

UNITED STATES PATENT AND TRADEMARK OFFICE

---

BEFORE THE PATENT TRIAL AND APPEAL BOARD

---

APPLE INC.,

Petitioner,

v.

SMARTFLASH LLC,

Patent Owner.

---

Case CBM2015-00121

Patent 8,794,516

---

PATENT OWNER'S RESPONSE

TABLE OF CONTENTS

I. INTRODUCTION ..... 1

II. THE KELLY DECLARATION SHOULD BE GIVEN LITTLE OR NO WEIGHT ..... 7

    A. Dr. Kelly Admits that His Opinions Are Not Legal Opinions ..... 7

    B. There Is No Assurance That Dr. Kelly’s Methodology Is Reliable ..... 8

    C. Dr. Kelly Is Simply A Highly Compensated Spokesperson for Apple ..... 17

III. OVERVIEW OF U.S. PATENT NO. 8,794,516 ..... 18

IV. THE INSTITUTED CLAIMS OF THE ‘516 PATENT ARE NOT DIRECTED TO AN ABSTRACT IDEA ..... 21

V. EVEN IF THE INSTITUTED CLAIMS OF THE ‘516 PATENT WERE DIRECTED TO AN ABSTRACT IDEA, THE CLAIMS ARE DIRECTED TO STATUTORY SUBJECT MATTER ..... 29

    A. The Two-Part Test for Statutory Subject Matter ..... 29

    B. Petitioner Cannot Meet Its Burden Of Proving That The Instituted Claims Do Not Amount To Significantly More Than A Patent Upon The Abstract Idea Itself ..... 30

    C. The Claims Are Statutory Under *Mayo* and *Alice* ..... 32

    D. The Instituted Claims In Practice Amount To Significantly More Than A Patent Upon The Abstract Idea Itself ..... 48

        1. Evidence Shows That The Instituted Claims Do Not Amount To A Patent On The Abstract Idea Of Payment For And Controlling Access To Data ..... 48

        2. The Existence Of Alternative Technologies That Control Access Based On Payment Outside The Scope Of The Instituted Claims Show The Claims Do Not Amount To A Patent On The Abstract Idea Of Payment For And Controlling Access To Data ..... 53

    E. The Instituted Claims Do Not Result In Inappropriate Preemption ... 55

VI. A FEDERAL COURT HAS ALREADY FOUND CLAIMS IN THE SAME PATENT FAMILY AS THE ‘516 PATENT TO BE STATUTORY UNDER § 101 ..... 62

VII. THE USPTO IS ESTOPPED FROM REVISITING THE ISSUE OF WHETHER THE CLAIMS ARE DIRECTED TO STATUTORY SUBJECT MATTER.....	63
VIII. INVALIDATING PATENT CLAIMS VIA CBM REVIEW IS UNCONSTITUTIONAL.....	65
IX. SECTION 101 IS NOT A GROUND THAT MAY BE RAISED IN COVERED BUSINESS METHOD PATENT REVIEW .....	67
X. THE INSTITUTED CLAIMS OF THE ‘516 PATENT ARE NOT DIRECTED TO A FINANCIAL PRODUCT OR SERVICE .....	70
XI. THE INSTITUTED CLAIMS OF THE ‘516 PATENT ARE TECHNOLOGICAL INVENTIONS EXEMPT FROM CBM REVIEW ....	74
XII. CONCLUSION.....	76

## PATENT OWNER'S LIST OF EXHIBITS

Exhibit Number	Exhibit Description
2001	Congressional Record - House, June 23, 2011, H4480-4505
2002	Congressional Record - Senate, Sep. 8, 2011, S5402-5443
2003-2048	Reserved
2049	Report and Recommendation (on Defendants' Motions for Summary Judgment of Invalidity Pursuant to 35 U.S.C. 101), from <i>Smartflash LLC et al. v. Apple Inc., et al.</i> , Case No. 6:13-CV-447 (E.D. Tex.) and <i>Smartflash LLC et al. v. Samsung Electronics Co. Ltd, et al.</i> , Case No. 6:13-CV-448 (E.D. Tex.), dated Jan. 21, 2015
2050	Order adopting Report and Recommendation (on Defendants' Motions for Summary Judgment of Invalidity Pursuant to 35 U.S.C. 101), from <i>Smartflash LLC et al. v. Apple Inc., et al.</i> , Case No. 6:13-CV-447 (E.D. Tex.) and <i>Smartflash LLC et al. v. Samsung Electronics Co. Ltd, et al.</i> , Case No. 6:13-CV-448 (E.D. Tex.), dated Feb. 13, 2015
2051-2074	Reserved
2075	Order (on Defendants' Renewed Motion for Judgment as a Matter of Law on the Issue of § 101 under Rule 50(b)); Dkt. # 585; from <i>Smartflash LLC, et al. v. Apple Inc., et al.</i> , Case No. 6:13-CV-447 (E.D. Tex.) dated July 8, 2015.

2076	Deposition Transcript of Anthony J. Wechselberger dated July 22, 2015 taken in CBM2015-00028, -00029, -00031, -00032 and -00033
2077-2081	Reserved
2082	Trial Transcript from <i>Virnetx Inc. v. Apple Inc.</i> , Case No. 6:10-cv-417 (E.D. Tex.) dated November 2, 2012.
2083	Declaration of Emily E. Toohey in Support of Patent Owner's Preliminary Response
2084-2104	Reserved
2105	Transcript of Deposition of Justin Douglas Tygar, Ph.D. dated January 19, 2016 taken in CBM2015-00126 and -00129
2106-2107	Reserved
2108	Transcript of Deposition of John P. J. Kelly, Ph.D. dated February 3-4, 2016 taken in CBM2015-00121, -00123, -00124, -00127, -00130, -00131, and -00133
2109-2114	Reserved
2115	Declaration of Emily E. Toohey in Support of Patent Owner's Response

# Explore Litigation Insights

Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

## Real-Time Litigation Alerts



Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

## Advanced Docket Research



With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

## Analytics At Your Fingertips



Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

## API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

## LAW FIRMS

Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

## FINANCIAL INSTITUTIONS

Litigation and bankruptcy checks for companies and debtors.

## E-DISCOVERY AND LEGAL VENDORS

Sync your system to PACER to automate legal marketing.