

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

ITRON, INC.,
Petitioner,

v.

SMART METER TECHNOLOGIES, INC.,
Patent Owner.

Case IPR2017-01199
Patent 7,058,524 B2

Before BRYAN F. MOORE, BARBARA A. BENOIT, and
JOHN D. HAMANN, *Administrative Patent Judges*.

HAMANN, *Administrative Patent Judge*.

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

I. INTRODUCTION

This *inter partes* review, instituted pursuant to 35 U.S.C. § 314, challenges the patentability of claims 17–22 (“the challenged claims”) of U.S. Patent No. 7,058,524 B2 (“the ’524 patent,” Ex. 1001), owned by Smart Meter Technologies, Inc. (“Patent Owner”). We have jurisdiction under 35 U.S.C. § 6. This Final Written Decision is entered pursuant to 35 U.S.C. § 318(a) and 37 C.F.R. § 42.73.

For the reasons discussed herein, Itron, Inc. (“Petitioner”) has shown by a preponderance of the evidence that the challenged claims of the ’524 patent are unpatentable.

II. BACKGROUND

A. Procedural History

On March 30, 2017, Petitioner filed a Petition requesting *inter partes* review of the challenged claims of the ’524 patent. Paper 2 (“Pet.”). The Petition is supported by the Declaration of Dr. Robert Akl, D.Sc. (“Akl Decl.,” Ex. 1003). Patent Owner filed a Preliminary Response. Paper 7.

On October 11, 2017, we instituted *inter partes* review of all of the challenged claims of the ’524 patent, but only on one of three asserted grounds. Paper 8 (“Inst. Dec.”), 17, 20. On January 15, 2018, Patent Owner filed a Response to the Petition. Paper 17 (“PO Resp.”). The Patent Owner Response is supported by the Declaration of Thomas L. Blackburn (“Blackburn Decl.,” Ex. 2001) and the Supplemental Declaration of Thomas L. Blackburn (“Suppl. Blackburn Decl.,” Ex. 2002). On May 3, 2018, Petitioner filed a Reply to Patent Owner’s Response. Paper 21 (“Pet. Reply”).

On April 24, 2018, the Supreme Court held that a decision on institution under 35 U.S.C. § 314 may not institute on less than all claims presented in a petition. *SAS Institute Inc. v. Iancu*, 138 S. Ct. 1348, 1358 (2018). In addition, according to the “Guidance on the impact of SAS on AIA trial proceedings” posted to the U.S. Patent and Trademark Office’s website on April 26, 2018,¹ a decision granting institution will institute on all of the grounds set forth in the petition. The Federal Circuit has since endorsed this policy. *Adidas AG v. Nike, Inc.*, 894 F.3d 1256, 1258 (Fed. Cir. 2018). In light of *SAS* and this Guidance, we modified our Institution Decision to institute trial on the two additional grounds that were presented in the Petition, but for which trial was not instituted. Paper 22, 2. On May 10, 2018, with our authorization, the parties filed a Joint Motion to Limit the Petition to the sole ground for which we instituted trial in our Institution Decision, removing the two additional grounds added after the *SAS* decision. Paper 23, 1–2. We granted this motion on May 24, 2018. Paper 28, 3.

On May 10, 2018, Patent Owner filed Observations on certain cross-examination testimony of Petitioner’s declarant, Dr. Akl, and certain testimony of Patent Owner’s declarant, Mr. Blackburn. Paper 26 (“Obs.”). Petitioner filed a Response (Paper 27) (“Obs. Resp.”). We have considered these observations and responses in rendering this Decision, and we have accorded the cited testimony appropriate weight, as explained herein.

An oral hearing was held on June 7, 2018. A transcript of the oral hearing is included in the record. Paper 35 (“Tr.”).

¹ www.uspto.gov/patents-application-process/patent-trial-and-appeal-board/trials/guidance-impact-sas-aia-trial.html.

B. Related Proceeding

The parties identified *Smart Meter Technologies, Inc. v. Duke Energy Corp.*, Case No. 1:16-cv-00208 (D. Del.), as a judicial matter that would affect or would be affected by a decision in this proceeding. Pet. 1; Paper 4 (Patent Owner’s Mandatory Notices), 2.

C. The ’524 Patent

The ’524 patent generally relates to a power metering system for measuring electrical power consumption, converting the measurements to Internet Protocol (“IP”) format, and transmitting the IP formatted power consumption information across a network (e.g., a power line network). Ex. 1001, 1:6–11, 1:55–64. Figure 1, shown below, illustrates a power metering system in accordance with the invention of the ’524 patent.

