

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

NEXT CALLER INC.,
Petitioner,

v.

TRUSTID, INC.,
Patent Owner.

Case IPR2019-00961 (Patent 8,238,532 B1)
Case IPR2019-00962 (Patent 8,238,532 B1)¹

Before JEAN R. HOMERE, BARBARA A. PARVIS, and
STACEY G. WHITE, *Administrative Patent Judges*.

HOMERE, *Administrative Patent Judge*.

DECISION
Denying Institution of *Inter Partes* Review
35 U.S.C. § 314(a)

¹ These cases have not been joined or consolidated. Rather, this Decision governs each case based on common issues. The parties shall not employ this heading style.

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I. INTRODUCTION

Petitioner, Next Caller Inc., (“Next Caller”) filed two petitions (IPR2019-00961, Paper 1 (“Pet.”); IPR2019-00962, Paper 1) pursuant to 35 U.S.C. §§ 311–319 requesting *inter partes* review of claims 1–52 (“the challenged claims”) of U.S. Patent No. 8,238,532 B1 (Ex. 1001, “the ’532 Patent”).² This Decision addresses common issues presented in both petitions. For purposes of this Decision, we treat the petition in IPR2019-00961 (“the Petition”) as representative and cite to the record in IPR2019-00961, unless otherwise indicated.

Patent Owner, TRUSTID, Inc. (“TRUSTID”) filed a Preliminary Response (IPR2019-00961, Paper 5 (“Prelim. Resp.”)) to the Petition. TRUSTID argues that we should exercise our discretion under 35 U.S.C. § 314(a) to deny the Petition pursuant to *NHK Spring*³ because the ’532 Patent is involved in a parallel district court proceeding, which will resolve the same issues between the same parties before our trial on the Petition concludes. Prelim Resp. 12–19. Next Caller did not request authorization to file a Reply to respond to these arguments.

For the reasons discussed below, we determine that it is appropriate to exercise our discretion under § 314(a) to deny the Petition.

² Next Caller seeks to review claims 1–31 in IPR2019-00961 and claims 32–52 in IPR2019-00962.

³ *NHK Spring Co. v. Intri-Plex Techs., Inc.*, IPR2018-00752, Paper 8 (PTAB Sept. 12, 2018) (precedential).

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II. BACKGROUND

A. *Real Parties-in-Interest*

Next Caller names itself as the real party-in-interest. Pet. 2–3. TRUSTID names itself and Neustar, Inc. as the real parties-in-interest. Paper 4, 1.

B. *Related Matters*

The parties inform us that the '532 Patent is involved in *TRUSTID, Inc. v. Next Caller Inc.*, Civil Action No. 1:18-cv-000172-LPS (D. Del. Jan. 30, 2018) (“Parallel District Court Proceeding”).⁴ Pet. 3; Paper 4, 1. On October 5, 2018, Next Caller filed a petition for *inter partes* review (IPR2019-00039) (“the '039 Petition”) of US Patent 9,001,985 B2 (“the '985 Patent”), which is a continuation of the '532 Patent. Ex. 2009. We instituted trial in the latter proceeding on February 25, 2019. Ex. 2011. On April 11, 2019, Next Caller filed a petition for *inter partes* review (IPR2019-00961) of claims 1–31 of the '532 Patent. Concurrently, Next Caller filed a petition for *inter partes* review (IPR2019-00962) of claims 32–52 in the '532 Patent, along with a petition for *inter partes* review (IPR2019-00963) of US Patent 9,871,913 B1 (“the '913 Patent”). Pet. 3, Paper 4, 1.

C. *The '532 Patent*

The '532 Patent relates to an anti-spoofing method and system for determining and reporting the credibility and trustworthiness of calling party number information in incoming calls placed within telecommunication and

⁴ The '913 Patent and the '985 Patent are also involved in the Civil Action proceeding. Pet. 3; Paper 4, 1.

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information service networks. Ex. 1001, 1:1-4, 23-28. Figure 1 of the '532 Patent is reproduced below.

