

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

HONEYWELL INTERNATIONAL INC.,
Petitioner,

v.

ALLURE ENERGY, INC.,
Patent Owner,

Case IPR2015-01253
Patent 8,457,797

Before BART A. GERSTENBLITH, CHRISTOPHER L. CRUMBLEY, and KEVIN
W. CHERRY, *Administrative Patent Judges*.

PATENT OWNER'S NOTICE OF APPEAL

Notice is hereby given, pursuant to 37 C.F.R. § 90.2(a), that Allure Energy, Inc. (“Patent Owner”) in the above named Inter Partes Review proceeding hereby appeals to the United States Court of Appeals for the Federal Circuit from the Final Written Decision entered on December 6, 2016 (Paper 25) (“Final Written Decision”), and from all underlying orders, decisions, rulings and opinions that are adverse to Patent Owner.

In accordance with 37 C.F.R. § 90.2(a)(3)(ii), Patent Owner further indicates that the issues on appeal include, but are not limited to, the following:

- (1) whether the Board erred in determining that claims 1-17 are unpatentable under 35 U.S.C. § 103(a) over the combination of Richton (US 6,400,956) and Rosenblatt (US 2010/0081375); and
- (2) any findings or determinations supporting or relating to the foregoing issues, such as claim construction, the motivation to combine Richton and Rosenblatt, as well as all other issues decided adversely to Patent Owner in any order, decision, ruling, or opinion underlying the Final Written Decision.

A copy of this Notice of Appeal is being filed with the Patent Trial and Appeal Board and the Clerk's Office for the United States Court of Appeals for the Federal Circuit.

Respectfully submitted,

Dated: February 3, 2017

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CERTIFICATE OF SERVICE

I hereby certify that on February 3, 2017, I electronically filed the foregoing document with the United States Patent and Trademark Office and the United States Court of Appeals for the Federal Circuit using the ECF system and served Petitioner via: electronic email service to bruce.rose@alston.com, ben.pleune@alston.com and christopher.douglas@alston.com.

I further hereby certify that a true and correct copy of the foregoing Patent Owner's Notice of Appeal was mailed via Federal Express on this 3rd day of February, 2017, with the Director of the United States Patent and Trademark Office, at the following address:

Director of the United States Patent and Trademark Office
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/s/ Leslie Wolfolk
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HONEYWELL INTERNATIONAL INC.,
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Case IPR2015-01253
Patent 8,457,797 B2

Before BART A. GERSTENBLITH, CHRISTOPHER L. CRUMBLEY, and
KEVIN W. CHERRY, *Administrative Patent Judges*.

CHERRY, *Administrative Patent Judge*.

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

Honeywell International Inc. (“Petitioner”) filed a Petition requesting *inter partes* review of claims 1–17 of U.S. Patent No. 8,457,797 B2 (Ex. 1001, “the ’797 patent”). Paper 6 (“Petition” or “Pet.”). Pursuant to 35 U.S.C. § 314(a), we determined the Petition showed a reasonable likelihood that Petitioner would prevail in establishing the unpatentability of

claims 1–17, and instituted an *inter partes* review of these claims on one of the asserted grounds of unpatentability. Paper 8 (“Inst. Dec.”). Patent Owner Allure Energy, Inc. (“Patent Owner”) filed a Patent Owner Response. Paper 14 (“PO Resp.”). Petitioner filed a Reply to Patent Owner’s Response. Paper 19 (“Reply”). An oral hearing was held on September 8, 2016, pursuant to a request by Petitioner. Paper 24 (“Tr.”); *see* Papers 20–21.

We issue this Final Written Decision pursuant to 35 U.S.C. § 318(a) and 37 C.F.R. § 42.73. For the reasons that follow, we determine Petitioner has proven by a preponderance of the evidence that claims 1–17 of the ’797 patent are unpatentable. *See* 35 U.S.C. § 316(e).

I. BACKGROUND

A. RELATED PROCEEDINGS

The parties indicate that Patent Owner asserted the ’797 patent against Petitioner in the United States District Court for the Western District of Texas in the following lawsuit: *Allure Energy, Inc. v. Honeywell International Inc.*, No. 1:15-cv-00079-RP (W.D. Tex.). Pet. 1; Paper 5, 1.

B. THE ’797 PATENT

The ’797 patent relates to systems and methods for home energy management. Ex. 1001, 1:29–31, Figs. 2, 7. Figure 2 is reproduced below.

