

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

GENERAL ELECTRIC COMPANY,
Petitioner,

v.

TRANSDATA, INC.,
Patent Owner.

Case IPR2014-01380
Patent 6,903,699 C1¹

Before LYNNE E. PETTIGREW, FRANCES L. IPPOLITO, and
CHRISTOPHER M. KAISER, *Administrative Patent Judges*.

KAISER, *Administrative Patent Judge*.

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

¹ Patent 6,903,699 B2 as modified by reexamination certificate 6,903,699 C1.

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INTRODUCTION²

A. *Background*

General Electric Company (“Petitioner”) filed a Petition (Paper 1, “Pet.”) requesting an *inter partes* review of claims 1, 3, 5, 8, 10, 11, 16, and 21–53 of U.S. Patent No. 6,903,699 (Ex. 1001, “the ’699 patent”).

TransData, Inc. (“Patent Owner”) filed a Preliminary Response. Paper 22 (“Prelim. Resp.”). Petitioner filed a Reply to the Preliminary Response. Paper 27 (“Reply”); *see also* Paper 24 (order authorizing Reply).

We have authority to determine whether to institute an *inter partes* review. 35 U.S.C. § 314(b); 37 C.F.R. § 42.4(a). 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.” Under 35 U.S.C. § 315(b), “[a]n *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 . . . privy of the petitioner is served with a complaint alleging infringement of the patent.”

After considering the Petition, the Preliminary Response, and the Reply, we determine that a privy of Petitioner was served with a complaint

² An earlier, non-public version of this decision was issued March 2, 2015. Paper 28. Because the present version is being issued solely to complete the public record of this proceeding, the portions of this decision relating to the treatment of confidential information are relevant only to the original non-public version. All due dates shall be computed based upon the date of issuance of the original, non-public version of this decision.

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alleging infringement of the '699 patent more than one year before the Petition was filed. Accordingly, we do not institute *inter partes* review.

B. Related Matters

The '699 patent has been asserted against multiple defendants, including Oklahoma Gas & Electric Company ("OG&E"), in an ongoing multidistrict litigation proceeding, *In re TransData Inc. Smart Meters Patent Litigation*, No. 5:12-ml-2309 (W.D. Okla.) ("the MDL proceeding"). Pet. 1–2;³ Ex. 2002, 6–7. One of the lawsuits alleging infringement of the '699 patent that was consolidated into the MDL proceeding was *TransData Inc. v. Oklahoma Gas & Electric Company*, No. 5-11-cv-01032 (W.D. Okla.) ("the Oklahoma lawsuit"). Paper 4, 1; *see* Ex. 2003, 9 (requiring future filings in case 5-11-cv-01032 to be made in case 5:12-ml-2309). The Oklahoma lawsuit was consolidated into the MDL proceeding on August 23, 2012. Ex. 2003, 9.

Patents 6,462,713 and 6,181,294, both of which are related to the '699 patent, also were asserted in the Oklahoma lawsuit and the MDL proceeding. Ex. 2002, 3–6. These patents are the subjects of pending petitions for *inter partes* review, IPR2014-01505 and IPR2014-01559, respectively.

Additionally, *ex parte* reexaminations are currently pending for claims 1, 3,

³ The page numbers in the Petition begin at 1, increase to 6, then start at 2 and increase thereafter to 61. The material cited here appears on the first page 6 and the second page 2, which are consecutive pages. To minimize confusion in this decision, we will not cite to the first set of pages 1 through 5, we will cite the first page 6 as page 1, and we will cite the remainder of the pages (the second page 2 through page 61) according to their indicated page numbers.

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5, and 16 of the '699 patent; claims 1, 2, 5, 6, 7, 15, 16, and 18–26 of the '713 Patent; and claims 17–20 and 22–29 of the '294 Patent. Pet. 2–3.

C. The Asserted Grounds of Unpatentability

Petitioner contends that claims 1, 3, 5, 8, 10, 11, 16, and 21–53 of the '699 patent are unpatentable under 35 U.S.C. §§ 102 and 103 based on the following grounds (Pet. 23, 31–60):⁴

⁴ Petitioner also provides a declaration from Gregory A. DesBrisay. Ex. 1012 (“the DesBrisay Declaration”).

