UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC.,
Petitioner,

v.

SMARTFLASH LLC,
Patent Owner.

Case CBM2015-00016
Patent 8,033,458 B2

PATENT OWNER'S BRIEF ON
PETITIONER'S ESTOPPEL UNDER 35 U.S.C. § 325(e)(1)

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I. INTRODUCTION

Pursuant to the Board's *Order – Conduct of the Proceedings 37 C.F.R. § 42.5* entered October 9, 2015 (Paper 42), Patent Owner submits this brief "regarding whether Apple is estopped from arguing claim 1 of the '221 patent and claim 1 of the '458 patent at the November 9 hearing." Paper 42 at 3.

As the Board notes, claim 1 of U.S. Patent 8,118,221 B2 ("the '221 Patent") is at issue in CBM2015-00015 on a 35 U.S.C. § 101 patentable subject matter challenge based on Apple Inc.'s petition, and claim 1 of U.S. Patent 8,033,458 B2 ("the '458 Patent") is at issue in CBM2015-00016 on a § 101 challenge based on Apple's petition. Paper 42 at 2. Both are set for hearing on November 9, 2015. Paper 36. Meanwhile, on September 25, 2015 the Board issued a Final Written Decision in CBM2014-00102 finding claim 1 of the '221 Patent unpatentable and in CBM2014-000106 finding claim 1 of the '458 Patent unpatentable under 35 U.S.C. § 103 based on petitions also filed by Apple.

Strict construction of 35 U.S.C. § 325(e)(1) and case law precedent requires 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. Apple is estopped from arguing claim 1 of the '221 Patent and claim 1 of the '458 Patent at the November 9, 2015 hearing.

Patent Owner respectfully requests that it be granted leave to file a Motion to Terminate CBM2015-00015 and -00016 with respect to claim 1 in light of this estoppel.

II. ARGUMENT

A. 35 U.S.C. § 325(e)(1) Should Be Strictly Construed Such That Estoppel Attaches Upon Issuance Of A Final Written Decision

The estoppel provision of 35 U.S.C. § 325(e)(1) provides:

> (e) Estoppel.—
> (1) Proceedings before the office.— ***The 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***.

35 U.S.C. § 325(e)(1) (emphasis added).

This estoppel provision should be strictly construed to mean that the preclusive effect attaches as soon as a final written decision under § 328(a) has been rendered. Had Congress intended for the estoppel to attach later, such as after the time for all appeals has run, it could have said so explicitly.

Case law supports this strict statutory construction. In *Virginia Innovation Sciences, Inc., v. Samsung Electronics Co., Ltd., et al.*, 983 F.Supp.2d 713, 753 (E.D. Va. 2014), the court discussed the impact of *inter partes* review proceedings on district court proceedings in the context of a motion for reconsideration. The

Court applied a strict construction and noted that "the preclusive effect of a PTAB final determination is triggered when the PTAB issues its final written decision—regardless of whether an appeal is taken to the Federal Circuit." 983 F.Supp.2d 753 (citing 35 U.S.C. § 315(e), the *inter partes* review analog to 35 U.S.C. § 325(e) for post grant review, including covered business method reviews, consisting of identical language.) The fact that this interpretation of § 315(e) (and thus § 325(e)) is from the Eastern District of Virginia is significant, given that it is the court having jurisdiction and venue for legal actions challenging USPTO action. 28 U.S.C. § 1361 ("[D]istrict courts shall have original jurisdiction of any action in the nature of mandamus to compel an officer or employee of the United States or any agency thereof to perform a duty owed to the plaintiff"); 28 U.S.C. § 1391(e) (" [A] civil action in which a defendant is an officer or employee of the United States or any agency thereof acting in his official capacity or under color of legal authority, or an agency of the United States, or the United States, may, except as otherwise provided by law, be brought in any judicial district in which (A) a defendant in the action resides, (B) a substantial part of the events or omissions giving rise to the claim occurred…").

B. Under 35 U.S.C. § 325(e)(1), CBM2015-00015 and -00016 May Not Be Maintained

Now that a Final Written Decision has been issued pursuant to 35 U.S.C. § 328(a) in CBM2014-00102 on claim 1 of the '221 Patent, and in CBM2014-

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