

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): June 9, 2009

VIRNETX HOLDING CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other Jurisdiction of
Incorporation)

001-33852

(Commission File Number)

77-0390628

(IRS Employer Identification No.)

5615 Scotts Valley Drive, Suite 110 Scotts Valley, CA

(Address of Principal Executive Offices)

95066

(Zip Code)

Registrant's telephone number, including area code: **(831) 438-8200**

(Former name or former address if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement.

On June 9, 2009, VirnetX Holding Corporation (the “Company”) entered into an engagement letter (the “Engagement Letter”) with McKool Smith, a professional corporation (“McKool”), confirming McKool as the Company’s lead counsel in the Company’s ongoing patent infringement litigation against Microsoft Corporation (the “Microsoft Litigation”).

McKool has agreed to represent the Company in the Microsoft Litigation for a fixed fee of \$3 million and a contingency fee of 8% of the litigation proceeds. In the event of a judgment or settlement below an agreed upon amount (designed to approximate the total legal fees associated with the matter), McKool’s fixed fee will be limited to the actual time spent by McKool, up to a maximum of \$3 million, plus the contingency fee of 8% of the litigation proceeds. McKool’s out-of-pocket expenses are not capped pursuant to the Engagement Letter but are estimated to be approximately \$1 million.

The foregoing description of the Engagement Letter is a summary of the terms of the agreement between McKool and the Company and does not purport to summarize or include all terms related to the Engagement Letter. The foregoing summary is qualified in its entirety by reference to the full text of the Engagement Letter which will be filed as an exhibit to the Company’s Quarterly Report for the quarter ended June 30, 2009.

On June 11, 2009, the Company issued a press release announcing the engagement of McKool in connection with the Microsoft Litigation, a copy of which is attached hereto as Exhibit 99.1 and incorporated herein by reference.

Forward-Looking Statements

Statements in this report that are not statements of historical or current fact constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other unknown factors that could cause the actual results of the Company to be materially different from the historical results or from any future results expressed or implied by such forward-looking statements. The forward-looking statements contained herein include, without limitation, statements relating to McKool’s representation of the Company in connection with the Company’s patent infringement litigation against Microsoft Corporation. In addition to statements which explicitly describe risks and uncertainties, readers are urged to consider statements labeled with the terms “will,” “believes,” “belief,” “expects,” “intends,” “anticipates,” “will seek to,” or “plans” to be uncertain and forward-looking. The forward-looking statements contained herein are also subject to all of the other risks and uncertainties that are described from time to time under the heading “Risk Factors” in the Company’s reports filed with the Securities and Exchange Commission, most recently in the Company’s Quarterly Report on Form 10-Q filed on May 11, 2009.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release of VirnetX Holding Corporation dated June 11, 2009.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: June 11, 2009

VIRNETX HOLDING CORPORATION

By: /s/ Kendall Larsen

Name: Kendall Larsen

Title: Chief Executive Officer

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release of VirnetX Holding Corporation dated June 11, 2009.



VirnetX Hires McKool Smith to Lead Litigation Efforts against Microsoft

Firm Posts Recent \$200 Million Victory over Microsoft

SCOTTS VALLEY, Calif. — June 11, 2009 — VirnetX Holding Corporation (NYSE Amex: VHC), a secure real-time communications and collaboration technology company, today announced that it has hired the law firm of McKool Smith to lead its ongoing litigation efforts in its patent infringement suit against Microsoft Corporation.

The suit against Microsoft was filed in the United States District Court for the Eastern District of Texas, Tyler Division on February 15, 2007. In the suit VirnetX claims Microsoft infringes on three of its patents and seeks both damages and injunctive relief. In June 2008, Microsoft's Motion to Dismiss was denied while VirnetX's subsequent motion to amend infringement contentions was granted. On February 17, 2009, a "Markman" hearing on claim construction was conducted and the Company is currently awaiting the Court's order.

"We are extremely pleased to have McKool Smith take over our patent infringement suit against Microsoft," said Kendall Larsen, VirnetX's president and CEO. "In light of their recent win against the same attorneys and opponent we are facing, we think the McKool Smith team is an outstanding choice to lead us into the trial phase of our litigation with Microsoft. They are widely considered to be one of the best patent litigation firms in the country and we believe that they will be instrumental in the successful resolution of this litigation. We also believe that our new legal fee arrangement, a combination of flat fee and contingency, will help us better meet our cash flow needs and reduce our burn rate as we gear up for trial."

Texas-based McKool Smith recently announced a \$200 million patent infringement verdict handed down in favor of its client, Toronto-based i4i Inc., against Microsoft Corp. in the U.S. District Court for the Eastern District of Texas, Tyler Division.

About VirnetX

VirnetX Holding Corporation, a secure real-time communications and collaboration technology company, is engaged in commercializing its patent portfolio by developing a licensing program, as well as developing software products designed to create a secure environment for real-time communications such as instant messaging and Voice over Internet Protocol. The Company's patent portfolio includes over 25 U.S. and foreign patents and pending applications which specifically cover the Company's unique GABRIEL Connection Technology. For more information, please visit <http://www.virnetx.com>.

Safe Harbor Agreement

Statements in this press release that are not statements of historical or current fact constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other unknown factors that could cause the actual results of the Company to be materially different from the historical results or from any future results expressed or implied by such forward-looking statements. In addition to statements which explicitly describe such risks and uncertainties, readers are urged to consider statements labeled with the terms “believes,” “belief,” “expects,” “intends,” “anticipates,” “will,” or “plans” to be uncertain and forward-looking. The forward-looking statements contained herein are also subject generally to other risks and uncertainties that are described from time to time in the Company’s reports and registration statements filed with the Securities and Exchange Commission, including those under the heading “Risk Factors” in the Company’s Annual Report on Form 10-K filed with the SEC on March 31, 2009.

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