UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

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

and

APPLE INC.,
Petitioner,

v.

SMARTFLASH LLC,
Patent Owner.

Case CBM2014-00190[1]

Patent 7,334,720 B2

PATENT OWNER'S REQUEST FOR REHEARING

[1] CBM2015-00118 (U.S. Patent 7,334,720 B2) was consolidated with this proceeding. Paper 31, 6–7.

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The Board's final written decision in this covered business method patent review misapprehends the Federal Circuit's and Supreme Court's guidance on patent eligible subject matter under 35 U.S.C. § 101 and overlooks the Federal Circuit's decision in *Enfish, LLC v. Microsoft Corp.*, No. 2015-2044 (Fed. Cir. May 12, 2016). The challenged claims are directed to a novel content delivery system for distributing digital content over the Internet while reducing piracy—a pressing problem at the time of invention. Like the claims at issue in *Enfish*, *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 125 (Fed. Cir. 2014), *Apple, Inc. v. Mirror World Techs., LLC*, Case CBM2016-00019 (Paper 12, May 26, 2016), and *Google Inc. v. ContentGuard Holdings, Inc.*, Case CBM2015-00040 (Paper 9, June 24, 2015), the inventions improve the functioning of computers by teaching improved devices and methods for downloading, storing, and accessing data. "[T]he focus of the claims is on the specific asserted improvement in computer capabilities" – not on an "'abstract idea' for which computers are invoked merely as a tool." *Enfish*, slip op. at 11. Whether considered at step one or step two of the *Alice* inquiry, the claims' specific elements put them squarely in the realm of patent-eligible subject matter.

The Board concluded otherwise because it failed to address the claim language and the specific limitations governing organization and processing of specific data types. By characterizing the claims (at 8) as "directed to performing

the fundamental economic practice of conditioning and controlling access to content based on payment," the Board "describe[d] the claims at . . . a high level of abstraction and untethered from the language of the claims," thereby "all but ensur[ing] that the exceptions to § 101 swallow the rule." *Enfish*, slip op. at 9; *see also Alice Corp. Pty. Ltd. v. CLS Bank Int'l*, 134 S. Ct. 2347, 2354 (2014) (warning against "construing this exclusionary principle [to] swallow all of patent law"). Patent Owner requests rehearing to correct these errors. *See* 37 C.F.R. § 42.71(d).

I. STATEMENT OF PRECISE RELIEF REQUESTED

Patent Owner requests that the Board reverse its original decision (Paper 47, May 26, 2016) and hold that challenged claims 13 and 14 are patent eligible.

II. BACKGROUND

1. Distribution of digital content over the Internet "introduces a problem that does not arise" with content distributed on physical media. *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 125 (Fed. Cir. 2014). By the late 1990s, improved data compression and increasing bandwidth for Internet access enabled content providers, for the first time, to offer content data for purchase over the Internet; at the same time, unprotected data files could be easily pirated and made available "essentially world-wide." Ex. 1001, 1:32-33. Conventional operation of the Internet does not solve the problem of data piracy: on the contrary, the Internet facilitates the distribution of data without restriction or protection. *Id.* 1:49-55.

Content providers faced piracy before—a CD can be copied onto another CD and the pirated copy sold—but the problem presented by widespread distribution of pirated content over the Internet was unprecedented. There had never before been a way to make free, identical, and flawless copies of physical media available to millions of people instantaneously at virtually no incremental cost. *See generally Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd.*, 545 U.S. 913, 929-30 (2005). The Internet gave rise to an urgent need to address data piracy associated with digital content distribution over the Internet.

The inventor devised a data storage and access system for downloading and paying for data, described in the specification and claimed in this patent and others, comprising specific elements designed to overcome problems inherent in making digital content available over the Internet and in accessing that content. Ex. 1001, at 1 (Abstract). The relevant claims of the '720 patent are directed to two aspects of that system: a "data access terminal for retrieving data from a data supplier and providing the retrieved data to a data carrier" *id.* 26:41-42; 28:1, and "a method of providing data from a data supplier," *id.* 28:5.

Claim 3, from which claim 13 depends, requires the "data access terminal" to include a "first interface for communicating with the data supplier"; "a data carrier interface for interfacing with the data carrier"; a "program store"; and a "processor . . . for implementing the stored code," "the code comprising: [(1)]

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