UNITED STATES PATENT AND TRADEMARK OFFICE

_____

BEFORE THE PATENT TRIAL AND APPEAL BOARD

_____

APPLE INC.,
Petitioner,

v.

SMARTFLASH LLC,
Patent Owner.

_____

Case CBM2014-00108
Case CBM2014-00109
Patent 8,061,598

_____

Before JENNIFER S. BISK, RAMA G. ELLURU, NEIL T. POWELL,
JEREMY M. PLENZLER, and MATTHEW R. CLEMENTS,
Administrative Patent Judges.

CLEMENTS, *Administrative Patent Judge*.

DECISION

Institution of Covered Business Method Patent Review
37 C.F.R. § 42.208

INTRODUCTION

A. Background

Petitioner, Apple Inc. ("Apple"), filed a Petition in CBM2014-00108 (Paper 2, "108 Pet.") to institute a covered business method patent review of claims 1, 2, 7, 13, 15, 26, and 31 (the "challenged claims") of U.S. Patent No. 8,061,598 (Ex. 1001, "the '598 patent") pursuant to § 18 of the Leahy-Smith America Invents Act ("AIA").[1] Apple also filed a Petition in CBM2014-00109 (Paper 2, "109 Pet.") to institute a covered business method patent review of the challenged claims of the '598 patent.

Patent Owner, Smartflash LLC ("Smartflash"), filed a Preliminary Response in CBM2014-00108 (Paper 6, "108 Prelim. Resp.") and in CBM2014-00109 (Paper 6, "109 Prelim. Resp.").

We have jurisdiction under 35 U.S.C. § 324, which provides that a covered business method patent review may not be instituted "unless . . . it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable."

B. Asserted Grounds

Apple contends that the challenged claims are unpatentable under 35 U.S.C. §§ 102 and/or 103 based on the following grounds (108 Pet. 26–75; 109 Pet. 29–78).

---

[1] Patent Owner argues that the multiple petitions filed against the '598 patent violate the page limit requirement of 37 C.F.R. § 42.24(a)(iii), but does not cite any authority to support its position. 108 Prelim. Resp. 11-13; 109 Prelim. Resp. 11-13. The page limit for petitions requesting covered business method patent review is 80 pages (37 C.F.R. § 42.24(a)(iii)), and each of the 108 and 109 Petitions is within that requirement.

CBM2014-00108 and CBM2014-00109
Patent 8,061,598

Reference[s][2]	Basis	Claims challenged
CBM2014-00108		
Stefik '235 and Stefik '980[3]	§ 102	1, 2, 7, 13, 15, and 31
Stefik '235 and Stefik '980	§ 103	1, 2, 7, 13, 15, 26, and 31
Stefik '235, Stefik '980, and Poggio	§ 103	7
Stefik '235, Stefik '980, and Sato	§ 103	26
Stefik '235, Stefik '980, and Rydbeck	§ 103	26
CBM2014-00109		
Ginter	§ 102	1, 2, 7, 13, 15, 26, and 31
Ginter	§ 103	1, 2, 7, 13, 15, 26, and 31[4]

---

[2] U.S. Patent No. 5,530,235 (Ex. 1013) ("Stefik '235"); U.S. Patent No. 5,629,980 (Ex. 1014) ("Stefik '980"); U.S. Patent No. 5,915,019 (Ex. 1015) ("Ginter"); European Patent Application, Publication No. EP0809221A2 (translation) (Ex. 1016) ("Poggio"); JP Patent Application Publication No. H11-164058 (translation) (Ex. 1018) ("Sato"). Citations are to exhibits filed in CBM2014-00108, unless otherwise noted.

[3] Petitioner contends that Stefik '235 and Stefik '980 should be treated as a single reference and refers to the references collectively as "Stefik." 108 Pet. 30, n.13. Patent Owner disagrees that Stefik '235 and Stefik '980 should be considered as one reference. 108 Prelim. Resp. 13-15. We do not reach this issue because even when considered as one reference, we determine that Stefik '235 and Stefik '980 do not teach all of the recited claim limitations in the same form and order as listed in the claim.

