

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC.,
Petitioner,

v.

VIRNETX INC.,
Patent Owner.

Case IPR2016-00332
Patent 8,504,696 B2

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

EASTHOM, *Administrative Patent Judge*.

FINAL WRITTEN DECISION
35 U.S.C. § 318(a) and 37 C.F.R. § 42.73

I. INTRODUCTION

A. Background

Petitioner, Apple Inc., filed a Petition (Paper 1, “Pet.”) seeking an *inter partes* review of claims 1–11, 14–25, 28, and 30 (the “challenged claims”) of U.S. Patent No. 8,504,696 B2 (Ex. 1001, “the ’696 patent”), pursuant to 35 U.S.C. §§ 311–319. Pet. 6. After Patent Owner, VirnetX Inc., filed a Preliminary Response (Paper 6, “Prelim. Resp.”), we instituted an *inter partes* review of the challenged claims (Paper 8, “Institution Decision” or “Inst. Dec.”).

Subsequent to institution, Patent Owner filed a Patent Owner Response (Paper 14, “PO Resp.”), Petitioner filed a Reply (Paper 17, “Pet. Reply”), and Patent Owner filed a Sur-Reply (Paper 18, “PO Sur-Reply”). The Board filed a transcription of the Oral Hearing held on March 27, 2017. (Paper 28, “Tr.”). This Final Written Decision issues concurrently with the final written decision involving the ’696 patent in *Apple Inc. v. VirnetX Inc.*, IPR2016-00331 (PTAB June 22, 2017).

The Board has jurisdiction under 35 U.S.C. § 6(c). This Final Written Decision issues pursuant to 35 U.S.C. § 318(a) and 37 C.F.R. § 42.73. For the reasons that follow, we determine that Petitioner has shown by a preponderance of the evidence that claims 1–11, 14–25, 28, and 30 of the ’696 patent are unpatentable.

B. Related Matters

Petitioner indicates that the ’696 patent “has not been asserted in litigation or the subject of other IPR proceedings.” Pet. 2. Petitioner concurrently filed a petition challenging the same claims and claim 29 in the ’696 patent in IPR2016-00331. *Id.* at 5. Petitioner and Patent Owner

IPR2016-00332
Patent 8,504,696 B2

provide listings of district court actions, other *inter partes* review, and *inter partes* reexamination proceedings challenging related patents. *See id.* at 2–5, Paper 5, 3–15; *see also VirnetX, Inc. v. Cisco Systems, Inc.*, 767 F.3d 1308, 1317–19 (Fed. Cir. 2014) (addressing ancestor *VirnetX* patents);¹ *VirnetX Inc. v. Apple Inc.*, 665 F. App’x 880 (Fed. Cir. 2016) (affirming *Apple Inc. v. VirnetX Inc.*, Cases IPR2014-00237, IPR2014-00238 (PTAB May 11, 2015) (final written decisions “’237 FWD,” “’238 FWD,” or generally, “’237 IPR,” ’238 IPR”) (appealed by *VirnetX*));² *VirnetX Inc. v. Apple Inc.*, 671 F. App’x 786 (Fed. Cir. 2016) (affirming *Apple Inc. v. VirnetX Inc.*, Cases IPR2014-00403, IPR2014-00404, IPR2014-00481, IPR2014-00482 (PTAB July 29, 2015) (final written decisions, “’403 FWD,” “’404 FWD,” “’481 FWD,” “’482 FWD,” or generally, “’403 IPR,” ’404 IPR,” etc.) (appealed by *VirnetX*));³ *Apple Inc. v. VirnetX Inc.*, Case IPR2015-00811 (PTAB Sept. 8, 2016) (appealed by *VirnetX*); *Apple Inc. v. VirnetX Inc.*, Case IPR2015-00812 (PTAB Aug. 30, 2016) (appealed by

¹ The ’696 patent is a continuation of an application, which is a continuation of U.S. Patent No. 7,921,211, which is a continuation of U.S. Patent No. 7,418,504 (“’504 patent”), which is a continuation-in-part of U.S. Patent No. 6,502,135 (“’135 patent”)—three of the four patents at issue in *Cisco*. *See Cisco*, 767 F.3d at 1313. (The fourth patent at issue in *Cisco*, is U.S. Patent No. 7,490,151 (“’151 patent”), a division of the ’135 patent.)

