UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

SAMSUNG ELECTRONICS AMERICA, INC., and
SAMSUNG ELECTRONICS CO., LTD.,
Petitioner

and

APPLE INC.,
Petitioner,

v.

SMARTFLASH LLC,
Patent Owner.

Case CBM2014-00190[1]
Patent 7,334,720 B2

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

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[1] CBM2015-00118 (U.S. Patent 7,334,720 B2) was consolidated with this
proceeding. Paper 31, 6–7.

INTRODUCTION

A. Background

Petitioner, Samsung Electronics America, Inc., Samsung Electronics Co., Ltd., and Samsung Telecommunications America, LLC ("Samsung"),[2] filed a Corrected Petition to institute covered business method patent review of claims 13 and 14 of U.S. Patent No. 7,334,720 B2 (Ex. 1001, "the '720 patent") pursuant to § 18 of the Leahy-Smith America Invents Act ("AIA"). Paper 4 ("Pet."). Patent Owner, Smartflash LLC ("Smartflash"), filed a Preliminary Response. Paper 7 ("Prelim. Resp."). On April 2, 2015, we instituted a covered business method patent review (Paper 9, "Institution Decision" or "Inst. Dec.") based upon Samsung's assertion that claims 13 and 14 are directed to patent ineligible subject matter under 35 U.S.C. § 101. Inst. Dec. 18.

Subsequent to institution, Smartflash filed a Patent Owner Response (Paper 23, "PO Resp."[3]), and Samsung filed a Reply (Paper 30, "Reply").

On April 30, 2015, Apple Inc. ("Apple") filed a Petition to institute a covered business method patent review of the same claims of the '720 patent based on the same grounds. *Apple Inc. v. Smartflash LLC,* Case CBM2015-00118 (Paper 2, "Apple Pet."). Apple simultaneously filed a "Motion for Joinder" of its newly filed case with Samsung's previously instituted case. CBM2015-00118 (Paper 3, "Apple Mot."). On August 6, 2015, we granted

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[2] Samsung Telecommunications America, LLC, a petitioner at the time of filing, merged with and into Samsung Electronics America, Inc. as of January 1, 2015. Paper 8.

[3] We cite to the redacted Patent Owner response.

Apple's Petition and consolidated the two proceedings.[4] Paper 31;

CBM2015-00118 (Paper 11).

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 13 and

14 of the '720 patent are directed to patent ineligible subject matter under

35 U.S.C. § 101.

B. *The '720 Patent*

The '720 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, 1:6–10. 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

1:15–41. The '720 patent describes providing portable data storage together

with a means for conditioning access to that data upon validated payment.

Id. at 1:46–62. According to the '720 patent, this combination of the

payment validation means with the data storage means allows data owners to

make their data available over the Internet without fear of data pirates. *Id.* at

1:62–2:3.

As described, the portable data storage device is connected to a

terminal for Internet access. *Id.* at 1:46–55. 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

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[4] For purposes of this decision, we will cite only to Samsung's Petition, and
refer collectively to Samsung and Apple as "Petitioner."

device can be retrieved and output from a mobile device. *Id.* at 1:56–59.
The '720 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 26:13–16 ("The skilled person will understand
that many variants to the system are possible and the invention is not limited
to the described embodiments . . . .").

C. *Challenged Claims*

Petitioner challenges claims 13 and 14 of the '720 patent. Claim 13
depends from independent claim 3, which is not explicitly challenged in this
proceeding, and claim 14 is independent. Claims 3, 13, and 14 recite the
following.

> 3.   A data access terminal for retrieving data from a data supplier
> and providing the retrieved data to a data carrier, the terminal
> comprising:
>
>> a first interface for communicating with the data supplier;
>>
>> a data carrier interface for interfacing with the data carrier;
>>
>> a program store storing code; and
>>
>> a processor coupled to the first interface, the data carrier
> interface, and the program store for implementing the stored code, the
> code comprising:
>
>> code to read payment data from the data carrier and to forward
> the payment data to a payment validation system;
>
>> code to receive payment validation data from the payment
> validation system;
>
>> code responsive to the payment validation data to retrieve data
> from the data supplier and to write the retrieved data into the data
> carrier; and
>
>> code responsive to the payment validation data to receive at
> least one access rule from the data supplier and to write the at least
> one access rule into the data carrier, the at least one access rule
> specifying at least one condition for accessing the retrieved data

written into the data carrier, the at least one condition being dependent upon the amount of payment associated with the payment data forwarded to the payment validation system.

Ex. 1001, 26:41–67.

13.   A data access terminal according to claim 3 integrated with a mobile communication device, a personal computer, an audio/video player, and/or a cable or satellite television interface device.

Id. at 28:1–4.

14.   A method of providing data from a data supplier to a data carrier, the method comprising:

reading payment data from the data carrier;

forwarding the payment data to a payment validation system;

retrieving data from the data supplier;

writing the retrieved data into the data carrier;

receiving at least one access rule from the data supplier; and

writing the at least one access rule into the data carrier, the at least one access rule specifying at least one condition for accessing the retrieved data written into the data carrier, the at least one condition being dependent upon the amount of payment associated with the payment data forwarded to the payment validation system.

Id. at 28:5–20.

ANALYSIS

A. Claim Construction

Consistent with the statute and the legislative history of the AIA,[5] the Board interprets claim terms in an unexpired patent according to the broadest reasonable construction in light of the specification of the patent in which they appear. *See In re Cuozzo Speed Techs., LLC*, 793 F.3d 1268, 1278–79 (Fed. Cir. 2015), *cert. granted sub nom. Cuozzo Speed Techs., LLC*

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[5] Leahy-Smith America Invents Act, Pub. L. No. 112–29, 125 Stat. 284 (2011) ("AIA").

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