 3, and 10 were unpatentable as being directed to obvious subject matter. The Board further concluded that Microsoft had not established, by a preponderance of evidence, that claim 24 of the ’717 patent was unpatentable. Both parties appealed the decision to the United States Court of Appeals for the Federal Circuit.

On June 19, 2015, the Federal Circuit issued a decision, affirming-in-part, reversing-in-part, and vacating-in-part the Board’s decision, and remanding the case to the Board. *Microsoft Corp. v. Proxyconn, Inc.*, 789

F.3d 1292 (Fed. Cir. 2015). The Federal Circuit decided that the Board had erred in its construction of certain terms appearing in the claims of the '717 patent. As a result, the Federal Circuit vacated the Board's determinations that claims 1, 3, 6, 7, 9, 10, 22, and 23 of the '717 patent were not patentable and remanded the case to the Board "for proceedings consistent with this opinion." 789 F.3d at 1299–1300. The court also affirmed the Board's determination that claim 24 was patentable and the Board's conclusion that claims 11, 12, and 14 were anticipated by the DRP reference.<sup>1</sup> *Id.* at 1302–03. Finally, the court affirmed the Board's denial of Proxyconn's motion to amend. *Id.* at 1308. The Federal Circuit's mandate issued on August 25, 2015. Paper 76.

The parties were unable to reach agreement on post-remand procedures and, therefore, Microsoft sought the Board's guidance. On September 1, 2015, following a telephone conference call with counsel, the Board entered an Order directing the parties to file briefs addressing the effect of the Federal Circuit's decision on the Board's Final Written Decision, specifically as to the patentability of claims 1, 3, 6, 7, 9, 10, 22, and 23 of the '717 patent. Paper 77. The briefs, limited to fifteen pages, were to be filed simultaneously, and the parties were instructed that no new prior art references or other evidence beyond that considered in the Board's Final Written Decision should be presented. No replies were authorized at the time, but the parties were instructed that should they wish to file a reply,

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<sup>1</sup> THE HTTP DISTRIBUTION AND REPLICATION PROTOCOL, W3C Note (August 25, 1997), retrieved from <http://www.w3.org/TR/NOTE-drp-19970825> (IPR2013-00109, Ex. 1003).

they must contact the Board for authorization. *Id.* Neither party requested such authorization.

In accordance with the Board's Order, the parties filed their briefs on September 11, 2015. Papers 78 ("PO Remand Br."), 79 ("Pet. Remand Br."). On remand, Microsoft limits its patentability challenge to three grounds advanced in the Petition and upon which we instituted a trial:

1. Obviousness of claims 6, 7, and 9 over Mattis<sup>2</sup> and DRP;
2. Obviousness of claims 1, 3, and 10 over Perlman<sup>3</sup> and Yohe;<sup>4</sup> and
3. Anticipation of claims 22 and 23 by Santos.<sup>5</sup>

The Board has reviewed the record in light of the Federal Circuit's decision and the arguments of the parties. For the reasons that follow, we again conclude that claims 1, 3, 6, 7, 9, 10, 22, and 23 of the '717 patent are not patentable.

## DISCUSSION

The parties disagree on the effect of the Federal Circuit's decision on remand. Proxyconn contends that the Board has "no other option" but to conclude that Microsoft failed to prove that the claims are unpatentable. PO Remand Br. 2. According to Proxyconn, "Microsoft has had a full and fair chance to present its chosen claim construction and arguments for unpatentability, and it has lost." *Id.* In a footnote, Proxyconn argues that the

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<sup>2</sup> U.S. Patent No. 6,292,880, issued Sept. 18, 2001 (IPR2013-00109, Ex. 1004)

<sup>3</sup> U.S. Patent No. 5,742,820, issued Apr. 21, 1998 (Ex. 1003).

<sup>4</sup> U.S. Patent No. 5,835,943, issued Nov. 10, 1998 (Ex. 1005).

<sup>5</sup> Santos and Wetherall, *Increasing Effective Link Bandwidth by Suppressing Replicated Data*, Proceedings of the USENIX Annual Technical Conference (NO 98) New Orleans, Louisiana, June 1998 (Ex. 1004).

Board is “without authority to take further action” because the 18-month time period for the Board to make a final determination has expired. *Id.* at 3 n.1 (citing 35 U.S.C. § 316(a)(11); 37 C.F.R. § 42.100(c)). Alternatively, Proxyconn asserts that the claims are patentable over the art considered in our Final Written Decision. *Id.* at 3–15.

We are not persuaded by Proxyconn’s argument that the Board is not permitted to consider the merits of Microsoft’s reasserted challenges on remand. First and foremost, the Federal Circuit remanded the case to the Board “for proceedings consistent with this opinion.” 789 F.3d at 1295. We do not interpret the Federal Circuit’s decision as requiring us to enter judgment for Proxyconn. Had this been the court’s intent, it could have done so. *See* 28 U.S.C. § 2106 (authorizing appellate courts to “affirm, modify, vacate, set aside or reverse” and remand). As the Federal Circuit recently stated regarding another remand to the Board: “The Board may control its own proceedings, consistent with its governing statutes, regulations, and practice. 37 C.F.R. § 42.5(a).” *Ariosa Diagnostics v. Verinata Health, Inc.*, Nos. 2015-1215, 2015-1226, 2015 WL 7148267, at \*8 (Fed. Cir. Nov. 16, 2015).

We also are not persuaded by Proxyconn’s argument that reconsidering the merits of the case in light of the Federal Circuit’s claim constructions results in unfairness or a “denial of due process.” PO Remand Br. 2. The guidance on claim construction provided by the Federal Circuit was based on claim constructions proposed by Proxyconn during the trial. *See* PO Resp. 11–16. For this reason, the suggestions that the claim constructions are “new,” or that Proxyconn was never permitted to address them, are unavailing. PO Remand Br. 2.

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