

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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

Petitioner,

v.

SMARTFLASH LLC,  
Patent Owner.

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Case CBM2014-00200  
Patent 8,336,772 B2

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

ANDERSON, *Administrative Patent Judge.*

DECISION

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

## I. INTRODUCTION

### A. *Background*

Samsung Electronics America, Inc. and Samsung Electronics Co., Ltd.<sup>1</sup> (“Petitioner”), filed a Corrected Petition (Paper 4, “Pet.”) to institute a covered business method patent review of claims 5, 10, 14, 26, and 32 of U.S. Patent No. 8,336,772 B2 (Ex. 1001, “the ’772 patent”) pursuant to § 18 of the Leahy-Smith America Invents Act (“AIA”).<sup>2</sup> Smartflash LLC (“Patent Owner”), filed a Preliminary Response (Paper 7, “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.”

After considering the Petition and Preliminary Response, we determine that the ’772 patent is a covered business method patent. We further determine, however, that Petitioner has not demonstrated that it is more likely than not that at least one of the challenged claims is unpatentable. Therefore, we deny institution of a covered business method patent review of claims 5, 10, 14, 26, and 32 of the ’772 patent.

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<sup>1</sup> Petitioner provided in its updated mandatory notice that “Samsung Electronics America, Inc., and Samsung Electronics Co., Ltd. are now the real-parties-in-interest in this Covered Business Method Review. Samsung Telecommunications America, LLC, (“STA”) originally a Petitioner and real-party-in-interest at the time of filing the Petition requesting Covered Business Method Review, has merged with and into Petitioner Samsung Electronics America, Inc. as of January 1, 2015, and therefore STA no longer exists as a separate corporate entity.” Paper 8, 2.

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

*B. Asserted Grounds*

Petitioner contends that the challenged claims are unpatentable under 35 U.S.C. § 102 as anticipated by Ginter<sup>3</sup> (Pet. 4, 26–80). Petitioner also provides a declaration from Dr. Jeffrey A. Bloom (“the Bloom Declaration”). Ex. 1003.

*C. Related Matters*

Petitioner indicates that the '722 patent is the subject of the following co-pending district court cases: *Smartflash LLC v. Apple, Inc.*, Case No. 6:13-cv-447 (E.D. Tex.); and *Smartflash LLC v. Samsung Electronics Co.*, Case No. 6:13-cv-448 (E.D. Tex.). Pet. 1; Paper 5. Patent Owner also indicates that the '772 patent is the subject of a third district court case: *Smartflash LLC v. Google, Inc.*, Case No. 6:14-cv-435 (E.D. Tex.). Paper 5, 3. Petitioner further asserts that patents claiming priority back to a common series of applications are currently the subject of CBM2014-00102, CBM2014-00106, CBM2014-00108, and CBM2014-00112, filed by Apple Inc. See Paper 5, 2. Petitioner further advises us that Apple Inc. also filed petitions for covered business method patent review of the '772 patent: CBM2014-00110 and CBM2014-00111. Pet. 2.

Petitioner filed a concurrent petition for covered business method patent review of the '772 patent: CBM2014-00204 (“the 204 Petition”).<sup>4</sup>

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<sup>3</sup> U.S. Patent No. 5,915,019 (Ex. 1023) (“Ginter”).

<sup>4</sup> Patent Owner argues that the multiple petitions filed against the '772 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. Prelim. Resp. 10–12. 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 '200 and '204 Petitions meets that requirement.

In addition, Petitioner filed eight other Petitions for covered business method patent review challenging claims of other patents owned by Patent Owner and disclosing similar subject matter: CBM2014-00190; CBM2014-00192; CBM2014-00193; CBM2014-00194; CBM2014-00196; CBM2014-00197; CBM2014-00198; and CBM2014-00199.

*D. 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. 1001, 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 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.”).

