

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

OBM, INC. & CHOLLA ENERGY LLC,
Petitioner,

v.

LANCIUM LLC,
Patent Owner.

IPR2023-01407
Patent 10,608,433 B1

Before CARL W. WHITEHEAD JR., AMBER L. HAGY, and
KARA L. SZPONDOWSKI, *Administrative Patent Judges*.

HAGY, *Administrative Patent Judge*.

DECISION

Denying Petitioner's Request on Rehearing of
Decision Denying Institution of *Inter Partes* Review
37 C.F.R. § 41.71(d)

I. INTRODUCTION

OBM, Inc. and Cholla Energy LLC (collectively, “Petitioner”) filed a petition requesting *inter partes* review (Paper 1, “Pet.”) of claims 1–20 (“the challenged claims”) of U.S. Patent No. 10,608,433 B1 (Ex. 1001, the “’433 patent”). *See* 35 U.S.C. § 311. Lancium LLC (“Patent Owner”) timely filed a Preliminary Response. Paper 8, “Prelim. Resp.”

On March 13, 2024, we entered a Decision (Paper 9, “Dec.”) denying institution of *inter partes* review. As part of our decision, we determined that Petitioner failed to show, sufficiently for institution, that the combination of APC-Tariff and Montalvo teaches or suggests all elements of the challenged claims. Dec. 34–35. In particular, we determined that Petitioner’s showing was deficient as to whether APC-Tariff was publicly accessible before the critical date of the ’433 patent, and also as to whether Montalvo, alone or in combination with APC-Tariff, teaches or suggests a minimum power threshold. *Id.* at 28, 32–34.

On April 11, 2024, Petitioner filed a Request for Rehearing. Paper 10, (“Req. Reh’g”). Petitioner argues that rehearing should be granted for three reasons. First, with regard to our determination as to public accessibility of the APC-Tariff reference, Petitioner contends:

[T]he Board misapprehended and overlooked the legal significance of the Final Order that required the Clerk make the APC-Tariff publicly available for in person public inspection and on the Commission’s government website prior to the priority date of the ’433 patent.

Id. at 1. According to Petitioner, “public availability of the APC-Tariff was **required by law**, guaranteeing that the APC-Tariff was a printed publication.” *Id.*

Second, with regard to our determination as to the deficiency of Petitioner's showing for the Montalvo reference, Petitioner contends "the Board misapprehended and overlooked the legal significance of Montalvo by focusing its analysis on a limited portion of the disclosure rather than considering the reference 'for everything it teaches.'" *Id.*

Finally, Petitioner contends "the Board misapprehended and overlooked the legal significance of the APC-Tariff by focusing its analysis on an extraneous concept of 'determining compliance' with the PSEDR program of the reference, rather than the disclosure related to the minimum capacity required to contract under the PSEDR program, which was the specific section of the reference relied on in the Petition's obviousness analysis." *Id.* at 2.

For the reasons stated below, we deny the Request for Rehearing.

II. LEGAL STANDARD

The requirements of a request for rehearing are set forth in 37 C.F.R. § 42.71(d):

The burden of showing a decision should be modified lies with the party challenging the decision. The request must specifically identify all matters the party believes the Board misapprehended or overlooked, and the place where each matter was previously addressed in a motion, an opposition, a reply, or a sur-reply.

Thus, a request for rehearing is not an opportunity to present new arguments or evidence or merely to disagree with the panel's assessment of the arguments or weighing of the evidence. With this in mind, we address the arguments presented in turn.

III. ANALYSIS

A. APC-Tariff as Prior Art

In the Institution Decision, we found “Petitioner fails to provide evidence sufficient to show, even for purposes of institution, that APC-Tariff was publicly accessible before the critical date and, as a result, we determine that Petitioner fails to sufficiently establish that APC-Tariff qualifies as a printed publication.” Dec. 23. In particular, we found that Petitioner presented, at most, evidence of public *availability*, which is not sufficient to establish public *accessibility* as required to show a printed publication. *Id.* at 23–24; *see also Hulu, LLC v. Sound View Innovations, LLC*, IPR2018-01039, Paper 29 at 13 (PTAB Dec. 20, 2019) (precedential) (“*Hulu*”) (holding that, “at the institution stage, the petition must identify, with particularity, evidence sufficient to establish a reasonable likelihood that the reference was publicly accessible before the critical date of the challenged patent”).

