

UNITED STATES PATENT AND TRADEMARK OFFICE

---

BEFORE THE PATENT TRIAL AND APPEAL BOARD

---

GOOGLE INC.,  
Petitioner,

v.

SMARTFLASH LLC,  
Patent Owner.

---

Case CBM2015-00129  
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, Google Inc. (“Google”), filed a Petition (Paper 3, “Pet.”)<sup>1</sup> to institute a covered business method patent review of claims 7, 12, and 17 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”).<sup>2</sup> Patent Owner, Smartflash LLC (“Smartflash”), filed a Preliminary Response (Paper 7, “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 Google has demonstrated that it is more likely than not that challenged claims 7 and 12 are unpatentable. We deny review of claim 17 pursuant to 35 U.S.C. § 325(d). Accordingly, we institute a covered business method review of claims 7 and 12 (“the challenged claims”), as discussed below.

---

<sup>1</sup> 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.

<sup>2</sup> Pub. L. No. 112–29, 125 Stat. 284, 296–307 (2011).

CBM2015-00129  
Patent 7,942,317 B2

*B. Asserted Ground*

Google contends that claims 7, 12, and 17 are unpatentable under 35 U.S.C. § 101, as being directed to patent-ineligible subject matter. Pet. 1. Google provides the declaration of Douglas Tyler, Ph.D., in support of its petition. Ex. 1002.

*C. Related Matters*

The parties indicate that the '317 patent is the subject of the following district court cases: *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.); *Smartflash LLC v. Amazon.Com, Inc.*, Case No. 6:14-cv-992 (E.D. Tex.); and *Smartflash LLC v. Apple Inc.*, Case No. 6:15-cv-145 (E.D. Tex.). Pet. 10; Paper 6, 4–5.

Apple Inc. previously filed four petitions requesting covered business method patent review of the '317 patent: CBM2014-00112, CBM2014-00113 (consolidated with CBM2014-00112), CBM2015-00018, and CBM2015-00124. Pet. 10–11. A final written decision has issued in CBM2014-00112, 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). Lastly, trial was instituted in CBM2015-00124 with respect to claims 2–5, 9–11, 14, 15, 17, and 19 under 35 U.S.C. § 101. *Apple Inc. v. Smartflash LLC*, Case CBM2015-00124, slip op. at 25 (PTAB Nov. 10, 2015) (Paper 7).

Google and other Petitioners have filed additional petitions requesting covered business method patent reviews of related patents. *See* Paper 6, 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*

Google challenges claims 7, 12, and 17 of the '317 patent. Claim 7 depends from claim 1. Claims 12 and 17 are independent. Claim 12 is illustrative of the claimed subject matter and is reproduced below:

12. A data access system comprising:
  - a data supply computer system for forwarding data from a data provider to a data access terminal;
  - an electronic payment system for confirming an electronic payment;
  - a data access terminal for communicating with the data supply system to write data from the data supply system onto a data carrier; and
  - a data carrier for storing data from the data supply system and payment data;wherein data is forwarded from the data provider to the data carrier on validation of payment data provided from the data carrier to the electronic payment system.

ANALYSIS

*A. Claim Construction*

In a covered business method patent review, claim terms are given their broadest reasonable interpretation in light of the specification in which they appear and the understanding of others skilled in the relevant art. *See* 37 C.F.R. § 42.300(b). Applying that standard, we interpret the claim terms of the '317 patent according to their ordinary and customary meaning in the context of the patent's written description. *See In re Translogic Tech., Inc.*, 504 F.3d 1249, 1257 (Fed. Cir. 2007). For purposes of this decision, we determine that "payment data" is the only term requiring an express construction in order to conduct properly our analysis.

# 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.