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Paper 35
Entered: January 27, 2017

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

GOOGLE, INC.,
Petitioner

and

APPLE INC.,
Petitioner,

v.

SMARTFLASH LLC,
Patent Owner.

Case CBM2015-00126[1]
Case CBM2015-00130
Patent 8,118,221 B2

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

BISK, *Administrative Patent Judge*.

DECISION
Denying Patent Owner's Request for Rehearing
37 C.F.R. § 42.71

[1] CBM2015-00126 has been consolidated with CBM2015-00130.

INTRODUCTION

Google, Inc., filed a Petition to institute covered business method patent review of claim 3 of U.S. Patent No. 8,118,221 B2 ("the '221 patent"). CBM2015-00126, Paper 3[2] ("'126 Pet."). Apple Inc., also filed a Petition to institute covered business method patent review of claims 3–10, 12–31, and 33 of the '221 patent. CBM2015-00130, Paper 2 ("Pet."). On November 16, 2015, we instituted a covered business method patent review in CBM2015-00126 (Paper 8, "'126 Institution Decision" or "'126 Inst. Dec.") based upon Google's assertion that claim 3 is directed to patent ineligible subject matter under 35 U.S.C. § 101. CBM2015-00126, Inst. Dec. 19. The same day we instituted a covered business method patent review in CBM2015-00130 (Paper 9, "Institution Decision" or "Inst. Dec.") based upon Apple's assertion that claims 3–10, 15–31, and 33 are directed to patent ineligible subject matter under 35 U.S.C. § 101 and that claim 22 is indefinite under 35 U.S.C. § 112. CBM2015-00130, Inst. Dec. 25.

Subsequent to institution, Smartflash LLC ("Patent Owner") filed Patent Owner Responses (CBM2015-00126, Paper 21 ("'126 PO Resp."); CBM2015-00130, Paper 19 ("PO Resp.") and Google and Apple each filed Replies (CBM2015-00126, Paper 22 ("'126 Reply"); CBM2015-00130, Paper 23 ("Reply") to Patent Owner's Response, respectively.

[2] Google filed two versions of the Petition: Paper 2, which is sealed and accessible to the parties and Board only, and Paper 3, which is a public version of the Petition containing a small portion of redacted text. For purposes of this Decision, we refer only to the public version of the Petition.

Patent Owner, with authorization, filed Notices of Supplemental Authority. CBM2015-00126, Paper 28; CBM2015-00130, Paper 30 ("Notice"). Google and Apple each filed Responses to Patent Owner's Notices, respectively. CBM2015-00126, Paper 29 ("126 Notice Resp."); CBM2015-00130, Paper 31 ("Notice Resp.").

In our Final Decision, we determined Petitioner had established, by a preponderance of the evidence, that claims 3–10, 15–31, and 33 of the '221 patent are directed to patent ineligible subject matter under 35 U.S.C. § 101. CBM2015-00130, Paper 33 ("Final Dec.").[3] We also determined that claim 22 is indefinite under 35 U.S.C. § 112. Patent Owner requests rehearing of the Final Decision with respect to patent ineligibility of the challenged claims under § 101. Paper 34 ("Request" or "Req. Reh'g"), 3 n.2. Having considered Patent Owner's Request, we decline to modify our Final Decision.

STANDARD OF REVIEW

In covered business method review, the petitioner has the burden of showing unpatentability by a preponderance of the evidence. 35 U.S.C. § 326(e). The standard of review for rehearing requests is set forth in 37 C.F.R. § 42.71(d), which states:

> The burden of showing a decision should be modified lies with the party challenging the decision. The request must specifically identify all matters the party believes the Board misapprehended or overlooked, and the place where each matter was previously addressed in a motion, an opposition, or a reply.

[3] Unless otherwise noted (using "'126" prior to the citation), all future citations in this Decision are to CBM2015-00130.

ANALYSIS

Patent Owner's Request is based on a disagreement with our determination that the challenged claims are directed to patent-ineligible subject matter. Req. Reh'g 3.