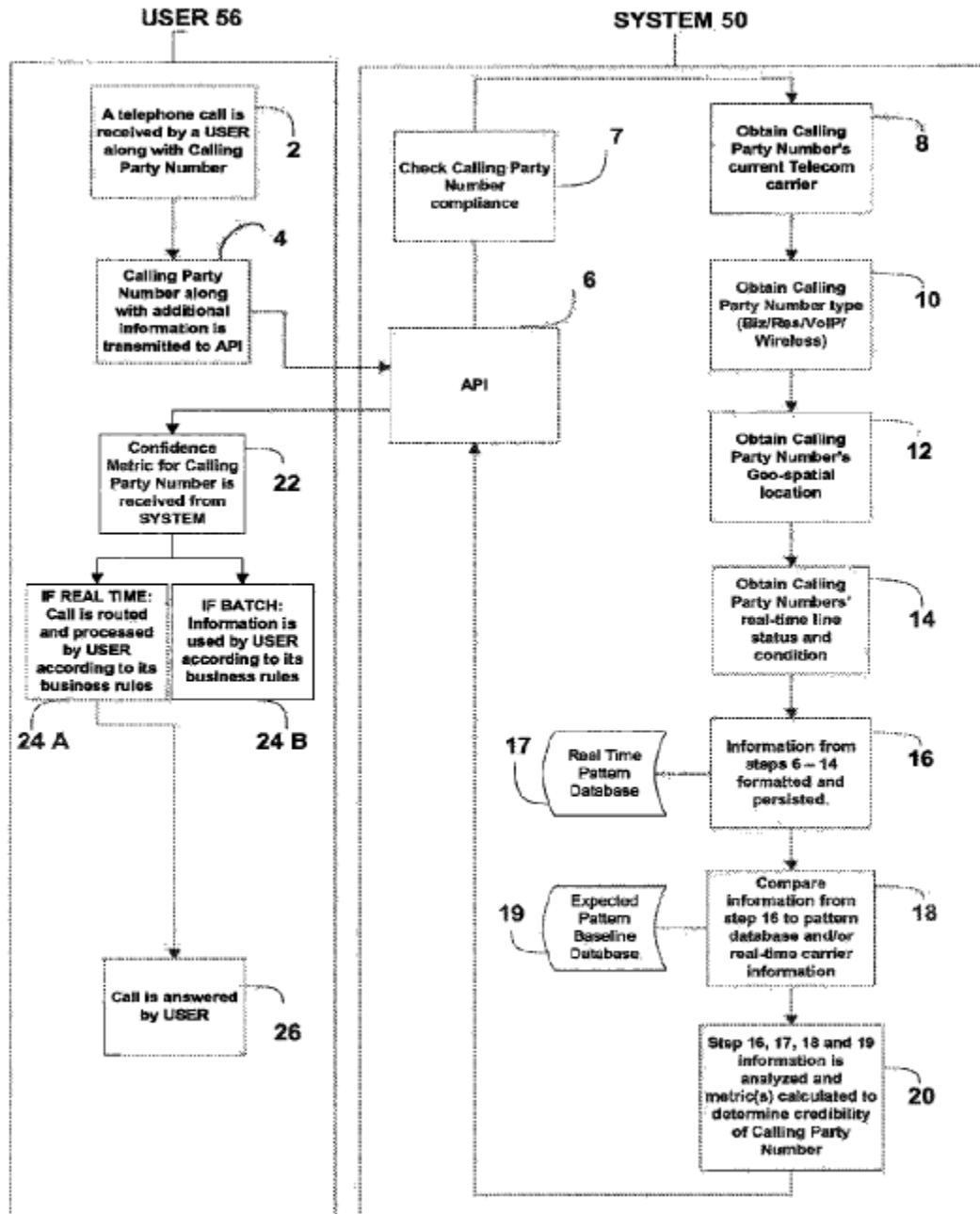


FIG. 1

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Figure 1 of the '532 Patent, above, illustrates a flow diagram for determining trustworthiness and credibility of calling number information relating to calls placed in a telecommunication network. *Id.* at 5:63–67.

In particular, upon receiving an incoming telephone call including Automatic Number Identification (ANI), Called Party (56) transfers the calling party number to Telephone Network Forensic Service Unit (50), which gathers operational status information associated with the calling party number by placing an outgoing call to the calling party number before the incoming call is answered, as well as by receiving all progress messages associated with the outgoing call. *Id.* at 12:55–67. The collected information includes network condition, line-status, call progress information, and call progress messages and their associated timing information in Network Condition 14. *Id.* at 8:49–51. Examples of network conditions of the telephone number include busy, ring then answer, call forward then answer, and ringing no answer. *Id.* at 8:51–54.

