

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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YMAX CORPORATION,  
Petitioner,

v.

FOCAL IP, LLC,  
Patent Owner.

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Case IPR2016-01258  
Patent 7,764,777 B2

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Before SALLY C. MEDLEY, JONI Y. CHANG, and  
BARBARA A. PARVIS, *Administrative Patent Judges*.

MEDLEY, *Administrative Patent Judge*.

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

## I. INTRODUCTION

YMax Corporation (“Petitioner”) filed a Petition requesting *inter partes* review of claims 18, 21, 23, 25, 26, 28–31, 37, 38, 41, and 45 of U.S. Patent No. 7,764,777 B2 (Ex. 1001, “the ’777 patent”), along with a Declaration of Tal Lavian, Ph.D. (Ex. 1002). Paper 1 (“Pet.”). Focal IP, LLC (“Patent Owner”) filed a Preliminary Response, along with a Declaration of Mr. Regis J. Bates Jr. (Ex. 2001). Paper 7 (“Prelim. Resp.”). Petitioner filed a Reply. Paper 11 (“Reply”). Upon consideration of the parties’ contentions and supporting evidence, we instituted an *inter partes* review pursuant to 35 U.S.C. § 314, as to claims 18, 21, 23, 25, 26, 28–31, 37, 38, 41, and 45 of the ’777 patent. Paper 13 (“Dec.”).

Subsequent to institution, Patent Owner filed a Patent Owner Response (Paper 26, “PO Resp.”) and a Motion to Amend (Paper 27, “Mot.”). Petitioner filed a Reply to Patent Owner’s Response (Paper 33, “Pet. Reply”) and an Opposition to Patent Owner’s Motion to Amend (Paper 32, “Opp.”). Patent Owner filed a Reply to the Motion to Amend. Paper 38, “Reply.” Petitioner filed a Motion for Observation, Paper 45 (“Pet. Mot. Obs.”) and Patent Owner filed a Response to the Motion for Observation, Paper 46 (“PO Resp.”).

On September 19, 2017, we held an oral hearing. Paper 57 (“Tr.”).<sup>1</sup> Subsequent to oral hearing, Petitioner was authorized to file a supplemental brief in opposition to Patent Owner’s Motion to Amend in light of the Federal Circuit’s en banc decision in *Aqua Prods., Inc. v. Matal*, 872 F.3d 1290 (Fed. Cir. 2017) (“*Aqua Products*”). Paper 54. On October 31, 2017,

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<sup>1</sup> The oral arguments in the following cases were consolidated: Cases IPR2016-01256, IPR2016-01258, and IPR2016-01260. Paper 53.

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Petitioner filed a supplemental brief in opposition to Patent Owner's Motion to Amend. Paper 56 ("Supp. Br.").

This Final Written Decision is entered pursuant to 35 U.S.C. § 318(a). For the reasons that follow, we determine that Petitioner has demonstrated by a preponderance of the evidence that claims 18, 21, 23, 25, 26, 28–31, 37, 38, 41, and 45 of the '777 patent are unpatentable. Patent Owner's Motion to Amend is *denied*.

#### *A. Related Matters*

The parties state that the '777 patent is the subject of pending lawsuits in the Middle District of Florida, and these lawsuits include assertions against Bright House Networks, LLC, WideOpenWest Finance, LLC, YMax Corporation, Birch Communications, Inc., and T3 Communications, Inc. Pet. 1–2; Paper 4, 2–3. Another petitioner filed a petition also challenging claims of the '777 patent (i.e., IPR2016-01262). Paper 4, 3.

