Trials@uspto.gov
Tel: 571-272-7822

Paper 7
Entered: March 30, 2015

UNITED STATES PATENT AND TRADEMARK OFFICE

---

BEFORE THE PATENT TRIAL AND APPEAL BOARD

---

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

v.

SMARTFLASH LLC,
Patent Owner.

---

CBM2014-00198
Patent 8,061,598 B2

---

Before JENNIFER S. BISK, RAMA G. ELLURU, GREGG I. ANDERSON, MATTHEW R. CLEMENTS, and PETER P. CHEN,
*Administrative Patent Judges.*

CLEMENTS, *Administrative Patent Judge*.

# DECISION
Denying Institution of Covered Business Method Patent Review
*37 C.F.R. § 42.208*

## INTRODUCTION

### *A. Background*

Samsung Electronics America, Inc. and Samsung Electronics Co., Ltd. ("Petitioner")[1] filed a Petition requesting covered business method patent review of claim 7 (the "challenged claim") of U.S. Patent No. 8,061,598 (Ex. 1001, "the '598 patent") pursuant to § 18 of the Leahy-Smith America Invents Act ("AIA").[2] Paper 2 ("Pet."). Smartflash LLC ("Patent Owner") filed a Preliminary Response. Paper 5 ("Prelim. Resp."). We have jurisdiction under 35 U.S.C. § 324, which provides that a covered business method patent review may not be instituted "unless . . . it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable."

After considering the Petition and Preliminary Response, we determine that the '598 patent is a covered business method patent, but that Petitioner has not demonstrated that it is more likely than not that the challenged claim is unpatentable. Accordingly, we deny institution of a covered business method patent review of claim 7 of the '598 patent.

### *B. Asserted Grounds*

Petitioner contends that claim 7 is unpatentable under 35 U.S.C. § 102(b) as anticipated by Ginter.[3] Pet. 3. Petitioner also provides a declaration from Jeffrey A. Bloom, Ph.D ("the Bloom Declaration"). Ex. 1003.

---

[1] Samsung Telecommunications America, LLC is listed as a real party-in-interest in the Petition, but merged with and into Samsung Electronics America, Inc., after the filing of the Petition. Paper 6, 1.

[2] Pub. L. No. 112-29, 125 Stat. 284, 296–07 (2011)

[3] U.S. Patent No. 5,915,019 (Ex. 1023) ("Ginter").

*C. Related Matters*

The parties indicate that the '598 patent is the subject of the following district court cases: *Smartflash LLC v. Apple Inc.*, Case No. 6:13-cv-447 (E.D. Tex.); *Smartflash LLC v. Samsung Electronics Co.*, Case No. 6:13-cv-448 (E.D. Tex.). Pet. 1; Paper 4, 2-3. Patent Owner also indicates that the '598 patent is the subject of a third district court case: *Smartflash LLC v. Google, Inc.*, Case No. 6:14-cv-435 (E.D. Tex.). Paper 4, 3. Patents claiming priority back to a common series of applications are currently the subject of CBM2014-00102, CBM2014-00106, CBM2014-00108, and CBM2014-00112, filed by Apple Inc. *See* Paper 4, 2–3.

Petitioner filed a concurrent petition for covered business method patent review of the '598 patent: CBM2014-00193 ("the 193 Petition").[4] In addition, Petitioner filed eight other Petitions for covered business method patent review challenging claims of other patents owned by Patent Owner and disclosing similar subject matter: CBM2014-00190; CBM2014-00192; CBM2014-00194; CBM2014-00196; CBM2014-00197; CBM2014-00199; CBM2014-00200; and CBM2014-00204.

*D. The '598 Patent*

The '598 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,

[4] Patent Owner argues that the multiple petitions filed against the '598 patent violate the page limit requirement of 37 C.F.R. § 42.24(a)(iii), but does not cite any authority to support its position. Prelim. Resp. 9–12. The page limit for a petition requesting covered business method patent review is 80 pages (37 C.F.R. § 42.24(a)(iii)), and each of this Petition and the 193 Petition meets that requirement.

have an urgent need to address the prevalence of "data pirates" who make proprietary data available over the internet without authorization. *Id*. at 1:29–55. The '598 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 without fear of data pirates. *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 a data supplier. *Id.* The data on the portable storage device can be retrieved and output from a mobile device. *Id.* at 2:1–5. The '598 patent makes clear that the actual implementation of these components is not critical, and the alleged invention may be implemented in many ways. *See, e.g.*, *id.* at 25:49–52 ("The skilled person will understand that many variants to the system are possible and the invention is not limited to the described embodiments.").

*E. Challenged Claim*

Petitioner challenges claim 7 of the '598 patent. Claim 7 depends from claim 1. Claims 1 and 7 recite the following:

1. A portable data carrier comprising:

an interface for reading and writing data from and to the portable data carrier;

content data memory, coupled to the interface, for storing one or more content data items on the carrier;

use rule memory to store one or more use rules for said one or more content data items;

a program store storing code implementable by a processor;

and a processor coupled to the content data memory, the use rule memory, the interface and to the program store 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.

7. A portable data carrier as claimed in claim 1, further comprising payment data memory to store payment data and code to provide the payment data to a payment validation system.

*Id.* at 26:25–28.

## 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); *see also In re Cuozzo Speed Techs., LLC*, 2015 WL 448667 at *7 (Fed. Cir. Feb. 4, 2015) ("We conclude that Congress implicitly adopted the broadest reasonable interpretation standard in enacting the AIA."). Applying that standard, we interpret the claim terms of the '598 patent according to their ordinary and customary meaning in the context of the patent's written description. *See In re Translogic Tech., Inc.*, 504 F.3d 1249, 1257 (Fed. Cir. 2007). For purposes of this decision, we construe the claim term "use rule."

The term "use rule" is recited in independent claim 1. Neither party proposes a construction of "use rule." The '598 patent describes "use rules" as "for controlling access to the stored content" (Ex. 1001, Abstract) and as "indicating permissible use of data stored on the carrier" (*id.* at 9:14-16).

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.