UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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GOOGLE INC.,
Petitioner,

v.

SMARTFLASH LLC,
Patent Owner.

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Case CBM2015-00126
Patent 8,118,221 B2

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

BISK, *Administrative Patent Judge*.

DECISION

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

INTRODUCTION

A. Background

Petitioner, Google, Inc., filed a Petition to institute covered business method patent review of claim 3 (the "challenged claim") of U.S. Patent No. 8,118,221 B2 (Ex. 1001, "the '221 patent") pursuant to § 18 of the Leahy-Smith America Invents Act ("AIA"). Paper 3[1] ("Pet."). Smartflash LLC ("Patent Owner") filed a Preliminary Response. Paper 7 ("Prelim. Resp.").

We have jurisdiction under 35 U.S.C. § 324(a), which provides that a covered business 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 '221 patent is a covered business method patent and that Petitioner has demonstrated that it is more likely than not that the challenged claim is unpatentable. Therefore, we institute a covered business method patent review of claim 3.

B. Asserted Grounds

Petitioner contends that the challenged claim is unpatentable under 35 U.S.C. § 101. Pet. 1. Petitioner provides a Declaration from Dr. Justin Douglas Tygar in support of its petition. Ex. 1002.

C. Related Matters

The '221 patent is the subject of several co-pending district court cases in the Eastern District of Texas. Pet. 9–10; Paper 6, 4–5. The '221

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[1] Petitioner 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.

patent has also been challenged in several other petitions for covered business method patent review: CBM2014-00102; CBM2014-00103; CBM2014-00194; CBM2014-00199; CBM2015-00015; CBM2015-00117; and CBM2015-00130.

Patents in the family of the '221 patent are currently the subject of many other proceedings at the Office. *See* Paper 6, 2–4.

D. 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 . . . .”).

E. Challenged Claim

Petitioner challenges claim 3 of the '221 patent. Claim 3 depends

from claim 1, which is not explicitly challenged in this proceeding. Claims

1 and 3 recite the following:

> 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.

Ex. 1001, 25:45–61.

> 3. A data access terminal as claimed in claim 1, further comprising code to retrieve from the data supplier and output to a user-stored data identifier data and associated value data and use rule data for a data item available from the data supplier.

Id. at 25:66–26:3.

ANALYSIS

A. Claim Construction

While Petitioner presents constructions for several claim terms (Pet. 11–20), Patent Owner does not identify any term for construction. We determine that no terms require express construction for purposes of this Decision.

B. Covered Business Method Patent

Section 18 of the AIA provides for the creation of a transitional program for reviewing covered business method patents. A "[c]overed business method patent" is a patent that "claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service, except that the term does not include patents for technological inventions." AIA § 18(d)(1); *see* 37 C.F.R. § 42.301(a). A patent need have only one claim directed to a covered business method to be eligible for review. *See* Transitional Program for Covered Business Method Patents—Definitions of Covered Business Method Patent and Technological Invention; Final Rule, 77 Fed. Reg. 48,734, 48,736 (Aug. 14, 2012) ("CBM Rules") (Comment 8).

Petitioner refers to several other covered business method reviews in which we have found that claim 32 qualifies the '221 patent as a CBM patent and asserts that those finding are sufficient to establish the '221 patent for the purposes of this proceeding. Pet. 4. In addition, Petitioner asserts that "challenged claim 3 further supports the same conclusion." *Id.* For the following reasons, we agree.

1. Financial Product or Service

Petitioner asserts that claim 3 "clearly claims activities that are 'financial in nature, incidental to a financial activity or complementary to a

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