UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC., SAMSUNG ELECTRONICS LTD, SAMSUNG ELECTRONICS AMERICA, INC., and GOOGLE INC.,
Petitioner,

v.

SMARTFLASH LLC,
Patent Owner

Case CBM2015-00032[1]
Patent 8,336,772 B2

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

PETITIONER'S RESPONSE TO PATENT OWNER'S NOTICE OF SUPPLEMENTAL AUTHORITY

[1] The challenge to claim 14 based on 35 U.S.C. § 101 in CBM2015-00059 has been consolidated with this proceeding. The challenge to claims 14 and 22 based on 35 U.S.C. § 101 in CBM2015- 00132 has been consolidated with this proceeding. All emphasis herein added unless noted.

By distinguishing the claims there from the type of claims here, *BASCOM* supports Petitioner, not PO. In *BASCOM* the Federal Circuit confirmed that it would have ruled differently if it had confronted claims to "an abstract-idea-based solution implemented with generic technical components in a conventional way." *BASCOM Global Internet Servs. v. AT&T Mobility LLC*, No. 2015-1763, 2016 WL 3514158, at *6, *7 (Fed. Cir. June 27, 2016). As established both by the unrebutted evidence here and by this Board's detailed findings, that quoted phrase describes PO's claims. The Board's Final Written Decision ("FWD") was correct.

PO has not even tried to rebut Petitioner's Step 2 evidence that all claimed hardware was conventional, all claimed functions performed by that conventional hardware were conventional, and there is nothing inventive in the claimed combinations. *See, e.g.*, Reply (Pap. 26 ("Rp")) 4-6, 11-12; Ex.1319 ¶¶ 79-92. PO also ignores the Board's findings that "the solution provided by the challenged claim is *not rooted in specific computer technology*, but is based on 'controlling access [to content] based on payment or rules," and the '772 "treats as *well-known all potentially technical aspects*" of the Claims. FWD (Pap. 46) 19-20, 15.

That set of evidence and findings defeats PO's conclusory contention that its claims "improve[] the functioning *of the data access terminal*." PO's Notice (Pap. 48 ("N")) 2-3. PO's claims "merely rely on conventional devices and computer processes operating in their 'normal, expected manner.'" FWD 20 (citing *OIP*

Techs., 788 F.3d at 1363; *DDR*, 773 F.3d at 1258-59). They "perform[] generic computer functions such as storing, receiving, and extracting data" using "physical components" that "behave exactly as expected according to their ordinary use" and "merely provide a generic environment in which to carry out the abstract idea." *In re TLI Commc'ns LLC*, No. 2015-1372, 2016 WL 2865693, at *3, *4, *7 (Fed. Cir. May 17, 2016) (ineligible claims "directed to the use of conventional or generic technology"). PO's claims thus achieve no "result that overrides the routine and conventional use of the recited devices and functions" and "are 'specified at a high level of generality,' which the Federal Circuit has found to be 'insufficient to supply an "inventive concept."'" FWD 20 (citing *Ultramercial*, 772 F.3d at 716).

For the same reasons, there is no merit to PO's new, waived argument that it was "inventive" to combine payment data, content data, and rules on the data carrier. N2-3. The Claims here do not recite rules. PO's specification admits: "[t]he physical embodiment of the system is not critical and a skilled person will understand that the terminals, data processing systems and the like can all take a variety of forms." Ex. 1301 12:38-41. Further, as the Board found, the prior art discloses storing different types of content together, and combining rules and content on a data carrier does not give rise to an inventive concept. *See, e.g.*, FWD 22 ("prior art discloses products, such as electronic data, that could store both the content and conditions for providing access"). The Board correctly rejected PO's actual argued

combination of two stored elements (FWD 22-23), and the unrebutted evidence here confirms that the combination newly argued by PO here also was conventional before the priority date. *See* Exs. 1312 at 2:53-55, 4:35-37, 6:22-24; 1313 at 17:20-33, 17:39-42, 17:51-55, 24:42-47, 29:58-30:35; 1327 at 16:25-33, 17:17-23, 18:21-33; 1319 pp. 113-17, 119, 120, ¶¶45, 58, 59. Similarly, the Federal Circuit has repeatedly held that combining different types of data is not inventive. *See, e.g.*, *Digitech Image Techs., LLC v. Elecs. For Imaging, Inc.*, 758 F.3d at 1351; *Intellectual Ventures I LLC v. Capital One Bank*, 792 F.3d at 1368; *Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d at 1349; *see also, e.g.*, Rp4-6.[2] In short, PO's new, waived argument fails for the same reasons as its briefed arguments.

In contrast to *BASCOM*'s "limited record" with the owner's allegations taken as true, *BASCOM*, at *4, *6, *7, here the wealth of unrebutted evidence and caselaw confirms ineligibility, and PO offers no evidentiary or caselaw support to supply the inventive concept that is clearly lacking in the Claims.

[2] Despite PO's contrary suggestion (N2), its own cited cases confirm preemption is still not the test. *Rapid Litig. Mgmt. Ltd. v. CellzDirect, Inc.*, No. 2015-1570, 2016 WL 3606624, at *7 (Fed. Cir. July 5, 2016); *BASCOM*, at *8 (*Ultramercial*'s limitations "narrow[ing] the scope of protection through additional 'conventional' steps . . . did not make [them] any less abstract"). *See* Rp2, 14-17; FWD 24-25.

Respectfully submitted, by /J. Steven Baughman/ July 26, 2016
J. Steven Baughman, Lead Counsel

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