

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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APPLE INC., SAMSUNG ELECTRONICS LTD,  
SAMSUNG ELECTRONICS AMERICA, INC., and GOOGLE INC.,  
Petitioner,<sup>1</sup>

v.

SMARTFLASH LLC,  
Patent Owner.

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Case CBM2015-00032<sup>2</sup>  
Patent 8,336,772 B2

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

ANDERSON, *Administrative Patent Judge*.

FINAL WRITTEN DECISION  
*35 U.S.C. § 328(a) and 37 C.F.R. § 42.73*

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<sup>1</sup> “Petitioner” refers collectively to Apple Inc., Samsung Electronics LTD, Samsung Electronics America, Inc., and Google Inc.

<sup>2</sup> Samsung’s challenge to claim 14 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 14 and 22 of the ’772 patent in CBM2015-00132 was consolidated with this proceeding. Paper 31, 11; Paper 38, 2–3.

## INTRODUCTION

### *A. Background*

Petitioner Apple Inc. filed a Corrected Petition to institute covered business method patent review of claims 14, 19, and 22 of U.S. Patent No. 8,336,772 B2 (Ex. 1301, “the ’772 patent”) pursuant to § 18 of the Leahy-Smith America Invents Act (“AIA”). Paper 5 (“Pet.”). Patent Owner, Smartflash LLC (“Smartflash”), filed a Preliminary Response. Paper 8 (“Prelim. Resp.”). On May 28, 2015, we instituted a covered business method patent review (Paper 11, “Institution Decision” or “Inst. Dec.”) based upon Petitioner’s assertion that claims 14, 19, and 22 are directed to patent ineligible subject matter under 35 U.S.C. § 101. Inst. Dec. 18.

Subsequent to institution, Smartflash filed a Patent Owner Response (Paper 23, “PO Resp.”) and Petitioner filed a Reply (Paper 26, “Reply”) to Patent Owner’s Response.

On January 15, 2015, Petitioner Samsung Electronics America, Inc. and Samsung Electronics, Co., Ltd. (collectively, “Samsung”) filed a Petition to institute covered business method patent review of claims 5, 10, 14, 26, and 32 of the ’772 patent on the ground that they are directed to patent ineligible subject matter under 35 U.S.C. § 101. *Samsung Electronics America, Inc. and Samsung Electronics, Co., Ltd. v. Smartflash LLC*, Case CBM2015-00059 (Paper 2, “Samsung Petition”). On June 29, 2015, Samsung filed a Motion for Joinder ((CBM2015-00059, Paper 11) seeking to consolidate its challenge to claim 14 with the covered business method patent review in CBM2015-00032.<sup>3</sup> On August 5, 2015, we granted

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<sup>3</sup> Samsung’s Motion requested that: its challenge to claim 14 be consolidated with this case; its challenge to challenge to claims 5 and 10 be consolidated

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Samsung's Petition and consolidated Samsung's challenge to claim 14 of the '772 patent with this proceeding. Paper 24; *Samsung Electronics America, Inc. and Samsung Electronics, Co., Ltd. v. Smartflash LLC*, Case CBM2015-00059, slip. op. at 9 (PTAB Aug. 55, 2015) (Paper 13).

On May 8, 2015, Petitioner Google Inc. filed a Petition to institute covered business method patent review of claims 1, 5, 9, 10, 14, 21, and 22 of the '772 patent on the ground that they are directed to patent ineligible subject matter under 35 U.S.C. § 101. *Google Inc. v. Smartflash LLC*, Case CBM2015-00132 (Paper 6<sup>4</sup>, "Google Petition"). On June 29, 2015, Google filed a "Motion for Joinder" of its newly filed case with previously instituted Petitioner cases CBM2015-00031 and CBM2015-00032. CBM2015-00132 (Paper 10, "Google Mot."). On December 1, 2015, we granted Google's Petition and consolidated Google's challenge to claims 14, 19, 21, and 22 of the '772 patent with this proceeding.<sup>5</sup> Paper 31; *Google Inc. v. Smartflash LLC*, Case CBM2015-00132, slip. op. 11 (PTAB Dec. 1, 2015) (Paper 14). Google's challenge to claims 1, 5, 9, and 10 of the '772 patent were consolidated with CBM2015-00031. On December 16, 2015, we revised our institution order to consolidate Google's challenge to claims 9 and 21 with

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be consolidated with CBM2015-00031, and that its challenge to claims 26 and 32 be consolidated with CBM2015-00033. CBM2015-00031 and CBM2015-00033 were both filed by Petitioner and involve claims 1, 5, 8, and 10, and claims 25, 26, 30, and 32, respectively, of the '772 patent. Final Written Decisions in CBM2015-00031 and CBM2015-00033 are issued concurrently with this Decision.

<sup>4</sup> We refer to the redacted version of the Petition.

<sup>5</sup> For purposes of this Decision, we will cite only to Petitioner's Petition and the record in CBM2015-00032.

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CBM2015-00133, instead of with CBM2015-00031 and this proceeding, respectively. Paper 38, 3.

An oral hearing was held on January 6, 2016, and a transcript of the hearing is included in the record (Paper 44, “Tr.”).

We have jurisdiction under 35 U.S.C. § 6(c). This Final Written Decision is issued pursuant to 35 U.S.C. § 328(a) and 37 C.F.R. § 42.73.

For the reasons that follow, we determine that Petitioner has shown by a preponderance of the evidence that claims 14, 19, and 22 of the ’772 patent are directed to patent ineligible subject matter under 35 U.S.C. § 101.

### *B. 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. 1301, 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 . . .”).

*C. Illustrative Claims*

Petitioner challenges claims 14, 19, and 22 of the '772 patent. Claims 14 and 19 are independent and claim 22 depends from claim 19. Claims 14 and 19 are reproduced below:

14. A handheld multimedia terminal, comprising:
- a wireless interface configured to interface with a wireless network for communicating with a data supplier;
  - 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 available for retrieving via said wireless interface;
  - code to receive said identifier data via said wireless interface, said identifier data identifying said one or more items of multimedia content available for retrieving via said wireless interface;

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