

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

GOOGLE, INC.,
Petitioner

and

APPLE INC.,
Petitioner,

v.

SMARTFLASH LLC,
Patent Owner.

Case CBM2015-00126¹
Case CBM2015-00130
Patent 8,118,221 B2

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

BISK, *Administrative Patent Judge*.

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

¹ CBM2015-00126 has been consolidated with CBM2015-00130.

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INTRODUCTION

A. Background

Google, Inc., filed a Petition to institute covered business method patent review of claim 3 of U.S. Patent No. 8,118,221 B2 (“the ’221 patent”). CBM2015-00126, Paper 3² (“’126 Pet.”). Apple Inc., also filed a Petition to institute covered business method patent review of claims 3–10, 12–31, and 33 of the ’221 patent. CBM2015-00130, Paper 2 (“Pet.”). On November 16, 2015, we instituted a covered business method patent review in CBM2015-00126 (Paper 8, “’126 Institution Decision” or “’126 Inst. Dec.”) based upon Google’s assertion that claim 3 is directed to patent ineligible subject matter under 35 U.S.C. § 101. CBM2015-00126, Inst. Dec. 19. The same day we instituted a covered business method patent review in CBM2015-00130 (Paper 9, “Institution Decision” or “Inst. Dec.”) based upon Apple’s assertion that claims 3–10, 15–31, and 33 are directed to patent ineligible subject matter under 35 U.S.C. § 101 and that claim 22 is indefinite under 35 U.S.C. § 112. CBM2015-00130, Inst. Dec. 25.

Subsequent to institution, Smartflash LLC (“Patent Owner”) filed Patent Owner Responses (CBM2015-00126, Paper 21 (“’126 PO Resp.”); CBM2015-00130, Paper 19 (“PO Resp.”) and Google and Apple each filed Replies (CBM2015-00126, Paper 22 (“’126 Reply”); CBM2015-00130, Paper 23 (“Reply”) to Patent Owner’s Response, respectively.

² Google filed two versions of the Petition: Paper 2, which is sealed and accessible to the parties and Board only, and Paper 3, which is a public version of the Petition containing a small portion of redacted text. For purposes of this Decision, we refer only to the public version of the Petition.

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Patent Owner, with authorization, filed Notices of Supplemental Authority. CBM2015-00126, Paper 28; CBM2015-00130, Paper 30 (“Notice”). Google and Apple each filed Responses to Patent Owner’s Notices, respectively. CBM2015-00126, Paper 29 (“126 Notice Resp.”); CBM2015-00130, Paper 31 (“Notice Resp.”).

We held a joint hearing of both cases, along with several other related cases, on July 18, 2016. CBM2015-00126, Paper 30; CBM2015-00130, Paper 32 (“Tr.”).³ At the hearing, we discussed with all parties the possibility of consolidating these two cases because of the overlapping issues. Tr. 30:3–16, 72:11–73:12. No party objected. *Id.* Thus, we issue one opinion covering both CBM2015-00126 and CBM2015-00130.⁴

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 Petitioner has shown by a preponderance of the evidence that claims 3–10, 15–31, and 33 of the ’221 patent are directed to patent ineligible subject matter under 35 U.S.C. § 101. We also determine that claim 22 is indefinite under 35 U.S.C. § 112.

B. Related Matters and Estoppel

We have issued two previous Final Written Decisions in reviews challenging the ’221 patent. In CBM2014-00102, we found claims 1, 2, and 11–14 unpatentable under 35 U.S.C. § 103. *Apple Inc. v. Smartflash LLC*,

³ Unless otherwise noted (using “126” prior to the citation), all future citations in this Decision are to CBM2015-00130.

⁴ For purposes of this Decision, the term “Petitioner” refers to both Google and Apple.

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Case CBM2014-00102, (PTAB Sept. 25, 2015) (Paper 52). In CBM2014-00194, we found claim 32 unpatentable under 35 U.S.C. § 101. *Samsung Electronics America, Inc. v. Smartflash LLC*, Case CBM2014-00194, (PTAB Mar. 29, 2016) (Paper 51).

C. The '221 Patent

The '221 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 1:21–25. 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 1:29–56. The '221 patent describes providing portable data storage together with a means for conditioning access to that data upon validated payment. *Id.* at 1:59–2:11. This combination allows data owners to make their data available over the Internet with less fear of data piracy. *Id.* at 2:11–15.

As described, the portable data storage device is connected to a terminal for Internet access. *Id.* at 1:59–67. The terminal reads payment information, validates that information, and downloads data into the portable storage device from the data supplier. *Id.* The data on the portable storage device can be retrieved and output from a mobile device. *Id.* at 2:1–4. The '221 patent makes clear that the actual implementation of these components is not critical and may be implemented in many ways. *See, e.g., id.* at 25:41–44 (“The skilled person will understand that many variants to the system are possible and the invention is not limited to the described embodiments . . .”).

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D. Challenged Claims

The claims under review are claims 3–10, 15–31, and 33 of the '221 patent (the “challenged claims”). Inst. Dec. 24. Of the challenged claims, claim 17, 24, and 28 are independent, claims 3–10 depend directly or indirectly from unchallenged independent claim 1, claims 15 and 16 depend directly or indirectly from unchallenged independent claim 12, claims 18–23 depend directly or indirectly from challenged independent claim 17, claims 25–27 depend directly or indirectly from challenged independent claim 24, claims 29–31 depend directly or indirectly from challenged independent claim 28, and claim 33 depends from unchallenged independent claim 32. Claims 1, 3, 12, 17, and 24 are reproduced below:

1. A data access terminal for retrieving data from a data supplier and providing the retrieved data to a data carrier, the terminal comprising:
 - a first interface for communicating with the data supplier;
 - a data carrier interface for interfacing with the data carrier;
 - a program store storing code implementable by a processor; and
 - a processor, coupled to the first interface, to the data carrier interface, and to the program store for implementing the stored code, the code comprising:
 - code to read payment data from the data carrier and to forward the payment data to a payment validation system;
 - code to receive payment validation data from the payment validation system;
 - code responsive to the payment validation data to retrieve data from the data supplier and to write the retrieved data into the data carrier.

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