

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC., SAMSUNG ELECTRONICS LTD, and
SAMSUNG ELECTRONICS AMERICA, INC.,
Petitioner,

v.

SMARTFLASH LLC,
Patent Owner.

Case CBM2015-00033¹
Patent 8,336,772 B2

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

CLEMENTS, *Administrative Patent Judge*.

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

¹ Samsung's challenge to claims 26 and 32 of US Patent No. 8,336,772 B2 in CBM2015-00059 was consolidated with this proceeding. Paper 24, 9–10.

INTRODUCTION

A. Background

Apple Inc. (“Apple”) filed a Corrected Petition to institute covered business method patent review of claims 25, 26, 30, and 32 of U.S. Patent No. 8,336,772 B2 (Ex. 1401, “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 25, 26, 30, and 32 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, Samsung Electronics America, Inc. and Samsung Electronics, Co., Ltd. (collectively, “Samsung”) 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 26 and 32 with the covered business method patent

review in CBM2015-00033.² On August 5, 2015, we granted Samsung’s Petition and consolidated Samsung’s challenge to claims 26 and 32 with this proceeding. Paper 24; *Samsung Electronics America, Inc. and Samsung Electronics, Co., Ltd. v. Smartflash LLC*, Case CBM2015-00059, slip. op. at 9–10 (PTAB Aug. 5, 2015) (Paper 13).

An oral hearing was held on January 6, 2016, and a transcript of the hearing is included in the record (Paper 38, “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 Apple has shown by a preponderance of the evidence that claims 25, 26, 30, and 32 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. 1401, 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

² Samsung’s Motion requested that its challenge to claims 26 and 32 be consolidated with this case. CBM2015-00059, Paper 11. Samsung’s Motion also requested that its challenge to claims 5 and 10 be consolidated with CBM2015-00031, and that its challenge to claim 14 be consolidated with CBM2015-00032. CBM2015-00031 and CBM2015-00032 were both filed by Apple and involve claims 1, 5, 8, and 10, and claims 14, 19, and 22, respectively, of the ’772 patent.

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 . . .”).

C. Illustrative Claims

Apple challenges claims 25, 26, 30, and 32 of the ’772 patent. Claims 25 and 30 are independent and claims 26 and 32 depend from claims 25 and 30, respectively. Claims 25 and 30 are reproduced below:

25. A handheld multimedia terminal for retrieving and accessing protected multimedia content, comprising:

a wireless interface configured to interface with a wireless network for communicating with a data supplier;

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 available for retrieving via said wireless interface;

code to receive said identifier data via said wireless interface, said identifier data identifying said one or more items of multimedia content available for retrieving via said wireless interface;

code to request content information via said wireless interface, wherein said content information comprises one or more of description data and cost data pertaining to at least one of said one or more items of multimedia content identified by said identifier data;

code to receive said content information via said wireless interface;

code to present said content information pertaining to said identified one or more items of multimedia content available for retrieving to a user on said display;

code to receive a first user selection selecting at least one of said one or more items of multimedia content available for retrieving;

code responsive to said first user selection of said selected at least one item of multimedia content to transmit payment data relating to payment for said selected at least one 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 selected at least one item of multimedia content; and

code responsive to said payment validation data to retrieve said selected at least one item of multimedia content via said wireless interface from a data supplier and to write said retrieved at least one item of multimedia content into said non-volatile memory, code to receive a second user selection selecting one or more of said items of retrieved multimedia content to access;

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,

wherein said user interface is operable to enable a user to make said first user selection of said selected at least one item of multimedia content available for retrieving,

wherein said user interface is operable to enable a user to make said second user selection of said one or more items of retrieved multimedia content available for accessing, and

wherein said user interface is operable to enable a user to access said second user selection of said one or more item of retrieved multimedia content responsive to said code to control access permitting access to said second selected one or more items of retrieved multimedia content.

Ex. 1401, 29:40–30:47.

30. A data access terminal for controlling access to one or more content data items stored on a data carrier, the data access terminal 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 request identifier data identifying one or more content data items available for retrieving;

code to receive said identifier data identifying said one or more content data items available for retrieving;

code to request content information pertaining to at least one of said one or more content data items identified by said identified data;

code to receive said content information; code to present said content information to a user via said user interface pertaining to said identified one or more content data items available for retrieving;

code to receive a first user selection selecting at least one of said one or more of said content data items available for retrieving;

code responsive to said first user selection of said selected at least one content data item to transmit payment data relating to payment for said selected at least one 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 selected at least one content data item;

code responsive to the payment validation data to retrieve said selected at least one content data item from a data supplier and to write said retrieved at least one content data item into said data carrier;

code to receive a second user selection selecting one of said one or more of said retrieved content data items to access;

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.

Ex. 1401, 30:65–31:43.

ANALYSIS

A. *Claim Construction*

Consistent with the statute and the legislative history of the AIA,³ the Board interprets claim terms in an unexpired patent according to the broadest reasonable construction in light of the specification of the patent in which they appear. *See In re Cuozzo Speed Techs., LLC*, 793 F.3d 1268, 1278–79 (Fed. Cir. 2015), *cert. granted sub nom. Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 890 (mem.) (2016); 37 C.F.R. § 42.100(b). Under that standard, and absent any special definitions, we give claim terms their ordinary and customary meaning, as would be understood by one of ordinary skill in the art at the time of the invention. *See In re Translogic Tech., Inc.*, 504 F.3d 1249, 1257 (Fed. Cir. 2007). Any special definitions for claim terms must be set forth with reasonable clarity, deliberateness, and precision. *See In re Paulsen*, 30 F.3d 1475, 1480 (Fed. Cir. 1994).

For purposes of this Decision, we do not need to expressly construe any claim term.

³ Leahy-Smith America Invents Act, Pub. L. No. 112–29, 125 Stat. 284 (2011) (“AIA”).

