UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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APPLE INC.,
Petitioner,

v.

SMARTFLASH LLC,
Patent Owner.

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Case CBM2015-00033
Patent 8,336,772 B2

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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 25, 26, 30, and 32 (the "challenged claims") 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").[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 25, 26, 30, and 32 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	25, 26, 30, and 32
Stefik[2], Poggio[3], Subler[4], and Ahmad[5]	§ 103	25, 26, 30, and 32

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

[2] U.S. Patent No. 5,530,235 (Ex. 1412) ("Stefik '235"), and U.S. Patent No. 5,629,980 (Ex. 1413) ("Stefik '980") (collectively, "Stefik").

[3] European Patent Application, Publication No. EP0809221A2 (translation) (Ex. 1415) ("Poggio").

References	Basis	Claims Challenged
Stefik, Poggio, Subler, Ahmad, and Kopp[6]	§ 103	25, 26, 30, and 32
Stefik, Poggio, Subler, Ahmad, and Sato[7]	§ 103	25, 26, 30, and 32
Stefik, Poggio, Subler, Ahmad, Kopp, and Sato	§ 103	25, 26, 30, and 32

Petitioner also provides a declaration from Anthony J. Wechselberger. Ex. 1419.

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. 14; 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,

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[4] U.S. Patent No. 5,646,992 (Ex. 1436) ("Subler").

[5] U.S. Patent No. 5,925,127 (Ex. 1403) ("Ahmad").

[6] U.S. Patent No. 5,940,805 (Ex. 1404) ("Kopp").

[7] JP Patent Application Publication No. H11-164058 (including translation) (Ex. 1417) ("Sato").

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.

Petitioner filed concurrently another two Petitions for covered business method patent review of the '772 patent: CBM2015-00031 and CBM2015-00032. 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. 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 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 25, 26, 30, and 32. Claims 25 and 30 are independent and claims 26 and 32 depend from claims 25 and 30, respectively. Claim 30 is illustrative of the claimed subject matter and is reproduced below:

> 30. A data access terminal for controlling access to one or more content data items stored on a data carrier, the data access terminal comprising:
>
> 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;

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