

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

TERREMARK NORTH AMERICA LLC, VERIZON BUSINESS
NETWORK SERVICES INC., and VERIZON SERVICES CORP.,
Petitioner,

v.

JOAO CONTROL & MONITORING SYSTEMS, LLC,
Patent Owner.

Case IPR2015-01466
Patent 6,542,077 B1

Before HOWARD B. BLANKENSHIP, STACEY G. WHITE, and
JASON J. CHUNG, *Administrative Patent Judges*.

WHITE, *Administrative Patent Judge*.

DECISION
Institution of *Inter Partes* Review
37 C.F.R. § 42.108

I. INTRODUCTION

A. Background

Terremark North America LLC (“Terremark”); Verizon Business Network Services, Inc.,¹ and Verizon Services Corp.(collectively “Petitioner”) filed a Petition (Paper 2, “Pet.”) seeking to institute an *inter partes* review of claims 22, 27, 29, 31, 32, 39, and 40 of U.S. Patent No. 6,542,077 B1 (Ex. 1001, “the ’077 patent”) pursuant to 35 U.S.C. §§ 311–319. Joao Control & Monitoring Systems, LLC, (“Patent Owner”) filed a Preliminary Response. (Paper 9, “Prelim. Resp.”). We have jurisdiction under 35 U.S.C. § 314, which provides that an *inter partes* review may not be instituted “unless . . . there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.”

Petitioner contends the challenged claims are unpatentable under 35 U.S.C. §§ 102 and 103 on the following specific grounds (Pet. 19–37):

¹. Petitioner identifies “Verizon Communications Inc., Verizon Corporate Resources Group LLC and Verizon Data Services LLC as a real party-in-interest for the IPR requested by this Petition solely to the extent that Patent Owner contends that these separate legal entities should be named a real party-in-interest in the requested IPR.” Pet. 2. It is, however, Petitioner’s obligation to identify all real parties-in-interest. 35 U.S.C. § 312(a). As such, we take Petitioner’s statement as an admission that these entities are real parties-in-interest. Petitioner notes that Verizon Communications Inc. has more than 500 affiliated entities and states that “each of these entities agrees to be estopped under the provisions of 35 U.S.C. §§ 315 and/or 325 as a result of any final written decision in the requested IPR to the same extent that the Petitioners are estopped.” Pet. 2–3.

Reference(s)	Basis	Claim(s) Challenged
French ²	§ 102	22, 29, 31, 32, 39, and 40
French and Caglayan ³	§ 103	27

Our factual findings and conclusions at this stage of the proceeding are based on the evidentiary record developed thus far (prior to Patent Owner’s Response). This is not a final decision as to patentability of claims for which *inter partes* review is instituted. Our final decision will be based on the record as fully developed during trial. For reasons discussed below, we institute *inter partes* review of the ’077 patent as to claims 22, 27, 29, 31, 32, 39, and 40.

B. Related Proceedings

Petitioner informs us that the ’077 patent is at issue in ten lawsuits pending in courts around the country. Pet. 3–4.

C. Statutory Bar

Patent Owner asserts that the Petition must be denied as untimely. Prelim. Resp. 11–19. A statutory time bar regarding the institution of an *inter partes* review is set forth in 35 U.S.C. § 315(b), which provides as follows:

PATENT OWNER’S ACTION – An inter partes review may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner, real party in interest, or privy of the petitioner is served with a

² U.S. Patent No. 5,061,916, issued Oct. 29, 1991 (“French”) (Ex. 1005).

³ Alper Caglayan & Colin Harrison, *Agent Sourcebook: A Complete Guide to Desktop, Intranet, Agents*, John Wiley & Sons, Inc., (1997), (“Caglayan”) (Ex. 1006).

complaint alleging infringement of the patent. The time limitation set forth in the preceding sentence shall not apply to a request for joinder under subsection (c).

