

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 CBM2014-00192¹
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 CBM2015-00119 (Patent 8,033,458 B2) has been consolidated with this proceeding.

INTRODUCTION

A. Background

Samsung Electronics America, Inc., Samsung Electronics Co., Ltd., and Samsung Telecommunications America, LLC (“Samsung”)² filed a Petition to institute covered business method patent review of claim 11 (the “challenged claim”) of U.S. Patent No. 8,033,458 B2 (Ex. 1001, “the ’458 patent”) pursuant to § 18 of the Leahy-Smith America Invents Act (“AIA”).³ Paper 2 (“Pet.”). On April 2, 2015, we instituted a transitional covered business method patent review (Paper 7, “Institution Decision” or “Inst. Dec.”) based upon Petitioner’s assertion that claim 11 is directed to patent ineligible subject matter under 35 U.S.C. § 101. Inst. Dec. 18.

On April 30, 2015, Apple Inc. (“Apple”) filed a Petition to institute covered business method patent review of claim 11 of the ’458 patent based on the same ground. CBM2015-00119 (Paper 2, “Apple Pet.”). Apple simultaneously filed a “Motion for Joinder” of their newly filed case with Samsung’s previously instituted case. CBM2015-00119 (Paper 3, “Apple Mot.”). On August 6, 2015, we granted Apple’s Petition and consolidated the two proceedings.⁴ Paper 29; CBM2015-00119, Paper 11.

Subsequent to institution, Smartflash LLC (“Patent Owner”) filed a Patent Owner Response (Paper 21, “PO Resp.”)⁵ and Samsung and Apple

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 6.

³ Pub. L. No. 112-29, 125 Stat. 284, 296–07 (2011).

⁴ For purposes of this decision, we will cite only to Samsung’s Petition.

⁵ Paper 21 is the redacted version of the Patent Owner Response. Paper 20 is the unredacted version of that Response.

(collectively, “Petitioner”) filed a Reply (Paper 28, “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 43 (“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 claim 11 of the ’458 patent is directed to patent ineligible subject matter under 35 U.S.C. § 101.

B. 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. 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 ’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.”).

C. Challenged Claims

Petitioner challenges claim 11, which depends from independent claim 6. Claims 6 and 11 are 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.

11. A data access device according to claim 6 wherein said use rules permit partial use of a data item stored on the carrier and further comprising code to write partial use status data to the data carrier when only part of a stored data item has been accessed.

Id. at 28:14–18.

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.

B. Statutory Subject Matter

Petitioner challenges claim 11 as directed to patent-ineligible subject matter under 35 U.S.C. § 101. Pet. 19–35. Petitioner submitted a declaration from Jeffrey Bloom, Ph.D. in support of its Petition. Ex. 1003 (“Bloom declaration”)⁶.

Patent Owner contends that the challenged claims are patent-eligible.

1. Abstract Idea

Under 35 U.S.C. § 101, we must first identify whether an invention fits within one of the four statutorily provided categories of patent-eligibility: “processes, machines, manufactures, and compositions of

⁶ In its Response, Patent Owner argues that the Bloom declaration should be given little or no weight. PO Resp. 3–6. Because Patent Owner has filed a Motion to Exclude that includes a request to exclude the Bloom declaration in its entirety, or in the alternative, portions of the declaration based on essentially the same argument, we address Patent Owner's argument as part of our analysis of the motion, discussed below.

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