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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

CISCO SYSTEMS, INC.
Requester

v.

Patent of VIRNETX INC.
Patent Owner

Appeal 2018-001175
Reexamination Control 95/001,792
Patent 7,188,180 B2
Technology Center 3900

Before JEFFREY B. ROBERTSON, DENISE M. POTHIER, and
JEREMY J. CURCURI, *Administrative Patent Judges*.

POTHIER, *Administrative Patent Judge*.

DECISION ON REHEARING

This is a request by Patent Owner for a rehearing (“Req. for Reh’g”) of our Decision dated February 27, 2018 (“Decision 2”) on the Examiner’s Determination Under 37 C.F.R. § 41.77(d) (“Ex. Deter.”) mailed June 22, 2017. Decision 2 is subsequent to and incorporates a Decision dated

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April 1, 2014 (“Decision 1”)¹ in which new grounds of rejection were entered under 37 C.F.R. § 41.77(b). In response to the new grounds of rejection, Patent Owner reopened prosecution and submitted new evidence for consideration. Req. to Reopen Prosecution 1–2 (June 2, 2014).

Requester responded, urging the new grounds of rejection be maintained. *See generally* Comments by Third Party Requester Pursuant to 37 C.F.R. § 41.77(c) (June 27, 2014). In Decision 2, we determined Patent Owner had not provided sufficient arguments and evidence to overcome the new grounds of rejection presented in Decision 1. Decision 2, pp. 12, 16–17. This is a request for rehearing on Decision 2.

Patent Owner identified the following points believed to be misapprehended or overlooked in Decision 2.

Point 1

Patent Owner argues we misapprehended a Federal Circuit opinion, *VirnetX Inc. v. Apple Inc.*, 671 F. App’x 786 (Fed. Cir. 2016). Req. for Reh’g 2–3. This Federal Circuit opinion addresses IPR2014-00481, which reviewed U.S. Patent No. 7,188,180 (“the ’180 patent”)—the same patent as the instant proceedings. Patent Owner asserts the construction of the term “virtual private network communication link” “was not essential to any question of validity” in IPR2014-00481, and thus, any “passing reference to finding ‘no error’ in certain ‘claim constructions’” by the Federal Circuit opinion does not indicate “the Federal Circuit intended to opine on the

¹ In Decision 2, we state “Our new Decision is deemed to incorporate [the] earlier Decision, except for any portion specifically withdrawn. 37 C.F.R. § 41.77(f).” Decision 2, p. 4.

propriety of a construction that was not suitable for appellate review.” Req. for Reh’g 3. We are not persuaded.

First, as noted by Requester, we did not overlook this relevant decision because we addressed the opinion in Decision 2. Third Party Requester’s Comments in Response to Patent Owner’s Request for Rehearing Pursuant to 37 C.F.R. § 41.79(c) (dated April 26, 2018) (“3PR Comments”) 2 n.1. Specifically, in Decision 2, we quoted that the Federal Circuit opinion states “we find no error in the Patent Trial and Appeal Board’s (‘the Board’) *claim constructions* or findings in the . . . 481 proceedings.” Decision 2, p. 6 (quoting from *VirnetX Inc.*, 671 F. App’x 786). This statement by the Federal Circuit refers to claim constructions *in the 481 proceedings* without exception and does not limit the claim constructions to only those “essential to any question of validity” as Patent Owner asserts. Req. for Reh’g 3. Also, at least one portion of IPR2014-00481’s Final Written Decision addresses an argument concerning the claim language “using a virtual private network communication link” and the applied prior art. *See Apple Inc. v. VirnetX Inc.*, IPR2014-00481, Paper 35, 2015 WL 5047986, at *21–23 (PTAB Aug. 24, 2015), *aff’d*, 671 F. App’x 786 (Fed. Cir. 2016); *see also* 3PR Comments 6 (citing IPR2014-00481, Paper 35, at *3–4 and 27²).

Patent Owner further discusses IPR2016-00332 (Req. for Reh’g 3), which differs from IPR2014-00481 discussed above reviewed by the Federal Circuit. We disagree with how Patent Owner characterizes “the construction

² *Apple Inc. v. VirnetX Inc.*, No. IPR2014-00481, Paper 35 (PTAB Aug. 24, 2015), *available at* https://e-foia.uspto.gov/Foia/RetrievePdf?system=PRPS&fINm=IPR2014-00481_35.

for the ‘virtual private network communication link’ term was not ‘necessary to the judgment’ of either the ‘Board or Federal Circuit.’” Req. for Reh’g 3 (citing *Apple Inc. v. VirnetX, Inc.*, IPR2016-00332, Paper 29 at *11 (June 22, 2017)³). When addressing the limitation “virtual private network link” in IPR 2016-00332, another Board panel stated “Petitioner does not direct specific attention to a Board or Federal Circuit final judgment in which resolving the construction regarding the *direct requirement* was necessary to the judgment.” *Apple Inc. v. VirnetX, Inc.*, IPR2016-00332, Paper No. 29 at *11 (emphasis added). Thus, IPR2016-00332 indicates resolving the construction regarding a direct requirement for the phrase “virtual private network link” (e.g., the virtual private network communication link requires a direct communication) was not necessary in construing the phrase “virtual private network link” or in determining whether the prior art discloses or suggests the recited “virtual private network link.” See *Apple Inc. v. VirnetX, Inc.*, IPR2016-00332, Paper No. 29, 2017 WL 2704096, at *4–5 (PTAB June 22, 2017). Similarly, in the instant proceeding, we determined a virtual private network communication link may, but does not require, computers to communicate directly with each other. Decision 2, p. 7.