On June 23, 2014, two of the petitioning parties, Verizon Communications and Time Warner, were served with complaints alleging infringement of the '077 patent. Prelim. Resp. 12, Ex. 2001 ¶¶ 2, 4. By stipulation of the parties, Terremark, another of the petitioning parties, was substituted in place of Verizon Communications. Ex. 2001 ¶ 3, Ex. 2004. Thus, under the statute, Petitioner must have filed its Petition by June 23, 2015. The filing date accorded to the Petition is June 23, 2015. Notice of Filing Date Accorded (Paper 3).

Patent Owner alleges that this filing date is improper because Petitioner did not effect service until June 24, 2015. Prelim. Resp. 13. In support of this assertion, Patent Owner provides a printout of tracking information that shows acceptance of the package containing the service copy of the Petition by Federal Express on June 24, 2015. Ex. 2007. In addition, Patent Owner argues that that Petitioner's electronic transmission of the Petition and supporting documents did not constitute proper service. Prelim. Resp. 16–18. According to Patent Owner, Petitioner “sent an email to Patent Owner's litigation counsel at 11:55 pm on June 23, 2015” and this email contained links to an electronic file share site which had links to the Petition and supporting evidence. *Id.* at 16, Ex. 2009. Patent Owner argues that there is no evidence that the Petition and supporting evidence actually were available June 23, 2015. Prelim. Resp. 16–17. Patent Owner also asserts that its litigation counsel was not representing Patent Owner in any matters before the USPTO and that it had not consented to email service. *Id.*

Patent Owner cites 35 U.S.C. § 312(a) that states “[a] petition filed under section 311 may be considered only if— . . . (5) the petitioner provides copies of any of the documents required under paragraphs (2), (3), and (4) to the patent owner or, if applicable, the designated representative of the patent owner.” *See* Prelim. Resp. 15. The statute, however, does not require that the documents be served on the Patent Owner, nor does it specify when the Patent Owner must receive these documents. The statute, instead, requires that the Petitioner “provide[]” copies to the Patent Owner. Patent Owner was provided with, and did receive, copies of the documents in question. We, therefore, decline to deny this Petition for failure to meet the requirements of 35 U.S.C. § 312.

In addition, the facts of this case are similar to *Micron Tech., Inc. v. e.Digital Corp.*, Case IPR2015-00519 (PTAB Mar. 24, 2015) (Paper 14), in which the Board addressed a Motion to Deny a Petition a Filing Date based on Improper Service. The petitioner in *Micron* filed timely the petition, and paid timely the filing fee. In addition, in *Micron*, the petitioner served a copy of the petition and supporting documents on the patent owner’s litigation counsel via email before expiration of the statutory bar date. The petitioner in *Micron*, however, failed to effect service in a timely manner upon the patent owner at the correspondence address of record. The Board denied the patent owner’s motion because the patent owner, through its litigation counsel, received the petition prior to the one year statutory bar date. *Micron*, slip op. at 4–6.

Patent Owner also relies on 37 C.F.R. § 42.106, which states “[a] petition to institute *inter partes* review will not be accorded a filing date until the petition satisfies [the requirement of] . . . (2) [e]ffect[ing] service of

the petition on the correspondence address of record as provided in § 42.105(a).” We agree that mailing via FedEx the day after filing the Petition failed to comply with 37 C.F.R. § 42.105(a). In addition, the purported email service, on this record, also does not appear to have been proper. The error appears harmless, however, because Patent Owner received the Petition no later than the morning of June 25, 2015 when the FedEx package was delivered. In addition, Patent Owner does not assert that it was unable to access the documents submitted via email. Patent Owner timely responded to the Petition and thus, we see no prejudice to Patent Owner from Petitioner’s service miscues. In this instance, we, therefore, decline to change the filing date accorded. *See* 37 C.F.R. § 42.5(b). Petitioner, however, must follow the Rules on service, such as Rule 42.6(e), going forward. Thus, we decline to deny the Petition for failure to meet the requirements of 35 U.S.C. § 315(b).

D. The '077 Patent

The '077 patent discusses a control, monitoring, and/or security apparatus and method for vehicles or premises. Ex. 1001, 1:20–28. The apparatus described in the '077 patent allows an owner, occupant, or other authorized individual to control or to perform various monitoring and security tasks in regards to a premises from a remote location and at any time. *Id.* at 3:2–8.

