

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

COXCOM, LLC,
Petitioner

v.

JOAO CONTROL & MONITORING SYSTEMS, LLC,
Patent Owner

Case IPR2015-01762
Patent 7,397,363

Before STACEY G. WHITE, JASON J. CHUNG, and BETH Z. SHAW,
Administrative Patent Judges.

SHAW, *Administrative Patent Judge.*

DECISION
Final Written Decision
35 U.S.C. § 318(a) and 37 C.F.R. § 42.73

I. INTRODUCTION

Petitioner, CoxCom, LLC, filed a Petition requesting *inter partes* review of claims 1, 3–5, 8, 13–17, 20, 42–46, 48–49, 53–54, and 84–86 of U.S. Patent No. 7,397,363 (“the ’363 patent”). Paper 1 (“Pet.”). Patent Owner, Joao Control & Monitoring Systems, LLC, filed a Preliminary

Response pursuant to 35 U.S.C. § 313. Paper 7 (“Prelim. Resp.”). Based on our review of these submissions, we instituted *inter partes* review of claims 1, 3–5, 8, 13–17, 20, 44, and 84–86 (“the instituted claims”) but did not institute *inter partes* review of claims 42, 43, 45, 46, 48, 49, 53, and 54. Paper 11 (“Dec.”).

Patent Owner filed a Patent Owner’s Response (Paper 20, “PO Resp.”), and Petitioner filed a Reply (Paper 23, “Pet. Reply”). An oral hearing was held for this case on November 17, 2016. A transcript of the oral hearing is included in the record. Paper 22.

We have jurisdiction under 35 U.S.C. § 6. This final written decision is issued pursuant to 35 U.S.C. § 318(a) and 37 C.F.R. § 42.73. For the reasons discussed below, Petitioner has demonstrated by a preponderance of the evidence that claims 1, 3–5, 8, 13–17, 20, and 84–86 of the ’363 patent are unpatentable, but has not shown by a preponderance of the evidence that claim 44 of the ’363 patent is unpatentable.

A. *Related Matters*

Petitioner and Patent Owner indicate that the ’363 patent or related patents have been asserted in a significant number of related cases. *See* Pet. 1–2; Paper 5. The ’363 patent also is the subject of two other *inter partes* reviews (IPR2015-01612 and IPR2015-01645).

B. The Instituted Grounds

We instituted review based on following grounds of unpatentability: claims 1, 3–5, 8, 13–17, 20, 44, and 84–86 under 35 U.S.C. § 103(a) as obvious over the combination of Koether (Ex. 1008)¹ and Crater (Ex. 1009)².

C. The '363 Patent

The '363 patent is directed to controlling a vehicle or premises. Ex. 1001, Abst. The '363 patent describes a first control device, which generates a first signal and is associated with a web site and located remote from a premises or vehicle. *Id.* The first control device generates the first signal in response to a second signal that is transmitted via the Internet from a second control device located remote from the first device and remote from the premises or vehicle. *Id.* The first device determines whether an action associated with the second signal is allowed, and if so, transmits the first signal to a third device located at the premises. *Id.* The third device generates a third signal for activating, de-activating, disabling, re-enabling, or controlling an operation of a system, device, or component of the premises or vehicle. *See id.*

D. Illustrative Claim

We instituted *inter partes* review of claims 1, 3–5, 8, 13–17, 20, 44, and 84–86, of which claims 1 and 84 are the only independent claim. Claim 1 is illustrative and is reproduced below:

¹ U.S. Patent No. 5,875,430, filed May 2, 1996.

² U.S. Patent No. 5,805,442, filed May 30, 1996.

1. An apparatus, comprising:

a first processing device, wherein the first processing device at least one of generates a first signal and transmits a first signal for at least one of activating, de-activating, disabling, re-enabling, and controlling an operation of, at least one of a premises system, a premises device, a premises equipment, a premises equipment system, a premises component, and a premises appliance, of or located at a premises, wherein the first processing device is associated with a web site, and further wherein the first processing device is located at a location remote from the premises,

wherein the first processing device at least one of generates the first signal and transmits the first signal in response to a second signal, wherein the second signal is at least one of generated by a second processing device and transmitted from a second processing device, wherein the second processing device is located at a location which is remote from the first processing device and remote from the premises, wherein the first processing device determines whether an action or an operation associated with information contained in the second signal, to at least one of activate, deactivate, disable, re-enable, and control an operation of, the at least one of a premises system, a premises device, a premises equipment, a premises equipment system, a premises component, and a premises appliance, is an authorized or an allowed action or an authorized or an allowed operation, and further wherein the first processing device at least one of generates the first signal and transmits the first signal to a third processing device if the action or the operation is determined to be an authorized or an allowed action or an authorized or an allowed operation, wherein the third processing device is located at the premises,

wherein the second signal is transmitted to the first processing device via, on, or over, at least one of the Internet and the World Wide Web, and further wherein the second signal is automatically received by the first processing device, wherein the first signal is transmitted to and automatically received by the third processing device, wherein the third

processing device at least one of generates a third signal and transmits a third signal for at least one of activating, de-activating, disabling, re-enabling, and controlling an operation of, the at least one of a premises system, a premises device, a premises equipment, a premises equipment system, a premises component, and a premises appliance, in response to the first signal.

