

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 CBM2014-00204
Patent 8,336,772 B2

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

ANDERSON, *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 Corrected Petition (Paper 4, “Pet.”) to institute a covered business method patent review of claims 5, 10, 14, 26, and 32 of U.S. Patent No. 8,336,772 B2 (Ex. 1001, “the ’772 patent”) pursuant to § 18 of the Leahy-Smith America Invents Act (“AIA”)². 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 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 ’772 patent is a covered business method patent. We further determine that Petitioner has not demonstrated that it is more likely than not that at least one of the challenged claims is unpatentable. Therefore, we do not institute a covered business method patent review of the ’772 patent.

¹ Petitioner provided in its updated mandatory notice that “Samsung Electronics America, Inc., and Samsung Electronics Co., Ltd. are now the real-parties-in-interest in this Covered Business Method Review. Samsung Telecommunications America, LLC, (“STA”) originally a Petitioner and real-party-in-interest at the time of filing the Petition requesting Covered Business Method Review, has merged with and into Petitioner Samsung Electronics America, Inc. as of January 1, 2015, and therefore STA no longer exists as a separate corporate entity.” Paper 8, 2.

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

B. Asserted Grounds

Petitioner contends that the challenged claims are unpatentable based on the following grounds. Pet. 3–5, 26–80.

Reference(s)	Basis	Claims Challenged
Not Applicable	§ 101	5, 10, 14, 26, and 32
Gruse ³	§ 102(a)	14 and 26
Gruse and Stefik ⁴	§ 103	32
Gruse and Hasebe ⁵	§ 103	5
Gruse, Stefik, and Hasebe	§ 103	10

Petitioner also provides a declaration from Dr. Jeffrey A. Bloom (Bloom Declaration,” Ex. 1003).

Patent Owner contends correctly that the § 101 ground is not otherwise discussed in the Petition. PO Resp. 13. Under 37 C.F.R. § 42.22(a)(2), “[e]ach petition . . . must include . . . [a] full statement of the reasons for the relief requested, including a detailed explanation of the significance of the evidence including material facts, and the governing law, rules, and precedent.” See 37 C.F.R. § 304 (Rules covering Covered Business Method Patent Review incorporating § 42.22). Because Petitioner’s asserted ground under 35 U.S.C. § 101 does not comply with Rules 42.22 and 42.304, we deny review based on this ground.

³ PCT Publication No. WO 00/08909 (Ex. 1006) (“Gruse”).

⁴ U.S. Patent No. 5,530,235 (Ex. 1004) (“Stefik ’235”), which Petitioner alleges incorporates U.S. Patent No. 5,629,980 (Ex. 1005) (“Stefik ’980”). Pet. 50.

⁵ U.S. Patent No. 5,761,651 (Ex. 1027) (“Hasebe”).

C. Related Matters

The parties indicate that the '772 patent is the subject of the following co-pending district court cases: *Smartflash LLC v. Apple Inc.*, Case No. 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; Paper 5, 2–3. Patent Owner also indicates that the '772 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 5, 3. Petitioner further asserts that 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 5, 2. Petitioner further advises us that Apple Inc. also filed petitions for covered business method patent review of the '772 patent: CBM2014-00110 and CBM2014-00111. Pet. 2.

Petitioner filed a concurrent petition for covered business method patent review of the '772 patent: CBM2014-00200 (“the 200 Petition”).⁶ 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; CBM2014-00194; CBM2014-00196; CBM2014-00197; CBM2014-00198; and CBM2014-00199.

⁶ Patent Owner argues that the multiple petitions filed against the '772 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 each of the '200 and '204 Petitions meets that requirement.

D. The '772 Patent

The '772 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, 1:24–28. 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 1:32–58. The '772 patent describes providing portable data storage together with a means for conditioning access to that data upon validated payment. *Id.* at 1:62–2:3. According to the '772 patent, this combination of the payment validation means with the data storage means allows data owners to make their data available over the internet without fear of data pirates. *Id.* at 2:10–18.

As described, the portable data storage device is connected to a terminal for internet access. *Id.* at 1:62–2:3. 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 2:4–7. The '772 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 25:59–62 (“The skilled person will understand that many variants to the system are possible and the invention is not limited to the described embodiments.”).

E. Illustrative Claim

Petitioner challenges claims 5, 10, 14, 26, and 32 of the '772 patent. Claim 14 is an independent claim; claim 5 depends from claim 1; claim 10

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