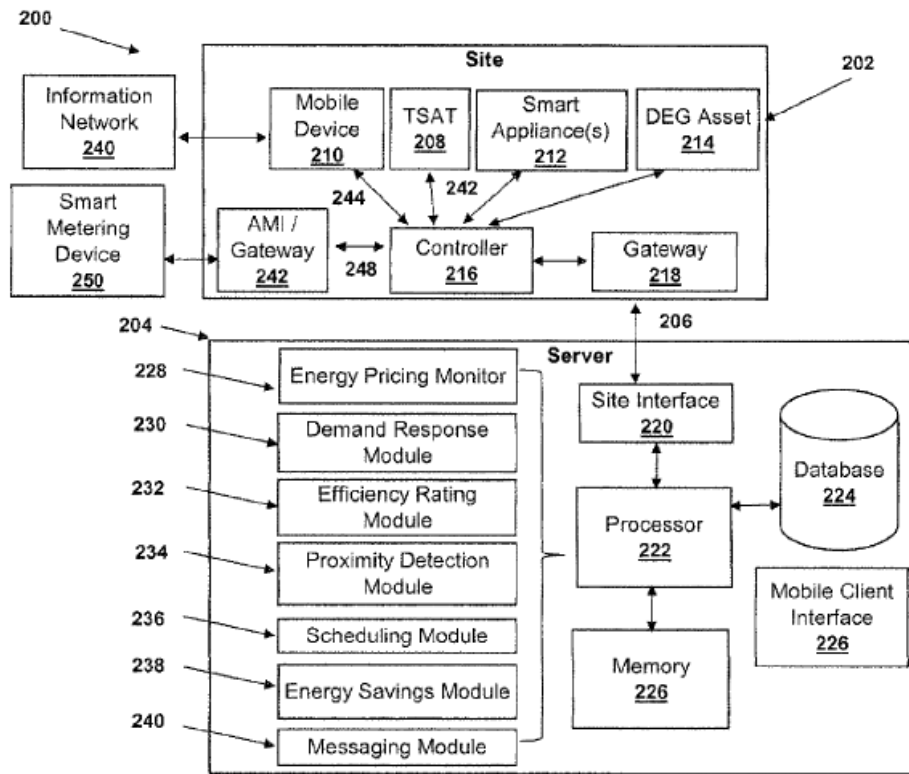


FIG. 2

Figure 2 illustrates an energy management system. Ex. 1001, 6:46–62. System 200 is configured to be used at site 202. *Id.* at 6:47–48. Site 202 can include a residential site, an industrial site, a manufacturing site, a commercial site, or any combination thereof. *Id.* at 6:48–50. Proximity detection module 234 can include rules based logic to determine if an operating condition at site 202 should be altered. *Id.* at 9:5–8. For example, if a user is greater than two miles away from site 202, and is moving away from site 202, server 204 can generate a control action to be communicated to site 202. *Id.* at 9:8–11. A control action can include adjusting a thermostat a specific number of degrees based on the distance and direction a user may be from site 202. *Id.* at 9:11–14.

C. ILLUSTRATIVE CLAIM

Claim 1, a system claim, and claim 12, a method claim, are the only independent claims of the '797 patent. Claims 2–11 depend, either directly or indirectly, from claim 1. Claims 13–17 depend, either directly or indirectly, from claim 12. Claim 1 is illustrative of the subject matter in this proceeding, and is reproduced below.

1. A system comprising:
 - a first network device disposed at a first site, wherein the network device is capable of being altered;
 - a first location reporting device associated with the first site;
 - a second network device disposed at a second site, wherein the network device is capable of being altered;
 - a second location reporting device associated with the second site; and
 - a proximity detection module configured to:
 - detect a first relative location between the first location reporting device and the first site;
 - detect a second relative location between the second location reporting device and the second site;
 - alter a first operating condition of the first network device disposed at the first site in response to the first relative location of the first location reporting device; and
 - alter a second operating condition of the second network device disposed at the second site in response to the second relative location of the second location reporting device.

Id. at 62:42–63.

D. INSTITUTED GROUND OF UNPATENTABILITY

We instituted an *inter partes* review of the '797 patent on the following ground of unpatentability asserted in the Petition:

Whether claims 1–17 are unpatentable under 35 U.S.C. § 103(a)¹ as having been obvious over Richton² and Rosenblatt.³

Inst. Dec. 21.

II. ANALYSIS

A. CLAIM CONSTRUCTION

We first address the meaning of the claims. We interpret claims in an unexpired patent using the “broadest reasonable construction in light of the specification of the patent in which [they] appear[.]” 37 C.F.R. § 42.100(b). Under this standard, we presume a claim term carries its “ordinary and customary meaning,” which “is the meaning that the term would have to a person of ordinary skill in the art in question” at the time of the invention. *In re Translogic Tech., Inc.*, 504 F.3d 1249, 1257 (Fed. Cir. 2007). The presumption may be overcome by providing a definition of the term in the specification with reasonable clarity, deliberateness, and precision. *See In re Paulsen*, 30 F.3d 1475, 1480 (Fed. Cir. 1994). In the absence of such a definition, limitations are not to be read from the specification into the claims. *See In re Van Geuns*, 988 F.2d 1181, 1184 (Fed. Cir. 1993).

¹ The Leahy-Smith America Invents Act (“AIA”), Pub. L. No. 112–29 (2011), revised 35 U.S.C. §§ 102–103, effective March 16, 2013. Because the '797 patent has an effective filing date before March 16, 2013, we refer to the pre-AIA versions of §§ 102 and 103.

² US 6,400,956 B1 (iss. June 4, 2002), to Richton (Ex. 1003).

³ US 2010/0081375 A1 (pub. Apr. 1, 2010), to Rosenblatt et al. (Ex. 1004).

1. “proximity detection module”

We construed the term “proximity detection module,” as recited in claims 1 and 12, in our Decision on Institution as “a module (software or firmware) that determines the presence of a user or device, or the proximity of a user or device, based on data received and can perform this determination on more than one user and more than one site.” Inst. Dec. 9. Patent Owner agrees to this construction. PO Resp. 10–11. Petitioner agrees as well. Reply 5. Patent Owner further asserts that “the claim language of the ’797 patent mandates that the proximity detection module determine the presence of multiple users at multiple sites, regardless of whether the sites are related or unrelated to one another.” PO Resp. 10. Petitioner argues that Patent Owner is seeking to modify the adopted construction to the one that we declined to adopt in our Decision on Institution—namely, that each site must have multiple users. *See* Reply 4–5.