B. Statutory Subject Matter

Apple challenges claims 25, 26, 30, and 32 as directed to patent-ineligible subject matter under 35 U.S.C. § 101. Pet. 20–31. Apple submits a declaration from Anthony J. Wechselberger (“Wechselberger Declaration”).⁴ Ex. 1419.

According to Apple, claims 25, 26, 30, and 32 are directed to an abstract idea and do not disclose an “inventive concept” that is “significantly more” than the abstract idea. Pet. 20–31. Smartflash argues that claims 25, 26, 30, and 32 are directed to statutory subject matter because they are “rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks’ – that of digital data piracy.” PO Resp. 18 (citations omitted). Specifically, Smartflash asserts that “the claims are directed to particular devices that can download and store digital content into non-volatile memory / a data carrier.” *Id.* at 17.

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 matter.” *Ulramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 713–714 (Fed. Cir. 2014). Here, claims 25 and 26 recite a “handheld multimedia terminal” and claims 30 and 32 recite a “data access terminal,” which fall into the

⁴ In its Response, Patent Owner argues that the Wechselberger Declaration should be given little or no weight. PO Resp. 4–11. Because Patent Owner has filed a Motion to Exclude that includes a request to exclude the Wechselberger 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.

“machine” category under § 101. Section 101, however, “contains an important implicit exception [to subject matter eligibility]: Laws of nature, natural phenomena, and abstract ideas are not patentable.” *Alice Corp. Pty. Ltd. v. CLS Bank Int’l.*, 134 S. Ct. 2347, 2354 (2014) (citing *Assoc. for Molecular Pathology v. Myriad Genetics, Inc.*, 133 S. Ct. 2107, 2116 (2013) (internal quotation marks and brackets omitted)). In *Alice*, the Supreme Court reiterated the framework set forth previously in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 132 S. Ct. 1289, 1293 (2012) “for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts.” *Alice*, 134 S. Ct. at 2355. The first step in the analysis is to “determine whether the claims at issue are directed to one of those patent-ineligible concepts.” *Id.*

According to the Federal Circuit, “determining whether the section 101 exception for abstract ideas applies involves distinguishing between patents that *claim the building blocks of human ingenuity*—and therefore risk broad pre-emption of basic ideas—and patents that integrate those building blocks into something more, enough to transform them into specific patent-eligible inventions.” *Versata Dev. Grp., Inc. v. SAP Am., Inc.*, 793 F.3d 1306, 1332 (Fed. Cir. 2015) (emphasis added); *accord id.* at 1333–34 (“It is a *building block*, a *basic conceptual framework* for organizing information” (emphasis added)). This is similar to the Supreme Court’s formulation in *Bilski v. Kappos*, 561 U.S. 593, 611 (2010) (emphasis added), noting that the concept of risk hedging is “a *fundamental economic practice* long prevalent in our system of commerce.” *See also buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350, 1353–54 (Fed. Cir. 2014) (stating that patent

claims related to “long-familiar commercial transactions” and relationships (i.e., business methods), no matter how “narrow” or “particular,” are directed to abstract ideas as a matter of law). As a further example, the “concept of ‘offer based pricing’ is similar to other ‘fundamental economic concepts’ found to be abstract ideas by the Supreme Court and [the Federal Circuit].” *OIP Tech., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1362 (Fed. Cir. 2015) (citations omitted).

Petitioner argues that claims 25, 26, 30, and 32 are directed to the abstract idea of “paying for and controlling access to data / content.” Pet. 20; *see id.* at 25–26. Although Smartflash does not concede, in its Patent Owner Response, that claims 25, 26, 30, and 32 are directed to an abstract idea, it does not persuasively explain how the challenged claims escape being classified as abstract. PO Resp. 16–29 (Patent Owner Response arguing that claims are statutory under only the second step of *Mayo* and *Alice*); *see also* Tr. 7:19–22 (Apple stating that “Patent Owner has made no argument that its claims are not directed to abstract ideas under the first prong of *Mayo* and *Alice*.”) (emphasis added), *id.* at 7:22–23 (Apple also stating “[Patent Owner] has never disputed the articulation of those abstract ideas”).

We are persuaded that claims 25, 26, 30, and 32 are drawn to the abstract idea of conditioning and controlling access to content based on, for example, payment. Specifically, independent claim 25 recites “code to receive payment validation data . . . for said selected at least one item of multimedia content.” Independent claim 30 recites “code to receive payment validation data . . . for said selected at least one content data item.” Claim 26 depends from claim 25 and recites “code to present said second

selected one or more items of retrieved multimedia content to a user via said display if access is permitted.” Claim 32 depends from claim 30 and recites “said data access terminal is integrated with a mobile communications device and audio/video player.” Furthermore, as discussed above, the ’772 patent discusses addressing recording industry concerns of data pirates offering unauthorized access to widely available compressed audio recordings. Ex. 1401, 1:23–57. The specification explains that these pirates obtain data either by unauthorized or legitimate means and then make the data available over the Internet without authorization. *Id.* The specification further explains that once data has been published on the Internet, it is difficult to police access to and use of it by Internet users who may not even realize that it is pirated. *Id.* The ’772 patent proposes to solve this problem by restricting access to data on a portable data carrier based upon payment validation. *Id.* at 1:61–2:3. The ’772 patent makes clear that the crux of the claimed subject matter is restricting access to stored data based on validation of payment. *Id.*

Although the specification refers to data piracy on the Internet, claims 25, 26, 30, and 32 are not limited to the Internet. Claim 25, from which claim 26 depends, recites “code to” perform various functions related to the abstract idea. Independent claim 25 recites, among other things, code to: “request identifier data;” “receive said identifier data;” “request content information,” “receive said content information,” “present said content information,” “receive a first user selection,” “transmit payment data,” “receive payment validation data,” “retrieve said selected at least one item of multimedia content,” “read use status data and use rules,” and “evaluate said use status data and use rules.” As discussed above, independent claim 30,

from which claim 32 depends, includes similar limitations, including as a concluding limitation “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.” The underlying concept of claims 25, 26, 30, and 32, particularly when viewed in light of the ’772 patent specification, is conditioning and controlling access to content based on, for example, payment. As discussed further below, this is a fundamental economic practice long in existence in commerce. *See Bilski*, 561 U.S. at 611.

