

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

GOOGLE INC.,
Petitioner,

v.

SMARTFLASH LLC,
Patent Owner.

Case CBM2015-00125
Patent 7,334,720 B2

Before JENNIFER S. BISK, RAMA G. ELLURU, and
MATTHEW R. CLEMENTS, *Administrative Patent Judges*.

ELLURU, *Administrative Patent Judge*.

DECISION

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

I. INTRODUCTION

Google Inc. (“Google” or “Petitioner Google”) filed a Petition requesting covered business method patent review of claims 1 and 15 (the “challenged claims”) of U.S. Patent No. 7,334,720 (Ex. 1001, “the ’720 patent”) (“Pet.,” Paper 3, 3¹). Smartflash LLC (“Smartflash”) filed a Preliminary Response (“Prelim. Resp.,” Paper 9).

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.”

On June 29, 2015, Google filed a Motion for Joinder (Paper 7, 1), seeking to consolidate this case with earlier-filed petitions for covered business method patent reviews of the ’720 patent in *Apple Inc. v. Smartflash, LLC*, CBM2015-00028 and CBM2015-00029 (collectively, the “Apple CBM Proceedings,” and “Petitioner Apple” when the Petitioner in those reviews is referenced), which were instituted on May 28, 2015. *See Apple Inc. v. Smartflash, LLC*, Case CBM2015-00028, slip. op. at 18 (PTAB May 28, 2015 (Paper 11) (instituting review of claims 1 and 2 of the ’720 patent under 35 U.S.C. § 101); and *Apple Inc. v. Smartflash, LLC*, Case CBM2015-00029, slip. op. at 19 (Paper 11) (instituting review of claims 3 and 15 of the ’720 patent under 35 U.S.C. § 101).

¹ Google filed two versions of the Petition: Paper 1, which is sealed and accessible to the parties and Board only, and Paper 3, which is a public version of the Petition containing a small portion of redacted text. For purposes of this Decision, we refer only to the public version of the Petition.

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Smartflash filed an Opposition to Samsung's Motion for Joinder. Paper 8 ("Opp.").

For the reasons explained below, we institute a covered business method patent review of claims 1 and 15 of the '720 patent and grant Google's Motion for Joinder.

II. INSTITUTION OF COVERED BUSINESS METHOD PATENT REVIEW ON SAME GROUND AS THOSE ASSERTED IN THE APPLE CBM PROCEEDINGS

In view of the identity of the challenges in the instant Petition and those of the institutions in each of CBM2015-00028 and CBM2015-00029, we determine that it is more likely than not that Google will prevail in demonstrating that the claims challenged in Google's present petition are unpatentable.

Smartflash reiterates arguments in support of its position that the '720 patent is ineligible for covered business method patent. *See* Prelim. Resp. 28–34. We previously have determined that the '720 patent contains at least one claim that is eligible for covered business method patent review. AIA § 18(d)(1); *see* 37 C.F.R. § 42.301(a); *see also* CBM2015-00028, Paper 11, 5–10 (determining that the '720 patent is eligible for covered business method patent review based on claim 2); CBM2015-00029, Paper 11, 6–12 (determining that the '720 patent is eligible for covered business method patent review based on claim 14); *Samsung Electronics America, Inc. v. Smartflash LLC*, Case CBM2014-00190, slip. op. at 7–11 (PTAB April 2, 2015) (Paper 9) (determining that the '720 patent is eligible for covered business method patent review based on claim 14). *See* Transitional Program for Covered Business Method Patents—Definitions of Covered

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Business Method Patent and Technological Invention; Final Rule, 77 Fed. Reg. 48,734, 48,736 (Aug. 14, 2012) (“CBM Rules”) (Comment 8) (A patent need have only one claim directed to a covered business method to be eligible for review).

Smartflash’s arguments in the present preliminary response do not alter our determination. For example, Apple again argues that AIA § 18(d)(1) should be interpreted narrowly to cover only technology used specifically in the financial or banking industry. Prelim. Resp. 30–32. The Federal Circuit has expressly determined, however, that “the definition of ‘covered business method patent’ is not limited to products and services of only the financial industry, or to patents owned by or directly affecting the activities of financial institutions, such as banks and brokerage houses.” *Versata Dev. Grp., Inc. v. SAP America, Inc.*, 793 F.3d 1306, 1325 (Fed. Cir. 2015). Rather, “it covers a wide range of finance-related activities.” *Id.*

Furthermore, we have reviewed Smartflash’s present preliminary response and are not persuaded that we should deny institution of the present petition. For example, in support of its argument that the challenged claims are directed to statutory eligible subject matter, Smartflash relies heavily on *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014), a decision that issued before we instituted each of the Apple CBM proceedings. *See* Prelim. Resp. at 10–13. Smartflash also argues that the challenged claims do not result in inappropriate preemption (Prelim. Resp. 13–22) and alleges that “[t]he existence of a large number of non-infringing alternatives shows that the claims of the ’720 patent do not raise preemption concerns” (Prelim. Resp. 17–19). The Federal Circuit, however, has recently acknowledged that “questions on preemption are inherent in and

resolved by the § 101 analysis.” *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015). The Federal Circuit further stated,

While preemption may signal patent ineligible subject matter, the absence of complete preemption does not demonstrate patent eligibility. In this case, Sequenom’s attempt to limit the breadth of the claims by showing alternative uses of cffDNA outside of the scope of the claims does not change the conclusion that the claims are directed to patent ineligible subject matter. Where a patent’s claims are deemed only to disclose patent ineligible subject matter under the Mayo framework, as they are in this case, preemption concerns are fully addressed and made moot.

Id. (emphasis added).

Smartflash further asserts that (1) the Office is estopped from revisiting the issue of § 101, which was inherently reviewed during examination (Prelim. Resp. 23–24); (2) invalidating patent claims via covered business method patent review is unconstitutional (*id.* at 24–25); and (3) section 101 is not a ground that may be raised in a covered business method patent review (*id.* at 26–28). For the following reasons, we are not persuaded by these arguments.

As an initial matter, Smartflash does not provide any authority for its assertion that “[t]he question of whether the challenged claims are directed to statutory subject matter has already been adjudicated by the USPTO, and the USPTO is estopped from allowing the issues to be raised in the present proceeding.” *Id.* at 23.

Smartflash also argues that invalidating patent claims via covered business method patent review “violates the Separation of Powers doctrine of the United States Constitution” (*id.* at 24). We decline to consider Smartflash’s constitutional challenge as, generally, “administrative agencies

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