As we explained in our Decision on Institution, we did not agree with Patent Owner’s contention that the claims require multiple users associated with each site. Inst. Dec. 7. Instead, we concluded, based on the claim language, the specification of the ’797 patent, and prosecution history (Inst. Dec. 7–9), that although the claims were not limited to a single user and a single site, there was no requirement that each site must have multiple users (*id.* at 9). Patent Owner makes no argument in its Patent Owner Response that this understanding is incorrect. We do not understand Patent Owner’s statement about “multiple users at multiple sites” as seeking to change our interpretation and reasoning for this claim term from the Decision on Institution. *See* Inst. Dec. 6–9. Accordingly, we see no reason to modify, nor does either party ask us to modify, our construction of “proximity

detection module” as “a module (software or firmware) that determines the presence of a user or device, or the proximity of a user or device, based on data received and can perform this determination on more than one user and more than one site.”

2. “*first/second zones*”

In our Decision on Institution, we did not construe or address the scope of “first zones” and “second zones” as recited in dependent claims 2–8, 13, and 14. After institution, Patent Owner raised arguments regarding the scope of these terms in the Patent Owner Response, and Petitioner responded in the Reply. *See* PO Resp. 11–23; Reply 6–10.

Patent Owner contends that the recited “zones” must be bounded areas and that “zones” must have a separate outer boundary. PO Resp. 11–12. Accordingly, Patent Owner submits that the broadest reasonable construction for the “first zones” and “second zones” is “a defined geographic area that is bounded on an outside by a preset distance.” *Id.* at 14. Petitioner argues that Patent Owner is attempting to limit the term “zone” improperly and that the proper construction should be “a defined geographical area.” Reply 3–10.

We agree with Petitioner that Patent Owner is improperly attempting to limit the term “zone” and that the proper construction is “a defined geographical area.” Beginning with the language of the claims, Patent Owner argues that the claim language implicitly limits zones to only fully bounded areas and “excludes [] infinite, un-bounded area[s].” PO Resp. 13–14. Patent Owner points to the use of the word “whether” and “within” in claims 3 and 14, in the phrase “determine *whether* the [first/second] relative location is disposed *within* the [first/second] zones,” and contends that these

terms contemplate that there must be circumstances where the first/second relative locations are not within the zones. *Id.* at 13. Patent Owner argues that, otherwise, the word “whether” would be meaningless, which is disfavored. *Id.* at 13–14.

We do not agree that the claim language unambiguously requires that there *must* be outer boundaries. The term “zone” generally refers to an area. We turn to the specification to see how the ’797 patent describes a zone. *See Trs. of Columbia Univ. in the City of N.Y. v. Symantec Corp.*, 811 F.3d 1359, 1363 (Fed. Cir. 2016) (“[T]he specification is *always* highly relevant to the claim construction analysis’ and is, in fact, ‘the single best guide to the meaning of a disputed term.’”). As Petitioner points out, the specification refers to zones that do not have an outer boundary. *See* Ex. 1001, 12:41–44 (“detect mobile device 210 within a first zone (e.g., less than one (1) mile from the site, less than three (3) miles from site, greater than five (5) miles from site, etc.).”). Indeed, contrary to Patent Owner’s argument that in order to be “within” the zones there must be an outer boundary, the specification describes an embodiment where the user is “within” a zone that is “greater than five (5) miles from [the] site.” *Id.* at 12:42–44. In this instance, there is an inner boundary for the zone (five miles), but not an outer boundary.

In further support of its argument, Patent Owner directs us to Figure 6 of the ’797 patent. PO Resp. 11–12. We do not agree with Patent Owner that Figure 6 evinces any intention to limit zones to only fully bounded areas. To begin with, Figure 6 is a schematic block diagram of the system (*see* Ex. 1001, 34:13–14), and we fail to see how such a schematic representation can be intended to indicate that “zones” are limited to fully bounded areas. Indeed, the “zones” illustrated on the schematic are just two

straight lines spaced a distance apart, and do not appear to be fully bounded areas as Patent Owner contends. *See id.* at Fig. 6. In addition, the specification makes clear that the zones shown in Figure 6 are not constrained to certain hard and fast rules as Patent Owner contends, but rather that “[a]lthough illustrated as being sequential, zones 638, 642 can be modified independently, together, or any combination thereof.” *Id.* at 36:22–24. Thus, in light of the specification’s explicit example of a zone “greater than five (5) miles from [the] site” and the lack of any explicit narrowing of that example, the specification supports our construction of “zone.”

Patent Owner directs our attention to two other items. First, Patent Owner points to Figure 1 of U.S. Provisional Application Serial No. 61/255,678 (Ex. 2001, “the provisional application”) to which the ’797 patent claims priority. PO Resp. 11–12 (citing Ex. 2001, 6 (Fig. 1)). Patent Owner contends that this figure confirms that each of the zones requires a separate outer boundary. Figure 1, however, illustrates just the opposite—that zones are *not* required to have an outer boundary. Patent Owner focuses on Zones 0, 1, and 2, which are fully bounded (as concentric circles), but Patent Owner fails to acknowledge Zone 3, which illustrates a zone without an outer boundary, described as “more than 10 miles from home.”⁴ Ex. 2001, 6. Thus, the provisional application supports our construction of “zone.”