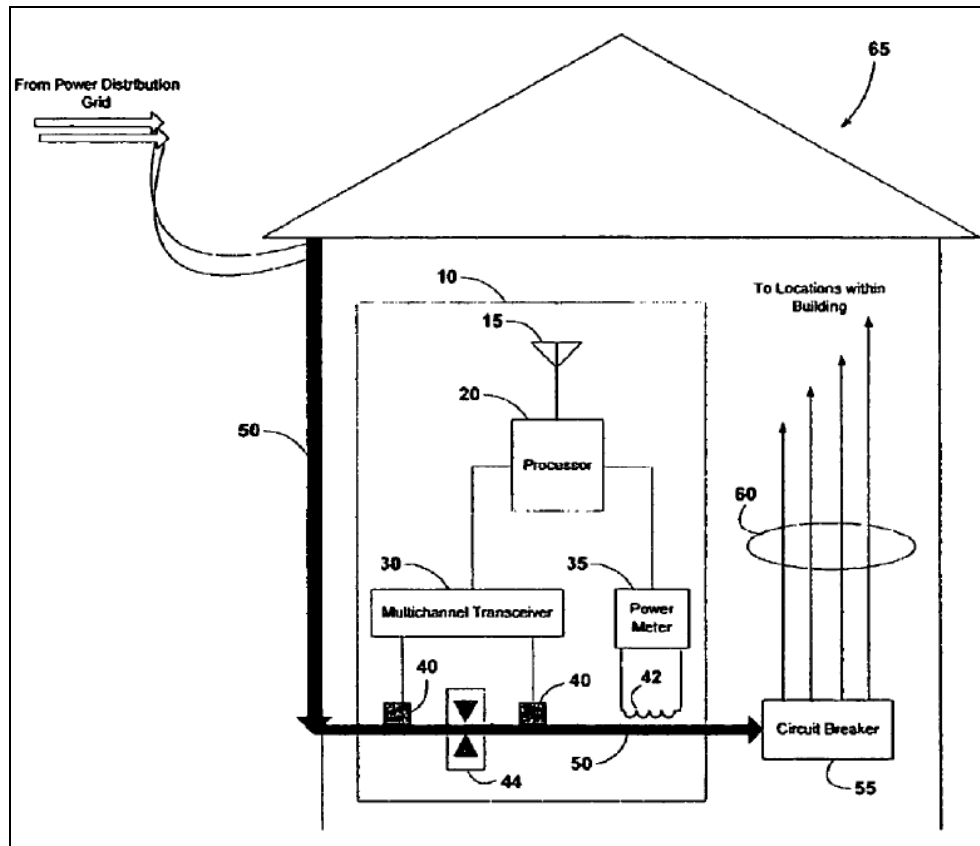


Figure 1 illustrates a schematic diagram of power metering system 10 installed in dwelling 65. *Id.* at 2:57–59. Power line 50 connects dwelling 65’s circuit breaker 55 to the local power distribution grid. *Id.* at 2:59–60. Power metering system 10, as installed, can “measure[] power consumption information on power line 50, before circuit breaker 55” (i.e., the power consumed within dwelling 65). *Id.* at 2:67–3:2. In this embodiment, “power metering system 10 includes . . . processor 20, multichannel transceiver 30, power meter 35, one or more clamp contacts 40, split-core transformer 42, and clamp filter 44, which operate together to provide data acquisition, power measurement, data conversion, and data transmission services.” *Id.* at 3:17–22.

With respect to this embodiment, “[s]plit-core transformer 42 is inductively coupled with power line 50 and senses fluctuations in current flow in power line 50, the fluctuations being indicative of rising and falling power consumption rates within [] dwelling 65.” Transformer 42’s output is fed to power meter 35, which uses the output “to perform active power measurement from power line 50” and to “produc[e] a serial output signal corresponding to power consumption information.” *Id.* at 3:23–41. In turn, “[t]he output [(i.e., power consumption information)] from power meter [35] is fed to processor 20 and converted [(i.e., into IP format)] for transmission across a network.” *Id.* at 3:42–44. More specifically, “multichannel transceiver 30 interfaces with power line 50 via . . . clamp contacts 40, . . . [and] allows [] processor 20 . . . to transmit and receive IP data [(e.g., the power consumption information)] from power line 50 using known power line protocols.” *Id.* at 3:49–55. For example, power metering system 10 can transmit the “IP-encapsulated power consumption” information over power

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