Thus, we disagree that whether the claim construction set forth in IPR2014-00481 and affirmed by the Federal Circuit resolved the question related to direct communication means that the construction of “virtual private network communication link” was not essential to any question of validity. In addition, as further discussed below, Patent Owner does not

³ 2017 WL 2704096 at *5 (PTAB June 22, 2017).

provide any specific argument as to the effect of the claim construction set forth in Decision 2 on the application of prior art. In a request for rehearing, Patent Owner is charged with stating “with particularity the points believed to have been misapprehended or overlooked in rendering the Board’s opinion reflecting its decision.” 37 C.F.R. § 41.79(b)(1). Here, Patent Owner’s bare assertion that the claim construction should be revisited, does not rise to the level of particularity required to satisfy the rule regarding rehearings.

Point 2

Patent Owner further contends we provided a new claim construction for the phrase “virtual private network communication link” in Decision 2 and thus allegedly formulated new grounds of rejection. Req. for Reh’g 3–4 (citing *Rambus, Inc. v. Rea*, 731 F.3d 1248, 1255–56 (Fed. Cir. 2013)). We are not persuaded.

Patent Owner does not indicate which rejection’s or rejections’ thrusts have changed based on the purported new claim construction such that we misapprehended or overlooked that a new ground should have been designated. Req. for Reh’g 3–4. Because the rejections based on Kiuchi⁴ are the only rejections addressed in Decision 2 (Decision 2, pp. 4–5), we presume these are the rejections Patent Owner is asserting should be designated as new grounds. Concerning whether a rejection should be designated as new, *Rambus* states the Office must provide prior notice of “all ‘matters of fact and law asserted’” and that “[t]he ultimate criterion is

⁴ Takahiro Kiuchi and Shigekoto Kaihara, *C-HTTP- The Development of a Secure, Closed HTTP-based Network on the Internet*, 1996 Proc. of SNDSS 64–75 (January 26, 1996) (“Kiuchi”).

whether the appellant has had before the PTO a ‘fair opportunity to react to the thrust of the rejection.’” *Rambus*, 731 F.3d at 1255. *Rambus* further indicates findings may be elaborated on, “so long as the appellant had an adequate opportunity to respond to the Board’s findings during the PTO proceeding.” *Id.*

The rejections based on Kiuchi were first presented in Decision 1 and not by the Examiner. Decision 1, pp. 9–23. In this regard, we disagree our claim construction for “virtual private network communication link” presented in Decision 2 differs from our construction in Decision 1, such that Patent Owner has not had a fair opportunity to react to the thrust of the rejections based on Kiuchi. *See* Req. for Reh’g 4. In Decision 1, we determined a virtual private network communication link “includes a secure communication link within a network, including over the Internet, that appears to have the security of a private network, such as by using encryption.” Decision 1, p. 8. In Decision 2, we elaborated on this construction, adopting the claim construction found in IPR2014-00481, in which the Federal Circuit found no error in its claim constructions. Decision 2, p. 6. In particular, we stated another

panel construed “‘virtual private network communication link’ to mean ‘a transmission path between two devices that restricts access to data, addresses, or other information on the path, generally using obfuscation methods to hide information on the path, including, but not limited to, one or more of authentication, encryption, or address hopping.’” *Apple*, 2015 WL 5047986, at *5. The panel maintained the above construction in its decision, adding the requirement “that the VPN communication link traverses a portion of a public network (which otherwise would be insecure).” *Id.* at *7.

Decision 2, p. 6.

Both of these claim constructions include a secure communication link or path within a network, including over a public network (e.g., the Internet), using encryption as an obfuscation technique. As such, Decision 2 elaborates on the claim construction of “a virtual private network communication link” in Decision 1 but does not change how this phrase is construed such that the rejections have changed or such that the elaborated-on construction denies Patent Owner a fair opportunity to respond the rejections’ thrust. On this later point, we agree with Requester (3PR Comments 3) that Patent Owner has not asserted that the claim construction in Decision 2 for “virtual private network communication link” is incorrect or indicated how the purported new construction changes the thrusts of the rejections in this proceeding. *See* Req. for Reh’g 3–4. As such, the argument does not illustrate sufficiently a point that misapprehended or overlooked in rendering Decision 2. *See* 37 C.F.R. § 41.79(b)(1).