⁴ At the hearing, Patent Owner referred to the testimony of its declarant, Mr. McAlexander, that a person of ordinary skill would understand that Zone 3 is not a “zone.” Tr. 71:13–73:7. This was not raised in its briefs, but to the extent that Patent Owner relies on it, we find the testimony unpersuasive and entitled to no weight because it is inconsistent with the

Second, Patent Owner asserts that the “ordinary dictionary meaning of the term ‘bound’” is “to set limits or bounds to: CONFINE.” PO Resp. 12 (quoting Ex. 2005). Patent Owner’s argument does not persuade us that this justifies limiting zones to fully-bounded areas. To begin, the claims do not recite the term “bound.” Regardless, the “ordinary dictionary meaning” to which Patent Owner points, is consistent with the use of the term “zone” in which a limit is set, whether that limit be an inner boundary (i.e., greater than five miles), outer boundary (i.e., less than one mile), or both (*see, e.g.*, Zone 2 from the provisional application referring to “5–10 miles from home”).

In response to Patent Owner’s argument that there must be a circumstance where a first and second relative location are not within the zones (PO Resp. 13), this argument depends upon how the zones are defined, and not on the meaning of the terms as they appear in the claims. Were the zones defined such that the outermost zone had an outer limit, or that there were gaps in the zones, there would be a circumstance where a first and second relative location are not within any zone. If, however, the zones are defined as Patent Owner chose to describe them in the specification and the provision application, where the outermost zone is without an outer boundary and the zones cover every possible location, then a first and second relative location may always be in the zones.

plain language of the provisional (which calls Zone 3 a “zone”). *See Vitronics Corp. v. Conceptor, Inc.*, 90 F.3d 1576, 1584–85 (Fed. Cir. 1996) (“[E]ven if the judge permissibly decided to hear all the possible evidence before construing the claim, the expert testimony, which was inconsistent with the specification and file history, should have been accorded no weight.”).

Accordingly, the claim language “whether” and “within” do not dictate, in the manner proffered by Patent Owner, the meaning of “zone” as used in the claims.

Also, Patent Owner’s construction requires that the outer boundary be “a preset distance.” PO Resp. 14. Patent Owner provides no evidence or argument to support reading this additional limitation into the claims, and we see no reason to do so. Thus, we decline to adopt it.

Based on our review of the specification and the provisional application, we conclude that Patent Owner’s contention that the broadest reasonable interpretation of zones requires an outer boundary is not correct. Instead, we agree with Petitioner that the broadest reasonable interpretation of the “first/second zones” recited in claims 2, 3 13, and 14 is “a defined geographic area.”

B. OBVIOUSNESS OF CLAIMS 1–17 OVER RICHTON AND ROSENBLATT

We turn to the instituted ground, which alleges that claims 1–17 of the ’797 patent are unpatentable as obvious over Richton and Rosenblatt. Pet. 13–37; Inst. Dec. 9–18. We have reviewed the Petition, the Patent Owner Response, and Petitioner’s Reply, as well as the relevant evidence cited by each party. We are persuaded, by a preponderance of the evidence, that claims 1–17 would have been obvious over Richton and Rosenblatt.

1. *Richton (Ex. 1003)*

Richton, titled “Method and Apparatus for a Wireless Telecommunication System that Provides Location-Based Action Services” (Ex. 1003, at [54]), discloses a wireless communication system that uses location or position information to initiate actions on behalf of travelers (*id.* at 2:3–5). As position information of a traveler is received, it is compared to

position information of a remote location, such as a home. *Id.* at 2:5–7. As the traveler approaches his or her home, a signal is sent to the controller within his or her home to perform an action or instruct an action. *Id.* at 2:7–10. These actions can include varying the temperature of the home. *Id.* at 2:10–11.

The main components of the location-action server of Richton are illustrated in Figure 3, which is reproduced below:

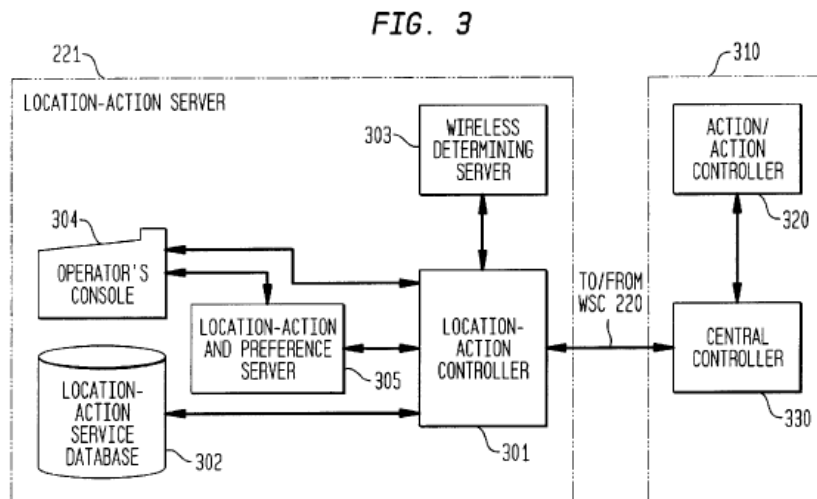


Figure 3 is a block diagram of the salient components of location-action server 221. *Id.* at 3:3–4. Location-action server 221 includes location-action controller 301 that is connected to location-action service database 302, location-determining server 303, input device 304, and location-action and preferences server 305. *Id.* at 3:4–9. Location-action and preferences server 305 maintains a profile for each supported user and understands the actions that can be taken on behalf of users. *Id.* at 3:9–14. Location-action and preferences server 305 translates actions from location-action service database 302 into simple commands that can be transmitted to the item/appliance that will perform the action. *Id.* at 3:14–16. Action/action controller 320 can be a controller of a thermostat. *Id.* at 4:6–9.