We are, thus, persuaded, based on the ’772 patent specification and the claim language, that each of claims 25, 26, 30, and 32 is directed to an abstract idea. *See Alice*, 134 S. Ct. at 2356 (holding that the concept of intermediated settlement at issue in *Alice* was an abstract idea); *Accenture Global Servs., GmbH v. Guidewire Software, Inc.*, 728 F.3d 1336, 1344 (Fed. Cir. 2013) (holding the abstract idea at the heart of a system claim to be “generating tasks [based on] rules . . . to be completed upon the occurrence of an event”).

2. *Inventive Concept*

“A claim that recites an abstract idea must include ‘additional features’ to ensure ‘that the [claim] is more than a drafting effort designed to monopolize the [abstract idea].’” *Alice*, 134 S. Ct. at 2357 (quoting *Mayo*, 132 S. Ct. at 1297). “This requires more than simply stating an abstract idea while adding the words ‘apply it’ or ‘apply it with a computer.’ Similarly, the prohibition on patenting an ineligible concept cannot be circumvented by limiting the use of an ineligible concept to a particular technological environment.” *Versata*, 793 F.3d at 1332 (citations omitted). Moreover, the mere recitation of generic computer components performing conventional

functions is not enough. *See Alice*, 134 S. Ct. at 2360 (“Nearly every computer will include a ‘communications controller’ and ‘data storage unit’ capable of performing the basic calculation, storage, and transmission functions required by the method claims.”).

Apple argues that the challenged claims “recite no more than generic computer elements and functions that were well-known, routine, and conventional to a POSITA at the time of filing.” Reply 6 (citations omitted); *see id.* at 13–14. Apple persuades us that claims 25, 26, 30, and 32 of the ’772 patent do not add an inventive concept sufficient to ensure that the claims in practice amount to significantly more than claims on the abstract idea itself. *Alice*, 134 S. Ct. at 2355; *see also Accenture Global Servs.*, 728 F.3d at 1344 (holding claims directed to the abstract idea of “generating tasks [based on] rules . . . to be completed upon the occurrence of an event” to be unpatentable even when applied in a computer environment and within the insurance industry). Specifically, we agree with and adopt Apple’s rationale that the additional elements of claims 25, 26, 30, and 32 are field of use limitations and/or generic features of a computer that do not bring these claims within § 101 patent eligibility. Pet. 24–29; Reply 4–6.

a. Every claimed hardware component and function was known

Apple argues that the challenged claims are unpatentable because they are “directed only to an abstract idea with nothing more than ‘well-understood, routine, conventional, activity.’” Pet. 24 (citations omitted). Smartflash argues that the challenged claims are patentable because they “are directed to particular devices that can download and store digital

content into non-volatile memory / a data carrier.” PO Resp. 17. We agree with Apple for the following reasons.

The ’772 patent specification treats as well-known all potentially technical aspects of claims 25, 26, 30, and 32, including “a wireless interface,” “non-volatile memory,” “a program store,” “a processor,” “a user interface,” “a display,” and “code.” *See* Reply 10–11. For example, the specification states the recited “non-volatile memory” may be an EEPROM, the recited “program store” may be a ROM, and the recited “non-volatile memory” may be Flash memory (Ex. 1401, 17:31–36), as found in a standard “smart Flash card” (*id.* at 17:15–24). *See also id.* at 4:7–8, 6:23–25 (stating that “[t]he data memory for storing content data may be optic, magnetic or semiconductor memory, but preferably comprises Flash memory.”), 11:28–37, 14:33–38, 16:55–58, 18:16–20 (describing components as “conventional”), Figs. 6, 9. Furthermore, the claimed “code” performs generic computer functions, such as requesting, receiving, presenting, reading, and evaluating. Pet. 3, 26–27. The recitation of these generic computer functions is insufficient to confer specificity. *See Content Extraction and Transmission LLC v. Wells Fargo Bank, Nat. Ass’n.*, 776 F.3d 1343, 1347 (Fed. Cir. 2014) (“The concept of data collection, recognition, and storage is undisputedly well-known. Indeed, humans have always performed these functions.”).

Moreover, we are not persuaded that claims 25, 26, 30, and 32 “recite specific ways of using distinct memories, data types, and use rules that amount to significantly more than” conditioning and controlling access to content based on, for example, payment. *See* PO Resp. 29 (citation omitted). As noted above, the ’772 patent specification indicates that the required

memories may be conventional types of memory. Ex. 1401, 4:7–8, 6:23–25 (stating that “[t]he data memory for storing content data may be optic, magnetic or semiconductor memory, but preferably comprises Flash memory.”), 11:28–37, 14:33–38, 16:55–58, 17:15–24, 17:31–36, 18:16–20 (describing components as “conventional”), Figs. 6, 9. The recitation of generic memory, being used to store data in the conventional manner, is insufficient to confer the specificity required to elevate the nature of the claim into a patent-eligible application. See *Content Extraction*, 776 F.3d at 1347 (“The concept of data collection, recognition, and storage is undisputedly well-known. Indeed, humans have always performed these functions.”).