II. ANALYSIS

A. *Real Party in Interest*

“To challenge that identification of real party in interest a patent owner must provide sufficient rebuttal evidence to bring reasonably into question the accuracy of Petitioner’s identification of RPIs.” *See* Office Patent Trial Practice Guide, 77 Fed. Reg. 48,680, 48,695 (Aug. 14, 2012). Whether a non-party is a real party in interest is a “highly fact-dependent question” that is addressed on a “case-by-case” basis. *See* 77 Fed. Reg. 48,759. “A common focus of the inquiry is . . . whether the non-party exercised or could have exercised control over a party’s participation in a proceeding.” *Id.*

The concept of control means that “the non-party ‘had the opportunity to present proofs and argument’ . . . or ‘to direct or control the content’ of the filing.” *JP Morgan Chase & Co., et al. v. Maxim Integrated Prods., Inc.*, Case CBM2014-00179, slip op. at 10 (PTAB Feb. 20, 2015) (Paper 11) (“JP Morgan”). “‘The evidence as a whole must show that the non-party possessed effective control over a party’s conduct of the [proceeding] as measured from a practical, as opposed to a purely theoretical standpoint.’” *Id.* (quoting *Gonzalez v. Banco Cent Corp.*, 27 F.3d 751, 759 (1st Cir. 1994)).

The Petition names CoxCom, LLC (“CoxCom”) as the real party in interest. Pet. 1. Patent Owner has not articulated sufficient rebuttal evidence to bring reasonably into question the accuracy of Petitioner’s identification of CoxCom as the real party in interest. Patent Owner argues CoxCom was one of the named co-petitioners in related IPR2015-01482 and IPR2015-01485 involving the ’363 patent. PO Resp. 34. Furthermore, Patent Owner argues two of CoxCom’s co-petitioners in IPR2015-01482 and IPR2015-01485, Terremark North America LLC (“Terremark”) and Time Warner Cable Inc. (“Time Warner”) are time barred and should be named as real parties in interest. *Id.* at 35–38. Patent Owner argues Terremark, Time Warner, and CoxCom cooperated in planning, preparation, and review of the present Petition because: the present Petition is based on the same patent as IPR2015-01482 and IPR2015-01485; Petitioner’s expert in the present proceeding, Mr. Richard Bennett, is the same expert as in IPR2015-01482 and IPR2015-01485; and Mr. Bennett acknowledged that he incorporated some comments from attorneys representing Terremark and Time Warner into the final version of the declaration submitted in connection with the present Petition. *Id.* at 38–43.

In reply, Petitioner argues neither Terremark nor Time Warner were involved in any aspect of preparing the present Petition. Pet. Reply 19. Petitioner also argues Terremark and Time Warner did not have the opportunity to direct, contribute, or control the content of the present Petition. *Id.* Moreover, Petitioner argues Mr. Bennett testified under oath that he was confused by Patent Owner’s questioning and that he misspoke when he acknowledged that he incorporated comments from Terremark’s and Time Warner’s counsel into the final version of the declaration in

connection with the present Petition. *Id.* at 20–21.

We agree with Petitioner. The Koether and Crater references in the present Petition were not relied upon in IPR2015-01482 and IPR2015-01485, so the strategy in preparing the present Petition was necessarily different than the strategies in preparing IPR2015-01482 and IPR2015-01485. Simply because Petitioner filed a petition on the same patent as the earlier filed IPR2015-01482 and IPR2015-01485, does not create an implication that CoxCom cooperated with or worked with non-parties Terremark or Time Warner. *JP Morgan*, slip op. at 13 (“[A] Petitioner and a non-party’s status as co-defendants and co-members of a joint defense group is not alone sufficient to render the non-party a real party in interest.”).

We are not persuaded that Petitioner’s use of the same expert in the present Petition and IPR2015-01482 and IPR2015-01485 creates an implication that Terremark and Time Warner influenced Mr. Bennett’s opinions of the present Petition. Nothing prevents Petitioner from using the same expert in the present Petition and IPR2015-01482 and IPR2015-01485 to opine on different prior art references (i.e., Koether and Crater) that were not at issue in either IPR2015-01482 or IPR2015-01485.

We also are not persuaded that Mr. Bennett’s acknowledgement that he incorporated some comments from attorneys representing Terremark and Time Warner into the final version of the declaration submitted in connection with the present Petition demonstrates that he worked with attorneys representing Terremark or Time Warner to prepare his declaration for the present Petition. Mr. Bennett testified that he was confused by Patent Owner’s questioning and “may have misspoken” when he acknowledged that he incorporated some comments from attorneys representing Terremark

and Time Warner into the final version of the declaration submitted in connection with the present Petition. Ex. 1013, 47:19–48:3. Furthermore, Mr. Bennett’s participation on the present IPR is independent of his involvement in IPR2015-01482 and IPR2015-01485. *Id.* at 46:13–21, 47:9–13, 76:20–25. Mr. Bennett testified that he did not work, interact, or discuss the present Petition with attorneys representing Terremark or Time Warner. *Id.* at 46:6–47:8, 47:14–49:2.

