UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD
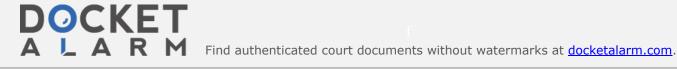
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GOOGLE LLC,
Petitioner,

v.

ECOFACTOR, INC.,
Patent Owner.

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IPR2021-00454
Patent 8,738,327

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Before WESLEY B. DERRICK, JEFFREY W. ABRAHAM, and
SCOTT B. HOWARD, *Administrative Patent Judges.*

DERRICK, *Administrative Patent Judge.*

DECISION
Denying Institution of *Inter Partes* Review
35 U.S.C. § 314

INTRODUCTION

Petitioner Google LLC filed a Petition (Paper 2, "Pet.") requesting *inter partes* review of claims 1–19 of U.S. Patent No. 8,738,327 B2 ("the '327 patent"). Patent Owner EcoFactor, Inc., filed a Preliminary Response. Paper 6 ("Prelim. Resp."). Patent Owner does not substantively address the merits of Petitioner's challenge, but contends that the Board should exercise its discretion under 35 U.S.C. § 314 not to institute review. *See* Prelim. Resp.

We have authority to determine whether to institute an *inter partes* review. 35 U.S.C. § 314 (2018); 37 C.F.R. § 42.4(a) (2021). The standard for instituting an *inter partes* review is set forth in 35 U.S.C. § 314(a), which provides that an *inter partes* review may not be instituted "unless the Director determines . . . there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition." Section 314(a) does not require the Director to institute an *inter partes* review. *See Harmonic Inc. v. Avid Tech., Inc.*, 815 F.3d 1356, 1367 (Fed. Cir. 2016) ("[T]he PTO is permitted, but never compelled, to institute an IPR proceeding."). Rather, a decision whether to institute is within the Director's discretion, and that discretion has been delegated to the Board. *See* 37 C.F.R. § 42.4(a); *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2140 (2016) ("[T]he agency's decision to deny a petition is a matter committed to the Patent Office's discretion.").

For the reasons that follow, we exercise our discretion to deny the Petition under 35 U.S.C. § 314(a).

BACKGROUND

A. Real Parties in Interest

Petitioner and Patent Owner both identify itself, respectively, as the real party in interest. Pet. 6; Paper 3, 1.

B. Related Matters

The parties identify four district court cases as related matters: *EcoFactor, Inc., v. Alarm.com Inc.*, No. 1:20-cv-11007-LTS (D. Mass. May 26, 2020); *EcoFactor, Inc., v. Google, LLC*, No. 6:20-cv-00075-ADA (W.D. Tex. Jan 31, 2020); *EcoFactor, Inc., v. Ecobee, Inc.*, No. 6:20-cv-00078-ADA (W.D. Tex. Jan. 31, 2020); and *EcoFactor, Inc., v. Vivint, Inc.*, No. 6:20-cv-00080-ADA (W.D. Tex. Jan. 31, 2020).[1] Pet. 6–7; Paper 4, 2. We understand that the case in the District of Massachusetts has been stayed. *See, e.g.*, Pet. 6.

C. The '327 Patent (Ex. 1001)

The '327 patent is titled "System and Method for Using a Network of Thermostats as Tool to Verify Peak Demand Reduction," and issued on May 27, 2014, from an application filed on March 28, 2013. Ex. 1001, codes (22), (45), (54). The '327 patent identifies related applications, including provisional applications 60/963,183, filed on August 3, 2007, and 60/994,011, filed on September 17, 2007. *Id.* at codes (60), (63), 1:5–16. The '327 patent generally relates to controlling climate control systems, i.e., heating and cooling systems ("HVAC systems") in structures, and more

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[1] The Petition also includes *EcoFactor, Inc. v. Alarm.com Incorporated*, 6:20-cv-0076-ADA (W.D. Tex. Jan. 31, 2020), in its listing of related matters, but this case is understood to have been dismissed without prejudice. *See EcoFactor, Inc. v. Alarm.com Incorporated, Inc.*, 6:20-cv-00076-ADA, (W.D. Tex. May 26, 2020) (notice of voluntary dismissal).

specifically to "systems and methods for estimating the rate of change in temperature inside a structure" that uses a thermostat within the structure, a remote processor, and a database "to determine whether the climate control system is 'on' or 'off.'" *Id.* at code (57), 3:25–4:17.

D. Illustrative Claims

The '327 patent contains 19 claims, of which claims 1 and 11 are independent.

1. A system for controlling the operational status of an HVAC system comprising:

at least one thermostat associated with a structure that receives temperature measurements from inside the structure, the structure conditioned by at least one HVAC system, the thermostat having at least a first setting stored therein;

one or more servers located remotely from the structure, the one or more servers configured to receive measurements of outside temperatures from at least one source other than the HVAC system,

the one or more servers are further configured to communicate with the thermostat via a network, wherein the one or more servers receive inside temperatures from the thermostat and compares the inside temperatures of the structure and the outside temperatures over time to derive an estimation for the rate of change in inside temperature of the structure in response to outside temperature,

the one or more servers are further configured to receive a demand reduction request and determine whether the structure is associated with demand rejection request, and

based on the determination that the structure is associated with the demand reduction request, the one or more servers are further configured to send a signal to the thermostat to change the setting to a second setting to reduce electricity demand by the HVAC system.

Ex. 1001, 9:27–54.

11. A method for controlling the operation of an HVAC system comprising:

receiving temperature measurements inside a structure from at least one thermostat, the structure conditioned by at least one HVAC system, the thermostat having at least a first setting stored therein;

receiving at one or more servers located remotely from the structure, measurements of outside temperatures from at least one source other than the HVAC system;

the one or more servers communicating with the thermostat via a network;

receiving at the one or more servers, inside temperatures from the thermostat;

comparing with the one or more servers, the inside temperatures of the structure and the outside temperatures over time to derive an estimation for the rate of change in inside temperature of the structure in response to outside temperature;

receiving a demand reduction request and determining whether the structure is associated with demand rejection request; and

based on the determination that the structure is associated with the demand reduction request, sending with the one or more servers a signal to the thermostat to change the first setting to a second setting to reduce electricity demand by the HVAC system.

Ex. 1001, 10:16–41.

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