

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC.,
Petitioner,

v.

SMARTFLASH LLC,
Patent Owner.

Case CBM2015-00032
Patent 8,336,772 B2

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

CLEMENTS, *Administrative Patent Judge*.

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

INTRODUCTION

A. Background

Apple Inc. (“Petitioner”) filed a Corrected Petition requesting covered business method patent review of claims 14, 19, and 22 (the “challenged claims”) 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”).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 review of claims 14, 19, and 22 of the ’772 patent.

B. Asserted Grounds

Petitioner argues that the challenged claims are unpatentable based on the following grounds (Pet. 19):

References	Basis	Claims Challenged
Not Applicable	§ 101	14, 19, and 22
Stefik ² , Poggio ³ , and Subler ⁴	§ 103	14, 19, and 22

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

² U.S. Patent No. 5,530,235 (Ex. 1312) (“Stefik ’235”), and U.S. Patent No. 5,629,980 (Ex. 1313) (“Stefik ’980”) (collectively, “Stefik”).

³ European Patent Application, Publication No. EP0809221A2 (translation) (Ex. 1315) (“Poggio”).

⁴ U.S. Patent No. 5,646,992 (Ex. 1336) (“Subler”).

References	Basis	Claims Challenged
Stefik, Poggio, Subler, and Sato ⁵	§ 103	14, 19, and 22

Petitioner also provides a declaration from Anthony J. Wechselberger.
Ex. 1319.

C. Related Matters

The parties indicate 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. 18; Paper 6, 3. Patent Owner also indicates that the '772 patent is the subject of 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 (E.D. Tex.). 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 Apple.

⁵ JP Patent Application Publication No. H11-164058 (including translation) (Ex. 1317) (“Sato”).

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Petitioner filed concurrently another two Petitions for covered business method patent review of the '772 patent: CBM2015-00031 and CBM2015-00033. 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.

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. 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.”).

E. Illustrative Claims

As noted above, Petitioner challenges claims 14, 19, and 22. Claims 14 and 19 are independent and claim 22 depends from claim 19. Claim 19 is illustrative of the claimed subject matter and is reproduced below:

19. A data access terminal for retrieving a content data item from a data supplier and providing the retrieved data item to a data carrier, the data access terminal comprising:

- a first interface for communicating with the data supplier;
- a user interface;

- a data carrier interface;

- a program store storing code implementable by a processor; and

- a processor coupled to the user interface, to the data carrier interface and to the program store for implementing the stored code, the code comprising:

- code to request identifier data identifying one or more content data items available for retrieving;

- code to receive said identifier data identifying said one or more content data items available for retrieving;

- code to request content information pertaining to at least one of said one or more content data items identified by said identified data;

- code to receive said content information;

- code to present said content information to a user via said user interface pertaining to said identified one or more content data items available for retrieving;

- code to receive a user selection selecting at least one of said one or more of said content data items available for retrieving;

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