There is insufficient evidence of record that Terremark or Time Warner controls or had an opportunity to control CoxCom’s decision to file or maintain this *inter partes* review. Accordingly, we are not persuaded that Petitioner has failed to name Terremark or Time Warner as real parties in interest.

B. Level of Ordinary Skill in the Art

In determining the level of ordinary skill in the art, various factors may be considered, including the “type of problems encountered in the art; prior art solutions to those problems; rapidity with which innovations are made; sophistication of the technology; and educational level of active workers in the field.” *In re GPAC, Inc.*, 57 F.3d 1573, 1579 (Fed. Cir. 1995) (citation omitted). Petitioner asserts that a person of ordinary skill in the art in the field of the ’363 patent would have had a bachelor’s degree in engineering or equivalent coursework and at least two years of experience in networked systems. Pet. 12 (citing Ex. 1002 ¶ 21).

Patent Owner does not address Petitioner’s statements regarding the level of ordinary skill in the art, but asserts that we should accord little or no weight to the testimony of Mr. Bennett because Mr. Bennett fails to qualify

as a person of ordinary skill in the art under his own definition. PO Resp. 26–34.

The '363 patent is directed to controlling a vehicle or premises. Ex. 1001, Abst. It describes the relevant problems encountered in the art as those involved in the control, monitoring, or security of vehicles or premises, in a network environment. *Id.* at 1:20–52; 3:12–21. The '363 patent is not directed to specific issues associated with electrical circuits or electrical connections between devices. The Specification identifies no specific problem that stems from the apparatus being a particular type of electrical device. From this evidence, we conclude that a person of ordinary skill in the art with respect to the '363 patent would be skilled in the field of networked systems.

For the foregoing reasons, we are not persuaded that the level of ordinary skill in the art requires specific coursework or education in the form of a degree in electrical engineering. Instead, we are persuaded by Petitioner's statement of the level of ordinary skill in the art, and our finding of the level of ordinary skill is similar to that proposed by Petitioner, but with a slight modification, i.e., that a basic level of experience is required, at the level of at least two years of experience in networked systems.

We find that the level of ordinary skill in the art is that of one having at least two years of working experience with networked systems. A more advanced degree would be paired with a shorter period of working experience.

C. Expert Testimony

Patent Owner did not file a motion to exclude Mr. Bennett's testimony as inadmissible, but requests, in its Response, that we accord little or no

weight to the testimony of Mr. Bennett because Mr. Bennett fails to qualify as a person of ordinary skill in the art under his own definition. PO Resp. 25–34.

Patent Owner has not articulated a persuasive reason for giving Mr. Bennett’s testimony little or no weight. Moreover, as discussed above, we are not persuaded that a person of ordinary skill in the art of the ’363 patent would be required to have a specific degree or coursework in electrical engineering. We are, thus, not persuaded that Mr. Bennett’s answers, during deposition, to questions about his background are wrong or that the entirety of his testimony should be given little or no weight based on this testimony.

We find Mr. Bennett to be highly qualified in the area of networked systems. In his declaration, Mr. Bennett stated

I worked as a computer programmer, network engineer, and system architect from 1977 until 2009 with a number of computer networking firms, including those that produced tele-video systems such as Hewlett-Packard, Sharp Labs, Compression Labs, Sony Electronics Laboratory, Starlight Networks, Fourth Network, 3Com, Intel, and Cisco. In the course of my professional career, I developed network protocols and applications, video servers, television remote control systems, ad insertion equipment for TV broadcasters, and Quality of Service mechanisms for networks that enabled high-quality video streaming and remote control of video streaming.

Ex. 1002 ¶ 7. Moreover, Mr. Bennett states “[a]t the time of the invention in question, I was a software developer working on a video-on-demand server at Hewlett-Packard.” *Id.* ¶ 12.

We are persuaded that Mr. Bennett’s education and experience is relevant to the issues discussed in the ’363 patent. Moreover, given the subject matter of the ’363 patent and Mr. Bennett’s experience in software

development and networked systems, we do not find his admitted lack of a degree in electrical engineering (*see* Ex. 2006, 34) as basis to accord his testimony little or no weight. On this record, we still credit the testimony of Mr. Bennett. Mr. Bennett's lack of an electrical engineering degree does not establish that his specialized knowledge in the area of networked systems will not assist the Board in understanding the evidence. *See* Fed. R. Evid. 702.