An embodiment of the apparatus of the '077 patent includes a transmitter system which is “a remote system, which may or may not be physically connected to the remainder of the apparatus. Further, the transmitter system is not located in the [vehicle or premises] . . . , but rather, is located external from and/or separate and apart from, the vehicle.” *Id.* at

3:46–52. The apparatus also include a CPU that is connected electrically and/or linked to one or more vehicle equipment systems (e.g., vehicle ignition or anti-theft systems), which are located externally from the apparatus. *Id.* at 4:31–33; 4:57–5:10. The vehicle equipment systems may be activated, de-activated, reset, or controlled by the apparatus. *Id.* at 5:11–16. This activation or control may be achieved by a user entering a code on the transceiver of the transmitter system. *Id.* at 6:25–31. The code is transmitted to the CPU and then the CPU communicates with the appropriate vehicle equipment system. *Id.* at 7:12–17.

E. Illustrative Claim

As noted above, Petitioner challenges claims 22, 27, 29, 31, 32, 39, and 40 of the '077 patent, of which claims 22 is the only independent claim. Claim 22⁴ is illustrative of the challenged claims and is reproduced below:

22. A monitoring apparatus, comprising:
- a first processing device, wherein the first processing device at least one of monitors and detects an event regarding at least one of a premises and at least one of a premises system, a premises equipment system, a premises component, a premises device, a premises equipment, and a premises appliance, of the premises, wherein the first processing device is located at the premises, and further wherein the event is a detection of a state of disrepair of the at least one of a premises system, a premises equipment system, a premises component, a premises device, a premises equipment, and a premises appliance,

⁴ Claim 22 was modified by a Certificate of Correction issued July 1, 2003. Ex. 1001, 85.

wherein the first processing device at least one of generates a first signal and transmits a first signal to a second processing device, wherein the first signal contains information regarding the event, and further wherein the second processing device is located at a location which is remote from the premises, wherein the second processing device automatically receives the first signal from the first processing device, and further wherein the second processing device at least one of generates a second signal and transmits a second signal to a communication device associated with an individual,

wherein the communication device is located remote from the second processing device, and further wherein the communication device automatically receives the second signal from the second processing device, and further wherein the communication device generates a third signal, wherein the third signal provides information regarding the event.

II. ANALYSIS

A. Claim construction

Before proceeding with claim construction, we must determine the proper standard to apply. Patent Owner and Petitioner contend that the claims of the '077 patent should be given their broadest reasonable construction. Pet. 11, Prelim. Resp. 17–18. That standard, however, is applicable only to unexpired patents. *See* 37 C.F.R. § 42.100(b) (“A claim in an unexpired patent shall be given its broadest reasonable construction in light of the specification of the patent in which it appears.”). In this case, if a trial proceeds, the patent will expire during the trial. For expired patents, we apply the *Phillips* standard used in district court patent litigation. *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005) (en banc)).

The term of a patent grant begins on the date on which the patent issues and ends 20 years from the date on which the application for the patent was filed in the United States “or, if the application contains a specific reference to an earlier filed application or applications under section 120, 121, or 365(c) of this title, from the date on which the earliest such application was filed.” 35 U.S.C. § 154(a)(2) (2002). As stated on the face of the ’077 patent, the earliest patent application referenced for the benefit of priority under 35 U.S.C. § 120 was filed on March 27, 1996. Ex. 1001, at [63]; *see also id.* at 1:6–17 (earliest priority claim to application filed Mar. 27, 1996). The term of the ’077 patent, thus, will expire no later than March 27, 2016.

Because, on this record, we conclude that the term of the ’077 patent will expire prior to the one-year period allotted for an *inter partes* review, for purposes of this Decision we presume that the patent has expired. As noted *supra*, 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*, 415 F. 3d at 1312–17).