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Statutory Ground	Basis ⁵	Challenged Claims
§ 102(e)	Bush	1, 3, 5, 8, 10, 11, 16, 21, 23, 25–47, and 49
§ 103	Bush and Johnson	1, 3, 5, 8, 10, 11, 16, 21, 23, 25–47, and 49
§ 103	Bush, Johnson, and Bearden	22 and 24
§ 103	Bush and AMR Report	45–48, 50, and 52
§ 103	Bush, AMR Report, and Siwiak	50 and 51
§ 103	Bush, AMR Report, and Krenz	53

D. The '699 Patent

The '699 patent relates to electric meters that can communicate over public wireless data networks. Specifically, the '699 patent describes a wireless communication device that permits information to be communicated to and from an electric meter contained in a meter chassis that has a protruding dielectric housing. Ex. 1001, 2:53–56. The '699 patent describes an embodiment of such a device that comprises “(1) a communication circuit within the chassis coupled to electric meter circuitry, and (2) an antenna element within the dielectric housing, the antenna coupled to the communication circuit.” *Id.* at 2:58–62.

⁵ U.S. Patent No. 6,078,785 (Ex. 1003) (“Bush”); U.S. Patent No. 5,553,094 (Ex. 1005) (“Johnson”); U.S. Patent No. 5,627,759 (Ex. 1006) (“Bearden”); RICHARD D. ALEXANDER, AUTOMATIC METER READING: THE REPORT FOR ELECTRIC UTILITIES (Greg Formanek, ed., 1993) (Ex. 1004) (“AMR Report”); U.S. Patent No. 4,737,797 (Ex. 1007) (“Siwiak”); U.S. Patent No. 5,508,709 (Ex. 1008) (“Krenz”).

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E. Illustrative Claims

Of the challenged claims in the '699 patent, claims 1, 8, 16, 21, 32, 35, 36, 40, 42, 44, and 45 are independent. Claims 1 and 21 are illustrative and recite:

1. For use with an electric meter chassis having a dielectric housing protruding therefrom, a wireless communication device, comprising:
 - a communication circuit within said chassis coupled to electric meter circuitry;
 - an antenna element within said dielectric housing, said antenna element coupled to said communication circuit.
21. An electric meter chassis having a dielectric housing protruding therefrom, comprising:
 - a wireless communication circuit within said chassis for communicating meter information through said dielectric housing, said wireless communication circuit coupled to electric meter circuitry; and
 - an antenna element coupled to said wireless communication circuit and located within said dielectric housing.

Ex. 1001, 7:7–14, Reexamination Certificate 1:24–31.

ANALYSIS

Patent Owner argues that *inter partes* review may not be instituted because such institution is barred by 35 U.S.C. § 315(b), which provides that an *inter partes* review may not be instituted based on a petition “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 complaint alleging infringement of the patent.” Prelim. Resp. 3, 6–21. For the reasons discussed below, we agree.

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A. A Complaint Alleging Infringement of the '699 Patent Was Served on OG&E More Than One Year Before the Petition Was Filed.

Infringement of the '699 patent was alleged in the Oklahoma lawsuit. Ex. 2002, 6–7. The complaint in the Oklahoma lawsuit was served on OG&E on September 21, 2011. Ex. 2039. The Petition in this proceeding was filed on August 25, 2014. Paper 6, 1. Accordingly, a complaint alleging infringement of the '699 patent was served on OG&E more than one year before the Petition was filed in this proceeding.

B. OG&E Is a Privy of Petitioner with Respect to the Oklahoma Lawsuit.

“Privy is essentially a shorthand statement that collateral estoppel is to be applied in a given case. . . . The concept refers to a relationship between the party to be estopped and the unsuccessful party in the prior litigation which is sufficiently close so as to justify application of the doctrine of collateral estoppel.” Office Trial Practice Guide, 77 Fed. Reg. 48,756, 48,759 (Aug. 14, 2012) (quoting 154 Cong. Rec. S9987 (daily ed. Sep. 27, 2008) (statement of Sen. Kyl)). Thus, privity exists between Petitioner and OG&E with respect to the Oklahoma lawsuit if collateral estoppel could be applied to Petitioner with respect to the Oklahoma lawsuit. The issue is whether Petitioner could be bound by the judgment in the Oklahoma lawsuit as a matter of collateral estoppel.