In its Request, Patent Owner initially presents arguments directed to alleged similarities between the challenged claims and those at issue in *DDR Holdings*[4], *Enfish*[5], and *Bascom*[6]. *Id.* at 5–11. Those cases were each addressed in the Patent Owner Response or Patent Owner's Notice, as well as in our Final Decision. *See, e.g.*, Final Dec. 12–14, 19–25. As noted above, our rules require that the requesting party "*specifically* identify all matters the party believes the Board misapprehended or overlooked, and the place where each matter was previously addressed in a motion, an opposition, or a reply." 37 C.F.R. 42.71(d) (emphasis added). In its Request, however, Patent Owner does not identify any specific matter that we misapprehended or overlooked. Although Patent Owner repeatedly states that the Board "misapprehends" Smartflash's argument (*see, e.g.*, Req. Reh'g 5, 10), it does not offer sufficient explanation as to how we misapprehended or overlooked any particular "matter [that] was previously addressed in a motion, an opposition, or a reply." Rather than providing a proper request for rehearing, addressing particular matters that we

[4] *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014).
[5] *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327 (Fed. Cir. 2016).
[6] *BASCOM Global Internet Services, Inc. v. AT&T Mobility, LLC*, 827 F.3d 1341 (Fed. Cir. 2016).

previously allegedly misapprehended or overlooked, Patent Owner's Request provides new briefing by expounding on argument already made.

To the extent portions of the Request are supported by Patent Owner's argument in the Patent Owner Response or in Patent Owner's Notice, we considered those arguments in our Final Decision, as Patent Owner acknowledges. *See*, *e.g.*, Req. Reh'g 5, 7, 9–10 (noting that the Board "rejected" Smartflash's argument with respect to each of *DDR Holdings*, *Enfish*, and *Bascom*). Our Final Decision, as noted above, addresses Patent Owner's arguments related to *DDR Holdings* (Final Dec. 19–23), *Enfish* (*id.* at 12–14), and *Bascom* (*id.* at 24–25). Patent Owner's Request is simply based on disagreement with our Final Decision, which is not a proper basis for rehearing.

Patent Owner also presents new arguments directed to alleged similarities between the challenged claims and those addressed in *McRO*[7] and *Amdocs*[8], which were issued after Patent Owner's Notice was filed. Req. Reh'g 11–15. Patent Owner alleges that we overlooked the Federal Circuit's decisions in *McRO* and *Amdocs*. *Id.* at 2. The decisions in those cases issued before our Final Decision and, although not specifically referenced, were considered when we determined that the challenged claims are patent-ineligible.

[7] *McRO, Inc. v. Bandai Namco Games Am. Inc.*, 837 F.3d 1299 (Fed. Cir. 2016).
[8] *Amdocs (Israel) Ltd. v. Openet Telecom, Inc.*, 841 F.3d 1288 (Fed. Cir. 2016).

When addressing *McRO*, Patent Owner does little, if anything, to analogize those claims to the challenged claims, other than summarizing the discussion in *McRO* (*id.* at 11–13), and concluding that

> [b]ecause the challenged claims are a technological improvement over the then-existing systems, and limit transfer and retrieval of content based on payment and/or access rules in a process specifically designed to achieve an improved technological result in conventional industry practice, the challenged claims are not directed to an abstract idea.

Id. at 13–14 (citing Ex. 1001, 25:59–61 (claim 1), 26:42–67 (claim 15), 27:36–55). But *McRO* does not stand for the general proposition that use of rules or conditions to achieve an improved technological result, alone, removes claims from the realm of abstract ideas. In *McRO*, the Court explained that "the claimed improvement [was] allowing computers to produce 'accurate and realistic lip synchronization and facial expressions in animated characters' that previously could only be produced by human animators." *Id.* at 1313 (citation omitted). The Court explained that the claimed rules in *McRO* transformed a traditionally *subjective* process performed by human artists into a mathematically *automated* process executed on computers (i.e., the processes were fundamentally different). *Id*. at 1314. The Court explained that "it [was] the incorporation of the claimed rules, not the use of the computer, that 'improved [the] existing technological process' by allowing the automation of further tasks." *Id.* at 1314 (alteration in original) (quoting *Alice Corp. Pty. Ltd. v. CLS Bank Int'l.*, 134 S. Ct. 2347, 2358 (2014)). The Court distinguished this from situations "where the claimed computer-automated process and the prior method were carried out in the same way." *Id.* (citing *Parker v. Flook*, 437

U.S. 584, 585–86 (1978); *Bilski v. Kappos*, 561 U.S. 593, 611 (2010); *Alice*, 134 S. Ct. at 2356)).