Location-determining server 303 determines the location of a wireless mobile unit, using techniques such as GPS, when requested to do so by location-action controller 301, and provides the location of a wireless mobile unit when requested to do so by location-action controller 301. *Id.* at 4:25–35. The user can specify the action to be taken (e.g., adjusting environmental conditions such as temperature), the location where the action should be taken (e.g., home), and the criteria or geographic relationship (typically the distance within which to invoke the action, such as five miles from home). *Id.* at 6:59–64.

The system is not limited to a single wireless mobile device or a single target location. Richton explains that “[f]or example, if a family has two wireless phones . . . then they may designate that the actions take place when either of the two wireless phones meet the set geographic relationship.” *Id.* at 8:49–52. And that “one set of actions can be triggered by either wireless phone meeting a first geographic relationship with a home of the users . . . and a second set of actions can be stored in association with only one of the wireless phones, for office related actions.” *Id.* at 8:54–59.

2. *Rosenblatt (Ex. 1004)*

Rosenblatt, titled “System and Method for Simplified Control of Electronic Devices” (Ex. 1004, at [54]), describes systems, methods, and devices for simplified control over electronic devices (*id.* at Abstract). Among other things, Rosenblatt discloses using a handheld device, such as a mobile phone, for controlling various home utility devices, including a networkable thermostat. *Id.* ¶ 314.

Rosenblatt's Figure 70 is reproduced below.

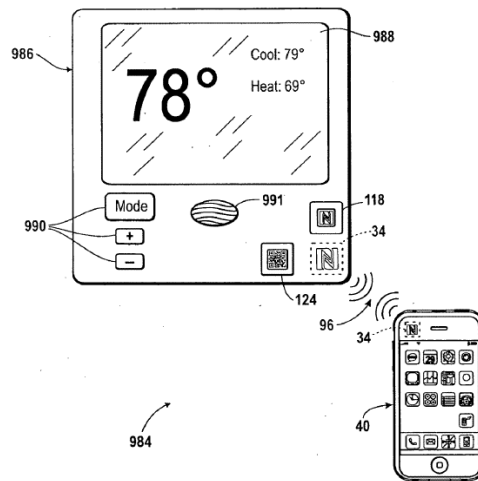


FIG. 70

Figure 70 illustrates using handheld device 40 to control various home utility devices. *Id.* Rosenblatt describes that thermostat 986 may include a near field communication interface, RFID tag, or matrix barcode tag that may be used to initiate communication between the handheld device and the thermostat. *Id.* ¶ 315. The handheld device may communicate with the thermostat or other controllable device using internet protocol (IP) for identifications and services, programs, or communication capabilities via a LAN, PAN, internet, web service, or XML message. *Id.* ¶¶ 139–141, 220–225.

3. Analysis

Petitioner identifies where every limitation of claims 1–17 is disclosed in the combination of Richton and Rosenblatt. Pet. 13–37. With respect to the motivation to combine, Petitioner also provides articulated reasons with rational underpinning that explain why one of ordinary skill in the art would have combined the automated control system of Richton, which can manage multiple sites with different mobile devices associated with each site, with

Rosenblatt's automated control system where various techniques can be used to associate a particular mobile device with a particular thermostat. Pet. 16–17; Ex. 1002 ¶¶ 76–80. Namely, Petitioner states that Richton and Rosenblatt both are directed to systems that rely on location information to automatically alter or otherwise manipulate settings on a network device such as a thermostat. Pet. 16. Petitioner further submits that three of Richton's features would provide an explicit teaching, suggestion, or motivation to combine Richton and Rosenblatt. *Id.* First, Richton's description of "smart" appliances would have prompted a person of ordinary skill to combine Richton's teachings of appliances that are internet enabled and addressable via wireless communications with Rosenblatt's teachings of wireless thermostats and related communication channels. *Id.* (quoting Ex. 1002 ¶ 78). Second, Richton's disclosure of smart appliances and the ability to detect such a device upon setup would have motivated a person of ordinary skill to look to Rosenblatt and its mechanisms for identifying "available" devices. *Id.* at 17. Third, Richton's description of mechanisms by which a user can initialize and terminate proximity settings would have motivated a person of ordinary skill to incorporate Rosenblatt's select box (*see* Ex. 1004, Fig. 71B). *Id.*

Patent Owner raises no arguments regarding the patentability of claims 1, 2, 9, 12, 13, and 16. Reply 1. We have reviewed Petitioner's citations and reasoning regarding those claims, we adopt Petitioner's proposed findings as our own, and we further determine that Petitioner has shown by a preponderance of the evidence that claims 1, 2, 9, 12, 13, and 16

would have been obvious over Richton and Rosenblatt.⁵ *See* Pet. 13–21, 29–36; Ex. 1002 ¶¶ 32–41, 81–114, 170–173, 190–213, 236–246.

*a. Claims 3–8 and 14*⁶

Petitioner argues that the combination of Richton and Rosenblatt teaches or suggests all the limitations of claims 3–8 and 14. Pet. 21–30, 35; Reply 10–17; Ex. 1002 ¶¶ 115–69, 214–25. We have reviewed Petitioner’s evidence and citations, and we agree that the combination of Richton and Rosenblatt would have rendered claims 3–8 and 14 obvious. In particular, based on our review of Petitioner’s citations and evidence, we find that Petitioner has shown by a preponderance of the evidence that Richton and Rosenblatt account for the limitations not disputed by Patent Owner. We address the disputed limitations in greater detail below.

i. Arguments Addressed to Claims 3–8 and 14

Each of these claims recites the limitation of “first/second zones.” We find that Petitioner has shown adequately that Richton discloses “defined geographical areas,” as we have construed the term “zone.” *See* Pet. 21; Reply 10–13; Ex. 1003, 6:36–58⁷; Ex. 1002 ¶¶ 116–119. Richton’s

⁵ As we stated in our Scheduling Order (Paper 9), any arguments regarding the patentability of the claims not raised in the Patent Owner Response would be deemed waived. Patent Owner has not raised any argument regarding the patentability of claims 1, 2, 9, 12, 13, and 16, and, therefore, has waived any argument directed thereto.