Claims 25, 26, 30, and 32 also recite several conventional computer components, including “a wireless interface,” “non-volatile memory,” “a program store,” “a processor,” “a user interface,” and “a display.” See Pet. 27–28. We are not persuaded that the recitation of these computer components alone amounts to significantly more than the underlying abstract idea. *Alice*, 134 S. Ct. at 2355 (quoting *Mayo*, 132 S. Ct. at 1294) (“We have described step two of this analysis as a search for an ‘inventive concept’—i.e., an element or combination of elements that is ‘sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the [ineligible concept] itself.’”). Smartflash does not point to any inventive concept in the ’772 patent related to the way the recited components are constructed or used. As discussed above, the ’772 patent states many claimed components are “conventional,” including the “data access terminal” recited in the preamble of claim 30. Ex. 1401, 4:7–8. Other components specifically described as “conventional” include “a

processor,” “permanent program memory,” and “timing and control logic,” “all coupled by a data and communications bus.” *Id.* at 18:16–20.

In addition, because the recited elements can be implemented on a general purpose computer, claims 25, 26, 30, and 32 do not cover a “particular machine.” Pet. 31; *see Bilski*, 561 U.S. at 604–05 (stating that machine-or-transformation test remains “a useful and important clue” for determining whether an invention is patent eligible). And claims 25, 26, 30, and 32 do not transform an article into a different state or thing. *Id.*

Thus, we determine the potentially technical elements of claims 25, 26, 30, and 32 are nothing more than “generic computer implementations” and perform functions that are “purely conventional.” *Alice*, 134 S. Ct. at 2358–59; *Mayo*, 132 S. Ct. at 1294.

b. Challenged claims are not comparable to DDR Holdings claims

Relying on the Federal Circuit’s decision in *DDR Holdings*, Smartflash asserts that claims 25, 26, 30, and 32 are directed to statutory subject matter because the claims are ““rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks.”” PO Resp. 1, 17 (quoting *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1257 (Fed. Cir. 2014)). Specifically, Smartflash contends that

[T]he claims are directed to particular devices that can download and store digital content into non-volatile memory / a data carrier. By using a system that combines on the data carrier both the digital content and use status data / use rules to control access to the digital content when obtaining digital content, the claimed multimedia terminals / data access terminals enable digital content to be obtained effectively and legitimately, including, for example, by allowing or prohibiting access to the downloaded or

stored content in accordance with rules as required or specified by content rights owners.

Id. at 17.

Apple responds that claims 25, 26, 30, and 32 are distinguishable from the claims in *DDR Holdings*. Reply 6–14. The *DDR Holdings* patent is directed at retaining website visitors when clicking on an advertisement hyperlink within a host website. *DDR Holdings*, 773 F.3d at 1257.

Conventionally, clicking on an advertisement hyperlink would transport a visitor from the host’s website to a third party website. *Id.* The Federal Circuit distinguished this Internet-centric problem over “the ‘brick and mortar’ context” because “[t]here is . . . no possibility that by walking up to [a kiosk in a warehouse store], the customer will be suddenly and completely transported outside the warehouse store and relocated to a separate physical venue associated with the third party.” *Id.* at 1258. The Federal Circuit further determined that the *DDR Holdings* claims specify “how interactions with the Internet are manipulated to yield a desired result—a result that overrides the routine and conventional sequence of events ordinarily triggered by the click of a hyperlink.” *Id.* The unconventional result in *DDR Holdings* is that the website visitor is retained on the host website, but is still able to purchase a product from a third-party merchant. *Id.* at 1257–58. The limitation referred to by the Federal Circuit in *DDR Holdings* recites “using the data retrieved, automatically generate and transmit to the web browser a second web page that displays: (A) information associated with the commerce object associated with the link that has been activated, and (B) the plurality of visually perceptible elements visually corresponding to the source page.” *Id.* at 1250. Importantly, the Federal Circuit identified this limitation as differentiating the *DDR Holdings* claims from those held to

be unpatentable in *Ultramercial*, which “broadly and generically claim ‘use of the Internet’ to perform an abstract business practice (with insignificant added activity).” *Id.* at 1258.

We agree with Apple that claims 25, 26, 30, and 32 are distinguishable from the claims at issue in *DDR Holdings*. See Reply 6–14. As an initial matter, we are not persuaded by Smartflash’s argument that claims 25, 26, 30, and 32 are “‘rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks’—that of digital data piracy” and “‘address . . . a challenge particular to the Internet.’” PO Resp. 18 (quoting *DDR Holdings*, 773 F.3d at 1257). The challenged claims are not limited to the Internet or computer networks. Moreover, data piracy exists in contexts other than the Internet. See Reply 9–10 (identifying other contexts in which data piracy is a problem). For example, data piracy was a problem with compact discs. See Ex. 1401, 5:13–16 (“[W]here the data carrier stores . . . music, the purchase outright option may be equivalent to the purchase of a compact disc (CD), preferably with some form of content copy protection such as digital watermarking.”). As another example, to prevent piracy of software data, time-limited promotional trials were used to prevent software data piracy. Reply 10 (citing Ex. 1419 ¶ 78); Ex. 1415, 1:13–23 (“Currently, networked computer systems are used to distribute computer software without any usage restrictions or a license fee. A number of ‘try and buy’ systems also exist which enable users to try certain software programs in a limited time period without incurring a license fee.”). Furthermore, whatever the problem, the solution provided by the challenged claim is not rooted in specific computer technology, but is based on “controlling access [to

content] based on payment or rules.” *See* Reply 8–19 (citing Ex. 1419 ¶¶ 31, 77–78; Ex. 1408, Abstract, 4:27–35).