Petitioner asserts that “[t]he terms of the Challenged Claims have a well-understood meaning” and as such, Petitioner does not seek an explicit construction for any term. Pet. 12. Petitioner does present arguments

regarding the construction of several terms in an effort to preempt Patent Owner's potential arguments regarding these terms. *Id.* at 12–14.

1. Automatically Receives

The parties agree as to the construction of one term, “automatically receives.” The proposed construction is “to receive without human intervention.” Pet. 14 (citing Ex. 1001, 52:25–28, 56:49–51; Ex. 1009, 26; Ex. 1010, 45; Ex. 1011, 53), Prelim. Resp. 24. On the current record, we find this construction to be reasonable and consistent with the specification and the knowledge of one of ordinary skill in the art. We adopt this construction for the purposes of this Decision.

2. Terms Defined in Prosecution of Related Applications

Patent Owner also argues that the terms “premises,” “remote,” and “located at” are defined expressly in the prosecution history of at least two related applications. Prelim. Resp. 24–26. Petitioner does not provide explicit arguments regarding these terms. Patent Owner seeks to rely upon statements made in the Preliminary Remarks filed by Applicant on November 26, 2006, during prosecution of the patent application that issued as U.S. Patent No. 7,277,010 (“the ‘010 patent”) (Ex. 2010) and in the First Remarks filed on November 23, 2007, during prosecution of the patent application that issued as the U.S. Patent No. 7,397,363 (“the ‘363 patent”) (Ex. 2011). Prelim. Resp. 20. These statements were made several years after the issuance of the ’077 patent. *See* Ex. 1001, at [45] (April 1, 2003 issuance date). The ’077 patent and the ’010 and ’363 patents all descend from U.S. Patent Application Nos. 09/551,365, 08/622,749, 09/277,935, and 08/683,828. *See* Ex. 1001, at [63]; Prelim. Resp. 21.

As the Federal Circuit has noted, “[a] statement made during prosecution of related patents may be properly considered in construing a term common to those patents, regardless of whether the statement pre- or post-dates the issuance of the particular patent at issue.” *Teva Pharm. USA, Inc. v. Sandoz, Inc.*, 789 F.3d 1335, 1343 (Fed. Cir. 2015) (citing *Microsoft Corp. v. Multi-Tech Sys., Inc.*, 357 F.3d 1340, 1350 (Fed. Cir. 2004)). Explicit definitions for these terms were provided in the related applications. *See* Ex. 2010, 3–5; Ex. 2011, 8, 10. We have reviewed the definitions stated in those related applications and we find them to be reasonable and instructive to understanding the proper scope of these claims terms. Thus, we adopt the following constructions for the purposes of this Decision.

Term	Citations	Construction
Remote	Ex. 2010, 3 Ex. 2011, 10	“‘Remote’ means ‘separate and apart from, or external from, or at a distance from or distant from, or not located in.’”
Premises	Ex. 2010, 4 Ex. 2011, 8	“‘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. 2010, 5 Ex. 2011, 8	“‘Located at’ means ‘situated at, or situated in, or situated on.’”

3. Other Terms Proposed for Construction

Patent Owner also provides argument for the first, second, and third signal terms; however, we are not persuaded that express construction of these terms is necessary in order to resolve the disputes currently before us. *See* Prelim. Resp. 23–24. Thus, we discern no need to provide express constructions for these terms at this time. *Vivid Techs., Inc. v. Am. Sci. & Eng'g, Inc.*, 200 F.3d 795, 803 (Fed. Cir. 1999) (“[O]nly those terms need be construed that are in controversy, and only to the extent necessary to resolve the controversy.”).

B. Priority Date

Petitioner argues that the claims at issue are entitled to a priority date of no earlier than July 18, 1996, and for certain dependent claims such as claim 27, the proper priority date is no earlier than April 17, 2000. Pet. 15–18. The earliest application listed on the face of the '077 patent was filed on March 27, 1996. Ex. 1001 at [63]. French, however, issued October 29, 1991 and thus, qualifies as prior art under 35 U.S.C. § 102(b) under either date. *See* Ex. 1005, at [45]. The other asserted prior art reference, Caglayan, has a 1997 date. Ex. 1006, 2. Caglayan is only applied as a part of the obviousness ground for claim 27. Thus, we need to address whether Caglayan is prior art to claim 27 and we decline to address the priority date applicable to any other claims.

