

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

PATENT OWNER'S REQUEST FOR REHEARING

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

TABLE OF CONTENTS

I.	INTRODUCTION	1
II.	STATEMENT OF PRECISE RELIEF REQUESTED	2
III.	BACKGROUND	2
IV.	ARGUMENT	4
A.	Like the Claims in DDR Holdings, Claim 32 Is Patent Eligible Because It Teaches a Specific Solution to a Novel Problem Presented By Digital Commerce.....	5
B.	The Challenged Claim Does Not Resemble the Claims in Alice	10
1.	Claim 32 Is Directed to a Specific Device, Not an Abstract Idea	10
2.	Claim 32 Contains Numerous “Additional Features” That Demonstrate That It Does Not Cover an Abstract Idea	12
V.	CONCLUSION.....	15

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 32 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. Claim 32 contains significant and meaningful limitations which are both inventive and technological, which, when taken in ordered combination, amount to more than the idea of “conditioning and controlling access to data 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 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 51, March 29, 2016) and hold challenged claim 32 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 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 this problem: 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 32 of the '221 patent is directed to one aspect of that system: namely, a “data access terminal”—for example, a mobile multi-media player—for “retrieving data from a data supplier.” *Id.* at 28:22-25. Related patents cover other aspects of the system and interactions explained in the specification.

Claim 32 requires the “data access terminal” to be coupled to a “data carrier,” and to include a “data carrier interface,” a “first interface” for “communicating with the data supplier,” a “program store,” and a “processor.” The “program store” on the device stores code that allows the machine to “read payment data from the data carrier,” “to forward the payment data to a payment validation system,” to “receive payment validation data” from that system, to “retrieve data from the data supplier,” to “write the retrieved data into the data

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