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 CBM2015-00124
Patent 7,942,317 B2

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

ELLURU, *Administrative Patent Judge*.

FINAL WRITTEN DECISION
35 U.S.C. § 328(a) and 37 C.F.R. § 42.73

INTRODUCTION

A. Background

Apple Inc. ("Petitioner"), filed a Petition to institute covered business method patent review of claims 1–17 and 19 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"). Paper 2 ("Pet.").[1] Smartflash LLC ("Patent Owner") filed a Preliminary Response. Paper 5 ("Prelim. Resp."). 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 2–5, 9–11, 14, 15, 17, and 19 ("the challenged claims") are directed to patent ineligible subject matter under 35 U.S.C. § 101 and claim 19 as being indefinite under 35 U.S.C. § 112, second paragraph. Inst. Dec. 25. Because a final written decision determining that claims 1, 6–8, 12, 13, and 16 of the '317 patent are unpatentable under § 103 had already issued in CBM2014-00112, we declined to institute a review of claims 1, 6–8, 12, 13, and 16 in this proceeding. *Id.* at 6–7.

Subsequent to institution, 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.").

We held a joint hearing of this case and several other related cases on July 18, 2016. Paper 30 ("Tr.").

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

We have jurisdiction under 35 U.S.C. § 6(c). This Final Written Decision is issued pursuant to 35 U.S.C. § 328(a) and 37 C.F.R. § 42.73. For the reasons that follow, we determine that Petitioner has shown by a preponderance of the evidence that claims 2–5, 9–11, 14, 15, 17, and 19 of the '317 patent are directed to patent ineligible subject matter under 35 U.S.C. § 101. We also determine that claim 19 is indefinite under 35 U.S.C. § 112.

B. Related Matters

The parties indicate that the '317 patent is the subject of the following district court cases: *Smartflash LLC v. Apple Inc.*, Case No. 6:15-cv-145 (E.D. Tex.); *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.); and *Smartflash LLC v. Amazon.Com, Inc.*, Case No. 6:14-cv-992 (E.D. Tex.). Pet. 2, 32–33; Paper 4, 4–5.

We have issued a previous Final Written Decision in a review challenging the '317 patent. In CBM2014-00112,[2] we found claims 1, 6–8, 12, 13, 16, and 18 unpatentable under 35 U.S.C. § 103. *Apple Inc. v. Smartflash LLC*, Case CBM2014-00112, (PTAB Sept. 25, 2015) (Paper 48, 29). In CBM2015-00018, we terminated review of claim 18 before issuing a Final Written Decision. *Apple Inc. v. Smartflash LLC*, Case CBM2015-00018, (PTAB March 18, 2016) (Paper 46, 2–3). In CBM2015-00129, we terminated review of claims 7 and 12 before issuing a Final Written

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[2] Case CBM2014-00113 was consolidated with the CBM2014-00112 proceeding.

Decision. *Google Inc. v. Smartflash LLC*, Case CBM2015-00129, (PTAB
April 26, 2016) (Paper 25, 2–3).

C. 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.").

D. Challenged Claims

The claims under review are claims 2–5, 9–11, 14, 15, 17, and 19 of
the '317 patent. Inst. Dec. 25. Of the challenged claims, claims 17 and 19

are independent. Claims 2–5 depend, directly or indirectly, from independent claim 1 (not a part of this review). Claims 9–11 depend, directly or indirectly, from independent claim 8 (not a part of this review). Claims 14 and 15 depend, directly or indirectly, from independent claim 12 (not a part of this review). Independent claims 17 and 19 are illustrative and recite the following:

> 17. A computer system for providing data to a data requester, the system comprising:
> a communication interface;
> a data access data store for storing records of data items available from the system, each record comprising a data item description and location data identifying an electronic address for a provider for the data item;
> a program store storing code implementable by a processor;
> a processor coupled to the communications interface, to the data access data store, and to the program store for implementing the stored code, the code comprising:
> code to receive a request for a data item from the requester:,
> code to receive from the communications interface payment data comprising data relating to payment for the requested data item;
> code responsive to the request and to the received payment data to output the item data to the requester over the communication interface; wherein
> said data access data store further comprises data item access rule data for output to the requester with a said data item; and
> further comprising code to select access rule data for output with a data item in response to said payment data.

> 19. A method of providing data to a data requester comprising:
> receiving a request for a data item from the requester;

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