

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC.,
Petitioner,

v.

SMARTFLASH LLC,
Patent Owner.

Case CBM2015-00016¹
Patent 8,033,458 B2

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

PLENZLER, *Administrative Patent Judge.*

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

¹ Apple Inc. has been dismissed as Petitioner from this proceeding with respect to claim 1. Paper 50.

INTRODUCTION

A. Background

Apple Inc. (“Petitioner”), filed a Corrected Petition to institute covered business method patent review of claims 1, 6, 8, 10, and 11 of U.S. Patent No. 8,033,458 B2 (Ex. 1201, “the ’458 patent”) pursuant to § 18 of the Leahy-Smith America Invents Act (“AIA”).² Paper 9 (“Pet.”). On April 10, 2015, we instituted a transitional covered business method patent review (Paper 23, “Institution Decision” or “Inst. Dec.”) based upon Petitioner’s assertion that claims 1, 6, 8, and 10 are directed to patent ineligible subject matter under 35 U.S.C. § 101 and that claim 11 is unpatentable under 35 U.S.C. § 112 ¶ 2.³ Inst. Dec. 26.

Subsequent to institution, Smartflash LLC (“Patent Owner”) filed a Patent Owner Response (Paper 33, “PO Resp.”) and Petitioner filed a Reply (Paper 35, “Pet. Reply”) to Patent Owner’s Response.

An oral hearing was held on November 9, 2015, and a transcript of the hearing is included in the record. Paper 53 (“Tr.”).

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 6, 8, and 10 of the ’458 patent are directed to patent ineligible subject matter under 35 U.S.C. § 101 and that claim 11 is unpatentable under 35 U.S.C. § 112 ¶ 2. We terminate this proceeding with respect to claim 1.

² Pub. L. No. 112-29, 125 Stat. 284, 296–07 (2011).

³ Petitioner cites 35 U.S.C. § 112(b). We note, however, that the ’458 patent was filed in 2010 (prior to application of the AIA). The pre-AIA laws, therefore, apply to the challenges to the ’458 patent.

B. Related Matters and Termination

In a previous covered business method patent review, CBM2014-00106, we issued a Final Written Decision determining claim 1 unpatentable under 35 U.S.C. § 103. CBM2014-00106, Paper 52. Because Apple was the petitioner in that proceeding, we found that § 325(e)(1) estops Apple from filing or maintaining a proceeding before the Office with respect to claim 1, i.e., the same claim, in this case. Paper 50 (“Estoppel Order”), 4. We, therefore, ordered Apple not to present argument with respect to the patentability of that claim at the oral hearing on November 9, 2015. *Id.* at 8.

On March 15, 2016, Patent Owner filed an authorized motion to terminate this proceeding with respect to claim 1 stating that “[o]n March 4, 2016, pursuant to Fed. R. App. P. 42(b), the United States Court of Appeals for the Federal Circuit dismissed [Patent Owner’s] appeal of [the final written decision in CBM2014-00106 determining] that claim 1 of the ’458 Patent is unpatentable.” Paper 55, 3.⁴

We are persuaded that the particular facts of this proceeding now counsel in favor of termination with respect to claim 1. 37 C.F.R. § 42.72. Claim 1 of the ’458 patent has been finally cancelled and any decision we might reach in this proceeding regarding the patentability of this claim would be moot and purely advisory. We do not see how the just, speedy, and inexpensive resolution of every proceeding (37 C.F.R. § 42.1(b)) would be secured by rendering a final written decision with respect to claim 1.

⁴ Fed. R. App. P. 42 provides for dismissal of an appeal at the request of the parties or on motion by the appellant.

C. The '458 Patent

The '458 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. 1201, 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 '458 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 '458 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.”).

D. Challenged Claims

Petitioner challenges claims 6, 8, 10, and 11. Claim 6 is independent, with claims 8, 10, and 11 depending from claim 6, and claim 6 is reproduced below:

6. A data access device for retrieving stored data from a data carrier, the device comprising:

- a user interface;
- a data carrier interface;
- a program store storing code implementable by a processor; and
- a processor coupled to the user interface, to the data carrier interface and to the program store for implementing the stored code, the code comprising:
 - code to retrieve use status data indicating a use status of data stored on the carrier, and use rules data indicating permissible use of data stored on the carrier;
 - code to evaluate the use status data using the use rules data to determine whether access is permitted to the stored data; and
 - code to access the stored data when access is permitted.

Id. at 27:8–23.

ANALYSIS

A. Claim Construction

In a covered business method patent review, claim terms are given their broadest reasonable interpretation in light of the specification in which they appear and the understanding of others skilled in the relevant art. *See* 37 C.F.R. § 42.300(b). Applying that standard, we interpret the claim terms of the '458 patent according to their ordinary and customary meaning in the context of the patent's written description. *See In re Translogic Tech., Inc.*, 504 F.3d 1249, 1257 (Fed. Cir. 2007). For purposes of this Decision, we need not construe expressly any claim term.

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