Petitioner asserts that claim 27 is not supported by the March 1999 application because it does not describe intelligent agents, software agents, or mobile agents. Pet. 18. Patent Owner has not spoken on this issue. We have reviewed the March 1999 application and, based on the record currently before us, we agree with Petitioner’s assertion that the March 1999

application does not support claim 27. *See* Ex. 1008. Thus, on this record, the 1997 Caglayan reference is 102(b) prior art to claim 27 of the '077 patent.

C. Asserted Anticipation over French (Ex. 1005)

We turn to Petitioner's asserted grounds of unpatentability to determine whether Petitioner has met the threshold of 35 U.S.C. § 314(a).

1. Overview of French (Ex. 1005)

French is a United States Patent titled "Event Driven Remote Graphical Reporting of Building Automation System Parameters" that issued October 29, 1991. Ex. 1005, at [45], [54]. French describes a "system and method for reporting alarms (or other conditions) to a remote location in a building automation system. *Id.* at Abstract. An embodiment of French's system is depicted in Figure 1, reproduced below.

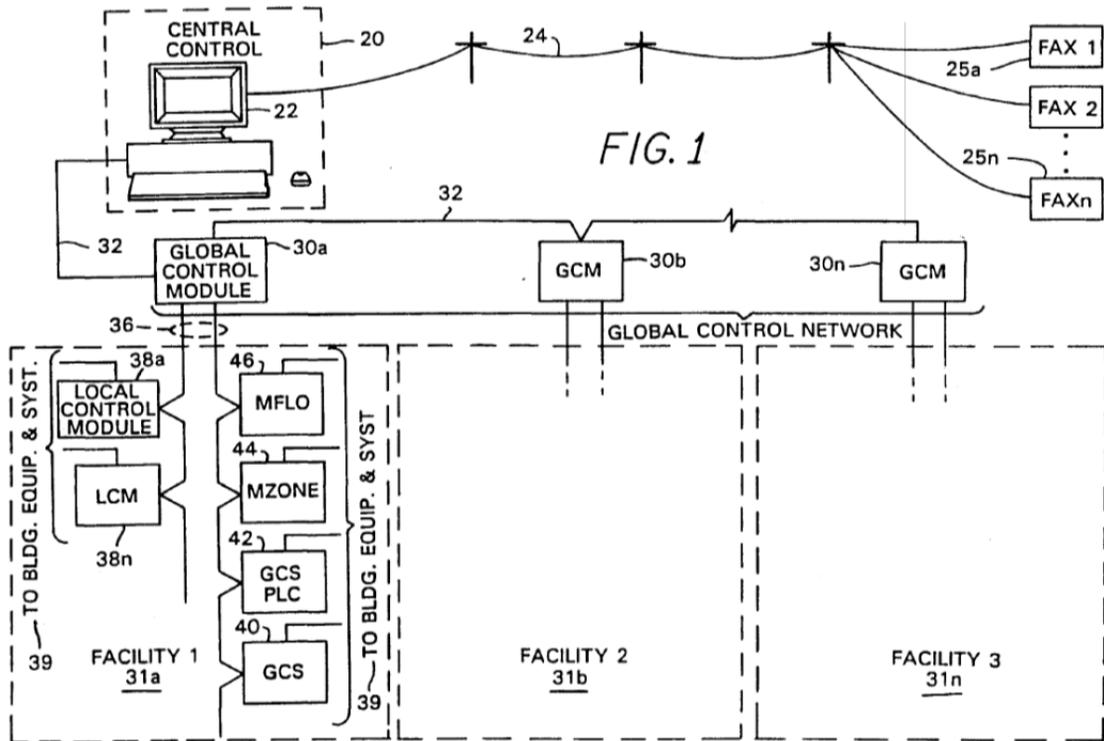


Figure 1 depicts a building automation system with remote graphical reporting capabilities. *Id.* at 3:64–66. French’s building automation system monitors mechanical and electrical equipment in a building or collection of buildings and reports status and alarms regarding the monitored equipment to a central location. *Id.* at 3:41–45. Alarms may be reported to central location (central control 20) from one or more report facilities. *Id.