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 CBM2014-00193[1]

Patent 8,061,598 B2

PATENT OWNER'S REQUEST FOR REHEARING

[1] CBM2015-00120 (Patent 8,061,598 B2) was consolidated with this proceeding.

TABLE OF CONTENTS

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 7 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. The claim contains 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 based on payment" and do 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 specific combination of hardware and software to hold that the claim contained 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 that challenged claim 7 is patent eligible.

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 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." 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 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 7 of the '598 patent is directed to one aspect of that system: namely, a "portable data carrier." *Id.* at 25:54. Related patents cover other aspects of the system and interactions explained in the specification.

Claim 1, on which challenged claim 7 depends, requires the "portable data carrier" to include an "interface for reading and writing data from and to the portable data carrier"; "content data memory"; "use rule memory"; a "program store"; and a "processor . . . for implementing code in the program store," "wherein the code comprises code for storing at least one content data item in the content data memory and at least one use rule in the use rule memory." Ex. 1001, 25:54-67.

2. The Board found claim 7 to be patent ineligible. First, the Board found (at 8) "that the challenged claim is drawn to a patent-ineligible abstract

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.