UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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APPLE INC.,
Petitioner,

v.

SMARTFLASH LLC,
Patent Owner.

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Case CBM2015-00131

Patent 8,061,598 B2

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PATENT OWNER'S REQUEST FOR REHEARING

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Patent Owner Smartflash LLC files this Request for Rehearing pursuant to 37 CFR § 42.71. The Board's final written decision (Paper 33) finding claims 3-6, 8-14, 16-25, 27-30, and 32-41 ("the challenged claims") of U.S. Patent No. 8,061,598 ("the '598 Patent") to be unpatentable misapprehends and overlooks the Supreme Court's and Federal Circuit's guidance on patent eligible subject matter under 35 U.S.C. § 101, the Federal Circuit's most recent decisions clarifying patent eligible subject matter, and Smartflash's arguments as to the eligibility of the challenged claims.

The Federal Circuit has made clear that while "the analysis [for patent eligible subject matter] presumably would be based on a generally-accepted and understood *definition* of, or test for, what an 'abstract idea' encompasses," "a search for a single test or definition in the decided cases concerning § 101 from [the Federal Circuit], and indeed from the Supreme Court, reveals that at present there is no such single, succinct, usable definition or test." *Amdocs (Israel) Limited v. Openet Telecom, Inc.*, 2016 WL 6440387, at *4 (Fed. Cir. November 1, 2016). In the absence of such a generally accepted definition or test, the Federal Circuit approach is to use the "classic common law methodology" of "examin[ing] earlier cases in which a similar or parallel descriptive nature can be seen—what prior cases were about, and which way they were decided." *Id*. This is the approach taken by Smartflash – comparing the challenged claims to, among other

cases, *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014) (Paper 18 at 26-31); *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327 (Fed. Cir. 2016) (Paper 30 at 1-3); and *BASCOM Global Internet Services, Inc. v. AT&T Mobility LLC*, 827 F.3d 1341 (Fed. Cir. 2016) (Paper 30 at 3-5).

The challenged claims are directed to a novel content delivery system for distributing digital content over the Internet solving the problem of Internet data piracy. The Board misapprehended how the challenged claims are subject matter eligible as: being "necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks" (*DDR Holdings*, 773 F.3d at 1257); teaching "an improvement to computer functionality itself." (*Enfish*, 822 F.3d at 1336); and "representing a 'software-based invention[ ] that improve[s] the performance of the computer system itself.'" *BASCOM*, 827 F.3d at 1351.

Moreover, the Board overlooked recent Federal Circuit decisions in *McRO, Inc. v. Bandai Namco Games America Inc.*, 837 F.3d 1299 (Fed. Cir. September 13, 2016) and *Amdocs*, where the Federal Circuit found claims similar to the challenged claims to be patent eligible.

I. STATEMENT OF PRECISE RELIEF REQUESTED

Patent Owner requests that the Board reverse its original decision (Paper 33, November 10, 2016) and hold that challenged claims 3-6, 8-14, 16-25, 27-30, and 32-41 of the '598 Patent are patent eligible.

II. BACKGROUND

Distribution of digital content over the Internet "introduces a problem that does not arise" with content distributed on physical media. *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1258 (Fed. Cir. 2014). By the late 1990s, improved data compression and increasing bandwidth for Internet access enabled content providers, for the first time, to offer content data for purchase over the Internet; at the same time, unprotected data files could be easily pirated and made available "essentially world-wide." Ex. 1001, 1:29-49. Conventional operation of the Internet does not solve the problem of data piracy: on the contrary, the Internet facilitates the distribution of data without restriction or protection. *Id.* 1:49-55.

Content providers faced piracy before—a CD can be copied onto another CD and the pirated copy sold—but the problem presented by distribution of pirated content over the Internet was unprecedented. There had never before been a way to make free, identical, and flawless copies of physical media available to millions of people instantaneously at virtually no incremental cost. *See generally Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd.*, 545 U.S. 913, 929-30 (2005). The

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