Telephone Network Forensic Service Unit (50) then performs a validity check on calling party compliance block 7, carrier discovery 8 block, and geo-spatial location block 12 of the ANI. *Id.* at 6:50–55, 7:26–8:16. Storage 16 represents sorting and formatting data obtained, for example, in carrier discovery 8, geo-spatial location block 12, and network condition 14. *Id.* at 9:40–49. Real-time patterns database 17 stores data from storage 16. *Id.* at 9:51–53. Compare 18 compares data in real-time patterns database 17 against expected pattern results in expected patterns database 19. *Id.* at 10:7–10.

In determine block 20, the results from compare 18 are analyzed for normalcy deviation and statistical match to patterns and their timing or

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duration between messages or conditions. *Id.* at 10:63–65. Real time patterns and other attributes are used to generate a score or metric of the validity of an ANI or, alternatively, a single determination of “valid” or “invalid.” *Id.* at 10:66–11:5.

D. Illustrative Claim

Of the challenged claims, claims 1 and 32 are independent. Claims 2–31 depend directly or indirectly from claim 1, and claims 33–52 depend directly or indirectly from claim 32. Independent claim 1 is illustrative of the claimed subject matter, and is reproduced below:

1. A method of determining a source origin confidence metric of a calling party number or billing number associated with an incoming call from a telephonic device, comprising:
receiving the calling party number or billing number;
after receiving the calling party number or billing number and before the incoming call is answered, gathering operational status information associated with the calling party number or billing number, wherein gathering operational status information includes placing an outgoing call to the calling party number or billing number and receiving call progress messages associated with the outgoing call; and
determining the source origin confidence metric for the calling party number or billing number.

Ex. 1001, 15:2–15.

E. Evidence Relied Upon

Next Caller relies on the following references:

U.S. Patent Publication No. 2007/0201625 A1, filed February 28, 2006, published August 30, 2007 (Ex. 1004, “Martin”);

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U.S. Patent Publication No. 2007/0081648 A1, filed September 28, 2005, published April 12, 2007 (Ex. 1005, “Abramson”);

U.S. Patent No. 7,912,192 B2, filed February 15, 2005, issued March 22, 2011 (Ex. 1006, “Kealy”);

U.S. Patent No. 6,992,217 B2, filed February 21, 2002, issued February 7, 2006 (Ex. 1007, “Goldman”); and

U.S. Patent Publication No. 2008/0084975 A1, filed January 5, 2007, issued April 10, 2008 (Ex. 1008, “Schwartz”).

Additionally, Next Caller relies on the Declaration of Mr. James T. Geier. (Ex. 1003).

F. Grounds Asserted

Next Caller asserts the following grounds of unpatentability:

IPR2019-00961: claims 1–31

Reference(s)	Basis	Claims Challenged
Martin and Goldman	§ 103(a)	1–8, 12–24, and 29–31
Martin, Goldman, and Abramson	§ 103(a)	1–8, 12–24, and 29–31
Martin, Goldman, and Schwartz	§ 103(a)	9–11
Martin, Goldman, Abramson, and Schwartz	§ 103(a)	9–11
Martin, Goldman, and Kealy	§ 103(a)	25–28
Martin, Goldman, Abramson, and Kealy	§ 103(a)	25–28

Table 1

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Table 1 summarizes Next Caller's asserted grounds of unpatentability in the '961 petition.

IPR2019-00962: claims 32–52

Reference(s)	Basis	Claims Challenged
Martin and Goldman	§ 103(a)	32–49, 52
Martin, Goldman, and Abramson	§ 103(a)	32–49, 52
Martin, Goldman, and Schwartz	§ 103(a)	35–37
Martin, Goldman, Abramson, and Schwartz	§ 103(a)	35–37
Martin, Goldman, and Kealy	§ 103(a)	50, 51
Martin, Goldman, Abramson, and Kealy	§ 103(a)	50, 51

Table 2

Table 2 summarizes Next Caller's asserted grounds of unpatentability in the '962 petition.