⁶ Claims 3–8 and 14 all involve, at least in part, similar issues involving the claim term “zones.” We have grouped these claims so that we can address these common issues together.

⁷ “For example, as a proximity threshold the user sets 5 miles such that when the wireless mobile unit 201 is within 5 miles of the designated target location (e.g., his home), then the determined geographic relationship with the designated target will be satisfied . . . [i]t should be noted that services

teachings are sufficient to define at least two geographic areas, one within the perimeter and one outside the perimeter, which Richton explains result in different actions being taken. *See* Ex. 1003, 6:36–58 (describing one action occurring on entering the area and another action occurring on leaving the area). Under the broadest reasonable interpretation of the claims, this is all that is required.

Patent Owner raises several related arguments that apply to claims 3–8 and 14. PO Resp. 14–23. First, Patent Owner argues that Richton and Rosenblatt fail to teach or suggest “defined” zones as called for by its proposed claim construction for “first/second zones.” *Id.* at 14–17. To the extent this argument is based on Patent Owner’s proposed construction that we did not adopt, we do not find it persuasive.

Second, Patent Owner contends that Richton does not determine “whether” a mobile device is “within” the first/second zones, but merely determines whether a device has crossed a particular distance threshold before taking action. *Id.* at 19–23. Patent Owner argues that this would render the word “whether” meaningless. *Id.* at 19. We disagree. As we explained above, claims 3 and 14 do not *require* that the zones include both an inner and outer boundary. The claims are broad enough, when read in light of the specification, to include zones with one boundary (e.g., greater than five miles) and zones with two boundaries (e.g., between one and five miles). Thus, we agree with Petitioner that Patent Owner’s arguments are

could also include entry onto a particular road, municipality, or any geographic area as a triggering threshold for satisfying a geographic relationship. Conversely, it can include leaving any geographic area or reaching a certain distance away from an area or a specific location.” Ex. 1003, 6:36–58.

not commensurate with the scope of the claims because “whether” and “within” do not impart the limitations that Patent Owner seeks to include the claims. When Richton determines that the mobile device crosses a particular distance threshold such that the device is now in a particular zone, we find that Richton determines whether the device is within that zone. *See* Ex. 1002 ¶¶ 116–119; Ex. 1003, 6:36–50, 8:46–9:10. Accordingly, we find that Petitioner has shown by a preponderance of the evidence that Richton teaches or suggests the zone limitations of claims 3–8 and 14.

ii. Claim 8

Claim 8 depends directly from claim 7, and indirectly, from claim 1. Claim 8 further recites that the system comprises a mobile device that includes the “proximity detection module and the processor.” Petitioner relies on the combination of Richton and Rosenblatt to teach or suggest this element. Pet. 28–29. In particular, Petitioner relies on Richton’s teaching of a proximity detection module in its location-action server 228, Richton’s suggestions that location-action server 228 can be distributed, Richton’s further suggestion that the location information can be calculated on the mobile device itself, and Richton’s suggestion that the system “could include merely ‘smart appliances’ themselves.” *Id.* at 29 (citing Ex. 1003, 12:55–59 (distributed location-action server), 7:20–25 (calculation on mobile phone), 4:22–25 (smart appliances)). Petitioner relies on Rosenblatt to teach that the mobile device can include a central processing unit (CPU), location circuitry that allows the determination of the user’s presence, absence, or proximity to a site, and control of a network device based on the user’s location. *Id.* (citing Ex. 1004 ¶¶ 93, 169, 318). As explained above, Petitioner contends

that a person of ordinary skill would have had reason to combine Richton and Rosenblatt. *See supra* pp. 14–15.

Patent Owner argues that neither Richton nor Rosenblatt discloses a proximity detection module that is disposed on a mobile device and manages network devices at multiple sites based on the location of multiple users. PO Resp. 25. As for Richton, Patent Owner argues that what Petitioner identifies as the proximity detection module in Richton, the location-action server, is only a server and not a mobile device. *Id.* Patent Owner contends that Richton’s suggestion that the location-action server can be distributed does not suggest that the functionality of the server can be distributed to a mobile device. *Id.* at 26. Patent Owner further submits that Richton’s discussion that location results may be calculated on the mobile phone does not suggest that the location-action server may be located on the mobile phone. *Id.* at 26–27. Patent Owner also argues that Richton’s disclosure that the system may include smart appliances does not suggest relocating the location-action server to the mobile phone. *Id.* at 27.

As for Rosenblatt, Patent Owner submits that it only discloses a single mobile device that controls a single site. *Id.* at 28. Patent Owner argues that, absent modifications, Richton only discloses a server-based system, and Rosenblatt only discloses a single mobile phone configured to manage a single location. *Id.* at 28–29. Finally, Patent Owner asserts that not only has Petitioner failed to explain why a person of ordinary skill would modify Richton to relocate its location-action server to the mobile phone, but “given that Richton relates to managing a wireless cell network with the functions of a central remote server, no reason exists for this motivation.” *Id.* at 29 (citing Ex. 2004 ¶ 76).

