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, and
SAMSUNG ELECTRONICS AMERICA, INC.,
Petitioner,

v.

SMARTFLASH LLC,
Patent Owner.

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Case CBM2015-00033[1]
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.*

CLEMENTS, *Administrative Patent Judge*.

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

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[1] Samsung's challenge to claims 26 and 32 of US Patent No. 8,336,772 B2
in CBM2015-00059 was consolidated with this proceeding. Paper 24, 9–10.

INTRODUCTION

A. Background

Apple Inc. ("Apple") filed a Corrected Petition to institute covered business method patent review of claims 25, 26, 30, and 32 of U.S. Patent No. 8,336,772 B2 (Ex. 1401, "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 Apple's assertion that claims 25, 26, 30, and 32 are directed to patent ineligible subject matter under 35 U.S.C. § 101. Inst. Dec. 19.

Subsequent to institution, Smartflash filed a Patent Owner Response (Paper 23, "PO Resp.") and Apple filed a Reply (Paper 26, "Reply") to Patent Owner's Response.

On January 15, 2015, 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 claims 26 and 32 with the covered business method patent

review in CBM2015-00033.[2] On August 5, 2015, we granted Samsung's

Petition and consolidated Samsung's challenge to claims 26 and 32 with this

proceeding. Paper 24; *Samsung Electronics America, Inc. and Samsung*

Electronics, Co., Ltd. v. Smartflash LLC, Case CBM2015-00059, slip. op. at

9–10 (PTAB Aug. 5, 2015) (Paper 13).

An oral hearing was held on January 6, 2016, and a transcript of the

hearing is included in the record (Paper 38, "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 Apple has shown by a

preponderance of the evidence that claims 25, 26, 30, and 32 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. 1401, 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

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[2] Samsung's Motion requested that its challenge to claims 26 and 32 be
consolidated with this case. CBM2015-00059, Paper 11. Samsung's
Motion also requested that its challenge to claims 5 and 10 be consolidated
with CBM2015-00031, and that its challenge to claim 14 be consolidated
with CBM2015-00032. CBM2015-00031 and CBM2015-00032 were both
filed by Apple and involve claims 1, 5, 8, and 10, and claims 14, 19, and 22,
respectively, of the '772 patent.

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

Apple challenges claims 25, 26, 30, and 32 of the '772 patent. Claims 25 and 30 are independent and claims 26 and 32 depend from claims 25 and 30, respectively. Claims 25 and 30 are reproduced below:

> 25. A handheld multimedia terminal for retrieving and accessing protected multimedia content, 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;

code to request content information via said wireless interface, wherein said content information comprises one or more of description data and cost data pertaining to at least one of said one or more items of multimedia content identified by said identifier data;

code to receive said content information via said wireless interface;

code to present said content information pertaining to said identified one or more items of multimedia content available for retrieving to a user on said display;

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

code responsive to said first user selection of said selected at least one item of multimedia content to transmit payment data relating to payment for said selected at least one item of multimedia content via said wireless interface for validation by a payment validation system;

code to receive payment validation data via said wireless interface defining if said payment validation

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