Under 37 C.F.R. § 42.1(d), we apply the preponderance of the evidence standard in determining whether Petitioner has established unpatentability. In doing so, it is within our discretion to determine the appropriate weight to be accorded the evidence presented, including expert opinion, based on the disclosure of the underlying facts or data upon which that opinion is based. Thus, we decline to make a determination about Mr. Bennett's opinion, as a whole. Rather, in our analysis we will consider relevant portions of Mr. Bennett's testimony and determine the appropriate weight to accord that particular testimony.

D. Claim Construction

In the Decision to Institute, we noted that the '363 patent was due to expire no later than May 6, 2016. Dec. 6. The parties have not disputed the calculation of the '363 patent's expiration date. Based on our review of the record, we discern no reason to modify that calculation, and, thus, we find the '363 patent to be expired. For claims of an expired patent, the Board's claim interpretation is similar to that of a district court. *See In re Rambus, Inc.*, 694 F.3d 42, 46 (Fed. Cir. 2012). "In determining the meaning of the disputed claim limitation, we look principally to the intrinsic evidence of

record, examining the claim language itself, the written description, and the prosecution history, if in evidence.” *DePuy Spine, Inc. v. Medtronic Sofamor Danek, Inc.*, 469 F.3d 1005, 1014 (Fed. Cir. 2006) (citing *Phillips v. AWH Corp.*, 415 F. 3d 1303, 1312–17 (Fed. Cir. 2005)).

We are mindful that “limitations are not to be read into the claims from the specification.” *In re Van Geuns*, 988 F.2d 1181, 1184 (Fed. Cir. 1993). Nevertheless, claims are not interpreted in a vacuum but are part of and read in light of the specification. *United States v. Adams*, 383 U.S. 39, 49 (1966) (“[I]t is fundamental that claims are to be construed in the light of the specifications and both are to be read with a view to ascertaining the invention.”). In that regard, the terms are given their ordinary and customary meaning, as would be understood by one of ordinary skill in the art in the context of the Specification. *In re Translogic Tech., Inc.*, 504 F.3d 1249, 1257 (Fed. Cir. 2007). The construction that stays true to the claim language and most naturally aligns with the inventor’s description is likely the correct interpretation. *Renishaw PLC v. Marposs Societa’ per Azioni*, 158 F.3d 1243, 1250 (Fed. Cir. 1998).

For purposes of the Decision to Institute, we construed the terms “remote,” “premises,” and “located at.” Dec. 8–9. We reviewed and adopted Patent Owner’s explicit definitions for these terms, which Patent Owner provided in the prosecution of the application that issued as the ’363 patent. Dec. 8 (citing Ex. 2002). Based on our review of the full record, we discern no reason to modify or further discuss in this Final Written Decision our constructions for these claim terms. For convenience, these claim constructions are reproduced in the table below.

Term	Citations	Construction
Remote	Ex. 2002, 10–11	“‘Remote’ means ‘separate and apart from, or external from, or at a distance from or distant from, or not located in.’”
Premises	Ex. 2002, 8–9	“‘Premises’ means ‘a building or a structure and the grounds or parcel of land associated with the building or the structure, or a building or structure or a portion, room, or office, of or in the building or structure, or a home, mobile home, mobile building, mobile structure, residence, residential building, office, commercial building, commercial office, structure, equipment, facility, machine, rig, assembly line, or edifice.’”
Located at	Ex. 2002, 8	“‘Located at’ means ‘situated at, or situated in, or situated on.’”

In its Response, Patent Owner proposes an additional construction for “processing device.” PO Resp. 12–13. We determine that it is not necessary to expressly construe this term to resolve the controversy here. To the extent it is necessary for us to construe any additional claim terms in this decision, we do so below in the context of analyzing whether the prior art renders the claims unpatentable.

E. Priority Status of Koether and Crater

Petitioner argues that claims 1, 3–5, 8, 13–17, 20, 44, and 84–86 would have been obvious over the combination of Koether and Crater. Pet. 14–59. Koether was filed on May 2, 1996. Pet. 14; Ex. 1008 at [22]. Crater was filed on May 30, 1996. Pet. 36; Ex. 1009 at [22]. The earliest application listed on the face of the ’363 patent was filed on March 27, 1996

(“March 1996 application”). Ex. 1001 at [63]. Petitioner argues that the challenged claims are entitled to a priority date of no earlier than July 18, 1996 because the only support for a processing device located at a premises was added to the specification as part of a continuation-in-part (“CIP”) application (U.S. Patent Application No. 08/683,828) filed on July 18, 1996 (“July 1996 application”). Pet. 12–13. In the Institution Decision, we determined that Koether and Crater are 102(e) prior art to the challenged claims of the ’363 patent. Dec. 9–10.

Entitlement to the March 27, 1996 filing date would allow Patent Owner to antedate Koether and Crater, thereby removing them as references against the claims. To determine whether Patent Owner is entitled to the March 27, 1996 priority date, we must determine if the March 1996 application disclosure meets the written description requirement for the instituted claims. To satisfy the written description requirement, the disclosure of the prior application must “convey with reasonable clarity to those skilled in the art that, as of the filing date sought, [the inventor] was in possession of the invention.” *Vas-Cath Inc. v. Mahurkar*, 935 F.2d 1555, 1563–1564 (Fed. Cir. 1991).