Based on our review of the evidence and argument, we find that Petitioner has demonstrated sufficiently that claim 8 would have been obvious over the combination of Richton and Rosenblatt. We agree with Petitioner that Patent Owner's arguments—that Richton teaches a server-based system and Rosenblatt teaches only a single mobile phone controlling a single user—are focused on the references individually, when the Petition relies on the combination. As detailed by Petitioner, Richton is relied on for teaching a proximity detection module with the various features and functions recited in claims 1–7. Reply 14–15. As we explained above, we agree with Petitioner, and we have found that Richton accounts for these elements of the claims from which claim 8 depends. The difference remaining to be accounted for in claim 8 is the location of the proximity detection module.

Petitioner does not rely upon Richton as disclosing a mobile device with proximity detection, and Petitioner acknowledges that Richton does not teach that limitation. Reply 14–16. Petitioner argues instead, and we agree, that Richton contains suggestions that, when taken in view of Rosenblatt, would have rendered locating a proximity detection module on a mobile device obvious. *Id.* Patent Owner mischaracterizes these arguments by dividing up the various pieces, and fails to address how these pieces fall into place together as Petitioner has argued. Our review of these pieces shows how the combination of Richton and Rosenblatt suggests locating such a proximity detection module on a mobile device.

First, as Petitioner and Dr. Selker explain, Richton discloses that the location-action server can be distributed, which enables it to be placed on a mobile device. Pet. 29; Reply 14–15; Ex. 1002 ¶ 168. Patent Owner

attempts to rebut this testimony with testimony from its declarant, Mr. McAlexander, that this statement in Richton only means that the location-action server can be distributed over a couple of remote servers. Ex. 2004 ¶ 71. We do not find Mr. McAlexander’s testimony persuasive for several reasons. In particular, the testimony ignores Richton’s explicit statement that it is not important where the components of the location-action server are located, but that “[o]nly the operative connection between the components is important.” Ex. 1003, 12:58–59. This statement suggests that the functionality can be more distributed than Mr. McAlexander contends. Moreover, Mr. McAlexander’s testimony mischaracterizes Petitioner’s and Dr. Selker’s argument by saying that “[t]his [statement] does not disclose [that] the various components, which carry out the location-based action services, are located on the mobile device.”⁸ Ex. 2004 ¶ 71. Neither Petitioner nor Dr. Selker, however, suggested that this statement in Richton discloses locating the components on a mobile device. Instead, they suggested, and we agree, that because the functionality can be distributed, it enables the functionality to be placed on a mobile device.

Second, Petitioner submits that Richton suggests that the mobile device can determine the location. Pet. 29 (citing Ex. 1003, 4:22–25). Contrary to Patent Owner’s suggestion, we do not understand Petitioner to argue that this teaches or suggests the proximity detection module on the mobile device by itself, but rather, we understand this suggestion to provide a link to Rosenblatt, which also performs the location determination on the mobile device. Reply 14–15. Third, Petitioner submits that, just as with

⁸ In light of the mischaracterization, we give less weight to the testimony of Mr. McAlexander on this point.

Rosenblatt, Richton teaches that the location-action server can control smart appliances directly. Pet. 29 (citing Ex. 1003 7:20–25); Reply 16; Ex. 1002 ¶¶ 76–80, 169; *see also* Ex. 1004 ¶ 92 (listing devices that can be controlled by the mobile phone in Rosenblatt). Finally, Petitioner points to Rosenblatt’s disclosure of a mobile phone with processor and location sensing circuitry that runs software allowing location-based control of smart appliances. Pet. 29; Reply 15; Ex. 1002 ¶ 169; Ex. 1004 ¶¶ 93, 99, 318. Thus, we agree that Petitioner has shown that, when viewed together, the combination suggests a proximity detection module configured as in claimed that can be located on a mobile phone as suggested by Rosenblatt.

As for the reason to combine the references, we also agree with Petitioner that this is not a question of modifying the proximity detection module of Rosenblatt, but of relocating the proximity detection module of Richton. Reply 15–16. As such, we agree with Petitioner’s rationale for combining the references. Pet. 14–17, 28–29; Reply 16; Ex. 1002 ¶¶ 76–80. In particular, we agree with Petitioner that based on the explicit suggestions in Richton for a distributed system and Rosenblatt’s teaching that the mobile phone can be used directly to implement location-based controls of smart appliances, Petitioner has provided sufficient articulated reasoning with rational underpinnings to support the combination. *See Unwired Planet, LLC v. Google Inc.*, Nos. 2015-1810, 2015-1811, 2016 WL 6694955, at *5 (Fed. Cir. Nov. 15, 2016) (“For a technique’s use to be obvious, the skilled artisan need only be able to recognize, based on her background knowledge, its potential to improve the device and be able to apply the technique.”). Accordingly, we find that Petitioner has shown by a preponderance of the

evidence that claim 8 would have been obvious over the combination Richton and Rosenblatt.

iii. Conclusion as to Claims 3–8 and 14

Accordingly, we conclude that Petitioner has shown by a preponderance of the evidence that claims 3–8 and 14 would have been obvious over Richton and Rosenblatt.

b. Claim 10⁹

Claim 10 depends from claim 1 and further recites that each of the first and second network devices “includes a processor capable of altering the operating condition in response to the proximity detection.” Petitioner contends that Richton teaches a network device with a processor that is capable of altering the operating condition in response to the proximity detection. Pet. 30–31; Ex. 1002 ¶¶ 174–177. Patent Owner argues that “proximity detection” is referring to the “proximity detection module,” and thus, requires that the proximity detection module be located on the network device. PO Resp. 30–35. We understand this to be a claim construction argument regarding claim 10. Before we conduct our unpatentability analysis, we must resolve this dispute about the scope and meaning of this claim.