*E. Illustrative Claim*

Petitioner challenges claims 5, 10, 14, 26, and 32 of the '772 patent. Claim 14 is an independent claim; claim 5 depends from claim 1; claim 10 depends from claim 8; claim 26 depends from claim 25; and claim 32 depends from claim 30. Claim 1 is illustrative of the challenged claims and is 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;
  - code to present to a user on said display said identified one or more items of multimedia content available from the non-volatile memory;

code to receive a user selection to select at least one of said one or more of said stored items of multimedia content;

code responsive to said user selection of said at least one selected item of multimedia content to transmit payment data relating to payment for said at least one selected item of multimedia content via said wireless interface for validation by a payment validation system;

code to receive payment validation data via said wireless interface defining if said payment validation system has validated payment for said at least one selected item of multimedia content; and

code to control access to said at least one selected item of multimedia content on said terminal responsive to said payment validation data,

wherein said user interface is operable to enable a user to select said at least one item of multimedia content available from said non-volatile memory; and

wherein said user interface is operable to enable a user to access said at least one selected item of multimedia content responsive to said code to control access permitting access to said at least one selected item of multimedia content.

Ex. 1001, 25:65–26:43.

## 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. *See 37 C.F.R. § 42.300(b); In re Cuozzo Speed Techs., LLC, No. 2014-1301, 2015 WL 448667, at \*5– \*7 (Fed. Cir. Feb. 4, 2015).* Applying that standard, we interpret the claim terms of the ’772 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 construe "use rule," which is an integral term in independent claims 25 and 30. Challenged claims 26 and 32 depend respectively from claims 25 and 30.

Claims 25 and 30 both require "code to read . . . use rules" and "code to evaluate . . . use rules." In describing a particular embodiment, the '772 patent Specification explains that each content data item has an associated "use rule" "to specify under what conditions a user of the smart Flash card is allowed access to the content data item." Ex. 1001, 21:57–62; *see id.* at 5:4–5 (a data carrier may store content "use rules *pertaining to allowed use* of stored data items.") (Emphasis added). The Specification explains that the data access device uses the use status data and "use rules" "to determine *what access is permitted* to data stored on the data carrier." *Id.* at 9:26–28 (emphasis added). Accordingly, pursuant to the claim language and the '772 patent Specification, we construe "use rule" as a rule specifying a condition under which access to content is permitted.

#### *B. Covered Business Method Patent*

Section 18 of the AIA provides for the creation of a transitional program for reviewing covered business method patents. A "[c]overed business method patent" is a patent that "claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service, except that the term does not include patents for technological inventions." AIA § 18(d)(1); *see* 37 C.F.R. § 42.301(a). A patent need have only one claim directed to a covered business method to be eligible for review. *See*

Transitional Program for Covered Business Method Patents—Definitions of Covered Business Method Patent and Technological Invention; Final Rule, 77 Fed. Reg. 48,734, 48,736 (Aug. 14, 2012) (“CBM Rules”) (Comment 8).

*1. Financial Product or Service*

Petitioner asserts that claim 8, from which challenged claim 10 depends, is directed towards “data processing in the practice, administration, or management of financial products and services,” because it recites, in part, “[a] data access terminal data carrier, and payment validation system.” Pet. 9–10 (citing Ex. 1003 ¶ 23).

Based on this record, we agree with Petitioner that the subject matter recited by claim 8, (and, therefore, of claim 10, which depends from claim 8), is directed to activities that are financial in nature, namely data access conditioned on payment validation. Claim 8 recites “code . . . to transmit payment data relating to payment for said selected content item for validation by a payment validation system,” “code to receive payment validation data defining if said payment validation system has validated payment for said content data item,” and “code to control access to said selected content data item responsive to said payment validation data.” We are persuaded that payment validation is a financial activity, and conditioning data access based on payment validation amounts to a financial service. This is consistent with the Specification of the ’772 patent, which confirms claim 8’s connection to financial activities by stating that the invention “relates to a portable data carrier for storing and paying for data.” Ex. 1001, 1:23–25. The Specification also states repeatedly that the disclosed invention involves managing access to data

based on payment validation. *See, e.g.*, Ex. 1001, 1:62–2:3; 6:64–7:1; 20:59–63.