[4] Although claim 31 is omitted in the heading on page 43 of the 109 Petition, we include it here because it is identified as obvious over Ginter elsewhere in the Petition. *See, e.g.*, 109 Pet. 32–33, 43 ("Ginter . . . renders obvious to a POSITA each of claims 1, 2, 7, 13, 15, 26, and 31, based on the disclosures identified below.").

Reference[s][2]	Basis	Claims challenged
Ginter, Stefik '235, and Stefik '980	§ 103	1, 2, 7, 13, 15, and 26
Ginter and Sato	§ 103	1, 2, 7, 13, 15, and 26
Ginter and Poggio	§ 103	7
Ginter, Poggio, Stefik '235, and Stefik '980	§ 103	7

After considering the Petitions and Preliminary Responses, we determine that the '598 patent is a covered business method patent and that Apple has demonstrated that it is more likely than not that at least one of the challenged claims is unpatentable. Based on the information presented, we institute a covered business method patent review of claim 26 of the '598 patent.

C. Related Matters

The parties indicate that Smartflash has sued Apple for infringement of the '598 patent and identify the following district court case: *Smartflash LLC v. Apple Inc.*, Case No. 6:13-cv-447 (E.D. Tex.). *See, e.g.,* 108 Pet. 23; 108 Paper 5, 2. The parties also indicate that the '598 patent is the subject of a second district court case, to which Apple is not a party: *Smartflash LLC v. Samsung*, Case No. 6:13-cv-448 (E.D. Tex.). *Id.*

Apple filed ten other Petitions for covered business patent review challenging claims of patents owned by Smartflash and disclosing similar subject matter: CBM2014-00102; CBM2014-00103; CBM2014-00104; CBM2014-00105; CBM2014-00106; CBM2014-00107; CBM2014-00110; CBM2014-00111; CBM2014-00112; and CBM2014-00113.

D. The '598 Patent

The '598 patent relates to "a portable data carrier for storing and paying for data and to computer systems for providing access to data to be stored" and the "corresponding methods and computer programs." Ex. 1001, 1:21–25. Owners of proprietary data, especially audio recordings, have an urgent need to address the prevalence of "data pirates" who make proprietary data available over the internet without authorization. *Id*. at 1:29–55. The '598 patent describes providing portable data storage together with a means for conditioning access to that data upon validated payment. *Id.* at 1:59–2:11. This combination allows data owners to make their data available over the internet without fear of data pirates. *Id.* at 2:11–15.

As described, the portable data storage device is connected to a terminal for internet access. *Id.* at 1:59–67. The terminal reads payment information, validates that information, and downloads data into the portable storage device from a data supplier. *Id.* The data on the portable storage device can be retrieved and output from a mobile device. *Id.* at 2:1–5. The '598 patent makes clear that the actual implementation of these components is not critical and may be implemented in many ways. *See, e.g.*, *id.* at 25:49–52 ("The skilled person will understand that many variants to the system are possible and the invention is not limited to the described embodiments.").

E. Challenged Claims

Apple challenges claims 1, 2, 7, 13, 15, 26, and 31 of the '598 patent. Claims 1, 26, and 31 are independent. Claims 2, 7, 13, and 15 depend from claim 1. Claims 1 and 31 are illustrative of the claims at issue and recite the following:

DOCKET ALARM

Explore Litigation Insights

Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

Real-Time Litigation Alerts

Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

Advanced Docket Research

With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

Analytics At Your Fingertips

Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

LAW FIRMS
Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

FINANCIAL INSTITUTIONS
Litigation and bankruptcy checks for companies and debtors.

E-DISCOVERY AND LEGAL VENDORS
Sync your system to PACER to automate legal marketing.