We agree with Petitioner that in this case, there is no reason to presume that claims in the CIP July 1996 application are entitled³ to the effective filing date of the earlier filed March 1996 application. See *PowerOasis, Inc. v. T-Mobile USA, Inc.*, 522 F.3d 1299, 1305 (Fed. Cir. 2008). Thus, we review Patent Owner’s arguments as to why the limitations

³ Patent Owner does not dispute that it must come forward with evidence to prove entitlement to claim priority to the earlier filing date of the March 1996 application. See PO Resp. 13–24.

of the instituted claims were conveyed with reasonable clarity to those skilled in the art to show that the inventor was in possession of the invention as of March 27, 1996.

It is important review the language of claim 1 of the '363 patent, which does not merely recite a disclosure “premises” in isolation. In other words, to determine if Patent Owner had possession of the claimed subject matter, we must determine more than just whether the mere concept of a premises is disclosed. Upon review of the full record, we conclude that the March 1996 application does not provide a written description of “premises” as set forth in the instituted claims for the following reasons.

As Petitioner points out, the March 1996 application never mentions the word “premises.” Pet. 13; Ex. 1004. Petitioner asserts that the only support for a processing device located at a “premises” was added to the specification as part of a continuation-in-part application filed on July 18, 1996. *Id.* Petitioner argues that in contrast to the March 1996 application, the word premises is recited hundreds of times in the July 1996 application, which also added figures 15 and 16 corresponding to the added disclosure. *Id.*

In its Response, Patent Owner does not dispute that the March 1996 application fails to use the word “premises,” but argues that the March 1996 application includes various elements that show that Patent Owner claimed a premises. PO Resp. 17–18. In particular, Patent Owner points to Figure 11B, which Patent Owner argues shows a server computer 952 located at a premises identified as a processing site, and a computer 970 at a premises identified as a central security office. *Id.*

Patent Owner argues that a disclosure in Figure 11B in the March 1996 application of a server computer at a processing site and a computer at a central security office shows possession of the subject matter of claim 1. *Id.* Yet, we must look to the claim scope and not merely whether the concept of a site or office was disclosed in isolation in the March 1996 application.

We look to the scope of claim 1, which is reproduced below with certain limitations emphasized:

1. An apparatus, comprising:

a first processing device, wherein the first processing device at least one of generates a first signal and transmits a first signal for at least one of activating, de-activating, disabling, re-enabling, and *controlling an operation of, at least one of a premises system, a premises device, a premises equipment, a premises equipment system, a premises component, and a premises appliance, of or located at a premises, wherein the first processing device is associated with a web site, and further wherein the first processing device is located at a location remote from the premises,*

wherein the first processing device at least one of generates the first signal and transmits the first signal in response to a second signal, wherein the second signal is at least one of generated by a second processing device and transmitted from a second processing device, *wherein the second processing device is located at a location which is remote from the first processing device and remote from the premises, wherein the first processing device determines whether an action or an operation associated with information contained in the second signal, to at least one of activate, de-activate, disable, re-enable, and control an operation of, the at least one of a premises system, a premises device, a premises equipment, a premises equipment system, a premises component, and a premises appliance, is an authorized or an allowed action or an authorized or an allowed operation, and further wherein the first processing device at least one of generates the first signal and transmits the first signal to a third processing device if the action or the operation is determined to be an authorized or an*

allowed action or an authorized or an allowed operation, *wherein the third processing device is located at the premises,*

wherein the second signal is transmitted to the first processing device via, on, or over, at least one of the Internet and the World Wide Web, and further wherein the second signal is automatically received by the first processing device, wherein the first signal is transmitted to and automatically received by the third processing device, wherein the third processing device at least one of generates a third signal and transmits a third signal for at least one of activating, de-activating, disabling, re-enabling, and controlling an operation of, the at least one of a premises system, a premises device, a premises equipment, a premises equipment system, a premises component, and a premises appliance, in response to the first signal.

Ex. 1001, 104:13–60 (emphases added).

Patent Owner has urged a definition of the word “premises,” which we have adopted, to mean: “a building or a structure and the grounds or parcel of land associated with the building or the structure, or a building or structure or a portion, room, or office, of or in the building or structure, or a home, mobile home, mobile building, mobile structure, residence, residential building, office, commercial building, commercial office, structure, equipment, facility, machine, rig, assembly line, or edifice.” PO Resp. 11.

This broad construction of premises is supported only by material added in the July 1996 application. In fact, Patent Owner cited only to language first introduced in the July 1996 application to support this broad construction. See Paper 7 at 18; Ex. 2002 at 4, Ex. 2003 at 8–9, Ex. 1018 at 7–8, Ex. 1019 at 3. Moreover, during oral hearing, Patent Owner acknowledged the “assembly line” disclosure was added to the July 1996 application. Tr. 27:1–28:17.

