UNITED STATES PATENT AND TRADEMARK OFFICE

———————————

BEFORE THE PATENT TRIAL AND APPEAL BOARD

———————————

APPLE INC.,
Petitioner,

v.

SMARTFLASH LLC,
Patent Owner.

———————————

Case CBM2014-00112
Case CBM2014-00113
Patent 7,942,317 B2

———————————

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

ELLURU, *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 two Petitions to institute
covered business method patent review of claims 1, 6–8, 12–14, 16, and 18
("the challenged claims") of U.S. Patent No. 7,942,317 B2 (Ex. 1001, "the
'317 patent") pursuant to § 18 of the Leahy-Smith America Invents Act
("AIA"). CBM2014-00112 (Paper 2, "112 Pet.") and CBM2014-00113
(Paper 2, "113 Pet."). Patent Owner, Smartflash LLC ("Smartflash"), filed a
Preliminary Response in each of the two cases: CBM2014-00112 (Paper 6,
"112 Prelim. Resp.") and CBM2014-00113 (Paper 6, "113 Prelim. Resp.").[1]

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 (112 Pet. 16;
28–77; 113 Pet. 40–78).

---

[1] Patent Owner argues that the multiple petitions filed against the '317 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. 112 Prelim. Resp. 10–11; 113
Prelim. Resp. 10–11. 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 112 and the 113 Petitions is within that requirement.

CBM2014-00112 and CBM2014-00113
Patent 7,942,317 B2

References[2]	Basis	Claims Challenged
CBM2014-00112		
Stefik '235[3] and Stefik '980[4]	§ 102[5]	1, 6–8, 12–14, 16, and 18
Stefik '235 and Stefik '980	§ 103	1, 6–8, 12–14, 16, and 18
Stefik '235, Stefik '980, and Poggio[6]	§ 103	1, 6–8, 12–14, 16, and 18
CBM2014-00113		
Ginter[7]	§ 103	1, 6–8, 12–14, 16, and 18
Ginter and Poggio	§ 103	1, 6–8, 12–14, 16, and 18
Ginter, Stefik '235, and Stefik '980	§ 103	12–14

---

[2] Exhibits with numbers 1001–1029 were filed in CBM2014-00112 and those with numbers 1101–1129 were filed in CBM2014-00113. For purposes of this decision, where the two cases have duplicate exhibits, we refer to the exhibit filed in CBM2014-00112.

[3] U.S. Patent No. 5,530,235 (June 25, 1996) (Ex. 1013, "Stefik '235").

[4] U.S. Patent No. 5,629,980 (May 13, 1997) (Ex. 1014, "Stefik '980").

[5] Petitioner refers to Stefik '235 and Stefik '980 collectively as "Stefik" and argues that they should be considered as a single reference for anticipation purposes because, according to Petitioner, Stefik '235 incorporates Stefik '980 by reference. 112 Pet. 20–21, n.12. Patent Owner disagrees. 112 Prelim. Resp. 12–14. 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 the recited claim limitations in the same form and order as listed in the claims.

[6] European Patent Application, Publication No. EP0809221A2 (including translation), published November 26, 1997 (Ex. 1016, "Poggio").

[7] U.S. Patent No. 5,915,019 (June 22, 1999) (Ex. 1115, "Ginter").

References[2]	Basis	Claims Challenged
Ginter, Stefik '235, Stefik '980, and Poggio	§ 103	12–14
Ginter and Sato[8]	§ 103	12–14

Petitioner also provides a declaration from Anthony J. Wechselberger ("the Wechselberger Declaration").[9] 112 Ex. 1021.

After considering the Petitions and Preliminary Responses, we determine that the '317 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 claims 1, 6–8, 12–14, 16, and 18 of the '317 patent.

C. Related Matters

The parties indicate that Smartflash has sued Apple for infringement of the '317 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.,* 112 Pet. 15–16; 112 Papers 4, 5. The parties also indicate that the '317 patent is the subject of a second case, to which Apple is not a party: *Smartflash LLC v. Samsung*, Case No. 6:13-cv-448 (E.D. Tex.). *Id.*

---

[8] JP Patent Application Publication No. H11-164058 (including translation), published June 18, 1999 (Ex. 1118, "Sato").

[9] On this record, we are not persuaded by Patent Owner's argument that we should disregard the Wechselberger Declaration. *See* 112 Prelim. Resp. 17–20; 113 Prelim. Resp. 17–20. Patent Owner identifies purported omissions from the Declaration, but offers no evidence that Mr. Wechselberger used incorrect criteria, failed to consider evidence, or is not an expert in the appropriate field. *Id.*

In addition to the 112 and 113 Petitions, Apple filed ten other Petitions for covered business method 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; CBM2014-00108; CBM2014-00109; CBM2014-00110; and CBM2014-00111.

D. The '317 Patent

The '317 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, 1:18–23. 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 1:38–51. The '317 patent describes providing portable data storage together with a means for conditioning access to that data upon validated payment. *Id.* at 1:55–2:3. This combination allows data owners to make their data available over the internet without fear of data pirates. *Id.* at 2:3–11.

As described, the portable data storage device is connected to a terminal for internet access. *Id.* at 1:55–63. 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 1:64–67. The '317 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

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.

fastcase®
Smarter legal research.