* at 3:45–47. Central control 20 is connected to a plurality of global control modules 30a–30n via network 32. *Id.* at 5:13–14, 18–25. The global control modules may be located at different sites in a building, or in different buildings and are customized to the requirements of the particular facility or site 31a–31n in which they are located. *Id.* at 5:25–27; 5:33–35. The global control modules are connected by network 36 to a plurality of local control modules 38a–38n which are connected to the building equipment. *Id.* at 5:45–48. Local control modules 38 are located in the building (or buildings) to be automated and may be included under a single roof or at widely distributed geographic points. *Id.* at 6:17–20. Graphical reports are sent via communication lines 24 to one or more facsimile receivers 25a–25n. *Id.* at 4:22–26.

An exemplary graphical report is depicted in Figure 4, which is reproduced below.

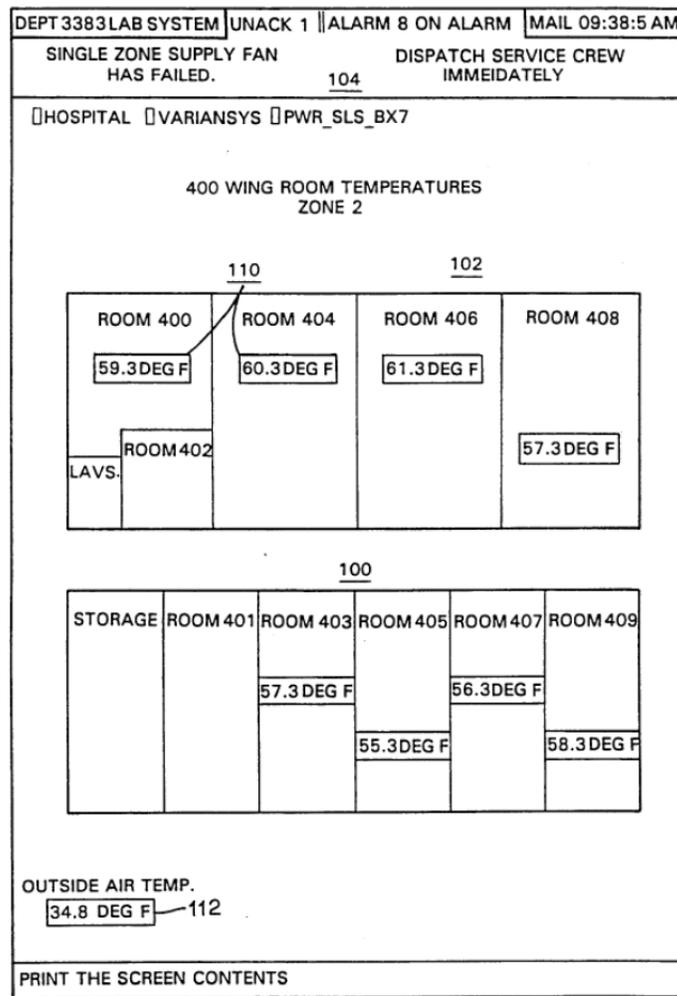


FIG. 4

Figure 4 depicts a typical graphical report that is transmitted from central station 20 to a facsimile device. *Id.* at 11:67–12:2. In this Figure, central portion 100 illustrates a floor plan and blocks 100 illustrate readings from specific rooms on that floor plan. *Id.* at 12:15–17.

2. Independent Claim 22

Petitioner asserts that claims 22, 29, 31, 32, 39, and 40 of the '077 Patent are unpatentable under 35 U.S.C. § 102 as anticipated by French. Pet. 19–33. Petitioner relies on claim charts showing how this reference allegedly discloses the claimed subject matter. *Id.* Petitioner further relies on a declaration from Richard Bennett. Ex. 1002.