Patent Owner has not explained adequately how the server and computer in Figure 11B show possession of the premises recited in claim 1.

As Patent Owner appears to acknowledge, Figure 11B relates to a *vehicle* control system and not a premises control system. PO Resp. 19. Thus, we are not persuaded that Figure 11B shows possession of, for example, “a first processing device, wherein the first processing device at least one of generates a first signal and transmits a first signal *for at least one of activating, de-activating, disabling, re-enabling, and controlling an operation of, at least one of a premises system,*” as recited in claim 1 (emphasis added).

Additionally, the mere disclosure of a security office in the specification does not disclose the entire genus of “premises,” which by Patent Owner’s own definition encompasses many types of buildings, structures, and equipment, including an “assembly line.”⁴ Thus, even if we agreed with Patent Owner that there was some disclosure of a particular species of the genus of “premises” in the March 1996 application, this alone would not be sufficient to entitle the later claimed genus of “premises” to the filing date of the March 1996 application.

While Patent Owner appears to argue that it does not need to show possession of its complete definition of “premises” to be entitled to the March 1996 filing date,⁵ we disagree. This conclusion would be untenable

⁴ Patent Owner’s counsel, who is also listed as the inventor of the patent at issue, agreed at oral argument that the assembly line was only added in the July 1996 application. Tr. 28:10–11.

⁵ Tr. 31:23–32:4 (“MR. JOAO: Well, I don't believe we need to have the disclosure of the complete definition, because the definition is in the disjunctive based on the different embodiments that are described in the various patent applications, but the term premises, as used in the disjunctive here, as defined in the disjunctive, a premises is defined as an office.”).

because it would allow Patent Owner to pick and choose one claim scope for purposes of showing written description, and choose another claim scope for purposes of invalidity. *Cf., e.g., PowerOasis Inc.*, 522 F.3d at 1310 (“PowerOasis’s argument boils down to a claim that PowerOasis is entitled to a broad claim construction for purposes of infringement and a different narrower claim construction for purposes of validity.”)

Patent Owner argues that Petitioner’s expert agreed that one of ordinary skill in the art would have understood how to take a vehicle control system and modify it to provide premises control. PO Resp. 21–24. This is still not enough to entitle the instituted claims to a March 1996 priority date. “[T]he written description is ‘not a question of whether one skilled in the art *might* be able to construct the patentee’s device from the teachings of the disclosure. . . . Rather, it is a question whether the application necessarily discloses that particular device.’” *PowerOasis, Inc.*, 522 F.3d at 1306 (quoting *Martin v. Mayer*, 823 F.2d 200, 505 (Fed. Cir. 1987); *see also id.* at 1310 (“Obviousness simply is not enough; the subject matter must be disclosed to establish possession.”))

For the foregoing reasons, upon review of the entire record, we determine that the instituted claims are not entitled to the priority date of the March 1996 application because the written description of the March 1996 application does not support the instituted claims. Thus, we conclude that Koether and Crater are 102(e) prior art to the instituted claims of the ’363 patent.

F. Asserted Ground Based on Koether and Crater

Petitioner argues that claims 1, 3–5, 8, 13–17, 20, 44, and 84–86 would have been obvious over Koether and Crater. Pet. 36–59. For the following reasons, we agree with and adopt Petitioner’s contentions regarding Koether and Crater’s teachings of each these limitations. For reference, we refer to the limitations of claim 1 in our discussion. Independent claim 84 contains similar recitations.

Section 103(a) forbids issuance of a patent when “the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.”

KSR Int’l Co. v. Teleflex Inc., 550 U.S. 398, 406 (2007).

We agree with Petitioner that a person having ordinary skill would have combined the teachings of Koether with those of Crater because both references describe systems for remote monitoring, management, and control of equipment. Pet. 37–38 (citing Ex. 1002 ¶¶ 54–55). A person of ordinary skill in the art at time of the invention would have been motivated to combine Koether with Crater because of the overlapping subject matter and problems addressed by both prior art references. *Id.* at 37 (citing Ex. 1002 ¶¶ 54–55). In particular, Crater describes the need for monitoring, management, and control of equipment “to organize and distribute operations and detect malfunction.” *Id.* (citing Ex. 1009, 1:12–32). Crater explains that “[w]hen executed, the program causes the controller to examine the state of the controlled machinery by evaluating signals from one or more sensing devices (e.g., temperature or pressure sensors), and to

