

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

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

and

APPLE INC.,
Petitioner,

v.

SMARTFLASH LLC,
Patent Owner.

Case CBM2014-00192¹

Patent 8,033,458 B2

PATENT OWNER'S REQUEST FOR REHEARING

¹ CBM2015-00119 (Patent 8,033,458 B2) has been consolidated with this proceeding.

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I. INTRODUCTION

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. Claim 11 covers a specific physical device operating within a novel content delivery system that facilitates distribution of digital content over the Internet while helping to reduce piracy—a pressing problem at the time of invention. It contains significant and meaningful limitations that are both inventive and technological, which, when taken in ordered combination, amount to more than the idea of “conditioning and controlling access to content” and does not pre-empt the field. Furthermore, the claim improves the functioning of computers used to download, store, and access data, thereby effecting a technological improvement in the relevant field.

The Board wrongly determined that this claim on a physical device actually covered an abstract idea and ignored the claim’s combination of hardware and software to hold that the claim contains no inventive concept. Under the Board’s analysis, any device used in an economic transaction that contains conventional components would be patent ineligible. This error is exactly what the Supreme Court cautioned against in *Alice*. See *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 respectfully requests rehearing to correct these errors. *See* 37 C.F.R. § 42.71(d).

II. STATEMENT OF PRECISE RELIEF REQUESTED

Patent Owner requests that the Board reverse its original decision (Paper 45, March 30, 2016) and hold challenged claim 11 subject matter eligible.²

III. BACKGROUND

1. The opportunities and challenges associated with distribution of digital content over the Internet “introduces a problem that does not arise” with content that is distributed on physical media. *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 125 (Fed. Cir. 2014). By the late 1990s, as a result of improved data compression and increasing bandwidth for Internet access, content providers, for the first time, had the ability to offer data for purchase over the Internet; at the same time, unprotected data files could be easily pirated and made available “essentially world-wide” without authorization. Ex. 1001, 1:32-33. The 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 had faced the issue of piracy before—a CD can be copied onto a cassette tape or onto another CD and the pirated copy sold—but the problem

² Claim 11 was invalidated on indefiniteness grounds in CBM2015-00016.

of 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 advent of the Internet thus gave rise to an urgent need to address the problem of data piracy.

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 the problems inherent in making digital content available over the Internet. Ex. 1001, at 1 (Abstract). Claim 11 is directed to one aspect of that system: namely, a “data access device”—for example, a mobile multi-media player—for “retrieving stored data from a data carrier.” *Id.* at 27:8-9. Related patents cover other aspects of the system and interactions explained in the specification.

Claim 6, on which challenged claim 11 depends, requires the “data access device” to include (among other elements) a “processor” coupled to a “program store” storing code to “retrieve use status data” and “use rules data” from the data carrier. The device includes code “to evaluate the use status data using the use rules data to determine whether access is permitted.” “[W]hen access is permitted,” the device includes code to access the content data stored on the data

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