

**United States Court of Appeals  
for the Federal Circuit**

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**MICROSOFT CORPORATION,**  
*Appellant*

v.

**PROXYCONN, INC.,**  
*Cross-Appellant*

v.

**MICHELLE K. LEE, DIRECTOR, U.S. PATENT AND  
TRADEMARK OFFICE,**  
*Intervenor*

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2014-1542, -1543

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Appeals from the United States Patent and Trade-  
mark Office, Patent Trial and Appeal Board in No.  
IPR2012-00026, IPR2013-00109.

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Decided: June 16, 2015

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JOHN D. VANDENBERG, Klarquist Sparkman, LLP,  
Portland, OR, argued for appellant. Also represented by  
STEPHEN J. JONCUS, CARLA TODENHAGEN.

**MICROSOFT  
Exhibit 1010**

BRYAN K. WHEELOCK, Harness, Dickey & Pierce, PLC, St. Louis, MO, argued for cross-appellant. Also represented by MATTHEW L. CUTLER.

NATHAN K. KELLY, United States Patent and Trademark Office, Office of the Solicitor, Alexandria, VA, for intervenor. Also represented by ROBERT J. MCMANUS, SCOTT WEIDENFELLER.

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Before PROST, *Chief Judge*, LOURIE, *Circuit Judge*, and GILSTRAP, *District Judge*.\*

PROST, *Chief Judge*.

This appeal arises from the inter partes review (“IPR”) of U.S. Patent No. 6,757,717 (“717 patent”) owned by Proxyconn, Inc. (“Proxyconn”). The United States Patent and Trademark Office, Patent Trial and Appeal Board (“Board”) concluded that all of the challenged claims except claim 24 were unpatentable as anticipated under 35 U.S.C. § 102 alone or additionally as obvious under 35 U.S.C. § 103. *See Microsoft Corp. v. Proxyconn, Inc.*, IPR2012-00026 and IPR2013-00109, Paper No. 73 (PTAB Feb. 19, 2014) (“*Board Decision*”). Microsoft Corporation (“Microsoft”) appeals the Board’s determination that claim 24 is patentable. Proxyconn cross-appeals, challenging the Board’s use of the broadest reasonable interpretation standard of claim construction during IPRs, its unpatentability determinations, and its denial of Proxyconn’s motion to amend. Then–Deputy Director, now Director, of the United States Patent and Trademark

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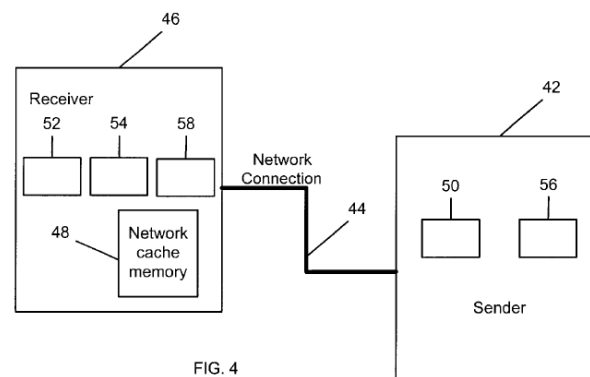
\* Honorable Rodney Gilstrap, District Judge, United States District Court for the Eastern District of Texas, sitting by designation.

Office (“Director”) intervened for the limited purpose of addressing the Board’s use of the broadest reasonable interpretation standard and its denial of Proxyconn’s motion to amend. For the reasons stated below, we affirm-in-part, reverse-in-part, and vacate-in-part and remand for proceedings consistent with this opinion.

#### BACKGROUND

The ’717 patent relates to a system for increasing the speed of data access in a packet-switched network. ’717 patent col. 1 ll. 12–15. The invention makes use of “digital digests” that act as short digital fingerprints for the content of their corresponding documents. *Id.* at col. 2 ll. 9–13. By communicating the smaller digital digests in place of the documents themselves, the invention reduces the redundant transmission of data throughout the network. *Id.* at col. 2 ll. 17–25.