According to Petitioner, French's description of its automation system anticipates claims 22, 29, 31, 32, 39, and 40. Pet. 19–33. Petitioner's arguments as to independent claim 22 may be summarized as follows: Petitioner asserts that French's local control module, central control module, and facsimile receiver respectively disclose the claimed first processing device, second processing device, and communications device. *Id.* at 23. French's local control modules 38 are described as “connected to building equipment” and “monitoring [] building equipment for reporting measured real time values.” *Id.* (citing Ex. 1005, 5:45–47, 5:53–56); *Id.* at 24 (citing Ex. 1005, 6:17–19). These passages are asserted to disclose the first processing device, which is located on the premises, detecting events regarding a premises system. *Id.* French's local control modules can send alarms regarding events such as a failed supply fan to central control system 20. *Id.* at 24 (citing Ex. 1005, 5:1–2; 8:27–9:9; 12:11–15, 5:13–22; 5:45–48, Fig. 1). Central control system 20 is argued to disclose the second processing device located remote from the premises because it is located centrally and connected to global control modules 30 via various transmission media. *Id.* at 25 (citing Ex. 5:12–25); Ex. 1002 ¶ 30. The various facsimile receivers 25 receive graphical messages from central control system 20 and each facsimile may be associated with a different receiving station, such as a service organization or security station. *Id.* at 26 (citing Ex. 1005, 4:18–32, 9:3–9).

Patent Owner argues French fails to disclose a first processing device that transmits a first signal to a second processing device that is remote from the premises. Prelim. Resp. 27. According to Patent Owner, the disputed limitation is not disclosed by French because local control modules do not

transmit a signal that is “automatically received” by the central control 20. *Id.* at 28. Patent Owner argues that local control modules send signals to the global control modules and these global control modules are co-located in the same facility with the underlying local control modules. *Id.* at 29. Thus, according to Patent Owner any signal transmitted by a local control module is not sent to a remote central control, but instead it is sent to a global control module in the same premises as the local control module. *Id.* 29–30.

We are not persuaded by Patent Owner’s arguments for several reasons. First, Patent Owner has not pointed us to a disclosure in the ’077 patent that would persuade us that there may not be an intermediate station between the first and second control devices. The claims only require that the second control device “automatically receives” the signal from the first control device. Put another way, French discloses that the second processing device (central control system 20) automatically receives the first signal from the first processing device (local control modules 38a-n) via global control module 30a and on this record, we are not persuaded that the inclusion of an intermediate station (global control module 30a) places this disclosure outside of the scope of the challenged claims. *See* Pet. 23–26.

As discussed in Section II.A.1, the term “automatically receives” is construed to mean “to receive without human intervention.” Patent Owner has not directed us to any disclosures in French that would persuade us that there is any human intervention involved with the receipt of the signal from the local control device at the central control. Petitioner’s declarant explains that the transmission media described in French as used in sending signals between the local control modules and the central control “all send signals in a manner that allows for the signals to be automatically received without

human input or action.” Ex. 1002 ¶ 28 (citing Ex. 1005, 4:43–44, 5:12–25).
Petitioner also persuasively argues that the central control is remote from the premises. Petitioner’s declarant asserts that

Because French discloses that central control module 20 services a number of buildings (note Facility 1 (31a), Facility 2 (31b), and Facility 3 (31c), as shown in Figure 1), a POSITA would have understood that it would have been beneficial for the “central location” to be remote from a specific premises, at a convenient location for the monitoring of numerous premises. The central control module 20 is located remote from the individual building facilities.

Ex. 1002 ¶ 30. We find Petitioner’s declarant’s analysis to be reasonable. Thus, on this record, we are persuaded that French discloses the disputed limitation.

Accordingly, we are persuaded, based on the current record, that Petitioner has established a reasonable likelihood it would prevail in showing that claim 22 is unpatentable under 35 U.S.C. § 102 over French.