In its Request for Rehearing, Petitioner raises several alleged errors underlying our finding that Petitioner had failed to present sufficient evidence that APC-Tariff qualifies as a printed publication. Req. Reh’g 3–8. First, Petitioner contends “the Board failed to acknowledge that the Final Order (EX1019) of the SCC required the Clerk to make the APC-Tariff publicly available for both in person inspection and on the SCC’s government website.” *Id.* at 3. Indeed, the crux of Petitioner’s argument on this issue is that we erred in failing to recognize that APC-Tariff was, in fact, uploaded to the SCC website within 60 days of the date of the Final Order issued in that matter. *See id.* at 3–6.

We disagree that we overlooked or misapprehended any arguments or evidence. Although we noted in our Decision that Petitioner’s evidence of actual availability of APC-Tariff on the SCC website was “scant,” that was not the primary basis of our determination that Petitioner had not met its burden of showing that APC-Tariff qualifies as a printed publication.

Dec. 24. Rather, we also found that, even assuming APC-Tariff had, in fact, been uploaded to the SCC website within the timeframe as purportedly required, Petitioner’s showing was still deficient, as it merely showed, at most, public *availability* of the reference. *Id.* at 24–28. In particular, we found that “Petitioner provides no evidence of *how* an interested member of the public would have located that document on the SCC website.” *Id.* at 26. In that regard, we noted that the record before us was

devoid of any evidence of indexing or, in particular, that a query of the SCC website in January 2015 (or at any point before the critical date of the ’433 patent), using any combination of topic search words short of a search by docket number, would have led to APC-Tariff appearing in the search results.

Id. Petitioner does not put forth any argument or evidence demonstrating that this finding is premised on overlooking or misapprehending anything in the record. As we noted in our Institution Decision, under similar circumstances, our reviewing court concluded that a patent challenger failed to demonstrate public accessibility. *See id.* (citing *Blue Calypso, LLC v. Groupon, Inc.*, 815 F.3d 1331, 1350 (Fed. Cir. 2016) (finding insufficient evidence of public accessibility for an asserted Internet reference where the patent challenger had not put forth evidence demonstrating that a search would have led to the reference)).

Petitioner next argues that it had put forth evidence purporting to show that “POSITAs found the case summary and docket” for the case underlying APC-Tariff, which Petitioner tacitly suggests is proof that interested persons could, in fact, find APC-Tariff. Reh’g Req. 7; *see also* Pet. 8–9 (arguing that APC-Tariff had been cited in “various energy related papers,” citing Ex. 1021, 2, 7; Ex. 1023, 62; Ex. 1024, 19; Ex. 1034, 47). As we noted in our Institution Decision, however, all of these citations were either to a “[c]ase summary” or merely to the docket itself, and there is “no indication of what document(s) were accessed or how (if at all) they relate[d] to the document relied upon by Petitioner in this matter as Exhibit 1005 [APC-Tariff].” Dec. 27.

Petitioner also argues that “a POSITA exercising due diligence would review the terms of existing agreements offered by various utility companies,” and thus would have wanted to review APC-Tariff because APC is a utility company. Reh’g Req. 7 (citing Pet. 14–15; Ex. 1003 ¶ 79). Petitioner then posits that a search for terms offered by APC would have therefore included the SCC website because “APC ‘is regulated by’ the SCC.” *Id.* at 7–8. Not only are Petitioner’s arguments based on several leaps in logic, but such logical leaps are premised entirely on attorney argument (and unsupported statements by Petitioner’s declarant). *See id.* As we noted in our Institution Decision, “even if Petitioner had shown actual access to the APC-Tariff document by certain entities, we are left to speculate as to whether these entities located the document because they were already aware of its existence.” Dec. 27–28 (citing *Samsung Elecs. Co. v. Infobridge Pte. Ltd.*, 929 F.3d 1363, 1372 (Fed. Cir. 2019) (noting

that a reference “is not publicly accessible if the only people who know how to find it are the ones who created it”)).

