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Paper 8 (CBM2014-00108)

Paper 8 (CBM2014-00109)

Entered: September 30, 2014

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 CBM2014-00108  
Case CBM2014-00109  
Patent 8,061,598

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

CLEMENTS, *Administrative Patent Judge.*

DECISION

Institution of Covered Business Method Patent Review  
37 C.F.R. § 42.208

## INTRODUCTION

### *A. Background*

Petitioner, Apple Inc. (“Apple”), filed a Petition in CBM2014-00108 (Paper 2, “108 Pet.”) to institute a covered business method patent review of claims 1, 2, 7, 13, 15, 26, and 31 (the “challenged claims”) of U.S. Patent No. 8,061,598 (Ex. 1001, “the ’598 patent”) pursuant to § 18 of the Leahy-Smith America Invents Act (“AIA”).<sup>1</sup> Apple also filed a Petition in CBM2014-00109 (Paper 2, “109 Pet.”) to institute a covered business method patent review of the challenged claims of the ’598 patent.

Patent Owner, Smartflash LLC (“Smartflash”), filed a Preliminary Response in CBM2014-00108 (Paper 6, “108 Prelim. Resp.”) and in CBM2014-00109 (Paper 6, “109 Prelim. Resp.”).

We have jurisdiction under 35 U.S.C. § 324, 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.”

### *B. Asserted Grounds*

Apple contends that the challenged claims are unpatentable under 35 U.S.C. §§ 102 and/or 103 based on the following grounds (108 Pet. 26–75; 109 Pet. 29–78).

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<sup>1</sup> Patent Owner argues that the multiple petitions filed against the ’598 patent violate the page limit requirement of 37 C.F.R. § 42.24(a)(iii), but does not cite any authority to support its position. 108 Prelim. Resp. 11-13; 109 Prelim. Resp. 11-13. The page limit for petitions requesting covered business method patent review is 80 pages (37 C.F.R. § 42.24(a)(iii)), and each of the 108 and 109 Petitions is within that requirement.

CBM2014-00108 and CBM2014-00109  
 Patent 8,061,598

Reference[s] <sup>2</sup>	Basis	Claims challenged
CBM2014-00108		
Stefik '235 and Stefik '980 <sup>3</sup>	§ 102	1, 2, 7, 13, 15, and 31
Stefik '235 and Stefik '980	§ 103	1, 2, 7, 13, 15, 26, and 31
Stefik '235, Stefik '980, and Poggio	§ 103	7
Stefik '235, Stefik '980, and Sato	§ 103	26
Stefik '235, Stefik '980, and Rydbeck	§ 103	26
CBM2014-00109		
Ginter	§ 102	1, 2, 7, 13, 15, 26, and 31
Ginter	§ 103	1, 2, 7, 13, 15, 26, and 31 <sup>4</sup>

<sup>2</sup> U.S. Patent No. 5,530,235 (Ex. 1013) (“Stefik '235”); U.S. Patent No. 5,629,980 (Ex. 1014) (“Stefik '980”); U.S. Patent No. 5,915,019 (Ex. 1015) (“Ginter”); European Patent Application, Publication No. EP0809221A2 (translation) (Ex. 1016) (“Poggio”); JP Patent Application Publication No. H11-164058 (translation) (Ex. 1018) (“Sato”). Citations are to exhibits filed in CBM2014-00108, unless otherwise noted.

<sup>3</sup> Petitioner contends that Stefik '235 and Stefik '980 should be treated as a single reference and refers to the references collectively as “Stefik.” 108 Pet. 30, n.13. Patent Owner disagrees that Stefik '235 and Stefik '980 should be considered as one reference. 108 Prelim. Resp. 13-15. We do not reach this issue because even when considered as one reference, we determine that Stefik '235 and Stefik '980 do not teach all of the recited claim limitations in the same form and order as listed in the claim.

<sup>4</sup> Although claim 31 is omitted in the heading on page 43 of the 109 Petition, we include it here because it is identified as obvious over Ginter elsewhere in the Petition. *See, e.g.*, 109 Pet. 32–33, 43 (“Ginter . . . renders obvious to a POSITA each of claims 1, 2, 7, 13, 15, 26, and 31, based on the disclosures identified below.”).

Reference[s] <sup>2</sup>	Basis	Claims challenged
Ginter, Stefik '235, and Stefik '980	§ 103	1, 2, 7, 13, 15, and 26
Ginter and Sato	§ 103	1, 2, 7, 13, 15, and 26
Ginter and Poggio	§ 103	7
Ginter, Poggio, Stefik '235, and Stefik '980	§ 103	7

After considering the Petitions and Preliminary Responses, we determine that the '598 patent is a covered business method patent and that Apple has demonstrated that it is more likely than not that at least one of the challenged claims is unpatentable. Based on the information presented, we institute a covered business method patent review of claim 26 of the '598 patent.

*C. Related Matters*

The parties indicate that Smartflash has sued Apple for infringement of the '598 patent and identify the following district court case: *Smartflash LLC v. Apple Inc.*, Case No. 6:13-cv-447 (E.D. Tex.). *See, e.g.*, 108 Pet. 23; 108 Paper 5, 2. The parties also indicate that the '598 patent is the subject of a second district court case, to which Apple is not a party: *Smartflash LLC v. Samsung*, Case No. 6:13-cv-448 (E.D. Tex.). *Id.*

Apple filed ten other Petitions for covered business patent review challenging claims of patents owned by Smartflash and disclosing similar subject matter: CBM2014-00102; CBM2014-00103; CBM2014-00104; CBM2014-00105; CBM2014-00106; CBM2014-00107; CBM2014-00110; CBM2014-00111; CBM2014-00112; and CBM2014-00113.

CBM2014-00108 and CBM2014-00109  
Patent 8,061,598

*D. The '598 Patent*

The '598 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, 1:21–25. 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 1:29–55. The '598 patent describes providing portable data storage together with a means for conditioning access to that data upon validated payment. *Id.* at 1:59–2:11. This combination allows data owners to make their data available over the internet without fear of data pirates. *Id.* at 2:11–15.

As described, the portable data storage device is connected to a terminal for internet access. *Id.* at 1:59–67. 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 2:1–5. The '598 patent makes clear that the actual implementation of these components is not critical and 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*

Apple challenges claims 1, 2, 7, 13, 15, 26, and 31 of the '598 patent. Claims 1, 26, and 31 are independent. Claims 2, 7, 13, and 15 depend from claim 1. Claims 1 and 31 are illustrative of the claims at issue and recite the following:

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