

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

SAMSUNG ELECTRONICS AMERICA, INC. and
SAMSUNG ELECTRONICS CO., LTD.,
Petitioner,

v.

SMARTFLASH LLC,
Patent Owner.

Case CBM2015-00059
Patent 8,336,772

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

ELLURU, *Administrative Patent Judge*.

DECISION

Institution of Covered Business Method Patent Review and
Grant of Motion for Joinder
37 C.F.R. § 42.208
37 C.F.R. § 42.222(b)

I. INTRODUCTION

Samsung Electronics America, Inc. and Samsung Electronics, Co., Ltd. (“Samsung” or “Petitioner Samsung”) filed a Petition requesting covered business method patent review of claims 5, 10, 14, 26, and 32 (the “challenged claims”) of U.S. Patent No. 8,336,772 (Ex. 1001, “the ’772 patent”) (“Pet.,” Paper 2). On May 11, 2015, Smartflash LLC (“Patent Owner”), filed a Preliminary Response (“Prelim. Resp.,” Paper 10).

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.”

Concurrently with its Petition, Samsung filed a first Motion for Joinder (Paper 3, 1), seeking to consolidate this case with earlier filed petitions for covered business method patent reviews of the ’772 patent, CBM2014-00200 and CBM2014-00204. Both of these petitions were denied. *Samsung Electronics America, Inc. v. Smartflash LLC*, Case CBM2014-00200 (PTAB March 30, 2015) (Paper 9, 17); *see also* Paper 10, 7 (denying request for rehearing); *Samsung Electronics America, Inc. and Samsung Electronics Co., Ltd. v. Smartflash LLC*, Case CBM2014-00204 (PTAB March 30, 2015) (Paper 9, 28); *see also id.* at Paper 12, 6 (denying request for rehearing). Thus, Samsung’s first Motion for Joinder is moot.

Samsung filed a second Motion for Joinder (“Mot.,” Paper 11), seeking to consolidate this petition with each of the covered business method patent reviews in *Apple Inc. v. Smartflash, LLC*, CBM2015-00031, 00032, and 00033 (collectively, the “Apple CBM Proceedings,” and “Petitioner Apple” when the Petitioner in those reviews is referenced), which were

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instituted on May 28, 2015. *See* CBM2015-00031 (Paper 11, 19) (instituting review of claims 1, 5, 8, and 10 of the '772 patent under 35 U.S.C. § 101); CBM2015-00032 (Paper 11, 18) (instituting review of claims 14, 19, and 22 of the '772 patent under 35 U.S.C. § 101); and CBM2015-00033 (Paper 11, 19) (instituting review of claims 25, 26, 30, and 32 of the '772 patent under 35 U.S.C. § 101). Smartflash filed an Opposition to Samsung's second Motion for Joinder. Paper 12 ("Opp.").

For the reasons explained below, we institute a covered business method patent review of claims 5, 10, 14, 26, and 32 of the '772 patent and grant Samsung's second 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 CBM2015-00031, CBM2015-00032, and CBM2015-00033, we determine that it is more likely than not that Samsung will prevail in demonstrating that the claims challenged in Samsung's present petition are unpatentable. We previously have determined that the '772 patent is a "covered business method patent." AIA § 18(d)(1); *see* 37 C.F.R. § 42.301(a); *see also* CBM2015-00031, Paper 11, 7–11 (determining that the '772 patent is eligible for covered business method patent review based on claim 8); CBM2015-00032, Paper 11, 6–10 (determining that the '772 patent is eligible for covered business method patent review based on claim 19); CBM2015-00033, Paper 11, 7–11 (determining that the '772 patent is eligible for covered business method patent review based on claim 30). Smartflash argues that in the present petition, Samsung "has cited claim

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10 (which depends from claim 8) as being the basis for requesting that a covered business method reviews be instituted” and argues that “claim 10 is not a proper basis for instituting a CBM review.” Prelim. Resp. 47–48; *see also* Prelim. Resp. 48–55 (arguing that claim 10 does not recite a financial product or service). We need not address the merits of Smartflash’s argument with respect to claim 10 because we have previously determined that the ’772 patent contains at least one claim that is eligible for covered business method patent review. *See* Transitional Program for Covered Business Method Patents—Definitions of Covered 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). We further note that Samsung refers to claim 8 in its discussion of the ’772 patent’s eligibility for review. Pet. 8.

Moreover, Samsung’s Petition challenges a subset of the claims based upon the same ground, 35 U.S.C. § 101, for which we instituted covered business method patent reviews in each of the Apple CBM proceedings. Mot. 3. Specifically, Samsung challenges claims 5, 10, 14, 26, and 32. Pet. 1; Mot. 3. In CBM2015-00031, our institution included a review of claims 5 and 10 under § 101. Paper 11, 19. In CBM2015-00032, our institution included a review of claim 14 under § 101. Paper 11, 18. In CBM2015-00033, our institution included a review of claims 26 and 32 § 101. Paper 11, 19.

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

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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 6–28. Smartflash also argues that the challenged claims do not result in inappropriate preemption (Prelim. Resp. 27–41) and that “there are numerous non-infringing alternatives” (Prelim. Resp. 30). 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.*, ___F.3d___, 2015 WL 3634649, at *7 (Fed. Cir. June 12, 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).

Accordingly, we institute a covered business method patent review in this proceeding on the same ground, namely § 101, as that on which we instituted in the Apple CBM proceedings for claims 5, 10, 14, 26, and 32 of the ’772 patent. We do not institute a covered business method patent review on any other ground.

III. GRANT OF MOTION FOR JOINDER

Smartflash opposes Samsung’s request to consolidate the present petition with the Apple CBM proceedings. Paper 12. Smartflash opposes

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