² The court affirmed the ’237 FWD and the ’238 FWD without reaching the merits of the ’237 FWD. *See* 665 F. App’x at 889 (*In re Gleave*, 560 F.3d 1331, 1338 (Fed. Cir. 2009) (“declining to address alternative grounds of invalidity when the court upholds one such ground”).

³ The court affirmed the four final written decisions without reaching the merits of the ’404 FWD and ’482 FWD. *See* 671 F. App’x at 787 (finding “no error in the Patent Trial and Appeal Board’s (‘the Board’) claim constructions or findings in the 403 and 481 proceedings).

IPR2016-00332
Patent 8,504,696 B2

VirnetX); *Apple Inc. v. VirnetX Inc.*, IPR2015-00870 (PTAB Sept. 28, 2016) (appealed by VirnetX); *Apple Inc. v. VirnetX Inc.*, IPR2015-00871 (PTAB Sept. 28, 2016) (“871 FWD” or generally “871 IPR”) (appealed by VirnetX). Some of these related cases involve overlapping claim construction and prior art issues with the instant case and are discussed further below as necessary.

C. References and Declarations

Petitioner relies on the following references.

Reference	Description	Publication or Issue Date	Exhibit No.
Aventail	Aventail (<i>see note 4</i>)	1996–1999	Ex. 1009–1011 ⁴
RFC 2401	S. Kent & R. Atkinson, RFC 2401, <i>Security Architecture for the Internet Protocol</i> , Network Working Group, Request for Comments	Nov. 1998	Ex. 1008
RFC 2543	Handley et al., <i>SIP: Session Initiation Protocol</i> , Network Working Group, Request for Comments	Mar. 1999	Ex. 1013

⁴ Exhibits 1009–1011 relate to an Aventail Connect software application and are collectively referred to as “Aventail” unless otherwise noted. *See Aventail Connect v3.01/v2.51 Administrator’s Guide* (“Aventail Administrator Guide,” Ex. 1009), *Aventail Connect v3.01/v2.51 User’s Guide* (1996–1999) (“Aventail User Guide,” Exhibit 1010), and *Aventail ExtraNet Center v3.0 Administrator’s Guide (NT and UNIX)* (“Aventail ExtraNet,” Exhibit 1011).

Reference	Description	Publication or Issue Date	Exhibit No.
Yeager	N. YEAGER & R.E. MCGRAW, WEB SERVER TECHNOLOGY, THE ADVANCED GUIDE FOR WORLD WIDE WEB INFORMATION PROVIDERS (Michael B. Morgan et al. eds., 1996)	1996	Ex. 1066

Pet. 6, Attachment B.

Petitioner also relies on, *inter alia*, the Declaration of Roberto Tamassia (Ex. 1005, “Tamassia Declaration”), the Declaration of the RFC Publisher for the Internet Engineering Task Force, an Organized Activity of the Internet Society, signed by Sandy Ginoza (Ex. 1060, “Ginoza Declaration”), the Declaration of Christopher Hopen (Ex. 1023, “Hopen Declaration”), the Declaration of Michael Fratto (Ex. 1043, “Fratto Declaration”), and the Declaration of James Chester (Ex. 1022 “Chester Declaration”). The latter three declarations were submitted in a related inter partes reexamination proceeding. *See* Pet. 18–19 (listing reexamination 95/001,682).

Patent Owner relies on two declarations, Declaration of Fabian Monroe, Ph.D., submitted originally in two related cases, *Apple Inc. v. VirnetX, Inc.*, Cases IPR2015-00811, IPR2015-00812 (PTAB Dec. 11, 2015) (Ex. 2016 “Monroe Declaration”; Ex. 2018, “Monroe Declaration”).

D. Asserted Grounds of Unpatentability

Petitioner challenges claims of the ’696 patent as unpatentable on the following 35 U.S.C. § 103(a) grounds.

References	Claims Challenged
Aventail, RFC 2401	1, 4, 5, 9–11, 14–16, 19, 20, 24,

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.