UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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SAMSUNG ELECTRONICS AMERICA, INC. and
SAMSUNG ELECTRONICS CO., LTD.,
Petitioner,

v.

SMARTFLASH LLC,
Patent Owner.

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Case CBM2014-00190
Patent 7,334,720 B2

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Before JENNIFER S. BISK, RAMA G. ELLURU, GREGG I. ANDERSON,
MATTHEW R. CLEMENTS, and PETER P. CHEN,
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, Samsung Electronics America, Inc. and Samsung Electronics Co., Ltd. (collectively "Samsung")[1], filed a Corrected Petition (Paper 4, "Pet.") to institute a covered business method patent review of claims 13 and 14 ("the challenged claims") of US Patent No. 7,334,720 B2 (Ex. 1001, "the '720 patent") pursuant to § 18 of the Leahy-Smith America Invents Act ("AIA").[2] Patent Owner, Smartflash LLC ("Smartflash"), filed a Preliminary Response (Paper 7, "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."

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[1] Samsung provided in its updated mandatory notice that "Samsung Electronics America, Inc., and Samsung Electronics Co., Ltd. are now the real-parties-in-interest in this Covered Business Method Review. Samsung Telecommunications America, LLC, ("STA") originally a Petitioner and real-party-in-interest at the time of filing the Petition requesting Covered Business Method Review, has merged with and into Petitioner Samsung Electronics America, Inc. as of January 1, 2015, and therefore STA no longer exists as a separate corporate entity." Paper 8, 1.

[2] Pub. L. No. 112-29, 125 Stat. 284, 296–07 (2011)

B. Asserted Grounds

Samsung contends that the challenged claims are unpatentable under 35 U.S.C. §§ 101 and/or 103 based on the following grounds (Pet. 3).

References	Basis	Claims Challenged
Not applicable	§ 101	13 and 14
Gruse,[3] Stefik '235,[4] and Stefik '980[56]	§ 103	13 and 14

Samsung also provides a declaration from Jeffrey A. Bloom, Ph.D. Ex. 1003.

After considering the Petition and Preliminary Response, we determine that the '720 patent is a covered business method patent. We further determine that Samsung has demonstrated that it is more likely than not that at least one of the challenged claims is unpatentable. Therefore, we institute a covered business method patent review of claims 13 and 14 of the '720 patent.

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[3] PCT Publication No. WO 00/08909 (Ex. 1006)

[4] US Patent No. 5,530,235 ("Stefik '235") (Ex. 1004).

[5] US Patent No. 5,629,980 ("Stefik '980") (Ex. 1005).

[6] Samsung refers to Stefik '235 and Stefik '980 collectively as "Stefik" because, according to Samsung, Stefik '235 incorporates Stefik '980 by reference. Pet. 42–43. Smartflash disagrees. Prelim. Resp. 15–18. Based our determination below, we need not address this issue, but for purposes of this decision, we adopt the convention of referring to the combination of both references as "Stefik."

C. Related Matters

Samsung indicates that the '720 patent is the subject of the following co-pending district court cases: *Smartflash LLC v. Apple Inc.*, Case No. 6:13-cv-447 (E.D. Tex.); and *Smartflash LLC v. Samsung Electronics Co.*, Case No. 6:13-cv-448 (E.D. Tex.). Pet. 1; Paper 5, 2–3. Patent Owner asserts that patents claiming priority back to a common series of applications are currently the subject of CBM2014-00102, CBM2014-00106, and CBM2014-00108, filed by Apple Inc. *See* Paper 5, 2.

Samsung filed a concurrent petition for covered business method patent review of the '720 patent: CBM2014-00196.[7] In addition, Samsung filed eight other Petitions for covered business method patent review challenging claims of other patents owned by Smartflash and disclosing similar subject matter: CBM2014-00192; CBM2014-00193; CBM2014-00194; CBM2014-00197; CBM2014-00198; CBM2014-00199; CBM2014-00200; and CBM2014-00204. Paper 5, 2

D. The '720 Patent

The '720 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, 1:6–10. Owners of proprietary data, especially audio recordings,

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[7] Smartflash argues that the multiple petitions filed against the '720 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. Prelim. Resp. 9–12. 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 '190 and '196 Petitions meets that requirement.

have an urgent need to address the prevalence of "data pirates," who make proprietary data available over the Internet without authorization. *Id.* at 1:15–41. The '720 patent describes providing portable data storage together with a means for conditioning access to that data upon validated payment. *Id.* at 1:46–62. According to the '720 patent, this combination of the payment validation means with the data storage means allows data owners to make their data available over the Internet without fear of data pirates. *Id.* at 1:62–2:3.

As described, the portable data storage device is connected to a terminal for Internet access. *Id.* at 1:46–55. 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 1:56–59. The '720 patent makes clear that the actual implementation of these components is not critical, and the alleged invention may be implemented in many ways. *See, e.g.*, *id.* at 26:13–16 ("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

Samsung challenges claims 13 and 14 of the '720 patent. Claim 13 depends from independent claim 3, which is not explicitly challenged in this proceeding, and claim 14 is independent. Claims 3 and 14 are illustrative of the claims at issue and recite the following.

> 3. A data access terminal for retrieving data from a data supplier and providing the retrieved data to a data carrier, the terminal comprising:
>
> a first interface for communicating with the data supplier;

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