Patent Owner disagrees, arguing that claim 8<sup>5</sup> does not claim a “financial product or service.” Prelim. Resp. 3, 6–8. In addition, Patent Owner contends “financial product or service” was intended to be interpreted narrowly as covering technology limited to the financial industry. *Id.* at 4–5. Patent Owner cites to various portions of the legislative history as support for its proposed interpretation. *Id.* at 4–6.

Although we agree with Patent Owner that the statutory language controls whether a patent is eligible for a covered business method patent review, we do not agree that the phrase “financial product or service” is as limited as Patent Owner proposes. The AIA does not include as a prerequisite for covered business method patent review, a “nexus” to a “financial business,” but rather a “method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service.” AIA § 18(d)(1). Further, contrary to Patent Owner’s view of the legislative history, the legislative history indicates that the phrase “financial product or service” is *not* limited to the products or services of the “financial services industry,” and is to be interpreted broadly. CBM Rules, 77 Fed. Reg. at 48,735–36. For example, the “legislative history explains that the definition of covered business method patent was drafted to encompass patents ‘claiming activities that are financial in nature, incidental to a financial

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<sup>5</sup> Patent Owner refers to claim 10, but argues that the limitations of claim 8 do not satisfy the financial in nature requirement.

activity or complementary to a financial activity.”” *Id.* (citing 157 Cong. Rec. S5432 (daily ed. Sept. 8, 2011) (statement of Sen. Schumer)).

Moreover, although we agree with Patent Owner that the limitation recited in dependent claim 10 itself is not directed to a “financial product or service,” claim 10 includes the limitation of the claim from which it depends, i.e., claim 8, which does include limitations directed to a financial product or service. Moreover, to the extent Patent Owner alleges that a specifically challenged claim must claim a financial product or service, it is mistaken. A patent need have only one claim directed to a covered business method to be eligible for review. *See* CBM Rules, 77 Fed. Reg. 48,734, 48,736.

In addition, Patent Owner asserts that claim 8 is not directed to an apparatus or method that is financial in nature because claim 8 “omits the specifics of how payment is made.” Prelim. Resp. 8. We are not persuaded by this argument because § 18(d)(1) of the AIA does not include such a requirement, nor does Patent Owner point to any other authority that makes such a requirement. Prelim. Resp. 8. We determine that because payment is required by claim 8, as Patent Owner acknowledges, the financial in nature requirement of § 18(d)(1) is satisfied.

For the reasons stated above, and based on the particular facts of this proceeding, we conclude that the ’772 patent includes at least one claim that meets the financial in nature requirement of § 18(d)(1) of the AIA.

## *2. Exclusion for Technological Inventions*

Petitioner asserts that the claims of the ’772 patent do not fall within AIA § 18(d)(2) exclusion for “technological inventions.” Pet. 11. In particular, Petitioner argues any computer related terms appearing in the

claims are generic and fail to recite novel or unobvious technology. *Id.* at 12 (citing Ex. 1003 ¶¶ 23, 24). Petitioner further argues the ‘772 patent does not relate to a technical problem but rather allowing “owners of . . . data to make the data available themselves over the internet without fear of loss of revenue . . . undermining the position of data pirates.” *Id.* at 13 (citing Ex. 1001, 2:15–19, 5:16–20). Patent Owner disagrees and focuses on claim 10. Prelim. Resp. 8–9.

We are persuaded that claim 8 as a whole does not recite a technological feature that is novel and unobvious over the prior art. For example, claim 8 recites only features such as “user interface,” “data carrier interface,” “program store,” and “processor.” Dependent claim 10 adds only that the data terminal of claim 8 is integrated into a “mobile communications device and audio/video player,” neither of which is even mentioned in the Specification and appears only in the claims. There is no suggestion that either is anything but commonly known.

In addition, the ’772 patent makes clear that the asserted novelty of the invention is not in any specific improvement of software or hardware, but in the method of controlling access to data. For example, the ’772 patent states that “there is an urgent need to find a way to address the problem of data piracy” (Ex. 1001, 1:56–58), while acknowledging that the “physical embodiment of the system is not critical and a skilled person will understand that the terminals, data processing systems and the like can all take a variety of forms” (*id.* at 12:37–40). Thus, we determine that claim 8 is merely the recitation of a combination of known technologies, which indicates that it is not a patent for a technological invention. *See* Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,764 (Aug. 14, 2012).