Even accepting Smartflash’s assertion that the challenged claims address data piracy on the Internet, we are not persuaded that they do so by achieving a result that overrides the routine and conventional use of the recited devices and functions. *See* Reply 10–12. For example, claim 25 of the ’772 patent recites code to: “request identifier data;” “receive said identifier data;” “request content information,” “receive said content information,” “present said content information,” “receive a first user selection,” “transmit payment data,” “receive payment validation data,” “retrieve said selected at least one item of multimedia content,” “read use status data and use rules,” and “evaluate said use status data and use rules.” These limitations, and the other limitations of claims 25, 26, 30, and 32, do not yield a result that overrides the routine and conventional manner in which this technology operates. Instead, these limitations, like all the other limitations of the challenged claims, are “specified at a high level of generality,” which the Federal Circuit has found to be “insufficient to supply an ‘inventive concept.’” *Ultramercial*, 772 F.3d at 716. They merely rely on conventional devices and computer processes operating in their “normal, expected manner.” *OIP Techs.*, 788 F.3d at 1363 (citing *DDR*, 773 F.3d at 1258–59).

The claims at issue in *Ultramercial*, like claims 25, 26, 30, and 32, were also directed to a method for distributing media products. Instead of conditioning and controlling access to data, based on, for example, payment, as in claims 25, 26, 30, and 32, the *Ultramercial* claims condition and control access based on viewing an advertisement. *Ultramercial*, 772 F.3d

at 712. Similar to the claims in *Ultramercial*, the majority of limitations in claims 25, 26, 30, and 32 comprise this abstract concept of conditioning and controlling access to data. *See id.* at 715. Adding code to perform routine additional steps such as “read use status data and use rules,” “evaluate said use status data and use rules to determine whether access is permitted” to requested content, and “enable a user to access [content] responsive to said code to control access permitting access” does not transform an otherwise abstract idea into patent-eligible subject matter. *See id.* at 716 (“Adding routine additional steps such as updating an activity log, requiring a request from the consumer to view the ad, restrictions on public access, and use of the Internet does not transform an otherwise abstract idea into patent-eligible subject matter.”).

We are, therefore, persuaded that claims 25, 26, 30, and 32 are closer to the claims at issue in *Ultramercial* than to those at issue in *DDR Holdings*.

c. Smartflash’s Alleged Inventive Concept

To the extent Smartflash argues claims 25, 26, 30, and 32 include an “inventive concept” because of the specific combination of elements in these claims, we disagree. Specifically, Smartflash refers to the following disclosure from the ’772 patent specification: “[b]y combining digital rights management with content data storage using a single carrier, the stored content data becomes mobile and can be accessed anywhere while retaining control over the stored data for the data content provider or data copyright owner.” PO Resp. 13 (quoting Ex. 1401, 5:33–37). Referring to this disclosure, Smartflash argues that:

By using a system that combines on the handheld multimedia terminal / data access terminal both the digital content and use status data / use rules to control access to the digital content, access control to the digital content can be enforced prior to access to the digital content. By comparison, unlike a system that uses use status data / use rules to control access to the digital content as claimed, when a DVD was physically rented for a rental period, the renter could continue to play the DVD, even if the renter kept the DVD past the rental period **because the use rules were not associated with the DVD. Similarly, there was no way to track a use of the DVD such that a system could limit its playback to specific number of times (e.g., three times) or determine that the DVD had only been partially used.**

PO Resp. 13–14.

We are not persuaded by Smartflash’s arguments. Apple sufficiently persuades us that the concepts Smartflash implies are covered by the challenged claims were well-known and conventional, and thus, are not inventive. The concept of storing two different types of information in the same place or on the same device is an age old practice. For example, storing names and phone numbers (two different types of information) in the same place, such as a book, or on a storage device, such as a memory device, was conventional. That Smartflash alleges two specific types of information—content and the conditions for providing access to the content—are stored in the same place, or on the same storage device, does not alter our determination. The concept was well-known and Smartflash has not persuaded us that applying the concept to these two specific types of information results in the claim reciting an inventive concept. As evidence that this concept was well-known and conventional, the prior art discloses products, such as electronic data, that could store both the content and conditions for providing access to the content, such as “a time bomb or other

disabling device which will disable the product at the end of the rental period.” Ex. 1415, Abstract, 10:24–30. To the extent Smartflash argues that the challenged claims cover storing, on the same device, both content and a *particular* type of condition for providing access to content or information necessary to apply that condition (e.g., “track[ing] a use of the DVD such that a system could limit its playback to specific number of times (e.g., three times) or determine that the DVD has only been partially used” (PO Resp. 14) (emphasis omitted)), we remain unpersuaded that the claim recites an inventive concept. Because the concept of combining the content and conditions for providing access to the content on the same device was well-known and conventional, claiming a particular type of condition does not make the claim patent eligible under § 101.

d. Preemption

Apple argues that the “broad functional nature [of the challenged claims] firmly triggers preemption concerns” (Pet. 30), “underl[ying] *Mayo*’s two-step test to determine patent eligibility, which serves as a proxy for making judgments about the relative scope of future innovation foreclosed by a patent” (Reply 14). Smartflash responds that the challenged claims “do not result in inappropriate preemption of the ‘idea of paying for and controlling access to data’ [] or the ‘idea of paying for and controlling access to content.’” PO Resp. 2, 29. According to Smartflash, the challenged claims do not attempt to preempt every application of the idea, but rather recite a “‘specific way . . . that incorporates elements from multiple sources in order to solve a problem faced by [servers] on the Internet.’” *Id.* at 29 (citing *DDR Holdings*, 773 F.3d at 1259). Smartflash also asserts that the existence of a large number of non-infringing

alternatives shows that the challenged claims of the '772 patent do not raise preemption concerns. *Id.* at 34–36.