For the foregoing reasons, Petitioner has not demonstrated that we misapprehended or overlooked any arguments or evidence regarding Petitioner’s contention that APC-Tariff was publicly accessible before the critical date of the ’433 patent. We, therefore, deny rehearing on this basis.

B. Montalvo Reference

Petitioner next seeks rehearing on the basis that “[t]he Board incorrectly found that Montalvo did not teach a ‘minimum power threshold.’” Reh’g Req. 8. In particular, Petitioner asserts that “the Board overlooked or misapprehended the teachings of Montalvo and misapplied Federal Circuit precedent” in making that finding. *Id.* at 8–9. Petitioner raises several points in this regard: (1) the Board erred by characterizing a portion of Montalvo relied upon by Petitioner as only “[b]ackground” teaching (*id.* at 9); (2) the Board misinterpreted the teachings of Montalvo by finding that Montalvo teaches aggregating usage of sub-end users (*id.* at 10); and (3) “[t]he Board also incorrectly found that Montalvo did not describe that any of the end users has committed to a minimum amount of usage for any time period since ‘Montalvo’s system is optional because end users may opt out’” (*id.* (citing Dec. 32)).

Petitioner’s points merely reflect disagreement with our findings and do not demonstrate that we misapprehended or overlooked any evidence or legal precedent. All of Petitioner’s points of contention pertain to our finding that Petitioner did not persuasively show, sufficient for institution, that Montalvo teaches or suggests a “minimum power threshold[,]” as required by the claims. *See* Dec. 32. In that regard, we found:

Although Montalvo does mention an end user having a capability of reducing demand by “at least about 100 KW–200 KW” during a DR event as a requirement to enter into a DR agreement, such mention is in the “Background of the Invention” portion of the disclosure, wherein Montalvo describes such a requirement as undesirable because it excludes, for example, residential customers. Ex. 1004 ¶ 22. Montalvo then describes and claims a system with a “fully automated demand response to reduce KW demand at end users” without any such required capability of any end user. *Id.* ¶ 41. Instead, Montalvo describes an “aggregate of sub-end users,” such as residential homeowners, whose typical usage would not be enough to qualify them to participate in a DR agreement. *Id.* ¶¶ 43, 58–59. Montalvo does not describe that any of these end users has committed to a minimum amount of usage for any time period; to the contrary, as Patent Owner persuasively contends, Montalvo’s system is optional because end users may opt out: “Montalvo’s flexible DR system . . . is designed to minimize the impact of demand reduction actions on end users and to permit end users to opt out of participating in DR events.” Prelim. Resp. 52; *see* Ex. 1004 ¶¶ 70, 85, 137–138.

Id.

The crux of Petitioner’s argument is that our Decision overlooked or misapprehended Montalvo’s teaching of “**both** a fully-automated embodiment that reduces KW demand upon DR events, which require no human intervention to reduce KW demand, and an embodiment that reduces KW demand based on information supplied by an end user that allows a user to opt-out of DR events.” Reh’g Req. 11 (citing Ex. 1004 ¶¶ 87, 97–98). Petitioner then asserts that the fully automated embodiment is not optional, and hence “the Board incorrectly found that a demand reduction scheme that contains a minimum ‘required’ power level and automatic demand reduction nevertheless cannot practice a ‘minimum power threshold’ – simply because

the scheme alternatively discloses optional approaches to demand reduction.” *Id.* at 12.

Initially, we note that Petitioner’s arguments on rehearing overstate the arguments in the Petition. Petitioner did not argue in the Petition that Montalvo teaches a demand reduction scheme that contains a minimum required power level. Rather, as we noted in our Decision, “Petitioner maps the claimed minimum power threshold to a demand reduction capacity requirement.” Dec. 30. The Petition asserts that Montalvo describes DR agreements and notes that an end user typically must “have the capability of reducing at least about 100 KW–200KW demand during a DR event to become a party to these DR agreements.” Pet. 29 (citing Ex. 1004 ¶ 22). Petitioner then argues that

[i]t would have been obvious to a POSA that Montalvo’s minimum demand reduction requirements imposed for an end user to enter into a DR agreement *correspond to a commitment for the minimum amount of power the end user will use in order to be able to curtail the promised amount.* EX1003, ¶108. This was well-understood by POSAs to be a requirement for entering into DR agreements.