Patent Owner disagrees and argues that claim 8, as a whole, recites at least one technological feature that is novel and unobvious over the prior art. Prelim. Resp. 9. Patent Owner argues the data access terminal of claim 8, which controls access to data, solves the technological problem of allowing “convenient, legitimate acquisition of data from a data supplier.” *Id.* Patent Owner contends claim 8 includes “code to control access to said selected content data,”<sup>6</sup> which it alleges is a technical solution used to solve the technical problem. *Id.* We are not persuaded by this argument because, as Petitioner argues, the problem being solved by claim 8 is a business problem—data piracy. Pet. 13. For example, the Specification states that “[b]inding the data access and payment together allows the legitimate owners of the data to make the data available themselves over the internet without fear of loss of revenue, thus undermining the position of data pirates.” *Id.* (citing Ex. 1001, 2:15–19). Thus, based on the particular facts of this proceeding, we conclude that claim 8 does not recite a technological invention and is eligible for a covered business method patent review.

### *3. Conclusion*

In view of the foregoing, we conclude that the ’772 patent is a covered business method patent under AIA § 18(d)(1) and is eligible for review using the transitional covered business method patent program.

### *C. Claim Challenges*

Petitioner asserts that claims 5, 10, 14, 26, and 32 are anticipated under 35 U.S.C. § 102(b) by Ginter. Pet. 16

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<sup>6</sup> Claim 8 includes this limitation and, by its dependency, so does claim 10.

*1. Claims 5, 10, and 14*

Challenged claim 5 depends from independent claim 1, which recites “code to request identifier data identifying one or more items of multimedia content stored in the non-volatile memory.” Ginter does not disclose this limitation for the reasons discussed below.

Petitioner asserts that Ginter (Exhibit 1023) discloses a processor (e.g., SPU 500 and/or CPU 2616) that “implements code to request identifier data (e.g., a catalog of content objects) identifying one or more items of multimedia content (e.g., content objects) stored in the non-volatile memory (e.g. removable/replaceable memory 2622).” Pet. 35 (citing Ex. 1023, 238:50–64, Fig. 72D; Ex. 1003 ¶ 54). Petitioner annotates Figure 72D as an example of a content catalog including identifiers for multimedia content. *Id.* at 36.

In the argument directed specifically to “code to request identifier data,” Petitioner contends the limitation is met by Ginter’s disclosure that “[s]uch function may be provided either while the user’s computer is connected to a remote distributor’s or clearinghouse’s electronic appliance 600, or by activating an electronic connection to a remote source after a choice . . .” Pet. 37 (citing Ex. 1023, 238:50–64). In addition, Petitioner points to Ginter’s disclosure of a user interface to control information “packaged in VDE content containers shipped to end users 3310.” *Id.* (citing Ex. 1023, 287:59–288:2; Ex. 1003 ¶ 55).

Petitioner does not explain persuasively how the above citations to Ginter disclose “code to *request* identifier data.” Figure 72D of Ginter shows identifier information presented to a user. The cited portion of column 238 discusses a user interface that allows flexible browsing libraries

of content available for licensing or purchase. Furthermore, Column 287 describes generally a user interface for content available to end users but does not address requesting content. The Bloom Declaration is all but a copy of the Petition, and thus, is no more helpful to our analysis. We are not directed to any disclosure in Ginter that explicitly discloses code to *request* identifier data.

For the foregoing reasons, Petitioner does not persuade us that Ginter discloses the claimed “code to request identifier data” as recited in claim 1. Challenged claim 5 depends from claim 1, and thus, necessarily includes the limitation at issue.

Claim 8, from which challenged claim 10 depends, recites “code to request identifier data identifying one or more content data items stored on the data carrier.” Claim 14 recites “code to request identifier data identifying one or more items of multimedia content available for retrieving via said wireless interface.” In addressing each of these limitations of claims 8 and 14, Petitioner presents the same or substantially the same arguments as presented with respect to the above-discussed limitation of claim 1. *See* Pet. 53–54 (claim 8); 54–55, 63–64 (claim 14). For the reasons discussed in connection with claim 1, Petitioner does not persuade us that the corresponding limitations of claims 8 and 14 are disclosed by Ginter.

