

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

DEALERSOCKET, INC.,
Petitioner,

v.

AUTOALERT, INC.,
Patent Owner.

Case CBM2014-00139
Patent 8,396,791 B2

Before JAMESON LEE, JONI Y. CHANG, and MICHAEL R. ZECHER,
Administrative Patent Judges.

CHANG, *Administrative Patent Judge.*

DECISION
Institution of Covered Business Method Review
37 C.F.R. § 42.208

I. INTRODUCTION

DealerSocket, Inc. (“DealerSocket”) filed a corrected Petition (“Petition”) requesting a review of U.S. Patent No. 8,396,791 B2 (Ex. 1001, “the ’791 patent”) under the transitional program for covered business method patents. Paper 4, “Pet.” Patent Owner, AutoAlert, Inc., (“AutoAlert”) timely filed a Preliminary Response to the Petition. Paper 9, “Prelim. Resp.”

We have jurisdiction under 35 U.S.C. § 324.¹ The standard for instituting a covered business method patent review is set forth in 35 U.S.C. § 324(a), which provides as follows:

THRESHOLD—The Director may not authorize a post-grant review to be instituted unless the Director determines that the information presented in the petition filed under section 321, if such information is not rebutted, would demonstrate that it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable.

DealerSocket challenges the patentability of claims 1 and 3–7 of the ’791 patent under 35 U.S.C. §§ 101, 112, and 103. Pet. 45. Upon consideration of the Petition and Preliminary Response, we determine that the information presented in the Petition demonstrates that the challenged claims are more likely than not unpatentable. Pursuant to 35 U.S.C. § 324 and section 18(a) of the AIA, we hereby institute a covered business method patent review as to claims 1 and 3–7 of the ’791 patent.

¹ See § 18(a) of the Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284, 329 (2011) (“AIA”).

A. The '791 Patent

The '791 patent relates to alerting dealers of a product when favorable financial terms are available to customers. Ex. 1001, 1:22–24. The '791 patent states that, rather than paying cash for a product, a person may enter into a financial agreement to make a series of payments for a specified term, such as a lease agreement for an automobile with monthly payments. *Id.* at 1:26–33. During the term of the financial agreement, a person may desire to use a second product in lieu of the current product. *Id.* at 1:34–37. For example, a person having two years of payments remaining on an automobile lease may be willing to return the automobile to a dealership and enter a new lease for a newer model. *Id.* at 1:41–44. A person might agree to enter into a replacement agreement if the replacement product and payment terms are acceptable or sufficiently similar. *Id.* at 1:47–53.

The '791 patent describes that, if a seller, such as an automobile dealership, knows when a customer is able to enter into a new financial agreement under terms favorable to the customer, the seller can take advantage of that knowledge by offering an arrangement to the customer that includes the favorable terms. *Id.* at 1:54–58. The '791 patent states that no system or method previously existed that alerts a seller when a customer is able to enter a new financial arrangement under terms favorable to the customer. *Id.* at 1:60–62. According to the '791 patent, its described embodiments systematically generate and send alerts to dealers when customers are able to enter new financial arrangements under terms favorable to the customer. *Id.* at 1:66–2:2. The '791 patent states that

making this information available to dealers can increase the dealers' sales significantly. *Id.* at 2:2–4.

Figure 36 of the '791 patent is reproduced below:

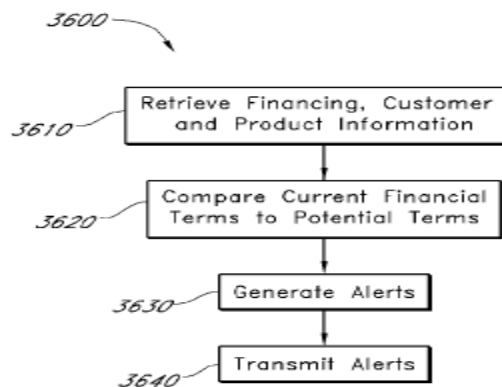


FIG. 36

Figure 36 of the '791 patent illustrates a process of alerting a dealership when a customer can be offered a new lease or other financial arrangement. Ex. 1001, 3:62–65, 18:59–61. According to the embodiment of Figure 36, at block 3610, process 3600 retrieves customer information, financing information, and product information. *Id.* at 18:59–63. The customer and financing information can include information about any lease or other financial arrangement already involving a customer, along with information about financial arrangements currently available from financial institutions. *Id.* at 18:64–19:1. That information can be retrieved automatically by an automated information retrieval module from various electronic sources, such as public and private web pages, databases maintained by a dealership, external databases, and the like. *Id.* at 19:5–11.