Smartflash's preemption argument does not alter our § 101 analysis. The Supreme Court has described the “pre-emption concern” as “undergird[ing] [its] § 101 jurisprudence.” *Alice*, 134 S. Ct. at 2358. The concern “is a relative one: how much future innovation is foreclosed relative to the contribution of the inventor.” *Mayo*, 132 S. Ct. at 1303. “While preemption may signal patent ineligible subject matter, the absence of complete preemption does not demonstrate patent eligibility.” *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015). Importantly, the preemption concern is addressed by the two part test considered above. *See id.* After all, every patent “forecloses . . . future invention” to some extent, *Mayo*, 132 S. Ct. at 1292, and, conversely, every claim limitation beyond those that recite the abstract idea limits the scope of the preemption. *See Ariosa*, 788 F.3d at 1379 (“The Supreme Court has made clear that the principle of preemption is the basis for the judicial exception to patentability. . . . For this reason, questions on preemption are inherent in and resolved by the § 101 analysis.”).

The two-part test elucidated in *Alice* and *Mayo* does not require us to anticipate the number, feasibility, or adequacy of non-infringing alternatives to gauge a patented invention's preemptive effect in order to determine whether a claim is patent-eligible under § 101. *See Reply 14–17* (arguing that Smartflash's position regarding non-infringement and existence of non-infringing alternatives to the challenged claims is immaterial to the patent eligibility inquiry).

The relevant precedents simply direct us to ask whether the challenged claims involve one of the patent-ineligible categories, and, if so, whether additional limitations contain an “inventive concept” that is “sufficient to ensure that the claim in practice amounts to ‘significantly more’ than a patent on an ineligible concept.” *DDR Holdings*, 773 F.3d at 1255. This is the basis for the rule that the unpatentability of abstract ideas “cannot be circumvented by attempting to limit the use of the formula to a particular technological environment,” despite the fact that doing so reduces the amount of innovation that would be preempted. *Diamond v. Diehr*, 450 U.S. 175, 191 (1981); *see also Alice*, 134 S. Ct. at 2358; *Mayo*, 132 S. Ct. at 1303; *Bilski*, 561 U.S. at 612; *Parker v. Flook*, 437 U.S. 584, 593 (1978). The Federal Circuit spelled this out, stating that “[w]here a patent’s claims are deemed only to disclose patent ineligible subject matter under the *Mayo* framework, as they are in this case, preemption concerns are fully addressed and made moot.” *Ariosa*, 788 F.3d at 1379.

As described above, after applying this two-part test, we are persuaded that Apple has shown by a preponderance of the evidence that claims 25, 26, 30, and 32 are drawn to an abstract idea and do not add an inventive concept sufficient to ensure that the claims in practice amount to significantly more than a claim on the abstract idea itself. The alleged existence of a large number of non-infringing, and, thus, non-preemptive alternatives does not alter this conclusion because the question of preemption is inherent in, and resolved by, this inquiry.

3. *Smartflash’s Remaining Arguments*

Smartflash also asserts that (1) Apple has already lost its challenge to claims of the ’772 patent, including claims 26 and 32, under § 101 in its

related district court litigation with Smartflash (PO Resp. 37–39); (2) the Office is estopped from revisiting the issue of § 101, which was inherently reviewed during examination of the ’772 patent (*id.* at 39); (3) invalidating patent claims via Covered Business Method patent review is unconstitutional (*id.* at 39–41); and (4) section 101 is not a ground on which a Covered Business Method patent review may be instituted (*id.* at 41–44). For the following reasons, we are not persuaded by these arguments.

As a preliminary matter, Smartflash does not provide any authority that precludes us from deciding the issue of patent eligibility of the challenged claims under § 101 in the context of the present AIA proceeding, even where a non-final district court ruling on § 101 exists. *See Fresenius USA, Inc. v. Baxter Int’l, Inc.*, 721 F.3d 1330, 1340–42 (Fed. Cir. 2013). Smartflash’s reliance on *B&B Hardware, Inc. v. Hargis Industries, Inc.*, 135 S. Ct. 1293 (2015) also is unavailing. In *B&B Hardware*, both the Trademark Trial and Appeal Board and the district court applied the “likelihood of confusion” standard; the standard that applies in this proceeding—preponderance of the evidence—is different than that which was applied in district court—clear and convincing evidence. *See id.* at 1307. Accordingly, we are not persuaded that the district court decisions referred to by Smartflash preclude our determination of the patentability of claims 25, 26, 30, and 32 of the ’772 patent under § 101.

Smartflash also does not provide any authority for its assertion that “[t]he question of whether claims 25, 26, 30, and 32 of the ’772 Patent are directed to statutory subject matter has already been adjudicated by the USPTO, and the USPTO is estopped from allowing the issues to be raised in the present proceeding.” PO Resp. 39; *see* Reply 22–24.

In addition, we decline to consider Smartflash’s constitutional challenge as, generally, “administrative agencies do not have jurisdiction to decide the constitutionality of congressional enactments.” *See Riggin v. Office of Senate Fair Employment Practices*, 61 F.3d 1563, 1569 (Fed. Cir. 1995); *see also Harjo v. Pro-Football, Inc.*, 50 USPQ2d 1705 (TTAB 1999) (“[T]he Board has no authority . . . to declare provisions of the Trademark Act unconstitutional.”); *Amanda Blackhorse, Marcus Briggs-Cloud, Philip Gover, Jullian Pappan and Courtney Tsoitigh v. Pro-Football, Inc.*, 111 USPQ2d 1080 (TTAB 2014); *but see American Express Co. v. Lunenfeld*, Case CBM2014-00050, slip. op. at 9–10 (PTAB May 22, 2015) (Paper 51) (“for the reasons articulated in *Patlex*, we conclude that covered business method patent reviews, like reexamination proceedings, comply with the Seventh Amendment”).

As to Smartflash’s remaining argument, Smartflash concedes that the Federal Circuit, in *Versata*, found that “the PTAB acted within the scope of its authority delineated by Congress in permitting a § 101 challenge under AIA § 18.” PO Resp. 41 n.3 (quoting *Versata Dev. Grp.*, 793 F.3d at 1330). We conclude that our review of the issue of § 101 here is proper.