III. DISCUSSION

A. 35 U.S.C. § 314(a)

TRUSTID argues that the Petition should be denied under 35 U.S.C. § 314(a) because the patent is involved in a Parallel District Court Proceeding that (i) is between the same parties, (ii) will apply the same claim construction standard, (iii) will consider the same claims or significantly overlapping claim construction issues and invalidity challenges, and (iv) is scheduled to complete a five-day jury trial on July 17, 2020, well ahead of the October 17, 2020 statutory date required for the Board to enter

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a final written decision on this proceeding. Prelim Resp. 12. According to TRUSTID,

[b]ecause of the duplicative nature of the proceedings, the amount of resources that the district court has already expended, and the advanced stage of the district court litigation, instituting review in this case would not be an efficient use of the Board's resources and would not serve the objective of providing an effective and efficient alternative to district court litigation.

Id. (citing H.R. Rep. No. 112-98, pt. 1, at 40, 48 (2011)).

A threshold issue raised by the Preliminary Response is whether, pursuant to the precedent set forth in *NHK Spring*, we should deny institution under 35 U.S.C. § 314(a) in view of the similarities between this proceeding and the Parallel District Court Proceeding, and the expected completion date of the Parallel District Court Proceeding before the Board's final written decision in this proceeding. *Id.* Because we determine that the specific factual circumstances of this case warrant denial of institution under § 314(a), this threshold issue is dispositive.⁵

35 U.S.C. § 314(a) states that

[t]he Director may not authorize an *inter partes* review to be instituted unless the Director⁶ determines that the information presented in the petition filed under section 311 and any response filed under section 313 shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.

⁵ See *E-One, Inc. v. Oshkosh Corp.*, IPR2019-00161, Paper 16 (PTAB May 15, 2019) (applying *NHK Spring*'s analysis under § 314 to deny institution).

⁶ "The Board institutes the trial on behalf of the Director." 37 C.F.R. § 42.4(a).

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Under § 314(a), the Director has discretion to deny institution of an *inter partes* review. *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2140 (2016) (“[T]he agency’s decision to deny a petition is a matter committed to the Patent Office’s discretion.”).

In the precedential *NHK Spring* decision, the Board exercised discretion under § 314(a) to deny a petition upon determining that institution would be an inefficient use of Board resources. *NHK Spring*, IPR2018-00752, Paper 8 at 19–20. In particular, the Board determined that it was proper to exercise discretion to deny institution in a case having a parallel district court proceeding involving (i) the same patent/parties, (ii) the same claim construction standard, (iii) the same prior art references, and (iv) the same arguments as in the district court proceeding, which was scheduled to be completed before a final decision would have been due in the Board proceeding.⁷ *See id.* The Board determined that these circumstances supported denial of the petition under § 314(a), considering the AIA’s objective “to provide an effective and efficient alternative to district court litigation.” *Id.* at 20 (quoting *Gen. Plastic*⁸). We agree with TRUSTID that the case before us presents circumstances that support denial of institution under § 314(a). Prelim. Resp. 15–19.

a. Identity of Parties/Patent

As correctly argued by TRUSTID, both the instant IPR proceeding and the Parallel District Court Proceeding involve the same patent (US

⁷ *See also E-One*, IPR2019-00161, Paper 16 at 6.

⁸ *Gen. Plastic Indus. Co. v. Canon Kabushiki Kaisha*, IPR2016-01357, Paper 19 (PTAB Sept. 6, 2017) (precedential).

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Patent 8,238,532 B1) and the same parties: TRUSTID (Plaintiff/Patent Owner) and Next Caller (Defendant/Petitioner). *Id.* at 15.

b. Identity of Claim Construction

The disputed terms that the parties propose for construction in the present proceeding have already been construed by the district court.⁹ *See* Pet. 7–9; Prelim. Resp. 40–48; Ex. 2019, 5–9. More particularly, following a *Markman* hearing, the district court issued a memorandum (Ex. 2019) along with an Order (Ex. 2020) on August 9, 2019, in which it construes “source origin confidence metric” as “a number in a range that represents the credibility of the calling party number or the calling party billing number.”