Id. (emphasis added). Thus, Petitioner’s arguments in the Petition require an inference that having the ability to curtail demand by a particular amount corresponds to a commitment to use a minimum amount of power.

Petitioner does not persuade us that we misapprehended or overlooked any arguments or evidence. To the contrary, we maintain our finding that Petitioner has not sufficiently shown that Montalvo’s solution includes end-user commitments regarding minimum consumption amounts. As noted above, Petitioner again raises Montalvo’s mention of a “minimum requirement . . . for demand reduction . . . [for] a DR Agreement” being

typically about “100KW to 200KW” and takes issue with our view of that disclosure. *See* Reh’g Req. 9. We did not discount this disclosure merely because it was mentioned in the Background section of Montalvo; rather, we noted that Montalvo expressly *contrasted* such a “typical[]” requirement with the inventive scheme that Montalvo describes, in which smaller residential users (who would never individually reach such high demand) are able to participate. *See* Dec. 31–32 (citing Ex. 1004 ¶¶ 22, 41, 43, 58–59). Montalvo describes aggregating individual residential homeowners into a group. *See id.* The end users in the aggregated group agree to reduce demand by implementing one or more specific demand reduction actions for a specific DR event. Ex. 1004 ¶ 68. Thus, although Montalvo mentions a typical arrangement in the industry in which a DR agreement has a demand reduction requirement, Montalvo *distinguishes* that arrangement with its disclosed invention. *See* Ex. 1004 ¶¶ 22, 41, 43, 58–59

Petitioner’s additional arguments on rehearing do not persuade us that we overlooked or misapprehended any arguments or evidence regarding the teachings of Montalvo. As we noted in our Decision, Montalvo describes that end users may opt out of any particular DR event. Dec. 32 (citing Ex. 1004 ¶¶ 70, 85, 137–138). Petitioner insists, however, that such scenario is only one type of implementation of Montalvo, and contends Montalvo also describes a fully automated implementation in which users *may not opt out*. Reh’g Req. 11 (citing Ex. 1004 ¶¶ 97–98).

We disagree with Petitioner’s reading of Montalvo. Petitioner does not cite to any disclosure in Montalvo that explicitly describes non-optional arrangements. Rather, as noted, Petitioner bases its contention on the assumption that a “fully automated” system excludes opting out. *See id.*

We disagree. Although Montalvo describes a “fully automated demand response” in paragraph 98 (as cited by Petitioner), it does not indicate that such automated response precludes users from opting out. To the contrary, Montalvo goes on to describe implementation of a fully automated system in which the system specifically accounts for users who may choose to opt out, including tracking how often particular end users opt out and rewarding users based on their levels of participation. *See* Ex. 1004 ¶¶ 137–138.

Even if Montalvo did describe a scenario in which individual users could not opt out of a DR event, Petitioner still would not have not persuaded us that Montalvo teaches or suggests an implementation requiring a minimum power threshold, as recited in the claims. In particular, Petitioner has not pointed to any teaching or suggestion in Montalvo that any user commits to a minimum usage. Our reading of Montalvo remains that it describes a flexible and dynamic system that does not require any particular end user (or aggregation of end users) to agree to a minimum level of usage. To facilitate automating demand reduction, Montalvo describes that monitoring data is collected for end users. Ex. 1004 ¶¶ 69–70. During a DR event, Montalvo’s DR system dynamically selects and attempts to reduce power consumption across a set of loads and across end users that are currently participating in a DR agreement as described in Montalvo. *Id.* ¶¶ 55, 69, 98. Montalvo describes configurations to identify and direct automatic curtailment actions at an appliance level, such as modifying the operation of cooling or heating equipment in a residential home. *Id.* ¶¶ 76, 105, 107, 149. Montalvo also describes minimizing the impact of demand reduction actions on end users by using hierarchies of prioritized, appliance-level curtailment actions that the end users have agreed to permit the DR

system to automatically undertake, as needed, for a DR event. *Id.* ¶¶ 41, 68, 98, Abstract. Simply put, Montalvo does not impose load requirements to qualify for or participate in its DR program, and instead monitors real-time energy loads for end users and then selects loads for reduction that, in aggregate, will meet the curtailment requirements for a DR event. *Id.*

