

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC.,
Petitioner,

v.

SMARTFLASH LLC,
Patent Owner.

Case CBM2015-00031
Patent 8,336,772 B2

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

ANDERSON, *Administrative Patent Judge*.

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

I. INTRODUCTION

A. Background

Apple Inc. (“Petitioner”) filed a Corrected Petition requesting covered business method patent review of claims 1, 5, 8, and 10 (the “challenged claims”) of U.S. Patent No. 8,336,772 B2 (Ex. 1201, “the ’772 patent”) pursuant to § 18 of the Leahy-Smith America Invents Act (“AIA”).¹ (Paper 5, “Pet.”). Smartflash LLC (“Patent Owner”) filed a Preliminary Response. (Paper 8, “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.”

Upon consideration of the Petition and Preliminary Response, we determine that Petitioner has demonstrated that it is more likely than not that the challenged claims are unpatentable. Accordingly, we institute a covered business method patent review of claims 1, 5, 8, and 10 of the ’772 patent.

B. Asserted Grounds

Petitioner argues that the challenged claims are unpatentable based on the following grounds (Pet. 17):

References	Basis	Claims Challenged
Not Applicable	§ 101	1, 5, 8, and 10
Ginter ² , Subler, ³ and Poggio ⁴	§ 103	1, 5, 8, and 10

¹ Pub. L. No. 112-29, 125 Stat. 284, 296–07 (2011).

² U.S. Patent No. 5,915,019 (Ex. 1214) (“Ginter”).

³ U.S. Patent No. 5,646,992 (Ex. 1236) (“Subler”).

⁴ European Patent Application, Publication No. EP0809221A2 (translation) (Ex. 1215) (“Poggio”).

References	Basis	Claims Challenged
Ginter, Subler, Poggio, and Sato ⁵	§ 103	1, 5, 8, and 10

Petitioner also provides a declaration from Anthony J. Wechselberger.
Ex. 1219.

C. Related Matters

Petitioner indicates that the '772 patent is the subject of the following district court cases: *Smartflash LLC v. Apple Inc.*, Case No. 6:13-cv-447 (E.D. Tex.); *Smartflash LLC v. Samsung Electronics Co.*, Case No. 6:13-cv-448 (E.D. Tex.). Pet. 15–16; Paper 9, 2. Patent Owner also indicates that the '772 patent is the subject of a two other district court cases: *Smartflash LLC v. Google, Inc.*, Case No. 6:14-cv-435 (E.D. Tex.); *Smartflash LLC, et al. v. Apple Inc.*, Case No. 6:15-cv-145 (E.D. Tex.), all pending in the U.S. District Court for the Eastern District of Texas. Paper 10, 4–5.

Petitioner previously filed two Petitions for covered business method patent review of the '772 Patent: CBM2014-00110 and CBM2014-00111. A covered business method patent review was denied in both cases. *Apple Inc. v. Smartflash LLC*, Case CBM2014-00110, slip op. at 19 (PTAB Sept. 30, 2014) (Paper 7); *Apple Inc. v. Smartflash LLC*, Case CBM2014-00111, slip op. at 22 (PTAB Sept. 30, 2014) (Paper 7). Several related patents, which claim priority back to a common series of applications, are currently the subject of CBM2014-00102, CBM2014-00106, CBM2014-00108, CBM2014-00112, CBM2015-00015, CBM2015-00016, CBM2015-00017, and CBM2015-00018, filed by Petitioner. Paper 10, 3–4.

⁵ JP Patent Application Publication No. H11-164058 (including translation) (Ex. 1217) (“Sato”).

CBM2015-00031
Patent 8,336,772 B2

Petitioner filed concurrently another two Petitions for covered business method patent review of the '772 patent: CBM2015-00032 and CBM2015-00033. *Id.* at 4. In addition, Petitioner concurrently filed two other Petitions for covered business method patent review challenging claims of other patents owned by Patent Owner, which disclose similar subject matter: CBM2015-00028 and CBM2015-00029. *Id.*

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. 1201, 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 Claims

As noted above, Petitioner challenges claims 1, 5, 8, and 10. Claims 1 and 8 are independent and claims 5 and 10 depend respectively from claims 1 and 8. Claims 1 and 8 are illustrative of the claimed subject matter and are reproduced below:

1. A handheld multimedia terminal, comprising:
 - a wireless interface configured to interface with a wireless network for accessing a remote computer system;
 - non-volatile memory configured to store multimedia content, wherein said multimedia content comprises one or more of music data, video data and computer game data;
 - a program store storing processor control code;
 - a processor coupled to said non-volatile memory, said program store, said wireless interface and
 - a user interface to allow a user to select and play said multimedia content;
 - a display for displaying one or both of said played multimedia content and data relating to said played multimedia content;wherein the processor control code comprises:
 - code to request identifier data identifying one or more items of multimedia content stored in the non-volatile memory;
 - code to receive said identifier data;
 - code to present to a user on said display said identified one or more items of multimedia content available from the non-volatile memory;

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