c. Identity of Prior Art/invalidity challenges

The obviousness arguments in the Petition overlap substantially with those in the Parallel District Court Proceeding. On September 27, 2019, we had a call with the parties in which TRUSTID sought permission to file a copy of the final invalidity contentions from the Parallel District Court Proceeding. Paper 8, 2. Permission was granted and those contentions were

⁹ The claim construction standard to be employed in an *inter partes* review recently changed from broadest reasonable interpretation to “the same claim construction standard used by Article III federal courts . . . which follow *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005) (en banc) and its progeny.” *See* Changes to the Claim Construction Standard for Interpreting Claims in Trial Proceedings Before the Patent Trial and Appeal Board, 83 Fed. Reg. 51,340, 51,341 (Oct. 11, 2018) (to be codified at 37 C.F.R. pt. 42). The *Phillips* standard applies to proceedings in which the petition was filed on or after November 13, 2018. *Id.* at 51,340. In this case, the Petition was filed on April 11, 2019. *See* Paper 1, 1.

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filed in the record of this proceeding. In the final invalidity contentions, Next Caller argued that the '532 Patent is invalid as anticipated or obvious for the reasons set forth in table 3 below. *See* Ex. 2021, 7–10.

'532 Patent-Final Invalidity Contentions

Reference(s)	Basis	Claims Challenged
Martin, Schwartz Abramson Kealy, Mollett	§ 102/103(a)	32, 34, 36–38, 48 and 50. <i>See</i> Exhibit C1
Martin, Goldman, Schwartz Abramson Kealy, Mollett	§ 102/103(a)	32, 34, 36–38, 48 and 50. <i>See</i> Exhibit C2

Table 3

Table 3 summarizes Next Caller's final invalidity contentions. *Id.* at 8.

In part, Next Caller argues that each of the cited references in table 3 above addresses the problem of a calling party spoofing number, and that their teachings would have informed a person of ordinary skill in the art ("POSITA") as to the known methods and systems prior to the '532 Patent. *Id.* at 8. Further, Next Caller argues that a POSITA would have been motivated to combine Martin with any of the other identified prior art references (e.g., Schwartz) to achieve the claimed invention by performing forensic analysis of calling party number information to verify the trustworthiness and credibility thereof as it pertains to a call placed in a telecommunication network. *See id.* at 9–10. The Petition also relies on a declaration from Mr. James T. Geier (Ex. 1003), the same witness whose testimony Next Caller relied on to support its final invalidity contentions. *See* Ex. 1003; Ex. 2021, Ex. C1. In the Petition, Next Caller contends that Martin in combination with any of the references listed in tables 2 or 3 would have informed a POSITA as to the method and system of the '532

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Patent. Pet. 19–27. Next Caller points to Martin’s teaching of processing a call to determine if it is a valid, legitimate alarm system report. *Id.* (citing, e.g., Ex. 1004 ¶¶ 6, 18, 27, Figs. 1, 2, 5). In particular, Next Caller asserts the following:

Martin at minimum renders obvious a source origin confidence metric under TRUSTID’s proposed construction. Martin’s teachings of assessing the validity of the incoming alarm call using caller ID information renders obvious determining a measure representing the credibility of the calling party number or calling party billing number for the same reasons why Martin renders obvious a benchmark.

Id. at 20 (citing Ex. 1003 ¶¶ 96–98).

Alternatively, Next Caller contends the “source origin confidence metric” would have been obvious over Martin’s teaching in combination with Abramson’s teaching of validating the identity of a caller. *Id.* at 24. According to Next Caller, one having ordinary skill in the art would have had reason to modify Martin’s central monitoring station to perform Abramson’s validation checks (i.e., tasks 501–503) to determine with a higher confidence level that the call is genuine. *Id.* at 24–26 (citing Ex. 1005 ¶¶ 23, 58–59, 66–72, Figs. 3, 5; Ex. 1003 ¶¶ 75–83). Further, relying upon Mr. Geier’s declaration, Next Caller contends one having ordinary skill in the art would have had reason to modify “Martin’s status information to calculate a score using statistical analysis of the status bits to make the validity determination” to permit Martin’s call center to assess boundary situations. *Id.* at 26–27 n.7 (citing Ex. 1003 ¶¶ 108–111). Next Caller additionally contends one having ordinary skill in the art would have had reason to modify Abramson to assign a probabilistic score to gain greater flexibility in evaluating callers. *Id.*