For the foregoing reasons, Petitioner has not persuaded us that we have misapprehended or overlooked any arguments or evidence regarding the teachings of Montalvo.

C. Legal Significance of APC-Tariff

Finally, Petitioner seeks rehearing on the basis that “[t]he Board overlooked or misapprehended the nature of Petitioners’ reliance on APC-Tariff and the legal significance of its teaching.” Reh’g Req. 13.

In our Decision, with regard to Petitioner’s arguments on the combined teachings of Montalvo and APC-Tariff, we first noted that “Petitioner has failed to set forth sufficient evidence to show a reasonable likelihood that APC-Tariff is a printed publication.” Dec. 33. We then found that “even if we were to consider APC-Tariff as prior art, we would conclude that Petitioner has not demonstrated a reasonable likelihood that any challenged claim is unpatentable over the combination of APC-Tariff and Montalvo.” *Id.* In particular, we found that APC-Tariff does not require a participant in the Peak Shaving and Emergency Demand Response Rider (PSEDR) program to use a minimum amount of power at any time, but rather describes a *capacity value* that is used to determine a *maximum load level* for a customer during a curtailment event. *Id.* at 33–34.

Petitioner contends that our findings ignored other teachings in APC-Tariff describing a “minimum PSEDR capacity” of “100 kW.” Reh’g Req.

15. We disagree that we overlooked or ignored any teachings. Although APC-Tariff references a “minimum PSEDR capacity” of “100 kW” (see Ex. 1005, 221–222), such capacity does not equate to a *minimum power threshold*, as Petitioner asserts. Rather, as we found, APC-Tariff’s PSEDR capacity is a value that is used to determine a *maximum load level* for a customer during a curtailment event. Dec. 33. This fact may be inferred from the disclosure of methods of compliance in APC-Tariff. As we pointed out in our Decision, a customer may choose one of two methods for determining compliance with curtailed demand under APC-Tariff. Dec. 33–34; Ex. 1005, 222–223. One such method is the Firm Service Level (FSL) Method. Ex. 1005, 223. Under this method, a Peak Load Contribution (PLC) is calculated for each customer as an average of five highest daily loads over a 12-month period. *Id.* The customer agrees to designate an Available Curtailment Demand, which is the difference between the PLC and a Firm Service Level. *Id.* A Firm Service Level is the demand to which the customer agrees *to reduce load to or below* for each hour during a curtailment event. *Id.* APC-Tariff recognizes that a customer could *already be operating at or below* their designated FSL during a curtailment event—in which case “it will be understood that they have no PSEDR capacity available with which to comply and will not be charged a non-compliance penalty.” *Id.* If customers are free to operate *below capacity* prior to a curtailment event, this means that their contracted PSEDR capacity is not a required minimum power threshold. Rather, as we found in our Decision, APC-Tariff requires only that during a curtailment or DR event, a load must ensure that it is operating *below a certain maximum level*. Dec. 33–34. This does not equate to a minimum power threshold.

For these reasons, we are not persuaded that we overlooked or misapprehended any arguments or evidence in finding Petitioner's showing regarding the combined teachings of Montalvo and APC-Tariff to be inadequate to support institution of trial.

IV. CONCLUSION

For the foregoing reasons, we conclude that Petitioner has not met its burden of showing that we abused our discretion or overlooked or misapprehended any arguments or evidence in denying institution. Therefore, we *deny* Petitioner's Request for Rehearing.

V. ORDER

For the reasons given, it is:

ORDERED that the Petitioner's Request for Rehearing is *denied*.

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