3. Dependent Claims 29, 31, 32, 39, and 40

Claims 29, 31, 32, 39, and 40 depend from claim 22. We have reviewed Petitioner’s assertions regarding these claims and we are persuaded that these claims also are anticipated by French. *See* Pet. 28–33. For example, claim 29 depends from claim 22 and further recites that the apparatus of claim 22 “provides information regarding at least at least one of apparatus status, premises operation status, and status of the at least one of a premises system, a premises equipment system, a premises component, a premises device, a premises equipment, and a premises appliance.” Petitioner relies upon French’s discussion of reporting status of monitored equipment to disclose this limitation. Pet. 28 (citing Ex. 1005, 4:43–44).

We are persuaded by Petitioner's argument and Patent Owner, at this time, has raised no additional arguments as to this or any other dependent claim. Therefore, we are persuaded, based on the current record, that Petitioner has established a reasonable likelihood it would prevail in showing that dependent claims 29, 31, 32, 39, and 40 are unpatentable under 35 U.S.C. § 102 over French.

D. Asserted Obviousness of Claim 27 over French and Caglayan

Petitioner asserts that claim 27 would have been obvious over French and Caglayan. Pet. 33–36. Claim 27 depends from claim 22. At this point in the proceeding, Patent Owner has not spoken regarding the merits of Petitioner's arguments based on Caglayan. Patent Owner, instead, stands on its arguments regarding independent claim 22, which we did not find persuasive for reasons described above. *See* Prelim. Resp. 31.

Claim 27 further recites “[t]he apparatus [of claim 22] utilizes at least one of an intelligent agent, a software agent, and a mobile agent.” Petitioner asserts that French taken in combination with Caglayan would have rendered obvious the use of an intelligent agent, software agent, or mobile agent. Pet. 33 (citing Ex. 1005, Abstract, 1:25–62, 8:40–54; 11:11–13; Ex. 1006, 4–5, 13, 66–74).

Caglayan is a book entitled *Agent Sourcebook, A Complete Guide to Desktop, Internet, and Intranet Agents*. Ex. 1006, 1. Caglayan describes how intelligent agents may be used to manage tasks such as notifying users of events of significance. *Id.* at 66. Petitioner argues that it would have been obvious to use Caglayan's intelligent agents in French's automation system to further automate the remote monitoring system and more efficiently monitor the data received from the building equipment and

systems remotely. Pet. 35–36 (citing Ex. 1002 ¶¶ 41–44). We find this rationale to be reasonable. *See KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 418 (2007) (quoting *In re Kahn*, 441 F.3d 977, 988 (Fed. Cir. 2006)). On this record, we find Petitioner’s arguments regarding claim 27 to be sufficient to meet the threshold requirements of 35 U.S.C. § 314(a).

In view of the arguments made in the Petition and Petitioner’s supporting evidence, we determine Petitioner has demonstrated a reasonable likelihood it would prevail in showing that claim 27 would have been obvious under 35 U.S.C. § 103 over the combined teachings of French and Caglayan.

III. CONCLUSION

For the foregoing reasons, we determine Petitioner has demonstrated there is a reasonable likelihood it would prevail in establishing the unpatentability of claims 22, 27, 29, 31, 32, 39, and 40 of the ’077 patent. At this stage of the proceeding, the Board has not made a final determination as to the patentability of any challenged claim or any underlying factual and legal issues.

IV. ORDER

For the reasons given, it is

ORDERED that, pursuant to 35 U.S.C. § 314(a), an *inter partes* review is hereby instituted as to claims 22, 27, 29, 31, 32, 39, and 40 of the ’077 patent on the following grounds:

1. Claims 22, 29, 31, 32, 39, and 40 are anticipated by French under 35 U.S.C. § 102; and
2. Claim 27 would have been obvious under 35 U.S.C. § 103 over the combined teachings of French and Caglayan;

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FURTHER ORDERED that pursuant to 35 U.S.C. § 314(c) and 37 C.F.R. § 42.4, *inter partes* review of the '077 patent shall commence on the entry date of this Order, and notice is hereby given of the institution of a trial; and

FURTHER ORDERED that no ground other than that specifically provided above is authorized.

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