

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.

Case CBM2014-00199
Patent 8,118,221 B2

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

BISK, *Administrative Patent Judge.*

DECISION

Institution of Covered Business Method Patent Review
37 C.F.R. § 42.208

INTRODUCTION

A. Background

Petitioner, named above, filed a Corrected Petition to institute covered business method patent review of claims 2, 11, and 32 (the “challenged claims”) 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.”). Smartflash LLC (“Patent Owner”) filed a Preliminary Response. Paper 7 (“Prelim. Resp”).

We have jurisdiction under 35 U.S.C. § 324, which provides that a covered business 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.”

B. Asserted Grounds

Petitioner contends that the challenged claims are anticipated by Ginter¹. Pet. 4. Petitioner also provides a Declaration from Dr. Jeffrey A. Bloom (“the Bloom Declaration”). Ex. 1003.

After considering the Petitions and Preliminary Responses, we determine that the ’221 patent is a covered business method patent and that Petitioner has demonstrated that it is more likely than not that at least one of the challenged claims is unpatentable. Therefore, we institute a covered business method patent review of claims 2 and 11. We decline to institute a covered business method patent review of claim 32.

C. Related Matters

Petitioner indicates that the ’221 patent is the subject of the following co-pending district court cases: *Smartflash LLC v. Apple Inc.*, Case No.

¹ U.S. Patent No. 5,915,019 (Ex. 1023) (“Ginter”).

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6:13-cv-447 (E.D. Tex.); and *Smartflash LLC v. Samsung Electronics Co.*, Case No. 6:13-CV-448 (E.D. Tex.). Pet. 1–2. Patents claiming priority back to a common series of applications are currently the subject of CBM2014-00102, CBM2014-00103, CBM2014-00106, CBM2014-00107, CBM2014-00108, CBM2014-00109, CBM2014-00112, and CBM2014-00113, filed by Apple Inc. *See* Paper 5, 2–3.

Petitioner filed one other petition for covered business method patent review challenging claims of the '221 patent: CBM2014-00194.² 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; CBM2014-00193; CBM2014-00196; CBM2014-00197; CBM2014-00198; CBM2014-00200; and CBM2014-00204.

D. 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.

² Patent Owner argues that the multiple petitions filed against the '221 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. 10–12. The page limit for petitions requesting covered business method patent review is 80 pages (37 C.F.R. § 42.24(a)(iii)), and this Petition is within that requirement.

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 the alleged invention 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.”).

E. Challenged Claims

Petitioner challenges claims 2, 11, and 32 of the '221 patent. Claim 32 is independent. Claims 2 and 11 depend from claim 1, which is not explicitly challenged in this proceeding. Claims 1, 2, 11, and 32 recite the following:

1. 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 implementable by a processor; and
 - a processor, coupled to the first interface, to the data carrier interface and to 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.

Ex. 1001, 25:45–61.

2. A data access terminal as claimed in claim 1, further comprising code to transmit at least a portion of the payment validation data to the data supplier or to a destination received from the data supplier.

Id. at 25:62–65.

11. A data access terminal according to claim 1 integrated with at least one of a mobile communication device, a personal computer, an audio/video player, and a cable or satellite television interface device.

Id. at 26:39–42.

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;

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