Trials@uspto.gov
Tel: 571-272-7822

Paper 22
Entered: May 26, 2016

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC., SAMSUNG ELECTRONICS LTD, SAMSUNG ELECTRONICS AMERICA, INC., and GOOGLE INC.,
Petitioner, [1]

v.

SMARTFLASH LLC,
Patent Owner.

Case CBM2015-00031[2]
Patent 8,336,772 B2

Before JENNIFER S. BISK, RAMA G. ELLURU, GREGG I. ANDERSON, MATTHEW R. CLEMENTS, *Administrative Patent Judges.*

ANDERSON, *Administrative Patent Judge*.

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

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[1] "Petitioner" refers collectively to Petitioner Inc,, Samsung Electronics LTD, Samsung Electronics America, Inc., and Google Inc.

[2] Samsung's challenge to claims 5 and 10 of US Patent No. 8,336,772 B2 ("the '772 patent") in CBM2015-00059 was consolidated with this proceeding. Paper 24, 9. Google's challenge to claims 1, 5, and 10 of the '772 patent in CBM2015-00132 was consolidated with this proceeding. Paper 31, 11; Paper 37, 2–3.

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INTRODUCTION

A. Background

Petitioner Apple Inc. filed a Corrected Petition to institute covered business method patent review of claims 1, 5, 8, and 10 of U.S. Patent No. 8,336,772 B2 (Ex. 1201, "the '772 patent") pursuant to § 18 of the Leahy-Smith America Invents Act ("AIA"). Paper 5 ("Pet."). Patent Owner, Smartflash LLC ("Smartflash"), filed a Preliminary Response. Paper 8 ("Prelim. Resp."). On May 28, 2015, we instituted a covered business method patent review (Paper 11, "Institution Decision" or "Inst. Dec.") based upon Apple's assertion that claims 1, 5, 8, and 10 are directed to patent ineligible subject matter under 35 U.S.C. § 101. Inst. Dec. 19.

Subsequent to institution, Smartflash filed a Patent Owner Response (Paper 23, "PO Resp.") and Apple filed a Reply (Paper 26, "Reply") to Patent Owner's Response.

On January 15, 2015, Petitioner Samsung Electronics America, Inc. and Samsung Electronics, Co., Ltd. filed a Petition to institute covered business method patent review of claims 5, 10, 14, 26, and 32 of the '772 patent on the ground that they are directed to patent ineligible subject matter under 35 U.S.C. § 101. *Samsung Electronics America, Inc. and Samsung Electronics, Co., Ltd. v. Smartflash LLC,* Case CBM2015-00059 (Paper 2, "Samsung Petition"). On June 29, 2015, Samsung filed a Motion for Joinder (CBM2015-00059, Paper 11) seeking to consolidate its challenge to claims 5 and 10 with the covered business method patent review in CBM2015-

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00031.[3] On August 5, 2015, we granted Samsung's Petition and consolidated Samsung's challenge to claims 5 and 10 with this proceeding. Paper 24; *Samsung Electronics America, Inc. and Samsung Electronics, Co., Ltd. v. Smartflash LLC*, Case CBM2015-00059, slip. op. at 9 (PTAB Aug. 5, 2015) (Paper 13).

On May 8, 2015, Petitioner Google Inc. filed a Petition to institute covered business method patent review of claims 1, 5, 9, 10, 14, 21, and 22 of the '772 patent on the ground that they are directed to patent ineligible subject matter under 35 U.S.C. § 101. *Google Inc. v. Smartflash LLC*, Case CBM2015-00132 (Paper 6[4], "Google Petition"). On June 29, 2015, Google filed a "Motion for Joinder" of its newly filed case with previously instituted Apple cases CBM2015-00031 and CBM2015-00032. CBM2015-00132 (Paper 10, "Google Mot."). On December 1, 2015, we granted Google's Petition and consolidated Google's challenge to claims 1, 5, 9, and 10 of the '772 patent with this proceeding.[5] Paper 31; *Google Inc. v. Smartflash LLC*, Case CBM2015-00132, slip. op. at 11 (PTAB Dec. 1, 2015) (Paper 14). Google's challenge to claims 14, 21, and 22 of the '772 patent were consolidated with CBM2015-00032. *Id.* On December 16, 2015, we revised

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[3] Samsung's Motion requested that: its challenge to claims 5 and 10 be consolidated with this case; its challenge to claim 14 be consolidated with CBM2015-00032; and its challenge to claims 26 and 32 be consolidated with CBM2015-00033. CBM2015-00032 and CBM2015-00033 were both filed by Apple and involve claims 14, 19, and 21, and claims 25, 26, 30, and 32, respectively, of the '772 patent. Final Written Decisions in CBM2015-00032 and CBM2015-00033 are issued concurrently with this Decision.

[4] We refer to the redacted version of the Petition.

[5] For purposes of this Decision, we will cite only to Apple's Petition and the record in CBM2015-00031.

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our institution order to consolidate Google's challenge to claims 9 and 21 with CBM2015-00133, instead of with this proceeding and CBM2015-00032, respectively. Paper 37, 3.

An oral hearing was held on January 6, 2016, 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 claims 1, 5, 8, and 10 of the '772 patent are directed to patent ineligible subject matter under 35 U.S.C. § 101.

B. The '772 Patent

The '772 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, 1:24–28. 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 1:32–58. The '772 patent describes providing portable data storage together with a means for conditioning access to that data upon validated payment. *Id.* at 1:62–2:3. According to the '772 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 2:10–18.

As described, the portable data storage device is connected to a terminal for internet access. *Id.* at 1:62–2:3. The terminal reads payment information, validates that information, and downloads data into the portable

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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 2:4–7. The '772 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 25:59–62 ("The skilled person will understand that many variants to the system are possible and the invention is not limited to the described embodiments . . . .").

C. Illustrative Claims

Petitioner challenges claims 1, 5, 8, and 10 of the '772 patent. Claims 1 and 8 are independent and claims 5 and 10 depend from claims 1 and 8, respectively. Claims 1 and 8 are reproduced below:

> 1. A handheld multimedia terminal, comprising:
>
> a wireless interface configured to interface with a wireless network for accessing a remote computer system;
>
> non-volatile memory configured to store multimedia content, wherein said multimedia content comprises one or more of music data, video data and computer game data;
>
> a program store storing processor control code;
>
> a processor coupled to said non-volatile memory, said program store, said wireless interface and
>
> a user interface to allow a user to select and play said multimedia content;
>
> a display for displaying one or both of said played multimedia content and data relating to said played multimedia content;
>
> wherein the processor control code comprises:
>
> code to request identifier data identifying one or more items of multimedia content stored in the non-volatile memory;
>
> code to receive said identifier data;

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