4. Conclusion

For the foregoing reasons, we are persuaded that Apple has established, by a preponderance of the evidence, that claims 25, 26, 30, and 32 of the ’772 patent are unpatentable under § 101.

SMARTFLASH’S MOTION TO EXCLUDE

Smartflash filed a Motion to Exclude (Paper 29), Apple filed an Opposition to Smartflash’s Motion (Paper 31), and Smartflash filed a Reply in support of its motion (Paper 32). Smartflash’s Motion to Exclude seeks to

exclude (1) Exhibits 1402–08, 1411–19, 1424–30, 1433, 1435, and 1436. Paper 31, 1. As movant, Smartflash has the burden of proof to establish that it is entitled to the requested relief. *See* 37 C.F.R. § 42.20(c). For the reasons stated below, Smartflash’s Motion to Exclude is *granted-in-part* and *denied-in-part*.

Exhibit 1402

Smartflash seeks to exclude Exhibit 1402—the First Amended Complaint filed by it in the co-pending litigation—as inadmissible other evidence of the content of a writing (FRE 1004), irrelevant (FRE 401), and cumulative (FRE 403). Paper 29, 1–3; Paper 32, 1–2. Specifically, Smartflash argues that Apple does not need to cite Smartflash’s characterization of the ’772 patent in the complaint because the ’772 patent itself is in evidence. Paper 29, 1–2. Moreover, according to Smartflash, its characterization of the ’772 patent is irrelevant and, even if relevant, cumulative to the ’772 patent itself. *Id.* at 2–3.

Apple counters that it relies on Exhibit 1402 not as evidence of the content of the ’772 patent, but to show that Smartflash’s characterization of the ’772 patent supports Apple’s contention that the ’772 patent is a covered business method patent. Paper 31, 2. Thus, according to Apple, it is highly relevant to the issue of whether the ’772 patent is a covered business method patent. *Id.* Moreover, contends Apple, Smartflash’s characterization of the ’772 patent in another proceeding is not in the ’772 patent itself, and, therefore, Exhibit 1402 is not cumulative to the ’772 patent and FRE 1004 is not applicable. *Id.*

We are persuaded by Apple that Exhibit 1402 is offered not for the truth of the matter asserted (i.e., the content of the ’772 patent), but as

evidence of how Smartflash has characterized the '772 patent. Thus, Smartflash has not persuaded us that Exhibit 1402 is evidence of the content of a writing or that it is cumulative to the '772 patent. Furthermore, Smartflash has not persuaded us that Exhibit 1402 is irrelevant, at least because its characterization of the '772 patent in prior proceedings is relevant to the credibility of its characterization of the '772 patent in this proceeding. Smartflash contends that Exhibit 1402 does not contradict its characterization of the '772 patent in this proceeding such that the credibility of Smartflash's characterization is an issue. Paper 32, 3. Smartflash's argument misses the point because the credibility of Smartflash's characterization is for us to decide, and we have to consider the document at issue in making that determination. Further, as Apple notes (Paper 31, 2), Smartflash's characterization of the '772 patent in prior proceedings is relevant to Smartflash's contention in this proceeding that the '772 patent does not satisfy the "financial in nature" requirement for a covered business method patent review (Prelim. Resp. 5–11).

Accordingly, we decline to exclude Exhibit 1402.

Exhibits 1405, 1424, 1429, 1430, 1433, and 1435

Smartflash seeks to exclude Exhibits 1405, 1424, 1429, 1430, 1433, and 1435 as irrelevant under FRE 401 and 402 because they are not cited in the Petition, the Wechselberger Declaration, or our Decision to Institute. Paper 29, 3–4; Paper 32, 2. Smartflash further argues that mere review of an exhibit by an expert in reaching the opinions he expressed in this case does not render the exhibit relevant under FRE 401, and, thus, admissible under FRE 402. Paper 29, 4. Smartflash notes that underlying facts and data need

not themselves be admissible for an expert to rely on them in formulating an admissible opinion. *Id.* (citing FRE 703).

Apple counters that all of these exhibits except Exhibit 1405 (*see* Paper 31, 4 n.2) were cited in the Wechselberger Declaration as “Materials Reviewed and Relied Upon.” Paper 31, 3. Further, contends Apple, the fact that FRE 703 allows experts to rely on materials that may not be admissible does not render all material relied upon irrelevant or inadmissible. *Id.*

We agree with Apple. As noted above, Smartflash, as movant, has the burden to show that these exhibits are inadmissible. Smartflash’s reference to FRE 703 is unavailing because while this rule does not establish the admissibility of the exhibits, it also does not speak to whether these exhibits are inadmissible. Because Mr. Wechselberger attests that he reviewed these exhibits in reaching the opinions he expressed in this case, Smartflash has not shown that they are irrelevant under FRE 401 and 402. Accordingly, we decline to exclude Exhibits 1424, 1429, 1430, 1433, and 1435. We grant the motion as to Exhibit 1405.

Exhibits 1403, 1404, 1406–08, 1411–18, 1425–28, and 1436

Smartflash seeks to exclude Exhibits 1403, 1404, 1406–08, 1411–18, 1425–28, and 1436 under FRE 401 and 402 because they are not alleged to be invalidating prior art, and/or are not the basis for any invalidity grounds for which we instituted a review. Paper 29, 5–8; Paper 32, 2.

Apple counters that all of these exhibits are relevant to our § 101 analysis, and specifically, to whether the challenged claims contain an inventive concept and whether the elements disclosed by the challenged claims were well-known, routine, and conventional. Paper 31, 4–6.