In the Examiner’s Determination, the Examiner indicated Patent Owner’s new evidence and arguments do not overcome the rejections presented in Decision 1. Ex. Deter. 3, 42; Decision 2, pp. 4–5. As such, the Examiner’s discussion of “virtual private network communication link” (Ex. Deter. 8–20), including how the phrase is construed, does not change the rejections based on Kiuchi. More specifically, the Examiner’s “agree[ment] with PO’s construction of the claim term [of a VPN communication link] as ‘a communication link that comprises a VPN wherein a VPN requires . . . the capability of computers to directly communicate with one another[.]’”

(Ex. Deter. 41, *quoted in* Req. for Reh'g 4), does not change the thrust of the rejections presented in Decision 1.

Additionally, Decision 2 does not reject the Examiner's comments related to how to construe "virtual private network communication link" and "virtual private network" in its entirety. Decision 2, p. 7 (stating "we disagree with the Examiner's claim construction of [the terms] *to the extent the Examiner's position . . . differs* from that presented in Final Written Decision in IPR2014-00481, affirmed by the Federal Circuit") (emphasis added). In Decision 2, we addressed *one* distinction between our claim construction and the Examiner's—namely our construction of virtual private network communication link "encompasses indirect communications" between computers or the ability of the computers to communicate indirectly with each other. Decision 2, p. 7 (citing *Apple Inc. v. VirnetX Inc.*, IPR2014-00481, Paper 35, 2015 WL 5047986, at *5–6 (PTAB Aug. 24, 2015), *aff'd*, 671 F. App'x 786 (Fed. Cir. 2016), and the '180 patent 50:1–6, 51:38–40, 52:3, Fig. 33). Thus, our construction of "virtual private network communication link" in Decision 2 does not outright reject the Examiner's claim construction of this phrase. Decision 2, p. 7.

Again, we emphasize that the thrust of the rejections based on Kiuchi presented in Decision 1 have not changed regardless of whether the term "virtual private network communication link" requires the computers to have the ability to communicate directly with each other. In Decision 2, we stated "[r]egardless . . . the Examiner determines Kiuchi's client-side proxy and server-side proxy are capable of directly communicating. Ex. Deter. 30; 3PR Reply 4–5." Decision 2, p. 7; *see also* Decision 2, pp. 7–9, 13–14

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(citing Decision 1, pp. 9–12, Ex. Deter. 28–30, 34, and Kiuchi 64–66, 69).

We therefore disagree Patent Owner has not had the opportunity to respond the thrust of the rejections based on Kiuchi.

Lastly, we agree with Requester (3PR Comments 3) that Patent Owner has not asserted that the claim construction in Decision 2 for “virtual private network communication link” is incorrect or indicated how the purported new construction changes the thrusts of the rejections in this proceeding. *See* Req. for Reh’g 3–4. As such, the argument does not illustrate sufficiently a point that misapprehended or overlooked in rendering Decision 2. *See* 37 C.F.R. § 41.79(b)(1).

Requester’s additional arguments

Requester argues Patent Owner’s request for rehearing violates 37 C.F.R. § 42.73(d)(3). 3PR Comments 4–7. This section of the Code of Federal Regulations concerns trial proceedings, such as IPR, and more specifically, “taking action inconsistent with the adverse judgement.” 37 C.F.R. § 42.73(d)(3). The rule indicates an adverse judgment includes disclaiming a patent, canceling or disclaiming claims, or conceding unpatentability. *See* 37 C.F.R. § 42.73(d)(3). We are not persuaded the record demonstrates a party (e.g., Patent Owner) has requested such adverse judgement in IPR2014-00481, such that Rule 42.73(d)(3) applies to the instant proceedings.

Requester further argues VirnetX is collaterally estopped from disputing the proper claim construction of “virtual private network communication link.” 3PR Comments 7–10. We do not reach this contention because, as noted by Requester and above, VirnetX has not

disputed the claim construction of “virtual private network communication link” in its request for rehearing. 3PR Comments 3–4. Instead, VirnetX disputes the claim construction in Decision 2 is a new finding that requires “those rejections” based “on that construction” (Req. for Reh’g 3) to be designated as new grounds. Req. for Reh’g 3–4.

In summary, we have considered the arguments raised by Patent Owner in the Request for Rehearing, but the arguments are not persuasive to find that Decision 2 was in error. Based on the record before us now and in the original appeal, we maintain the rejections of: (1) claims 9, 25, and 40 based on Kiuchi under 35 U.S.C. § 102, (2) claims 9, 11, 25, 27, 40, and 41 based on Kiuchi under 35 U.S.C. § 103, and (3) claims 7, 23, and 38 based on Kiuchi and Martin under 35 U.S.C. § 103.⁵ Decision 1, p. 9–12, 17–23; Decision 2, pp. 4, 12, 16–17. We also maintain our affirmance of the Examiner’s confirmation of claims 8, 24, and 39 of the ’180 patent. Decision 1, p. 23.

We have granted the Request for Rehearing to the extent that we have reconsidered Decision 2, but we deny the request for hearing with respect to making any changes to the new grounds of rejection.

REHEARING DENIED

⁵ References cited in full in Decision 1. Decision 1, pp. 3–4.

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