UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC.,
Petitioner

v.

SMARTFLASH LLC,
Patent Owner

Case CBM2015-00131
Patent 8,061,598

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

PETITIONER'S RESPONSE TO PATENT OWNER'S NOTICE OF SUPPLEMENTAL AUTHORITY

The cases cited in PO's Notice (Pap. 30) support Petitioner, not PO.[1] These decisions confirm, under the analysis required by, *e.g.*, *Alice Corp. Pty. Ltd. v. CLS Bank Int'l*, 134 S. Ct. 2347 (2014), that the Claims are patent-ineligible. The Claims are directed to "economic or other tasks for which a computer is used in its ordinary capacity," not a "specific improvement to the way computers operate." *See Enfish, LLC v. Microsoft Corp.*, ___ F.3d ___, No. 2015-1244, 2016 WL 2756255, at *5 (Fed. Cir. May 12, 2016). And the Board does not face the "limited record" of a motion to dismiss "construed in favor of the nonmovant" as in *BASCOM Global Internet Services, Inc. v. AT&T Mobility, LLC.*, ___ F.3d ___, No. 2015-1763, 2016 WL 3514158, at *6-8 (Fed. Cir. June 27, 2016). To the contrary, the detailed record here confirms the Claims do not improve "'the performance of the computer system itself,'" and provide no inventive concept. *Id*. at *7-8.

1. Unlike *Enfish*'s claims to "a specific improvement to the way computers operate," these Claims are indisputably directed to "economic or other tasks for which a computer is used in its ordinary capacity." *Enfish*, 2016 WL 2756255, at *5. They merely recite "general-purpose computer components [that were] added post-hoc to a fundamental economic practice," *id.* at *8, as this Board found in deciding that related claims were "directed to performing the fundamental economic

[1] Unless noted, all emphasis is added, and abbreviations are those from Paper 23 ("Reply").

practice of [conditioning and] controlling access to content [based on payment]." *See, e.g.*, 00017FWD at 7-8; 00016FWD/00194FWD/00193FWD at 8; CBM2014-00190, Pap.47 ("00190FWD") at 8; CBM2015-00028, Pap. 44 ("00028FWD") at 8; CBM2015-00029, Pap. 43 ("00029FWD") at 9; *see also* 00192FWD at 8; CBM2015-00031, Pap. 45 ("00031FWD") at 12; CBM2015-00032, Pap. 46 ("00032FWD") at 13-14; CBM2015-00033, Pap. 40 ("00033FWD") at 13; Notice 3 (PO admitting Claims directed to "digital commerce").

PO's reliance on generic components underscores this point. *See* Notice 2-3. While PO argues its generic hardware and software "carry out their functions in a specific manner" (*see id.* 3), it does not and cannot state its Claims are "directed to an improvement *in the functioning of a computer*." *Cf. Enfish*, 2016 WL 2756255, at *7. Rather, PO's Claims are like "the claims at issue in *Alice* and *Versata*," "simply adding conventional computer components to well-known business practices." *Id.*

Indeed, in *In re TLI Communications LLC Patent Litigation*, No. 2015-1372, 2016 WL 2865693 (Fed. Cir. May 17, 2016), the Federal Circuit similarly distinguished *Enfish* on the ground that the *TLI* claims, like the Claims here, "are directed to the use of conventional or generic technology." *TLI*, 2016 WL 2865693, at *3. Just as in *TLI*, the Claims here "perform[] generic computer functions such as storing, receiving, and extracting data" using "physical components" (*e.g.*, wire-

less interface, non-volatile memory, processor, display) that "behave exactly as expected according to their ordinary use" and "merely provide a generic environment in which to carry out the abstract idea" of controlling access to content based on payment and/or rules. *Id*. at *3, *4, *7; *see also* Paper 27 ("Opp. to Mot. to Exclude") at 7-8.

Unlike *Enfish*'s summary judgment inferences, here the full record—including PO's admissions (*see, e.g.*, Reply 6-7, 10-11, 18) and Petitioner's unrebutted expert testimony about what was routine and conventional (*see, e.g.*, Reply 12-13, 16, 20-22; Ex. 1019 §§ VI, VII; Ex. 1013 9:34-42)—indisputably confirms the Claims offer no "specific asserted improvement in computer capabilities," such as *Enfish*'s "innovative" means for configuring memory with a self-referential table. *See Enfish*, 2016 WL 2756255, at *3, *5. Instead they are directed to the abstract idea of controlling access to content based on payment/rules "for which computers are invoked merely as a tool." *Id.* at *5.

2. In *BASCOM*, pointing to *DDR*'s "technical solution to a problem unique to the Internet," the court accepted BASCOM's allegations that its "specific method of filtering Internet content"—which "associate[d] individual accounts with their own filtering scheme and elements while locating the filtering system on an ISP server"—claimed "a technology-based solution (not an abstract-idea-based solution implemented with generic technical components in a conventional way) to

filter content on the Internet that overcomes existing problems with other Internet filtering systems," and "represent[ed] a 'software-based invention[ ] that *improve[s] the performance of the computer system itself.*'" *BASCOM*, 2016 WL 3514158, at *6, *7. "[T]aking the allegations of the complaint to be true" on this "limited record," the Court found the claims improved "'an existing technological process.'" *Id.* at *4, *6, *7.

Here, PO has not shown and cannot show the Claims are "a technology-based solution" "'that improve[s] the performance of the computer system itself'" as in *BASCOM*. *Id.* at *7. While PO argues its Claims, by storing payment data and content data on a handheld multimedia terminal, are "'improv[ing] an existing technological process'" (*see* Notice 5), PO has failed to rebut Petitioner's showing that this neither was inventive nor improved "the performance of the computer system itself." *BASCOM*, 2016 WL 3514158, at *7; Ex. 1019 §§ VI, VII (citing prior art). Unlike *BASCOM*'s claims, which were directed to improvements in filtering technology, PO's Claims are drawn to carrying out existing economic transactions using existing and generic components in a conventional way that provides no inventive concept. The problem is a *business problem* (data piracy) (*see, e.g.*, Dec12), and as the Board already found in related proceedings any solution here is "not rooted in specific computer technology" and does not "override[] the routine and conventional use of the recited devices and functions." *See, e.g.*,

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