

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC.,
Petitioner,

v.

SMARTFLASH LLC,
Patent Owner.

Case CBM2015-00124
Patent 7,942,317 B2

Before JENNIFER S. BISK, RAMA G. ELLURU,
JEREMY M. PLENZLER, and MATTHEW R. CLEMENTS,
Administrative Patent Judges.

ELLURU, *Administrative Patent Judge.*

DECISION

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

INTRODUCTION

A. Background

Petitioner, Apple Inc. (“Apple”), filed a Petition (Paper 2, “Pet.”) to institute a covered business method patent review of claims 1–17 and 19 of U.S. Patent No. 7,942,317 B2 (Ex. 1001, “the ’317 patent”) pursuant to § 18 of the Leahy-Smith America Invents Act (“AIA”).¹ Patent Owner, Smartflash LLC (“Smartflash”), filed a Preliminary Response (Paper 5, “Prelim. Resp.”).

We have jurisdiction under 35 U.S.C. § 324(a), 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.”

After considering the Petition and Preliminary Response, we determine that the ’317 patent is a covered business method patent. We further determine that Apple has demonstrated that it is more likely than not that challenged claims 2–5, 9–11, 14, 15, 17, and 19 are unpatentable. We further determine that Appel is estopped from challenging claims 1, 6–8, 12, 13, and 16 in this proceeding. Accordingly, we institute a covered business method review of claims 2–5, 9–11, 14, 15, 17, and 19 (“the challenged claims”), but deny review of claims 1, 6–8, 12, 13, and 16 of the ’317 patent, as discussed below.

B. Asserted Ground

Apple contends that claims 1–17 and 19 are unpatentable under 35 U.S.C. § 101, as being directed to patent-ineligible subject matter, and that

¹ Pub. L. No. 112–29, 125 Stat. 284, 296–307 (2011).

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claims 13 and 19 also are unpatentable under 35 U.S.C. § 112, as indefinite. Pet. 1, 73. Apple provides a declaration from John P.J. Kelly, Ph.D. to support its challenges. Ex. 1017 (“the Kelly Declaration”).

C. Related Matters

The parties indicate that the ’317 patent is the subject of the following district court cases: *Smartflash LLC v. Apple Inc.*, Case No. 6:15-cv-145 (E.D. Tex.); *Smartflash LLC v. Google, Inc.*, Case No. 6:14-cv-435 (E.D. Tex.); *Smartflash LLC v. Apple Inc.*, Case No. 6:13-cv-447 (E.D. Tex.); *Smartflash LLC v. Samsung Electronics Co. Ltd.*, Case No. 6:13-cv-448 (E.D. Tex.); and *Smartflash LLC v. Amazon.Com, Inc.*, Case No. 6:14-cv-992 (E.D. Tex.). Pet. 2, 32–33; Paper 4, 4–5.

Apple previously has filed three petitions requesting covered business method patent review of the ’317 patent: CBM2014-00112, CBM2014-00113 (consolidated with CBM2014-00112), and CBM2015-00018. Pet. 33. A final written decision has issued in CBM2015-00112, determining claims 1, 6–8, 12, 13, 16, and 18 of the ’317 patent are unpatentable pursuant to 35 U.S.C. § 103. *Apple Inc. v. Smartflash LLC*, Case CBM2014-00112, slip op. at 29 (PTAB Sept. 25, 2015) (Paper 48). Trial was instituted in CBM2015-00018 with respect to claim 18 under 35 U.S.C. § 101. *Apple Inc. v. Smartflash LLC*, Case CBM2015-00018, slip op. at 13 (PTAB Apr. 10, 2015) (Paper 15).

Apple and other Petitioners have filed additional petitions requesting covered business method patent reviews of related patents. *See* Pet. 33–34; Paper 4, 2–4.

D. The '317 Patent

The '317 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. 1001, 1:18–23. 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 1:38–51. The '317 patent describes providing portable data storage together with a means for conditioning access to that data upon validated payment. *Id.* at 1:55–2:3. This combination allows data owners to make their data available over the internet without fear of data pirates. *Id.* at 2:3–11.

As described, the portable data storage device is connected to a terminal for internet access. *Id.* at 1:55–63. 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 1:64–67. The '317 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 25:49–52 (“The skilled person will understand that many variants to the system are possible and the invention is not limited to the described embodiments.”).

E. Challenged Claims

Apple challenges claims 1–17 and 19 of the '317 patent. Claims 1, 8, 12, 16, 17, and 19 are independent. Claims 2–7 depend, directly or indirectly, from claim 1. Claims 9–11, depend directly or indirectly, from claim 8. Claims 13–15 depend directly or indirectly from claim 12. Claims

17 and 19 are illustrative of the claimed subject matter and are reproduced below:

17. A computer system for providing data to a data requester, the system comprising:

a communication interface;

a data access data store for storing records of data items available from the system, each record comprising a data item description and location data identifying an electronic address for a provider for the data item;

a program store storing code implementable by a processor;

a processor coupled to the communications interface, to the data access data store, and to the program store for implementing the stored code, the code comprising:

code to receive a request for a data item from the requester;

code to receive from the communications interface payment data comprising data relating to payment for the requested data item;

code responsive to the request and to the received payment data to output the item data to the requester over the communication interface; wherein

said data access data store further comprises data item access rule data for output to the requester with a said data item; and

further comprising code to select access rule data for output with a data item in response to said payment data.

19. A method of providing data to a data requester comprising:

receiving a request for a data item from the requester;

receiving payment data from the requester relating to payment for the requested data;

transmitting the requested data to the requester; and

transmitting data access rule data to requester with the read data.

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