A nonparty to a prior action is bound by the judgment in the prior action if that party “‘assumed control’ over the litigation in which that judgment was rendered.” *Taylor v. Sturgell*, 553 U.S. 880, 895 (2008) (quoting *Montana v. U.S.*, 440 U.S. 147, 154 (1979)). This includes indemnitors who assume control of litigation against the parties they

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indemnify. *Benson & Ford, Inc. v. Wanda Petroleum Co.*, 833 F.2d 1172, 1174 (5th Cir. 1987); *see Schnell v. Peter Eckrich & Sons, Inc.*, 365 U.S. 260, 262 n.4 (1961) (holding that an entity that “control[s] the defense of [a] suit, in which it has an interest, will be bound by the final judgment,” even if it is not a party to the suit). A nonparty will be found to have control if the nonparty has “effective choice as to the legal theories and proofs to be advanced in behalf of the party to the action,” as well as “control over the opportunity to obtain review.” *Benson & Ford*, 833 F.2d at 1174. Absolute control, however, is not necessary. Instead, a nonparty will be found to have control if it “has the actual measure of control or opportunity to control that might reasonably be expected between two formal coparties.” 77 Fed. Reg. at 48,759 (quoting 18A CHARLES ALAN WRIGHT, ARTHUR R. MILLER & EDWARD H. COOPER, FEDERAL PRACTICE AND PROCEDURE § 4451 (2d ed. 2011)). Moreover, actual control is not required; the opportunity to exert the appropriate level of control is sufficient. *Id.* (“A common consideration is whether the non-party . . . could have exercised control”); *see Gonzalez v. Banco Cent. Corp.*, 27 F.3d 751, 758 (1st Cir. 1994) (“[C]ontrol means . . . the power—whether exercised or not—to call the shots.”).

Thus, if Petitioner had the opportunity to exercise control over OG&E’s defense in the Oklahoma lawsuit, then it is in privity with OG&E with respect to that litigation. The evidence of record establishes that Petitioner had such an opportunity. Petitioner and OG&E entered into a letter agreement on December 30, 2011, stating that Petitioner would “provide a full and unqualified defense to OG&E” and that Petitioner would “direct and control the litigation, provided that [Petitioner] and its counsel will keep OG&E timely informed of all material activity in the case and will

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solicit OG&E's input and assent on all material decisions in the case.” Ex. 2015, GE-00001. Under this agreement, Petitioner had the clearly stated right to “control the litigation.”

Petitioner argues that this right of control was less than total because the agreement required Petitioner “to solicit OG&E’s ‘assent on all material decisions.’” Reply 4 (quoting Ex. 2025 ¶ 1). While the degree of control is a factor to consider in this “highly fact-dependent question,” lack of absolute control alone is not dispositive. 77 Fed. Reg. at 48,759. Rather, in determining the existence of privity, we take into account how courts generally have used the terms to “describe relationships and considerations sufficient to justify applying convention principles of estoppel and preclusion.” *Id.* In considering the jurisprudence on this issue, we note that courts have found privity where an entity’s control over the litigation was substantial, even though not complete. *Jefferson Sch. of Soc. Sci. v. Subversive Activities Control Bd.*, 331 F.2d 76, 83 (D.C. Cir. 1963). The evidence here shows that Petitioner had substantial, if not total, control over the Oklahoma lawsuit.

Further, as noted above, where a nonparty entity shares control with a party, the nonparty is in privity with the party if control is shared as it would be between two formal coparties. Here, the requirement that Petitioner solicit input and assent from OG&E is consistent with a relationship between Petitioner and OG&E similar to that between formal coparties. *See Jones v. Craig*, 212 F.2d 187, 187–88 (6th Cir. 1954) (shared control similar to that between formal coparties existed between party and nonparty even where nonparty merely “assisted in the preparation of the defense”). This degree of control is sufficient to establish privity. *See* 77 Fed. Reg. at 48,759.

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Moreover, although Petitioner argues that it never had actual control of the Oklahoma lawsuit, Reply 5, the presence or absence of actual control is immaterial to the privity determination. *See* 77 Fed. Reg. at 48,759 (“A common consideration is whether the non-party . . . could have exercised control . . .”). The December 2011 agreement establishes that Petitioner and OG&E are in privity with respect to the Oklahoma lawsuit.

