United States Court of Appeals for the Federal Circuit

VIRNETX INC.,
Appellant

v.

APPLE INC., CISCO SYSTEMS, INC.,
Appellees

2017-1591, 2017-1592, 2017-1593

Appeals from the United States Patent and Trademark Office, Patent Trial and Appeal Board in Nos. 95/001,788, 95/001,789, 95/001,856.

Decided: August 1, 2019

STEPHEN BLAKE KINNAIRD, Paul Hastings LLP, Washington, DC, argued for appellant. Also represented by NAVEEN MODI, JOSEPH PALYS, IGOR VICTOR TIMOFEYEV, MICHAEL WOLFE, DANIEL ZEILBERGER.

WILLIAM F. LEE, Wilmer Cutler Pickering Hale and Dorr LLP, Boston, MA, argued for appellee Apple Inc. Also represented by REBECCA A. BACT, MARK CHRISTOPHER FLEMING, LAUREN B. FLETCHER, DOMINIC E. MASSA; BRITTANY BLUEITT AMADI, Washington, DC; SCOTT BORDER, JEFFREY PAUL KUSHAN, Sidley Austin LLP, Washington, DC.

THEODORE M. FOSTER, Haynes & Boone, LLP, Dallas, TX, argued for appellee Cisco Systems, Inc. Also represented by DAVID L. MCCOMBS, ANDREW S. EHMKE, DEBRA JANECE MCCOMAS.

Before PROST, *Chief Judge,* MOORE and REYNA, *Circuit Judges.*

Opinion for the court filed by *Chief Judge* PROST.

Opinion concurring in part and dissenting in part filed by *Circuit Judge* REYNA.

PROST, *Chief Judge*.

Appellant VirnetX Inc. ("VirnetX") appeals from decisions of the Patent Trial and Appeal Board ("Board") related to three inter partes reexaminations maintained by Apple Inc. ("Apple") and Cisco Systems, Inc. ("Cisco"). The United States Patent and Trademark Office ("PTO") concluded that Apple was not barred from maintaining its reexams by the estoppel provision of the pre-America Invents Act ("AIA") version of 35 U.S.C. § 317(b) (2006). The Board affirmed the Examiner's determination that the claims of U.S. Patent Nos. 7,418,504 ("the '504 patent") and 7,921,211 ("the '211 patent") are unpatentable as anticipated or obvious over the prior art of record. For the reasons below, we affirm-in-part, vacate-in-part, and remand.

BACKGROUND

I

The '504 and '211 patents describe systems and methods for "establishing a secure communication link between a first computer and a second computer over a computer network, such as the Internet." '211 patent col. 6 ll. 36–39. These systems and methods are "built on top of the existing Internet protocol (IP)." *Id.* at col. 6 ll. 17–20.

The Internet uses addressing systems for sending data. In such systems, physical computers can be identified by a unique IP address (e.g., 123.345.6.7). *VirnetX Inc. v. Apple Inc.*, 665 F. App'x 880, 882 (Fed. Cir. 2016).

Each IP address corresponds to a domain name (e.g., www.Yahoo.com). *See* '211 patent col. 38 ll. 58–61, col. 39 ll. 13–14. A user on one computer can enter a domain name in a web browser to communicate with another computer or server. When the user does so, the computer sends a domain name service ("DNS") request to the domain name server for the IP address corresponding to a given domain name. *Id.* at col. 38 l. 58–col. 39 l. 3. The domain name server then looks up the IP address of the requested domain name and returns it to the requesting computer. *Id.* at col. 39 ll. 3–7.

Both VirnetX patents claim systems, methods, and media for creating secure communication links via DNS systems. For example, claim 1 of the '211 patent recites:

> 1. A system for providing a domain name service for establishing a secure communication link, the system comprising:
>
> a domain name service system configured and arranged to
>
> [1] be connected to a communication network,
>
> [2] store a plurality of domain names and corresponding network addresses,
>
> [3] receive a query for a network address, and
>
> [4] indicate in response to the query whether the domain name service system supports establishing a secure communication link.

Independent claims 36 and 60 of the '211 patent are directed to a "machine-readable medium" and a "method," respectively. Otherwise, they mirror the requirements of claim 1. Independent claims 1, 36, and 60 of the '504 patent are similar to the corresponding independent claims of the '211 patent.

II

In 2010, VirnetX sued Apple in district court. VirnetX alleged infringement of four patents, including the '504 and '211 patents.[1] VirnetX asserted claims 1, 2, 5, 16, 21, and 27 of the '504 patent and claims 36, 37, 47, and 51 of the '211 patent. *VirnetX Inc. v. Apple Inc.*, 925 F. Supp. 2d 816, 824–25 (E.D. Tex. 2013).

In October 2011, Apple filed requests for inter partes reexamination of the '504 and '211 patents with the PTO. In Apple's Reexam Nos. 95/001,788 ("788 case") and 95/001,789 ("789 case") (collectively, "Apple reexams"), Apple challenged all claims as anticipated by the Provino reference or rendered obvious by Provino in view of other prior art.[2]

The district court action proceeded to trial in late 2012. A jury found the asserted claims infringed and not invalid. The jury awarded VirnetX $368 million in damages. *VirnetX*, 925 F. Supp. 2d at 825. The district court denied Apple's motion for judgment as a matter of law ("JMOL") or a new trial on these issues. Apple appealed.

On appeal, we affirmed the jury's finding of no invalidity for all four patents. *VirnetX, Inc. v. Cisco Sys., Inc.*, 767 F.3d 1308, 1323–24 (Fed. Cir. 2014) ("*VirnetX I*"). We also

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[1] VirnetX also alleged that Apple infringed certain claims of U.S. Patent Nos. 6,502,135 ("the '135 patent") and 7,490,151 ("the '151 patent").

[2] U.S. Patent No. 6,557,037 ("Provino").

affirmed the jury's finding of infringement for many of the claims of the two patents not related to the present appeal ('135 and '151 patents).[3] *Id.* at 1320–22. We reversed the district court's construction of the "secure communication link" claim term, vacated the related infringement finding for the two patents in this appeal ('504 and '211 patents), and vacated the damages award. *Id.* at 1317–19, 1319, 1323–24, 1325–34. We then remanded for further proceedings.[4] *Id.* at 1334.

Apple did not file a request for rehearing on the invalidity or infringement issues affirmed in *VirnetX I*. Our mandate issued on December 23, 2014. Apple did not seek Supreme Court review. The 90-day period to file a petition for a writ of certiorari expired.

Meanwhile, in the parallel PTO reexamination proceedings, the Examiner had found all claims of the '504 and '211 patents unpatentable. The Examiner issued Right of Appeal Notices ("RANs") in May 2014. VirnetX appealed the Examiner's decisions to the Board.

VirnetX also petitioned the PTO to terminate the Apple reexams based on the estoppel provision of § 317(b). The PTO denied VirnetX's petition in June 2015. J.A. 1659–67, 3138–48.

In September 2016, the Board affirmed the Examiner's findings that all claims of the '504 and '211 patents were

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[3] We reversed the district court's conclusion related to the doctrine of equivalents for one claim of the '151 patent. *See id.* at 1322–23.

[4] On remand in 2016, a jury found that Apple infringed claims 1, 2, 5, and 27 of the '504 patent and claims 36, 47, and 51 of the '211 patent, and awarded damages. *VirnetX Inc. v. Apple Inc.*, 324 F. Supp. 3d 836 (E.D. Tex. 2017). We recently affirmed. *See VirnetX Inc. v. Cisco Sys., Inc.*, No. 2018-1197, 748 F. App'x 332 (Fed. Cir. 2019).

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