

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC.,
Petitioner,

v.

SMARTFLASH LLC,
Patent Owner.

Case CBM2015-00127
Patent 7,334,720 B2

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

ELLURU, *Administrative Patent Judge*.

DECISION

Denying Patent Owner's Request for Rehearing
37 C.F.R. § 42.71

INTRODUCTION

Apple Inc. (“Petitioner”), filed a Petition to institute covered business method patent review of claims 4–12 and 16–18 of U.S. Patent No. 7,334,720 B2 (Ex. 1001, “the ’720 patent”) pursuant to § 18 of the Leahy-Smith America Invents Act (“AIA”). Paper 2 (“Pet.”).¹ On November 10, 2015, we instituted a covered business method patent review (Paper 7, “Institution Decision” or “Inst. Dec.”) based upon Petitioner’s assertion that claims 4–12 and 16–18 (“the challenged claims”) are directed to patent ineligible subject matter under 35 U.S.C. § 101. Inst. Dec. 25. Subsequent to institution, Smartflash LLC (“Patent Owner”) filed a Patent Owner Response (Paper 17, “PO Resp.”) and Petitioner filed a Reply (Paper 21, “Pet. Reply”) to Patent Owner’s Response. Patent Owner, with authorization, filed a Notice of Supplemental Authority. Paper 28 (“Notice”). Petitioner filed a Response to Patent Owner’s Notice. Paper 29 (“Notice Resp.”).

In our Final Decision, we determined Petitioner had established, by a preponderance of the evidence, that claims 4–12 and 16–18 of the ’720 patent are directed to patent ineligible subject matter under 35 U.S.C. § 101. Paper 31 (“Final Dec.”), 2–3, 34. Patent Owner requests rehearing of the Final Decision with respect to patent ineligibility of the challenged claims under § 101. Paper 32 (“Request” or “Req. Reh’g”). Having considered Patent Owner’s Request, we decline to modify our Final Decision.

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

STANDARD OF REVIEW

In covered business method review, the petitioner has the burden of showing unpatentability by a preponderance of the evidence. 35 U.S.C. § 326(e). The standard of review for rehearing requests is set forth in 37 C.F.R. § 42.71(d), which states:

The burden of showing a decision should be modified lies with the party challenging the decision. The request must specifically identify all matters the party believes the Board misapprehended or overlooked, and the place where each matter was previously addressed in a motion, an opposition, or a reply.

ANALYSIS

Patent Owner's Request is based on a disagreement with our determination that the challenged claims are directed to patent-ineligible subject matter. Req. Reh'g 3.

In its Request, Patent Owner initially presents arguments directed to alleged similarities between the challenged claims and those at issue in *DDR Holdings*², *Enfish*³, and *Bascom*⁴. *Id.* at 4–10. Those cases were each addressed in the Patent Owner Response or Patent Owner's Notice, as well as in our Final Decision. As noted above, our rules require that the requesting party “*specifically* identify all matters the party believes the Board misapprehended or overlooked, and the place where each matter was previously addressed in a motion, an opposition, or a reply.” 37 C.F.R. 42.71(d) (emphasis added). In its Request, however, Patent Owner does not

² *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014).

³ *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327 (Fed. Cir. 2016).

⁴ *BASCOM Global Internet Services, Inc. v. AT&T Mobility, LLC*, 827 F.3d 1341 (Fed. Cir. 2016).

identify any specific matter that we misapprehended or overlooked. Although Patent Owner repeatedly states that the Board “misapprehends” Smartflash’s argument (*see, e.g.*, Req. Reh’g 5, 10), it does not offer sufficient explanation as to how we misapprehended or overlooked any particular “matter [that] was previously addressed in a motion, an opposition, or a reply.” Rather than providing a proper request for rehearing, addressing particular matters that we previously allegedly misapprehended or overlooked, Patent Owner’s Request provides new briefing by expounding on argument already made.

To the extent portions of the Request are supported by Patent Owner’s argument in the Patent Owner Response or in Patent Owner’s Notice, we considered those arguments in our Final Decision, as Patent Owner acknowledges. *See, e.g.*, Req. Reh’g 5, 7, 9 (noting that the Board “rejected” Smartflash’s argument with respect to each of *DDR Holdings*, *Enfish*, and *Bascom*). Our Final Decision, as noted above, addresses Patent Owner’s arguments related to *DDR Holdings* (Final Dec. 17–21), *Enfish* (*id.* at 12–13), and *Bascom* (*id.* at 21–23). Patent Owner’s Request is simply based on disagreement with our Final Decision, which is not a proper basis for rehearing.

Patent Owner also presents new arguments directed to alleged similarities between the challenged claims and those addressed in *McRO*⁵ and *Amdocs*⁶, which were issued after Patent Owner’s Notice was filed. Req. Reh’g 11–15. Patent Owner alleges that we overlooked the Federal

⁵ *McRO, Inc. v. Bandai Namco Games Am. Inc.*, 837 F.3d 1299 (Fed. Cir. 2016).

⁶ *Amdocs (Israel) Ltd. v. Openet Telecom, Inc.*, 841 F.3d 1288 (Fed. Cir. 2016).

Circuit's decisions in *McRO* and *Amdocs*. *Id.* at 2. The decisions in those cases issued before our Final Decision and, although not specifically referenced, were considered when we determined that the challenged claims are patent-ineligible.

When addressing *McRO*, Patent Owner does little, if anything, to analogize those claims to the challenged claims, other than summarizing the discussion in *McRO* (*id.* at 11–13), and concluding that

[b]ecause the challenged claims are a technological improvement over the then-existing systems and methods, and limit transfer and retrieval of content data based on payment and/or access rules in a process specifically designed to achieve an improved technological result in conventional industry practice, the challenged claims are not directed to an abstract idea.

Id. at 13 (citing Ex. 1001, 26:59–67 (claims 4–12), 28:12–19 (claims 16–18)). But *McRO* does not stand for the general proposition that use of rules or conditions, such as payment, to achieve an improved technological result, alone, removes claims from the realm of abstract ideas. In *McRO*, the Court explained that “the claimed improvement [was] allowing computers to produce ‘accurate and realistic lip synchronization and facial expressions in animated characters’ that previously could only be produced by human animators.” *Id.* at 1313 (citation omitted). The Court explained that the claimed rules in *McRO* transformed a traditionally *subjective* process performed by human artists into a mathematically *automated* process executed on computers (i.e., the processes were fundamentally different). *Id.* at 1314. The Court explained that “it [was] the incorporation of the claimed rules, not the use of the computer, that ‘improved [the] existing technological process’ by allowing the automation of further tasks.” *Id.* at 1314 (alteration in original) (quoting *Alice Corp. Pty. Ltd. v. CLS Bank*

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