As explained in our Final Decision, the challenged claims "merely implement an old practice in a new environment." Final Dec. 13 (quoting *FairWarning IP, LLC v. Iatric Systems, Inc.*, 839 F.3d 1089, 1094 (Fed. Cir. 2016)). The challenged claims are similar to the claims found ineligible in *FairWarning*, which the Court distinguished from those at issue *McRO*. *FairWarning*, 839 F.3d at 1094–95. In *FairWarning*, the Court explained that "[t]he claimed rules ask . . . the same questions . . . that humans in analogous situations . . . have asked for decades, if not centuries" and that it is the "incorporation of a computer, *not* the claimed rule, that purportedly 'improve[s] [the] existing technological process.'" *Id.* at 1095 (citing *Alice*, 134 S. Ct. at 2358). This is similar to the challenged claims, where the "code responsive to the payment validation data to retrieve data from the supplier and to write the retrieved data into the data carrier" of claim 1 and the steps of "receiving payment validation data and transmitting at least a portion of the payment validation to the data supplier," "reading a stored value from the data carrier," "comparing the store value with said value data," and "outputting to a user the result of said comparing" of claim 15 describe "performing generic computer functions such as storing, receiving, and extracting data" that "behave exactly as expected according to their ordinary use." *In re TLI Communications LLC Patent Litigation*, 823 F.3d 607, 612–15 (Fed. Cir. 2016).

With respect to *Amdocs*, after generally summarizing that case, Patent Owner concludes that "the challenged claims of the '221 Patent are like the

eligible claim in *Amdocs* because they solve a problem unique to computer networks . . . and use[] an unconventional technological approach." Req. Reh'g 15 (citing PO Resp. 45). We disagree.

In *Amdocs*, the Court held that "[claim 1] is eligible under step two because it contains a sufficient 'inventive concept.'" *Amdocs*, 841 F.3d at 1300. The claim at issue recited "computer code for using the accounting information with which the first network accounting record is correlated to enhance the first network accounting record." *Id*. The Court explained that the "claim entails an unconventional technological solution (enhancing data in a distributed fashion) to a technological problem (massive record flows which previously required massive databases)." *Id.* The Court noted that, although the solution requires generic computer components, "the claim's enhancing limitation necessarily requires that these generic components operate in an unconventional manner to achieve an improvement in computer functionality." *Id.* at 1300–1301. When determining that the claim was patent-eligible, the Court explained that the "enhancing limitation necessarily involves the arguably generic gatherers, network devices, and other components working in an unconventional distributed fashion to solve a particular technological problem." *Id.* at 1301. The Court distinguished the claim from the claim held unpatentable in *Content Extraction & Transmission LLC v. Wells Fargo Bank, Nat'l Ass'n*, 776 F.3d 1343 (Fed. Cir. 2014) on the grounds that the "enhancing limitation . . . necessarily incorporates the invention's distributed architecture—an architecture providing a technological solution to a technological problem," which "provides the requisite 'something more' than the performance of 'well-

understood, routine, [and] conventional activities previously known to the industry.'" *Id.* (citations omitted).

We are not persuaded that we misapprehended *Amdocs*. As noted in our Final Decision, "[t]he '221 patent Specification treats as well-known all potentially technical aspects of the challenged claims," which simply require generic computer components. Final Dec. 16. Unlike the generic components at issue in *Amdocs*, the generic components recited in 3–10, 15–31, and 33 of the '221 patent do not operate in an unconventional manner to achieve an improvement in computer functionality. *See id.* at 17–21. The challenged claims of the '221 patent simply recite generic memories, data types, processors, and "code to" perform well-known functions with no description of the underlying implementation or programming. *See id.* at 14–19.

Accordingly, Patent Owner's Request does not apprise us of sufficient reason to modify our Final Decision.

ORDER

Accordingly, it is:

ORDERED that Patent Owner's Request is *denied*.

Case CBM2015-00126
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