In addition, the December 2011 agreement ratified a May 9, 2008 purchase agreement between Petitioner and OG&E. Ex. 2015, GE-00001. The May 2008 agreement required OG&E to give Petitioner “sole authority . . . to direct and control all defense, settlement, and compromise negotiations.” Ex. 2017, GE-00034. Under the May 2008 agreement, Petitioner had the opportunity to control any litigation arising from the service on OG&E of a complaint alleging infringement of the ’699 patent,⁶ and this opportunity was unfettered by the requirements of the December 2011 agreement that Petitioner solicit OG&E’s input and assent. Thus, even if the December 2011 agreement’s requirements had abridged Petitioner’s control sufficiently to avoid privity being established under that

⁶ Petitioner argues that the May 2008 agreement is irrelevant because the Oklahoma lawsuit did not accuse the meters sold under that agreement of infringing the ’699 patent. Reply 3. We disagree. First, the Oklahoma lawsuit accused “electric meters, specifically including, *without limitation*, General Electric I-210 electric meters,” so it was not limited to the I-210 meters sold under later agreements. Ex. 2002 ¶ 30 (emphasis added). In addition, the Oklahoma lawsuit accused additional, unspecified meters as well. *Id.* ¶ 31. Moreover, the December 2011 agreement stated that the indemnification Petitioner agreed to provide was in satisfaction of OG&E’s indemnification rights under the May 2008 agreement, suggesting that the Oklahoma lawsuit encompassed the meters sold under the May 2008 agreement. Ex. 2015, GE-00001.

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agreement—which we find not to be the case—Petitioner would have had an opportunity to control the litigation sufficient to establish privity under the May 2008 agreement.⁷

C. Privity with Respect to the Oklahoma Lawsuit Is Sufficient to Implicate 35 U.S.C. § 315(b).

Petitioner argues that only privity with respect to the present *inter partes* review proceeding, not privity with respect to the Oklahoma lawsuit, is relevant to the application of the § 315(b) bar. Reply 1–2. In particular, Petitioner first argues that, because a function of the identification of privies is to “assure proper application of the statutory estoppel provisions,” and because the only “‘statutory’ estoppel issue for the Board is whether *its* trial decision would estop a third party under § 315(e),” the definition of privity must be limited to those entities in privity with Petitioner with respect to the present proceeding. Reply 1 (quoting 77 Fed. Reg. at 48,759). Petitioner suggests that we improperly would give “privity” different meanings in different parts of the statute if we were to interpret it as referring to privies with respect to an *inter partes* review for purposes of § 315(e) but as referring to privies with respect to a lawsuit for purposes of § 315(b). *Id.* (citing *Ratzlaf v. United States*, 510 U.S. 135, 143 (1994)).

We do not agree with Petitioner’s reading of § 315. Petitioner’s argument ignores that, in both circumstances, we focus on the relationship of

⁷ Because Petitioner had a sufficient opportunity to control litigation under the May 2008 agreement to establish privity, and because that agreement predates the service of the complaint in the Oklahoma lawsuit, we find, in addition to Petitioner and OG&E being in privity with respect to the Oklahoma lawsuit, that Petitioner and OG&E were in privity at the time that OG&E was served with the complaint in the Oklahoma lawsuit.

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the later proceeding's petitioner to the earlier proceeding's parties. It is true that, for purposes of applying the estoppel provisions of § 315(e), privity with respect to an earlier *inter partes* review proceeding is important, but this is because privity with respect to the earlier proceeding will bar institution of a later proceeding, not because privity is limited to arising from *inter partes* review proceedings. See 77 Fed. Reg. at 48,759 (quoting 154 Cong. Rec. S9987 (daily ed. Sep. 27, 2008) (statement of Sen. Kyl)) (“Privity . . . refers to a relationship between the party to be estopped and the unsuccessful party *in the prior litigation . . .*” (emphasis added)). There is no inconsistency in following precisely the same approach for cases implicating § 315(b), barring institution of a later proceeding when the later proceeding's petitioner and an entity involved in earlier litigation are privies with respect to the earlier litigation.

We also do not agree with Petitioner that our “mandate for expedited proceedings with limited discovery,” Reply 2, requires that we limit our analysis of privity to whether Petitioner and OG&E are privies with respect to the present proceeding. It may be that the nature of *inter partes* review proceedings is such that, in some cases, it will be difficult to establish privity with respect to a prior proceeding so as to bar the institution of review in a later one. But we need not concern ourselves with that possibility in this case. As discussed above, the evidence of record here establishes that Petitioner and OG&E are privies with respect to the Oklahoma lawsuit.