We agree that these exhibits are relevant to the state of the art, and thus, to our § 101 analysis. Smartflash, thus, has not persuaded us that they are irrelevant under FRE 401 and 402. Smartflash contends that the state of the art and the knowledge of a person of ordinary skill in the art are irrelevant because we did not institute a review based on obviousness grounds. Paper 29, 6, 8. We are not persuaded by Smartflash's argument because, as stated above, the state of the art and the knowledge of a person of ordinary skill are relevant to whether the limitations of the challenged claim were well-known, routine, and conventional, and thus, are relevant to our § 101 analysis.

Accordingly, we decline to exclude Exhibits 1403, 1404, 1406–08, 1411–18, 1425–28, and 1436.

Exhibit 1419

Smartflash moves to exclude Exhibit 1419, the Wechselberger Declaration, on grounds that it lacks foundation and is unreliable because it fails to meet the foundation and reliability requirements of 37 C.F.R. § 42.65(a) and FRE 702. Paper 29, 8–12; Paper 32, 3. Specifically, Smartflash contends that the declaration does not disclose the underlying facts or data on which the opinions contained are based, as required by 37 C.F.R. § 42.65(a), because it does not state the relative evidentiary weight (e.g., substantial evidence versus preponderance of the evidence) used by Mr. Wechselberger in arriving at his conclusions. Paper 29, 8–9. Thus, Smartflash concludes that we cannot assess, under FRE 702, whether Mr. Wechselberger's testimony is "based on sufficient facts or data," is "the product of reliable principles and methods," or "reliably applie[s] the

principles and methods to the facts of the case.” Paper 29, 10–11; Paper 32, 3.

Apple notes that an expert is not required to recite the preponderance of the evidence standard expressly in order for the expert opinion to be accorded weight. Paper 31, 7 (citation omitted). Apple further states that Mr. Wechselberger cites specific evidence supporting each of his opinions. *Id.*

Smartflash has not articulated a persuasive reason for excluding Mr. Wechselberger’s Declaration. Smartflash has not cited any authority requiring an expert to recite or apply the “preponderance of the evidence” standard in order for the expert opinion to be accorded weight. Under 37 C.F.R. § 42.1(d), we apply the preponderance of the evidence standard in determining whether Apple has established unpatentability. In doing so, it is within our discretion to determine the appropriate weight to be accorded to the evidence presented, including the weight accorded to expert opinion, based on the disclosure of the underlying facts or data upon which the opinion is based. Our discretion includes determining whether the expert testimony is the product of reliable principles and methods and whether the expert has reliably applied the principles and methods to the facts of the case. *See* FRE 702.

Smartflash further requests that, to the extent that we do not exclude Exhibit 1419 in its entirety, we exclude paragraphs 24–69 and 70–97 from the declaration. Paper 29, 11–12.

Paragraphs 24–69 of the Wechselberger Declaration

Paragraphs 24-69 (and any other portion of the Wechselberger Declaration that is directed to patentability under 35 U.S.C. §§ 102/103) are not relevant to the instituted

proceeding because the trial as instituted is limited to patentability under 35 U.S.C. § 101. FRE 401. Being irrelevant evidence, those paragraphs are not admissible. FRE 402.

Paper 29, 11.

Apple counters that Mr. Wechselberger's expert analysis of the prior art is relevant to the § 101 inquiry under FRE 401; the level of skill of a skilled artisan is relevant to determining whether claim elements would be considered well-known, routine, and conventional; and claim construction is relevant because the determination of patent eligibility requires an understanding of the scope of the claimed subject matter. Paper 31, 8 (citations omitted).

We agree with Apple. Because this review is under § 101, analysis of the state of the prior art, which includes analysis of the level of skill of a skilled artisan and the scope of the challenged claim, is relevant to the second prong of the *Alice* and *Mayo* inquiry.

Paragraphs 70–97 of the Wechselberger Declaration

Paragraphs 70–97 should be excluded because they deal with the strictly legal issue of statutory subject matter for which Mr. Wechselberger is not an expert. Thus, those portions of the Wechselberger Declaration are inadmissible under FRE 401 as not relevant, under FRE 602 as lacking foundation, and under FRE 701 and 702 as providing legal opinions on which the lay witness is not competent to testify. Being irrelevant evidence, those paragraphs are not admissible. FRE 402.

Paper 29, 12.

Apple counters that Smartflash's argument ignores that patent eligibility under § 101 presents an issue of law that may contain underlying factual issues; there is no dispute that Mr. Wechselberger is competent to

opine on the factual issues; and FRE 602 does not apply to a witness's expert testimony. Paper 32, 8–9 (citations omitted).

We are not persuaded by Smartflash's arguments. Mr. Wechselberger has a Bachelor and Master in Electrical Engineering, and has decades of experience in relevant technologies. Ex. 1419 ¶¶ 2–12, App'x A. We are, therefore, not persuaded by Smartflash's argument that Mr. Wechselberger has not provided sufficient proof that he is an expert. FRE 602 expressly recites that it “does not apply to a witness's expert testimony under Rule 703.” Moreover, the challenged testimony relates to, for example, the state of the prior art (Ex. 1419 ¶¶ 77–86, 88–89), which, as we state above, is relevant to the § 101 analysis. Thus, Smartflash has not persuaded us that it is legal opinion, rather than opinion on factual matters.

Accordingly, Smartflash has not persuaded us that Exhibit 1419 or any of the challenged paragraphs should be excluded.

ORDER

Accordingly, it is:

ORDERED that claims 25, 26, 30, and 32 of the '772 patent are determined to be *unpatentable*;

FURTHER ORDERED that Patent Owner's motion to exclude is *denied-in-part* and *granted-in-part*;

FURTHER ORDERED that Exhibit 1405 shall be expunged; and

FURTHER ORDERED that, because this is a final written decision, parties to the proceeding seeking judicial review of the decision must comply with the notice and service requirements of 37 C.F.R. § 90.2.

CBM2015-00033
Patent 8,336,772 B2

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