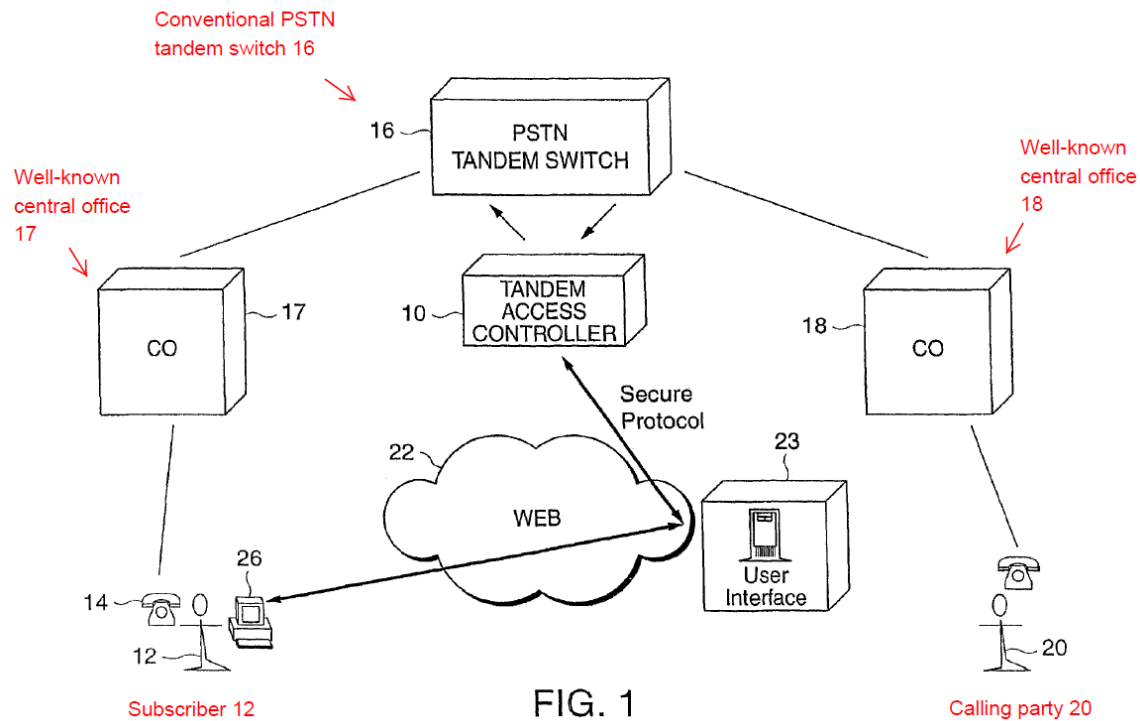
#### *B. The '777 Patent*

The '777 patent relates to telephone services. Ex. 1001, 1:18. In the background section, the '777 patent describes that the Public Switched Telephone Network (PSTN) consists of a plurality of edge switches connected to telephones on one side and to a network of tandem switches on the other. *Id.* at 1:40–42. The tandem switch network allows connectivity between all of the edge switches, and a signaling system is used by the PSTN to allow calling and to transmit both calling and called party identity. *Id.* at 1:42–46; Ex. 2022 ¶ 36; Ex. 1002 ¶¶ 38–45.

According to the '777 patent, at the time of the invention, there were “web-based companies managing 3rd-party call control, via the toll-switch network, which allow users to enter call control information through a web

portal.” Ex. 1001, 1:29–32. “Edge devices such as phones and PBXs that include voice mail, inter-active voice response, call forwarding, speed calling, etc., have been used to provide additional call control.” *Id.* at 2:36–39.

The ’777 patent discloses a system for allowing a subscriber to select telephone service features. *Id.* at 1:18–21. Figure 1 of the ’777 patent is reproduced below (with annotations).



Annotated Figure 1 illustrates tandem access controller 10 connected to conventional PSTN tandem switch 16. *Id.* at 4:40, 41. According to the ’777 patent, “[d]etails of the operation of the existing phone network,” including directing of phone calls by “existing” PSTN tandem switch 16 to central offices 17, 18 are further described in a publication incorporated by reference, as well as “numerous books describing the PSTN.” *Id.* at 4:40–51. The call flow in the network illustrated in Figure 1 with tandem access

controller 10 remains the same as that in a conventional network, “except that additional 3rd-party features are applied to the call.” *Id.* at 4:40–44. More specifically, in the network illustrated in Figure 1, a call from calling party 20 to subscriber’s phone 14 is directed to tandem access controller 10, which places a second call, subject to third party control information to subscriber 12. *Id.* at 4:52–55. The second call is placed “to the subscriber’s ‘private’ phone number,” without terminating the first call. *Id.* at 4:55–57. When subscriber 12 answers the call, tandem access controller 10 connects the first call to the second call so as to connect calling party 20 to subscriber 12. *Id.* at 4:59–62.

Figure 1 also shows web server 23 within World Wide Web 22, which is connected to tandem access controller 10. *Id.* at Fig. 1. Subscriber 12 specifies 3rd-party call control features via web server 23 and these features are then relayed via World Wide Web 22 to tandem access controller 10. *Id.* at 5:13–21.

### *C. Illustrative Claim*

Petitioner challenges claims 18, 21, 23, 25, 26, 28–31, 37, 38, 41, and 45 of the ’777 patent. Claims 18, 37, and 45 are independent claims. Claims 21, 23, 25, 26, and 28–31 depend directly from claim 18. Claims 38 and 41 depend directly from claim 37. Independent claim 18, reproduced below, is illustrative of the claimed subject matter:

18. A method for processing an incoming call from a switching facility on a communication *network that comprises edge switches for routing calls to subscribers within a local geographic area and switching facilities for routing calls to edge switches, or other switching facilities local or in other geographic areas* the method comprising the steps of:

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