operate the machinery (e.g., by energizing or deenergizing operative components) based on procedural framework, the sensor signals and, if necessary, more complex processing.” *Id.* Similarly, Koether is directed to “monitoring and controlling the activities of commercial kitchen or restaurant appliances.” Ex. 1008, 1:13–18. Koether also discusses the importance of using the control system for diagnosing malfunctions and energy management of various appliances including kitchen appliances, cooling systems, and HVAC systems. *Id.* at 1:19–23; 1:26–29; 1:58–61. Koether describes a Smart Commercial Kitchen network capable of “in real-time to monitor and control the maintenance, repair and energy management of kitchen or restaurant appliances located over a wide geographical area.” *Id.* at 3:50–54. Thus, we agree with Petitioner (*see* Pet. 37–38) that one of ordinary skill in the art would have recognized the benefit of adding Crater’s multi-media capabilities to Koether’s kitchen monitoring system because Crater’s multi-media capabilities were known in the art and would improve Koether’s kitchen monitoring system to further benefit users from remote locations. As Petitioners explain, the combination of Koether with Crater teaches an apparatus for remotely monitoring and controlling an appliance. *Id.* at 38. Here, too, we are persuaded that one of ordinary skill would have proceeded with the combination of Koether and Crater to achieve the known benefits of remote monitoring of systems.

1. *Teaching Away*

Patent Owner contends Koether and Crater cannot be combined because “conventional wisdom” in 1996 and the X.25 protocol teach away

from the use of the Internet with Koether's system. PO Resp. 44–49.⁶ Patent Owner argues this is because “the X.25 protocol was considered more secure than the Internet,” the Internet was not secure in 1996, and therefore, “conventional wisdom” would have actually taught away from the use of the Internet in Koether's system. *Id.* at 46–48. As support, Patent Owner cites to Mr. Bennett's testimony and an Internet Report by Morgan Stanley. *Id.* Patent Owner argues that there is no reason why Koether's base stations would need to communicate over the “less secure Internet.” *Id.* at 49.

We are not persuaded by this argument for the following reasons. First, the evidence does not support Patent Owner's assertion that Koether is limited to a system that does not or cannot use the Internet. Koether is not limited to a network that uses the X.25 protocol. Instead, Koether describes using a “data network” for communication between kitchen base stations and a control center. Ex. 1008, 5:36–39. One example of a data network described in Koether is an integrated system digital network (ISDN), and another example is a network using data packets. *Id.* at 5:37–45, 6:67–7:15. Koether describes that using an ISDN facility, the X.25 protocol “may be used” to facilitate the sending of message data between kitchen base stations and the control center. *Id.* at 5:42–46. Moreover, although Patent Owner argues that Koether's system does not use the Internet, Petitioner presents

⁶ Although Patent Owner states in its Response that in the Institution Decision the Board agreed that Koether alone does not teach the use of the Internet (PO Resp. 45), the conclusion in the Institution Decision is much more limited. Rather, the Institution Decision merely states that Petitioner, in the Petition, did not explain persuasively how the description of ISDN or TDMA in Koether alone in this context teaches or suggests how the second signal is communicated over the Internet. Dec. 11.

evidence that ISDN networks used the Internet and X.25. Pet. Reply 3 (citing Ex. 1020, 1). Mr. Bennett also testified that “when a networking person sees a reference in the mid ’90s to a system that says it could use X.25 on top of ISDN [] then I think the thought that would come to mind is that well, if it could use X.25, it could also use TCP/IP, and if it uses TCP/IP, then it would typically be a member of the public Internet.” Ex. 1016, 138:3–10. Indeed, the report cited by Patent Owner states that ISDN networks use the Internet. Ex. 2006, 26 (“Another increasingly attractive method of accessing the Internet is Integrated Services Digital Network.”). For these reasons, we are not persuaded that either conventional wisdom or the X.25 protocol teach away from the use of the Internet with Koether’s system.

2. *Authorized or Allowed Operation*

Claim 1 recites, *inter alia*, “wherein the first processing device determines whether an action or an operation associated with information contained in the second signal, to *at least one of* activate, de-activate, disable, re-enable, and control an operation of, the at least one of a premises system, a premises device, a premises equipment, a premises equipment system, a premises component, and a premises appliance, is an authorized or an allowed action or an authorized or an allowed operation.”

Petitioner contends Koether and Crater teach this limitation. Specifically, Petitioner directs our attention to Koether, and alternatively to Crater, as teaching this element. Pet. 40, 45. We agree that at least Crater teaches this limitation. *Id.* (citing Ex. 1009, 8:53–9:14). We also agree that person of ordinary skill in the art would have found it obvious to take the

authorized control parameters of Crater and use them as a security check in the kitchen appliance monitoring of Koether, for example when performing a global change for a system in a distributed restaurant chain. Ex. 1002 ¶ 63.

