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CBM2015-00015, Paper No. 57

CBM2015-00018, Paper No. 44

571-272-7822

March 8, 2016

RECORD OF ORAL HEARING
UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC.,

Petitioner,

vs.

SMARTFLASH LLC,

Patent Owner.

CBM2015-00015 (Patent 8,118,221)

CBM2015-00018 (Patent 7,942,317)

Technology Center 2800

Oral Hearing Held: Wednesday, January 6, 2016

Before: JENNIFER S. BISK; RAMA G. ELLURU; JEREMY M. PLENZLER (via audio link); GREGG ANDERSON (via video link); and MATTHEW R. CLEMENTS (via video link), Administrative Patent Judges.

The above-entitled matter came on for hearing on Wednesday, January 6, 2016, at 1:24 p.m., Hearing Room B, taken at the U.S. Patent and Trademark Office, 600 Dulany Street, Alexandria, Virginia.

REPORTED BY: RAYMOND G. BRYNTESON, RMR,

CRR, RDR

APPEARANCES:

ON BEHALF OF THE PATENT OWNER:

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P R O C E E D I N G S

(1:24 p.m.)

JUDGE ELLURU: Good afternoon. This is the final hearing for CBM2015-00015 and CBM2015-00018, Apple, Inc. against Smartflash LLC. After we instituted trial in these cases we dismissed Apple, Inc. as a Petitioner.

I'm Judge Elluru. To my right is Judge Bisk. And appearing remotely from San Jose is Judge Clements, from San Diego is Judge Anderson, and from Detroit is Judge Plenzler.

Let's begin with appearances of Patent Owner, Smartflash. Counsel, please.

MR. CASEY: Good afternoon, Your Honor. Michael Casey on behalf of Smartflash.

JUDGE ELLURU: Thank you. Mr. Casey, you have 15 minutes total to present your arguments in these two cases. You may begin when you are ready, and the transcription of this hearing may now begin.

MR. CASEY: Thank you, Your Honor. Are we -- just for safekeeping -- are we short Judge Plenzler? I don't see him.

JUDGE BISK: He is only joining us on the phone because we can only do two. Our technology is running -- it's limited today in every aspect.

JUDGE ELLURU: But he is on.

MR. CASEY: I understand that. I saw the video screen and I wanted to make sure there wasn't a problem.

1 May it please the Board. Michael Casey on behalf
2 of Patent Owner, Smartflash. Your Honors, I wanted to start
3 with the fact that the record from the previous hearing does
4 not reflect the discussion that was had about whether or not
5 this proceeding should continue.

6 The previous hearing transcript was only filed in
7 15, and not 18, and so if I could have your indulgence for two
8 seconds to put them -- sorry, if I could have your indulgence
9 just for two seconds to make sure the record for both 15 and
10 18 is clear that Patent Owner previously requested that the
11 case be terminated and, in fact, requested that the Board
12 recuse itself.

13 So just for the record I wanted to make sure that
14 that was included in the record in both cases. And I assume
15 that the Board hasn't elected to actually terminate this case
16 because we are here.

17 Your Honor, the Petitioner in the post-grant, in
18 this post-grant review is now gone. So we are now in a
19 position where the Patent Owner in its brief raised the fact
20 that the Patent Owner should be estopped -- sorry, that the
21 Patent Office should be estopped from re-raising the issue of
22 101 in this proceeding and coming to a decision contrary to
23 what the agency has already ruled, that the current situation,
24 in fact, is highlighted by the fact that the Petitioner is now
25 gone.

CBM2015-00015 (Patent 8,118,221)
CBM2015-00018 (Patent 7,942,317)

1 The review of the claims for matters 15 and 18
2 show that the agency is re-reviewing what it has already ruled
3 upon once, and, that is, that the claims are patent eligible.

4 The CBM statute does not permit the issue of
5 patent -- sorry, of eligibility, which is under 101, to be raised.
6 That was before the Patent Examiner who found that the
7 claims were patent eligible and, as a result, the claim 1 of the
8 '221 patent and claim 18 of the '317 patent should be found to
9 be patent eligible on that basis alone.

10 Nor has there been a change in the law such that
11 there is anything new to review. This is the very essence of
12 res judicata and ties into the Congressional intent not to allow
13 the Patent Owner to be subjected to serial suits by a Petitioner,
14 and, in fact, by continuing this process that's where we are.

15 Moreover, Your Honor, the claims at issue are
16 patentable. For example, claim 1 of the '221 patent recites
17 both the code to repayment data from the data carrier and to
18 forward the payment data to a payment validation system as
19 well as code responsive to payment validation data to retrieve
20 data from the data supplier and to write the retrieved data into
21 the data carrier.

22 Such a structure provides the necessary elements
23 even by themselves to ensure that the claim is directed to
24 something more than just the abstract idea. The claim is not
25 directed to -- claim 1 of the '221 patent is not directed to

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