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CBM2015-00015, Paper 49
CBM2015-00016, Paper 50
CBM2015-00018, Paper 37
CBM2014-00194, Paper 46
Entered: November 4, 2015

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC.,
Petitioner,
v.
SMARTFLASH LLC,
Patent Owner.

CBM2015-00015 and CBM2014-00194[1] (Patent 8,118,221 B2)
CBM2015-00016 (Patent 8,033,458 B2)
CBM2015-00018 (Patent 7,942,317 B2)

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

ELLURU, *Administrative Patent Judge*.

ORDER
Conduct of the Proceedings
37 C.F.R. § 42.5

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[1] Although Samsung filed CBM2014-00194, Apple filed CBM2015-00117, which was joined to this proceeding. *See* CBM2014-00194, Paper 32.

I. INTRODUCTION

On October 9, 2015, we issued an order in CBM2015-00015 and CM2015-00016 requesting briefing by the parties regarding whether Apple is estopped from arguing the unpatentability of claim 1 of the '221 patent and claim 1 of the '458 patent pursuant to 35 U.S.C. § 101 at the November 9th hearing. Paper 42.[2] Apple (Paper 44) and Smartflash (Paper 45) filed the requested briefing.

The patentability of these claims has been decided in previously issued final written decisions. On September 25, 2015, we issued a final written decision in CBM2014-00102, brought by Apple, concluding that claims 1, 2, and 11–14 of the '221 patent are unpatentable pursuant to 35 U.S.C. § 103. CBM2014-00102, Paper 52, 43. On September 25, 2015, we also issued a final written decision in CBM2014-00106, brought by Apple, concluding that claim 1 of the '458 patent is unpatentable pursuant to 35 U.S.C. § 103. CBM2014-00106, Paper 52, 31.

II. ANALYSIS

35 U.S.C. § 325(e)(1) mandates that

> [t]he petitioner in a post-grant review of a claim in a patent under this chapter that results in a final written decision under section 328(a) or the real party in interest or privy of the petitioner, may not request or maintain a proceeding before the Office with respect to that claim on any ground that the petitioner raised or reasonably could have raised during that post-grant review.

[2] Citations are to CBM2015-00015 unless otherwise noted.

A. CBM2015-00015 and CBM2015-00016

Apple contends that it should not be estopped from arguing the patentability of claim 1 of the '221 patent and claim 1 of the '458 patent pursuant to § 101 because "it could not 'reasonably' have raised its *Alice*-based § 101 ground at the time of the earlier petition, nor is Apple 'maintain[ing]' this proceeding by merely participating in oral argument, given that the evidentiary record is closed." Paper 44, 1. Smartflash argues that "Apple is estopped from arguing claim 1 of the '221 Patent and claim 1 of the '458 Patent at the November 9, 2015 hearing." Paper 45, 1. Specifically, Smartflash contends that "Apple may not maintain its CBM2015-00015 and -00016 proceedings with respect to claim 1 of the '221 Patent and claim 1 of the '458 Patent because § 101 eligibility is a ground that Apple reasonably could have raised during the CBM2014-00102 and -00106 reviews." *Id*.

We determine that § 325(e)(1) is applicable to Apple with respect to claim 1 of the '221 patent and claim 1 of the '458 patent. Apple was the petitioner in CBM2014-00102, which resulted in a final written decision with respect to claim 1 of the '221 patent and in CBM2014-00106, which resulted in a final written decision with respect to claim 1 of the '458 patent. CBM2014-00102, Paper 52, 43; CBM2014-00106, Paper 52, 31. Thus, pursuant to § 325(e)(1), Apple cannot "request or maintain" a proceeding before the Office with respect to these claims "on any ground" that Apple "raised or reasonably could have raised" during CBM2014-00102 and CBM2014-00106.

Apple contends that it "could not 'reasonably' have raised" in its earlier petitions "the *Alice*-based § 101 grounds presented in the later petitions "because seminal case law relied on did not yet exist." Paper 44 at 2 (citing *Alice Corp. Pty. Ltd. v. CLS Bank Int'l*, 134 S. Ct. 2347 (2014)). According to Apple, CBM proceedings have treated § 101 differently "pre- and post-*Alice*." *Id*. at 3. We are not persuaded by Apple's argument.

Section 325(e)(1) estops Apple from filing or maintaining a proceeding before the Office with respect to the claims at issue on "*any ground* that [Apple] raised or reasonably could have raised." (Emphasis added). This statutory provision does not make exceptions for intervening case law that merely clarifies jurisprudence. *See* Paper 45, 5. Moreover, although *Alice* was not decided, the Supreme Court had already decided *Bilski* and *Mayo* on which *Alice* relied, and a number of Federal Circuit cases had already issued finding computer-based method claims invalid under § 101. *See, e.g.*, *Accenture Global Servs. GmbH v. Guidewire Software, Inc.*, 728 F.3d 1336 (Fed. Cir. 2013); *Bancorp Servs, LLC v. Sun Life Asur. Co.*, 687 F.3d 1266 (Fed. Cir. 2012); *Dealertrack, Inc. v. Huber*, 674 F.3d 1315 (Fed. Cir. 2012); *Cybersource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366 (Fed. Cir. 2011). Thus, we determine Apple "reasonably could have raised" a § 101 challenge to claim 1 of the '221 patent and claim 1 of the '458 patent. Thus, § 325(e)(1) is applicable to these claims.

Apple further argues that "maintain a proceeding" "connotes active participation in the proceeding while the evidentiary record remains open" and it cannot "maintain" a proceeding after the evidentiary record has closed. *Id*. at 4. Thus, Apple concludes that it would not be "maintain[ing]"

this proceeding by "merely participating in oral argument." *Id*. at 1. We disagree. We determine that "maintain a proceeding" includes presenting argument at the hearing with respect to the claims at issue. Thus, Apple may not present argument with respect to the patentability of claim 1 of the '221[3] patent and claim 1 of the '458 patent at the November 9 hearing. We further dismiss Apple as a Petitioner from CBM2015-00015 and from CBM2015-00016 with respect to claim 1 of the '458 patent.[4]

Lastly, Smartflash requests "leave to file a Motion to Terminate CBM2015-00015 and -00016 with respect to claim 1 in light of this estoppel." Paper 45, 2. We deny Smartflash authorization to file a motion to terminate these cases with respect to these claims.

Section 325(e)(1) speaks to actions that may not be undertaken by Petitioner (or its real party in interest or privy) – "[t]he *Petitioner* . . . may not request or maintain a proceeding before the Office" (emphasis added). The statutory provision, however, does not proscribe actions that we may take. *See Progressive Cas. Ins. Co. v. Liberty Mut. Ins. Co.*, No. 2014-1466, 2015 WL 5004949, at *2 (Fed. Cir. Aug. 24, 2015)(nonprecedential))

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[3] Because claim 1 of the '221 patent is the only claim challenged in CBM2015-00015 and Apple is the only petitioner in CBM2015-00015, we will not hear any argument with respect to CBM2015-00015 at the hearing on November 9, 2015.

[4] Apple requests that if we determine that estoppel prevents it from participating in the oral argument, we should "terminate" Apple from the proceeding "to make clear that the § 325(e)(2) litigation estoppel provision would not apply from a decision in *the current proceeding*." Paper 44, 6 n.2 (emphasis added). Given that we dismiss Apple from CBM2015-00015 and CBM2015-00016, Apple will no longer be a petitioner in these cases with respect to claim 1 of the '221 patent and claim 1 of the '458 patent.

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