Patent Owner contends that Koether and Crater fail to teach determining whether an action or operation is an authorized or allowed action or operation. PO Resp. 49–52. In particular, Patent Owner argues that although Crater describes the use of a password access feature to authenticate a user, Crater does not teach authenticating a command or a “control command” sent by a user. PO Resp. 51. We are not persuaded by this argument. Crater describes how “an executed applet must present a password before being accorded access to associated data.” Ex. 1009, 8:56–58. Crater also goes on to describe that “[i]t may prove desirable, therefore, to allow an appropriately authorized client to directly modify control parameters (which may, for example, be stored on a restricted-access web page) that determine the operation of the controller and, hence, the controlled machine or process.” *Id.* at 9:3–14. We agree with Petitioner that at least these portions of Crater teach determining whether an action to control operation of a premises system, device, equipment, component, or appliance is authorized, as recited in the claim. *See* Pet. 40, 45 (citing Ex. 1009, 8:53–9:14, Ex. 1002, ¶ 63). Based on Petitioner’s contentions, we agree with Petitioner that the combination of Koether and Crater teach “wherein the first processing device determines whether an action or an operation associated with information contained in the second signal, to at least one of activate, de-activate, disable, re-enable, and control an operation of [a premises system/device/equipment/component/appliance] . . . is an authorized or . . . an allowed operation.” For the reasons discussed above,

we conclude that Petitioner has shown by a preponderance of the evidence that claims 1 and 84 would have been obvious in view of the combined teachings of Koether and Crater.

3. *Dependent Claim 44*

Claim 44 recites “[t]he apparatus of claim 42, wherein the second processing device is associated with a website.” Put another way, claim 44 depends from claim 42. We did not institute *inter partes* review of claim 42. PO Resp. 52–53; Dec. 1–11, 15. The Petition sets forth arguments that independent claim 42 would have been obvious over Koether. Pet. 14–26. The Petition also explains how all the limitations of dependent claim 44 are obvious over the combination of Koether and Crater. *Id.* at 53–56.

However, the Petition does not explain sufficiently how independent claim 42 is obvious over the combination of Koether and Crater. Rather, when setting forth arguments with respect to dependent claim 44, the Petition refers back to the discussion of claim 42 in the Petition that references Koether, alone. Pet. 53. We, however, denied institution of claim 42 over Koether alone because we were not persuaded that Petitioner had explained sufficiently in the Petition how all of the limitations of claim 42 would have been obvious over Koether alone. Dec. 10–12. With respect to claim 42, Petitioner has not shown sufficiently that the combined teachings of Koether and Crater would overcome the deficiencies that we found in the ground of asserted obviousness over Koether alone. For this reason, Petitioner in this case has not explained how the combination of Koether and Crater teaches all the limitations of dependent claim 44, because claim 44 includes “[t]he apparatus of claim 42,” and the Petition does not explain how the elements

of claim 42 are taught by the combination of Koether and Crater. *See* Pet. 53–54; *see also* Pet. 15–26. Accordingly, we conclude that Petitioner has not shown by a preponderance of the evidence that claim 44 would have been obvious over the combination of Koether and Crater.

4. *Remaining Dependent Claims*

With respect to claims 3–5, 8, 13–17, 20, 85, and 86, Patent Owner stands by its arguments with respect to claim 1 and 84. PO Resp. 52–53. We conclude that Petitioner has shown sufficiently that the combination of Koether and Crater teaches all the limitations of dependent claims 3–5, 8, 13–17, 20, 85, and 86. *See* Pet. 53–54; *see also* Pet. 15–26. We agree with and adopt Petitioner’s contentions with respect to claim 3–5, 8, 13–17, 20, 85, and 86, and Petitioner’s reasoning for combining the references. *Id.* Accordingly, Petitioner has shown by a preponderance of the evidence that claims 3–5, 8, 13–17, 20, 85, and 86 would have been obvious in view of Koether and Crater.

III. CONCLUSION

Based on the evidence and arguments, Petitioner has demonstrated by a preponderance of the evidence that claims 1, 3–5, 8, 13–17, 20, and 84–86 are unpatentable under 35 U.S.C. § 103(a) as obvious over the combination of Koether and Crater. Petitioner has not demonstrated by a preponderance of the evidence that claim 44 of the ’363 patent would have been obvious over the combination of Koether and Crater.

IV. ORDER

Accordingly, it is

ORDERED that claims 1, 3–5, 8, 13–17, 20, and 84–86 of the '363 patent have been shown to be unpatentable;

FURTHER ORDERED that claim 44 of the '363 patent has not been shown to be unpatentable; and

FURTHER ORDERED that, because this is a final written decision, parties to the proceeding seeking judicial review of the decision must comply with the notice and service requirements of 37 C.F.R. § 90.2.

IPR2015-01762
Patent 7,397,363

PETITIONER:

Mitchell G. Stockwell
D. Clay Holloway
Shayne E. O'Reilly
KILPATRICK TOWNSEND & STOCKTON LLP
mstockwell@kilpatricktownsend.com
cholloway@kilpatricktownsend.com
soreilly@kilpatricktownsend.com

PATENT OWNER:

Raymond A. Joao
rayjoao@optonline.net

René A. Vazquez
SINERGIA TECHNOLOGY LAW GROUP, PLLC
rvazquez@sinergialaw.com
PG_JCMS@hgdlawfirm.com

Steven W. Ritcheson
INSIGHT
A PROFESSIONAL LAW CORPORATION
swritcheson@insightplc.com