

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 CBM2014-00194¹
Patent 8,118,221 B2

Before JENNIFER S. BISK, RAMA G. ELLURU,
JEREMY M. PLENZLER, and MATTHEW R. CLEMENTS,
Administrative Patent Judges.

BISK, *Administrative Patent Judge.*

FINAL WRITTEN DECISION
35 U.S.C. § 328(a) and 37 C.F.R. § 42.73

¹ CBM2015-00117 (Patent 8,118,221 B2) was consolidated with this proceeding.

INTRODUCTION

A. Background

Samsung Electronics America, Inc., Samsung Electronics Co., Ltd., and Samsung Telecommunications America, LLC (“Samsung”),² filed a Corrected Petition to institute covered business method patent review of claims 2, 11, and 32 of U.S. Patent No. 8,118,221 B2 (Ex. 1001, “the ’221 patent”) pursuant to § 18 of the Leahy-Smith America Invents Act (“AIA”). Paper 4 (“Pet.”). On March 30, 2015, we instituted a covered business method patent review (Paper 9, “Institution Decision” or “Inst. Dec.”) based upon Petitioner’s assertion that claims 2, 11, and 32 are directed to patent ineligible subject matter under 35 U.S.C. § 101. Inst. Dec. 20.

On April 30, 2015, Apple Inc. filed a Petition to institute covered business method patent review of the same claims of the ’221 patent based on the same grounds. *Apple Inc. v. Smartflash LLC*, Case CBM2015-00117 (Paper 2, “Apple Pet.”). Apple simultaneously filed a “Motion for Joinder” of its newly filed case with Samsung’s previously instituted case. CBM2015-00117 (Paper 3, “Apple Mot.”). On August 8, 2015, we granted Apple’s Petition and consolidated the two proceedings.³ Paper 32; *Apple Inc. v. Smartflash LLC*, Case CBM2015-00117, slip. op. at 6–7 (PTAB Aug. 8, 2015) (Paper 11).

This Final Written Decision is issued pursuant to 35 U.S.C. § 328(a) and 37 C.F.R. § 42.73. For the reasons that follow, we determine that

² Samsung Telecommunications America, LLC, a petitioner at the time of filing, merged with and into Samsung Electronics America, Inc. as of January 1, 2015. Paper 8.

³ For purposes of this decision, we will cite only to Samsung’s Petition.

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Petitioner has shown by a preponderance of the evidence that claim 32 of the '221 patent is directed to patent ineligible subject matter under 35 U.S.C. § 101.

B. Related Matters and Estoppel

In a previous covered business method patent review, CBM2014-00102, we issued a Final Written Decision determining claims 1, 2, and 11–14 unpatentable under 35 U.S.C. § 103. *Apple Inc. v. Smartflash LLC*, Case CBM2014-00102, (PTAB Sept. 25, 2015) (Paper 52). On March 18, 2016, however, Patent Owner filed an authorized motion to terminate this proceeding as to claims 2 and 11 stating that “[o]n March 4, 2016, pursuant to Fed. R. App. P. 42(b), the United States Court of Appeals for the Federal Circuit dismissed [Patent Owner’s] appeal of [the final written decision in CBM2014-00102 determining] that claims 2 and 11 of the '221 Patent are unpatentable.” Paper 50, 2.⁴

We are persuaded that the particular facts of this proceeding now counsel termination of our consideration of claims 2 and 11. 37 C.F.R. § 42.72. Claims 2 and 11 of the '221 patent have been finally cancelled and any decision we might reach in this proceeding regarding the patentability of these claims would be moot and purely advisory. We do not see how the just, speedy, and inexpensive resolution of every proceeding (37 C.F.R. § 42.1(b)) would be secured by rendering a final written decision regarding these claims. Accordingly, we terminate this review as to claims 2 and 11 and consider below only the remaining challenged claim—claim 32.

⁴ Fed. R. App. P. 42 provides for dismissal of an appeal at the request of the parties or on motion by the appellant.

C. The '221 Patent

The '221 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 1:21–25. Owners of proprietary data, especially audio recordings, have an urgent need to address the prevalence of “data pirates” who make proprietary data available over the Internet without authorization. *Id.* at 1:29–56. The '221 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 with less fear of data piracy. *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 the data supplier. *Id.* The data on the portable storage device can be retrieved and output from a mobile device. *Id.* at 2:1–4. The '221 patent makes clear that the actual implementation of these components is not critical and may be implemented in many ways. *See, e.g., id.* at 25:41–44 (“The skilled person will understand that many variants to the system are possible and the invention is not limited to the described embodiments . . .”).

D. Challenged Claim

Petitioner challenges claim 32 of the '221 patent. Claim 32 is independent and recites the following:

32. 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;
a data carrier interface for interfacing with the data carrier;

a program store storing code; and

a processor coupled to the first interface, the data carrier interface, and the program store for implementing the stored code, the code comprising:

code to read payment data from the data carrier and to forward the payment data to a payment validation system;

code to receive payment validation data from the payment validation system;

code responsive to the payment validation data to retrieve data from the data supplier and to write the retrieved data into the data carrier;

code responsive to the payment validation data to receive at least one access rule from the data supplier and to write the at least one access rule into the data carrier, the at least one access rule specifying at least one condition for accessing the retrieved data written into the data carrier, the at least one condition being dependent upon the amount of payment associated with the payment data forwarded to the payment validation system; and

code to retrieve from the data supplier and output to a user-stored data identifier data and associated value data and use rule data for a data item available from the data supplier.

Id. at 28:23–50.

ANALYSIS

A. Claim Construction

In a covered business method patent review, claim terms are given their broadest reasonable interpretation in light of the specification in which they appear and the understanding of others skilled in the relevant art. *See* 37 C.F.R. § 42.300(b). Applying that standard, we interpret the claim terms

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