D. Institution of Inter Partes Review is Barred by 35 U.S.C. § 315(b).

Because Petitioner had the opportunity to control OG&E's litigation defense, we find that Petitioner and OG&E are privies with respect to the

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Oklahoma lawsuit. Accordingly, we find that a privy of Petitioner, OG&E, was served with a complaint alleging infringement of the '699 patent more than one year before the Petition was filed in this proceeding, and we conclude that, pursuant to 35 U.S.C. § 315(b), we may not institute *inter partes* review.

CONFIDENTIAL INFORMATION

There are several issues that remain to be resolved regarding the parties' submission of confidential information and our reliance on it.

First, Patent Owner moved to seal the confidential version of its Preliminary Response, and Petitioner moved to seal the confidential version of its Reply. Paper 23; Paper 26. Both of these pleadings rely on Exhibits 2015 through 2026, which are marked as confidential information pursuant to the protective order entered in this proceeding. Paper 22; Paper 27; *see* Paper 20 (entering protective order). Redacted versions of both pleadings also have been provided. Paper 23; Paper 25. Accordingly, we grant the motions to seal the Preliminary Response and the Reply. Papers 22 and 27, the confidential versions of the Preliminary Response and the Reply, shall remain under seal. The redacted version of the Preliminary Response is attached to Patent Owner's motion to seal. Paper 23. Neither Patent Owner's motion to seal nor the redacted version of the Preliminary Response appears to disclose or rely on any confidential information. Accordingly, Paper 23 shall be made publicly available.

Second, no party has yet moved to seal Exhibits 2015 through 2026, which currently are accessible only to the parties and the Board. Each of these exhibits is marked as confidential information pursuant to the

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protective order, so we are hesitant to make them publicly available. Each of these exhibits was produced by Petitioner, who appears to have added the confidential designations. Accordingly, within ten days of the issuance of this decision, Petitioner shall file a motion to seal Exhibits 2015 through 2026, explaining why each document should remain under seal. Because, as discussed below, we have relied only on Exhibits 2015, 2017, and 2025, Petitioner instead may move to expunge the other Exhibits (i.e., Exhibits 2016, 2018–2024, and 2026) from the record. 37 C.F.R. § 42.56.

Third, this decision relies upon confidential information appearing in Exhibits 2015, 2017, and 2025, as well as in the confidential versions of the Preliminary Response and the Reply. Within ten days of the issuance of this decision, Petitioner shall file a motion to seal the present decision, explaining why this decision should be kept under seal. Petitioner's motion shall include a proposed redacted version of this decision to be made publicly available. If Petitioner does not file a motion to seal this decision and Exhibits 2015, 2017, and 2025 within ten days of the issuance of this decision, or if Petitioner's reasons for maintaining Exhibits 2015, 2017, and 2025 are inadequate, those exhibits and this decision shall become publicly available.

CONCLUSION

Upon consideration of the Petition, the Preliminary Response, and the Reply, we conclude that institution of *inter partes* review is barred by 35 U.S.C. § 315(b). Accordingly, we do not institute *inter partes* review of any of the challenged claims on any of the asserted grounds.

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ORDER

It is hereby

ORDERED that the Petition is *denied* as to all challenged claims, and no trial is instituted;

FURTHER ORDERED that Patent Owner's Motion to Seal the Preliminary Response (Paper 23) is *granted*;

FURTHER ORDERED that Petitioner's Motion to Seal the Reply (Paper 26) is *granted*;

FURTHER ORDERED that Patent Owner's Motion to Seal the Preliminary Response and Redacted Preliminary Response (Paper 23) shall be made publicly available;

FURTHER ORDERED that, no later than ten days after the issuance of this decision, Petitioner shall file a motion to seal Exhibits 2015, 2017, and 2025, explaining why those exhibits should remain under seal;

FURTHER ORDERED that, no later than ten days after the issuance of this decision, Petitioner shall either file a motion to seal Exhibits 2016, 2018 through 2024, and 2026, explaining why those exhibits should remain under seal, or move to expunge Exhibits 2016, 2018 through 2024, and 2026 from the record;

FURTHER ORDERED that, no later than ten days after the issuance of this decision, Petitioner shall file a motion to seal, explaining why this decision should remain under seal, and including a redacted version of this decision that can be made publicly available; and

FURTHER ORDERED that the present decision shall remain under seal until Petitioner's motion to seal the present decision and Exhibits 2015, 2017, and 2025 is resolved.

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