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 CBM2014-00192
Patent 8,033,458 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.

CHEN, *Administrative Patent Judge.*

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

INTRODUCTION

A. Background

Samsung Electronics America, Inc., and Samsung Electronics Co., Ltd.("Petitioner") filed a Petition requesting covered business method patent review of claim 11 (the "challenged claim") of U.S. Patent No. 8,033,458 (Ex. 1001, "the '458 patent") pursuant to § 18 of the Leahy-Smith America Invents Act ("AIA").[1] Paper 2 ("Pet.").[2] Smartflash LLC ("Patent Owner") filed a Preliminary Response. Paper 5 ("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."

After considering the Petition and Preliminary Response, we determine that the '458 patent is a covered business method patent and that Petitioner has demonstrated that it is more likely than not that the challenged claim is unpatentable. Accordingly, we institute a covered business method patent review of claim 11 of the '458 patent.

B. Asserted Grounds

Petitioner contends that the challenged claim is unpatentable under 35 U.S.C. §§ 101 and/or 103 in view of Stefik '235,[3] Stefik '980,[4] and Gruse.[5]

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

[2] Samsung Telecommunications America LLC, originally a Petitioner and real-party-in-interest at the time of filing the Petition, has merged with and into Petitioner Samsung Electronics America, Inc. as of January 1, 2015, and no longer exists as a separate corporate entity. Paper 6, 1.

[3] U.S. Patent No. 5,530,235 (Ex. 1004) ("Stefik '235").

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

Pet. 3. Petitioner also provides a declaration from Jeffrey A. Bloom, Ph.D. Ex. 1003.

C. Related Matters

The parties indicate that the '458 patent is the subject of the following district court cases: *Smartflash LLC v. Apple Inc.*, Case No. 6:13-cv-447 (E.D. Tex.); *Smartflash LLC v. Samsung Electronics Co. Ltd.*, Case No. 6:13-cv-448 (E.D. Tex.). Pet. 1; Paper 4, 2–3. Patent Owner also indicates that the '458 patent is the subject of a third district court case: *Smartflash LLC v. Google, Inc.*, Case No. 6:14-cv-435 (E.D. Tex.). Paper 4, 3. Patents claiming priority back to a common series of applications are currently the subject of CBM2014-00102, CBM2014-00106, CBM2014-00108, and CBM2014-00112, filed by Apple Inc. *See* Paper 4, 2.

Petitioner filed a concurrent Petition for covered business method patent review of the '458 patent: CBM2014-00197 ("the 197 Petition").[6] In addition, Petitioner filed eight other Petitions for covered business method patent review challenging claims of other patents owned by Patent Owner and disclosing similar subject matter: CBM2014-00190; CBM2014-00193; CBM2014-00194; CBM2014-00196; CBM2014-00198; CBM2014-00199; CBM2014-00200; and CBM2014-00204.

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[5] PCT Publication No. WO 00/08909 (Ex. 1006) ("Gruse").

[6] Patent Owner argues that the multiple Petitions filed against the '458 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 a Petition requesting covered business method patent review is 80 pages (37 C.F.R. § 42.24(a)(iii)), and each of this Petition and the 197 Petition meets that requirement.

D. The '458 Patent

The '458 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 "corresponding methods and computer programs," and to a data access device for retrieving stored data from a data carrier, where the data access device uses "use status data and use rules to determine what access is permitted to data stored on the data carrier." Ex. 1001, 1:21–25, 9:7–22. Owners of proprietary data, especially audio recordings, have an urgent need to address the growing prevalence of "data pirates" who make proprietary data available over the Internet without authorization. *Id*. at 1:29–55. The '458 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 revenue loss caused by 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. In addition, the data access device comprises a user interface, a data carrier interface, a program store storing code implementable by a processor, and a processor coupled to the user interface, data carrier interface and program store. *Id*. at 9:7–13. The '458 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 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 Claim

Petitioner challenges claim 11 of the '458 patent. Claim 11 depends from claim 6. Claims 6 and 11 recite the following:

> 6. A data access device for retrieving stored data from a data carrier, the device comprising:
>
> a user interface;
>
> a data carrier interface;
>
> a program store storing code implementable by a processor; and
>
> a processor coupled to the user interface, to the data carrier interface and to the program store for implementing the stored code, the code comprising:
>
> code to retrieve use status data indicating a use status of data stored on the carrier, and use rules data indicating permissible use of data stored on the carrier;
>
> code to evaluate the use status data using the use rules data to determine whether access is permitted to the stored data; and
>
> code to access the stored data when access is permitted.

Ex. 1001, 27:8–23.

> 11. A data access device according to claim 6 wherein said use rules permit partial use of a data item stored on the carrier and further comprising code to write partial use status data to the data carrier when only part of a stored data item has been accessed.

Id. at 26:25–28.

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