UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC., SAMSUNG ELECTRONICS CO. LTD, SAMSUNG ELECTRONICS AMERICA, INC., and GOOGLE INC.
Petitioners,

v.

SMARTFLASH LLC,
Patent Owner.

Case CBM2015-00031[1]

Patent 8,336,772 B2

PATENT OWNER'S NOTICE OF SUPPLEMENTAL AUTHORITY

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[1] Samsung's challenge to claims 5 and 10 of US Patent No. 8,336,772 B2 ("the '772 patent") in CBM2015-00059 was consolidated with this proceeding. Paper 24, 9. Google's challenge to claims 1, 5, and 10 of the '772 patent in CBM2015-00132 was consolidated with this proceeding. Paper 31, 11; Paper 37, 2–3.

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The Federal Circuit's recent decision in *BASCOM Global Internet Services, Inc. v. AT&T Mobility, LLC.*, ___ F.3d ___, 2016 WL 3514158, No. 2015-1763 (Fed. Cir. June 27, 2016) clarifies the analysis under step two of *Alice Corp. v. CLS Bank International*, 134 S. Ct. 2347 (2014). That decision confirms that the claims at issue here contain an "inventive concept" and, in particular, that "an inventive concept can be found in the non-conventional and non-generic arrangement of known, conventional pieces." 2016 WL 3514158, at *6; *see also Rapid Litigation Management Ltd. V. Cellzdirect, Inc.*, ___ F.3d ___, 2016 WL 3606624, at *6, No. 2015-1570 (Fed. Cir. July 5, 2016).

The claimed Internet content filtering system in *BASCOM* could be located on a remote ISP server and customized to individual subscribers' accounts by associating each network account with filtering schemes and filtering elements. *See* 2016 WL 3514158, at *3. The Federal Circuit concluded, at step two of *Alice*, that the claims did not "merely recite the abstract idea of filtering content along with the requirement to perform it on the Internet, or to perform it on a set of generic computer components." *Id.* at *6-*7. The patent claimed "installation of a filtering tool at a specific location . . . with customizable filtering features specific to each end user." *Id.* at *6. That design provided specific benefits over alternatives; it was not "conventional or generic." *Id.* The Court distinguished the claims in *Ultramercial v. Hulu, LLC*, 772 F.3d 709 (Fed. Cir. 2014), which

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"preempted all use of the claimed abstract idea on the Internet"; the claims in *BASCOM* "carve out a specific location for the filtering system . . . and require the filtering system to give users the ability to customize filtering." *Id.* at *8.

The *Alice* step-two analysis in *BASCOM* applies to the Smartflash claims. Even assuming the claims are directed to an abstract idea ("paying for and/or controlling access to content" in one of Petitioner's formulations), they do not "merely recite [that] abstract idea" nor do they "preempt all ways" of paying for and controlling access to digital content. *Id.* at *7. On the contrary, the claims "recite a specific, discrete implementation" – concrete devices, systems, and methods – for purchasing, downloading, storing, and conditioning access to digital content. *Id.* In *BASCOM*, locating a filtering system on an ISP server was conventional, as was customizing a filtering scheme for an individual user. *See Id.* at *6. Nevertheless, "the inventive concept inquiry requires more than recognizing that each claim element, by itself, was known in the art." *Id.* The fact that known components were arranged in a non-conventional and non-generic way satisfied § 101. Here, as in *BASCOM*, the "patent describes how its particular arrangement of elements is a technical improvement over prior art ways" of distributing digital content – for example, in the case of Claim 3 of the '720 patent, by describing a system for content delivery that uses a data carrier that stores (1) payment data that a data access terminal transmits to a payment validation system; (2) content data

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delivered by a data supplier; *and* (3) access rules supplied by the data supplier – thus "improv[ing] an existing technological process." *Id.* at *7. That specific arrangement of data elements and organization of transaction steps, like the installation of particular software at an ISP server rather than on a client computer, cannot be dismissed as merely conventional or generic, but instead provides a technical solution that improves the functioning of the data access terminal.

BASCOM also confirms that *DDR* is controlling notwithstanding the asserted generality of the claims. The Smartflash patents provide a "technical solution to a problem unique to the Internet." *Id.* The patents "claim[] a technical way to satisfy an existing problem" for digital content providers – namely, rampant digital content piracy – thus providing a "technology-based solution . . . that overcomes existing problems" with digital content distribution. *Id.*; *see also Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd.*, 545 U.S. 913, 929-30 (2005) ("[D]igital distribution of copyrighted material threatens copyright holders as never before, because every copy is identical to the original, copying is easy, and many people . . . use file-sharing software to download copyrighted works."). The patent does not claim "an abstract-idea-based solution implemented with generic technical components in a conventional way." *BASCOM*, 2016 WL 3514158, at *7. Like the patents in *DDR* and *BASCOM*, Smartflash claims a "software-based invention[] that improve[s] the performance of the computer system itself." *Id.*

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Dated: July 20, 2016

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