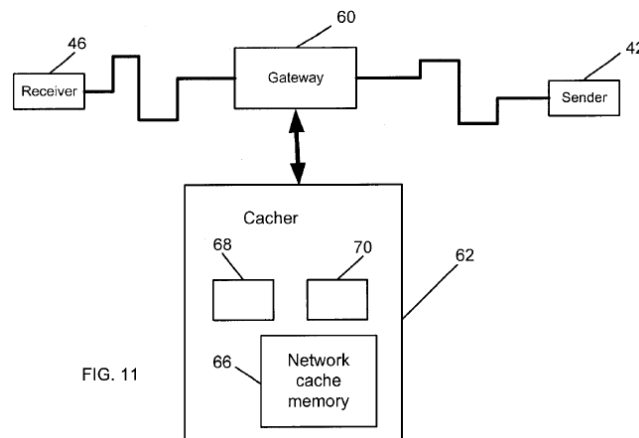
The ’717 patent discloses several embodiments. The most basic embodiment is depicted in Figure 4, shown below.



In this embodiment, the receiver/computer (46) sends a request for data to the sender/computer (42). The sender/computer calculates a digital digest on the data stored in its memory and transmits the digest to the receiver/computer. The receiver/computer then searches its

own memory for data with the same digest. If it finds such data, it uses that data as if it were received from the sender/computer and issues a positive indication signal to the sender/computer, completing the transaction. If the receiver/computer does not find such data, it sends a negative indication to the sender/computer, prompting the sender/computer to transmit the actual data to the receiver/computer. *Id.* at col. 7 ll. 18–36, 51–67.

In another embodiment, depicted in Figure 11 shown below, the network additionally interposes intermediaries, such as a gateway computer and a caching computer, between the sender/computer and receiver/computer.



In this embodiment, the gateway (60) intercepts a digital digest sent from the sender/computer (42) to the receiver/computer (46), saves it in its memory, and passes it unchanged to the receiver/computer. If the gateway then intercepts a negative signal from the receiver/computer, the caching computer (62) searches for data with the same digital digest in its network cache memory. If that digest is found, the gateway sends the data to the receiver/computer, changes the indication signal to positive, and then passes the indication signal on to the sender/computer. *Id.* at col. 8 l. 57–col. 9 l. 24.

The '717 patent concludes with 34 claims directed to systems and methods for increasing data access in a packet-switched network.

Microsoft filed two separate IPR petitions on the '717 patent, each challenging different claims. The Board joined the two proceedings and granted review of certain of Microsoft's challenges to the patentability of claims 1, 3, 6, 7, 9–12, 14, and 22–24. During the proceedings, Proxyconn filed a motion to amend, seeking to substitute (among others) new claims 35 and 36 for claims 1 and 3, respectively. In its final written decision, the Board determined that claims 1, 3, 6, 7, 9–12, 14, 22, and 23 were unpatentable under § 102, that claims 1, 3, and 10 were additionally unpatentable under § 103, but that claim 24 had not been shown to be unpatentable. The Board also denied Proxyconn's motion to amend, concluding, inter alia, that Proxyconn did not meet its burden of establishing that it was entitled to the amended claims, and rejecting Proxyconn's argument that it did not need to establish patentability over a reference that was not part of the original bases of unpatentability for which review of claims 1 and 3 was instituted.

Both parties appealed from the Board's decision, and the Director intervened. We have jurisdiction under 28 U.S.C. § 1295(a)(4)(A).

#### DISCUSSION

As a general matter, we review the Board's conclusions of law de novo and its findings of fact for substantial evidence. See *In re Gartside*, 203 F.3d 1305, 1316 (Fed. Cir. 2000). In *Teva Pharmaceuticals U.S.A., Inc. v. Sandoz, Inc.*, 135 S. Ct. 831 (2015), the Supreme Court clarified the standards of review for claim construction. Pursuant to *Teva's* framework and our review of Board determinations, we review the Board's ultimate claim constructions de novo and its underlying factual determi-

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