For the foregoing reasons, Petitioner has failed to establish that, more likely than not, it would prevail in demonstrating that claims 5, 10, and 14 are anticipated under 35 U.S.C. § 102(b) by Ginter.

2. *Claims 26 and 32*

Independent claim 25, from which challenged claim 26 depends, recites “code to request identifier data identifying one or more items of multimedia content available for retrieving via said wireless interface.” Claim 30, from which challenged claim 32 depends, recites “code to request identifier data identifying one or more content data items available for retrieving.”

To address the “code to request identifier data” limitations of claims 25 and 30, Petitioner presents the same or substantially the same arguments as presented in its assertion that Ginter discloses the above-discussed limitation of claim 1. *See* Pet. 69, 74–75. For the reasons discussed above, these arguments do not persuade us that Ginter discloses every claim limitation recited in claims 25 and 30. As a result, we are not persuaded that independent claims 25 and 30, and thus, dependent claims 26 and 32, are anticipated by Ginter.

Independent claims 25 and 30 also recite “use rules.” Claim 25 recites “code to read use status data and use rules from said non-volatile memory pertaining to said second selected one or more items of retrieved multimedia content” and “code to evaluate said use status data and use rules to determine whether access is permitted to said second selected one or more items of retrieved multimedia content.” Claim 30 recites “code to read use status data and use rules from said data carrier pertaining to said second selected one or more retrieved content data items” and “code to evaluate said use status data and use rules to determine whether access is permitted to said second selected one or more retrieved content data items.”

As explained above, we construe “use rule” as a rule specifying a condition under which access to content is permitted.

For claim 25, Petitioner argues the claimed “use rules” correspond to “(e.g., billing method MDE and/or budget method UDE).” Pet. 71 (citing Ex. 1023, 41:7–12, 63:27–41, 65:61–67; Ex. 1003 ¶ 92). Petitioner repeats the same argument for claim 30. *Id.* at 79. We determine that Petitioner has not shown sufficiently that Ginter discloses “use rules.” Petitioner does not provide adequate argument or explanation as to why Ginter’s billing method map MDE and/or budget UDE satisfies the claimed “use rules.”

Ginter describes billing method map MDE as “a price list, table, or parameters to the billing amount calculation algorithm” (Ex. 1023, 190:47–50), and budget method UDE as “limitations on usage of information content 304, and how usage will be paid for” (*id.* at 59:17–20). Petitioner does not explain sufficiently, however, why a price list (billing method map MDE) and/or limitations on information content usage (budget method UDE), for example, discloses, teaches, or suggests a rule specifying a condition under which access to content is permitted.

For this additional reason, we are not persuaded that independent claims 25 and 30, and thus, dependent claims 26 and 32 are anticipated.

For the foregoing reasons, Petitioner has failed to establish that, more likely than not, it would prevail in demonstrating that claims 26 and 32 are anticipated under 35 U.S.C. § 102(b) by Ginter.<sup>7</sup>

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<sup>7</sup> We need not consider PO’s 325(d) argument given that we are denying institution. Prelim. Resp. 12–13.

**III. ORDER**

For the reasons given, it is:

ORDERED that a covered business method patent review of U.S. Patent No. 8,336,772 is *denied*.

CBM2014-00200  
Patent 8,336,772 B2

PETITIONER:

W. Karl Renner  
Thomas Rozylowicz  
[CBM39843-0008CP2@fr.com](mailto:CBM39843-0008CP2@fr.com)  
Fish & Richardson P.C.

PATENT OWNER:

Michael R. Casey  
[mcasey@dbjg.com](mailto:mcasey@dbjg.com)  
J. Scott Davidson  
[jsd@dbjg.com](mailto:jsd@dbjg.com)  
docket@dbjg.com  
Davidson Berquist Jackson & Gowdey, LLP