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Although IPR2019-00961 and IPR2019-00962 jointly involve claims 1–52 of the '532 Patent, whereas the Parallel District Court Proceeding only involves claims 32, 34, 36–38, 48, and 50, the claims in all proceedings are directed to analyzing calling party number information to verify the trustworthiness and credibility of the calling party number in a telecommunication network. Next Caller does not argue that the non-overlapping claims differ significantly in some way, nor does Next Caller argue whether it would be harmed if we do not institute on the non-overlapping claims. Further, as noted in tables 1–3, above, Next Caller identifies in the final invalidity contentions the same references as are cited in the Petition, advancing substantially the same arguments in all proceedings.

d. Advanced Stage of District Court Proceeding

To date, the district court has already invested substantial resources in the parallel proceeding regarding the '532 Patent. The district court has received briefing and heard oral argument on claim construction, and issued a claim construction ruling. *See* Ex. 2020. The parties have already completed fact discovery, and will shortly complete expert discovery by December 13, 2019, as set forth in the Scheduling Order. Ex. 2004. Next Caller has already served final invalidity contentions raising substantially the same issues, evidence, and arguments presented in the Petition, essentially duplicating what has been and continues to be litigated in the Parallel District Court Proceeding. *See* Ex. 2021, 7–10. The Parallel District Court Proceeding continues to progress according to the Scheduling Order, and

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reportedly¹⁰ is on track to hold a 4–5 day jury trial on July 13–17, 2020, followed by any post-trial motions. *See* Ex. 2004, 14–15. Accordingly, trial in the Parallel District Court Proceeding is scheduled to conclude several months before a final decision would be due in this proceeding, if we were to institute. *See* 35 U.S.C. § 316(a)(11) (specifying that “the final determination in an *inter partes* review [must] be issued not later than 1 year after the date on which the Director notices the institution of a review” unless the Director extends the deadline for good cause shown).

e. Additional Factor: Next Caller’s Delay

Next Caller’s delay in filing the Petition weighs in favor of the Board exercising discretion to deny institution under § 314. As depicted in table 4 below, at the time of the ’039 Petition, Next Caller was aware or could have reasonably been aware of the prior art asserted in the challenges set forth in the instant proceeding.

IPR2019-00039-Claims 1–22 (’985 Patent)

Reference(s)	Basis	Claims Challenged
Martin	§ 103(a)	1–7, 12–14, 16–18, 21, and 22
Martin and Abramson	§ 103(a)	1–7, 12–18, 21, and 22
Martin and Kealy	§ 103(a)	8–11, 19, and 20
Martin, Abramson, and Kealy	§ 103(a)	8–11, 19, and 20

Table 4

¹⁰ During the call with the parties on September 27, 2019, the parties confirmed that the district court case was still proceeding on schedule.

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Table 4 summarizes Next Caller's asserted grounds of unpatentability in the '039 Petition. Ex. 2009, 5.

In particular, Next Caller asserted Martin, Abramson, and Kealy in the '039 Petition. Ex. 2009, 5. In addition, the Examiner considered Kealy and Schwartz during original prosecution of the '985 Patent. Ex. 2008, 56. Furthermore, when Next Caller served its initial invalidity contentions on February 4, 2019, it included Goldman as part of asserted the prior art. Ex. 2007, 1. Thus, Next Caller was or at the very least should have been aware of the asserted prior art well before the filing of this Petition. Had Next Caller filed this Petition concurrently with the '039 Petition, or around the same time as the service of the initial invalidity contentions, the proceeding in this case may have resolved the issues prior to the Parallel District Court Proceeding. Accordingly, Next Caller's unexplained delay in filing this Petition favors denying institution under § 314.

IV. CONCLUSION

NextCaller's Petition presents substantially the same issues, arguments, and evidence as it has presented in the Parallel District Court Proceeding. The district court has already expended substantial resources to gain familiarity with and resolve these issues, and is set to complete trial in the Parallel District Court Proceeding before any final decision from the Board would be due. In these circumstances, consistent with the Board's precedential decision in *NHK Spring*, we exercise our discretion to deny institution under § 314(a).

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V. ORDER

In consideration of the foregoing, it is hereby:

ORDERED that the Petition is denied.

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