We disagree with Patent Owner that the claim language can be read as requiring that the proximity detection module be on the mobile device. The plain language of the claim recites that the processor is capable of altering the operating condition *in response to* the proximity detection, but is silent about where the proximity detection takes place. This understanding of the

⁹ Claims 10 and 17 do not recite the term “zone,” so we address them separately from claims 3–8 and 14.

claim is supported by claims 8 and 9, which demonstrate that when the inventors wanted to place the proximity detection module in a particular location they knew precisely how to say so. *See* claim 8 (“further comprising a mobile device including the proximity detection module and the processor”); claim 9 (“further comprising a cloud service configured including [sic] the proximity detection module”).

Patent Owner further contends that claim 1 already requires that the network device have a processor and Petitioner’s interpretation “adds nothing to distinguish [claim 10] from claim 1”; we do not agree. Even assuming Patent Owner is correct that the processor is necessarily present, the fact that an unclaimed element may be necessary for a device to function as claimed does not, standing alone, allow us to treat the unclaimed element as a claim limitation. *See SiRF Tech., Inc. v. Int’l Trade Comm’n*, 601 F.3d 1319, 1330 (Fed. Cir. 2010). Here, claim 10 expressly adds the processor limitation allowing it to be treated as a claim limitation. This is sufficient to differentiate it from claim 1.

As for Patent Owner’s citations to the specification, none of those citations require that the proximity detection module be on the network device, nor are they sufficient to overcome the clear language of claim 10 that the processor merely be “capable of altering the operating condition in response to the proximity detection.” Thus, we agree with Petitioner that Patent Owner’s construction is not correct. Reply 17–19.

In light of the above discussion, we find that Petitioner’s evidence and reasoning (Pet. 37; Reply 17–19) shows sufficiently that claim 10 would have been obvious over the combination of Richton and Rosenblatt.

c. Claim 17

Claim 17 depends from method claim 12 and further recites “detecting a mobile device associated with both sites and capable of altering an operating condition of the first network device and the second network device.” Petitioner contends that Richton discloses a mobile device associated with multiple sites (e.g., a home and work location) that can alter the operating condition of devices at each location. Pet. 37 (citing Ex. 1003, 8:60–9:10; Ex. 1002 ¶¶ 247, 248).

Patent Owner argues that claim 17 is “directed to allowing a user to manually alter operating conditions of network devices at two separate sites from their mobile device.” PO Resp. 36. Patent Owner further argues that, even under Petitioner’s theory, Richton fails to disclose that the mobile device is “capable of altering an operating condition of the first network device and the second network device,” because, in Richton, it is the server that effects the alteration of the network device, not the mobile device. *Id.* at 37–38. Finally, Patent Owner argues that Richton teaches away from claim 17 because, in Richton, the mobile device must communicate location information to a server, which is “highly inefficient.” *Id.* at 38. Patent Owner argues that, in contrast, “the arrangement of claim 17 with a proximity detection module on the mobile device that utilizes multiple bounded zones to make determinations of necessary control actions at the site” results in “increased efficiency and battery life.” *Id.* at 38–39. We do not agree with Patent Owner’s arguments.

First, we see nothing in the claim language that requires that the mobile device allow a user to alter manually the network devices. The claim language has no mention of the user performing any actions, and only recites

that the mobile device “be capable” of altering the operating condition of the network device. This language is broad enough to encompass altering by both manual and automatic operations. Patent Owner’s citations to the specification do not suggest otherwise.

Second, we disagree with Patent Owner that claim 17 requires that the mobile device, and not a server, perform the altering. There is no requirement in the claim that the mobile device make the determination of whether to alter the network device or actually send the control signals to the network device. Instead, we agree with Petitioner that the claim is broad enough to include the situation where the network device is controlled indirectly by the mobile device by using the location of the mobile device. Reply 21–22. In this way, the mobile device is capable of altering the network device because as the mobile device changes location, the location data sent from the mobile device can result in the settings of the network device being altered. *Id.*

Finally, we also disagree with Patent Owner’s contention that Richton teaches away from claim 17. Patent Owner’s arguments are based on its contention that claim 17 requires a “proximity detection module” that is on the mobile phone and that uses “multiple bounded zones.” *See* PO Resp. 38–39. Yet, none of these limitations are found in claim 17, or in claims 12 and 16 from which claim 17 depends. We see no support in the claim language for reading any of these limitations—a proximity detection module on a mobile device or “multiple bounded zones”—into the claim. *See* Reply 22–23. Thus, we see no support for Patent Owner’s arguments that Richton teaches away from claim 17.

We have reviewed Petitioner's evidence and arguments (*see* Pet. 37) and determine that Petitioner has shown by a preponderance of the evidence that claim 17 would have been obvious over Richton and Rosenblatt.

III. CONCLUSION

For the reasons given, based on the arguments and evidence of record, Petitioner has met its burden to prove by a preponderance of the evidence that claims 1–17 of the '797 patent are unpatentable under 35 U.S.C. § 103(a) over Richton and Rosenblatt. *See* 35 U.S.C. § 316(e).

IV. ORDER

Accordingly, it is:

ORDERED that claims 1–17 of the '797 patent have been shown to be *unpatentable*; and

FURTHER ORDERED that, because this is a Final Written Decision, any party to the proceeding seeking judicial review of this Decision must comply with the notice and service requirements of 37 C.F.R. § 90.2.

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