At block 3620, process 3600 compares each customer's current financial terms with potential financial terms being offered by financial institutions. *Id.* at 19:16–18. That comparison preferably takes into account all available financial variables that affect whether a customer advantageously can switch financial arrangements, such as interest rates, payoff periods, amount due on the current financial arrangement, any dealer or manufacturer incentives, and the like. *Id.* at 19:16–24. In block 3630, process 3600 generates, based on the comparison in block 3620, a number of alerts to inform a dealership that a customer advantageously can switch financial arrangements. *Id.* at 19:32–35.

In one embodiment, process 3600 generates an alert whenever the difference between the amount that a customer will pay under a new financial arrangement and the amount that the customer is paying under the current financial arrangement is below a threshold value, such as 10% of the current payment. *Id.* at 19:35–43. Alternatively, an alert can be generated only when the new payment is less than the current payment. *Id.* at 19:43–48. In block 3640, process 3600 transmits the generated alerts to a dealership. *Id.* at 19:57–58.

B. Illustrative Claim

Of the challenged claims, claims 1 and 6 are the only independent claims, and they are directed to a method and a system, respectively. Claims 3–5 each depend directly from claim 1, and claim 7 depends directly from claim 6. Claim 6 is drawn to a computer system comprising a

processor and a computer readable medium storing machine-executable instructions including a plurality of executable modules for causing the computer system to perform a number of process steps. The process steps recited are essentially the same as those recited in the method of claim 1. Claims 1 and 6 include similar limitations and need not be discussed separately. Claim 1, reproduced below, is illustrative of the claims at issue:

1. A method comprising:

by a *computer system comprising computer hardware*:

retrieving at least a portion of customer information, first financial terms that a customer has for a first vehicle, and first vehicle information;

retrieving at least a portion of second vehicle information for a second vehicle and second financial terms available to the customer for the second vehicle;

receiving a configuration request for replacing the first vehicle of the customer with a different vehicle;

in response to the configuration request, retrieving current information associated with at least one of the customer information, the first financial terms that the customer has for the first vehicle, the first vehicle information, the second vehicle information, or the second financial terms available to the customer for the second vehicle;

determining, *by the computer system*, whether the current retrieved information *may affect* whether it is *favorable* for the customer to replace a first vehicle and first financial terms with a second vehicle and second financial terms by at least:

calculating one or more new payments based on an estimated equity value of the first vehicle derived from

the first financial terms, and based on the second financial terms;

determining if the one or more new payments satisfy at least a condition based at least in part on the first financial terms and the second financial terms, wherein the determination comprises calculating a difference between the one or more new payments and an existing periodic payment for the first vehicle, and determining whether the difference is less than or equal to a preset acceptable threshold value;

generating a message if it is determined that the retrieved information *may affect* whether it is *favorable* for the customer to replace the first vehicle and first financial terms with the second vehicle and second financial terms; and

transmitting the message to a dealer.

Ex. 1001, 24:39–25:12 (emphases added).

C. DealerSocket's Standing

Section 18 of the AIA governs the transitional program for covered business method patent reviews. Section 18(a)(1)(B) of the AIA limits such reviews to persons or their privies that have been sued or charged with infringement of a covered business method patent.

DealerSocket asserts that it has been sued for infringement of the '791 patent, as well as four other AutoAlert's patents, in *AutoAlert, Inc. v. DealerSocket, Inc.*, Case No. 8:13-cv-657 (C.D. Cal.). Pet. 1, 5. AutoAlert does not dispute this statement. Therefore, we conclude that DealerSocket has been sued for infringement for purposes of AIA § 18(a)(1)(B) and 37 C.F.R. § 42.302.

D. Covered Business Method Patent

A “covered 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). The legislative history of the AIA “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 activity or complementary to a financial activity.’” 77 Fed. Reg. 48,734, 48,735 (Aug. 14, 2012) (quoting 157 Cong. Rec. S5432 (daily ed. Sept. 8, 2011) (statement of Sen. Schumer)). The legislative history indicates that “financial product or service” should be interpreted broadly. *Id.* A patent is eligible for review if it has at least one claim directed to a covered business method. *Id.* at 48,736.

1. Financial Product or Service

DealerSocket takes the position that the ’791 patent is a covered business method patent. Pet. 5. To substantiate its position, DealerSocket asserts that, because “claim 1 recites retrieving and processing data to perform the financial service of alerting automobile dealers that favorable financial terms might be available to their customers,” claim 1 is directed to a method for processing data to render a financial service. *Id.* at 6–8.

AutoAlert disagrees that the claims of the ’791 patent are drawn to a financial product or service, maintaining that they are directed to data

mining customer databases for sales lead generation purposes, and they are not a part of the sales transaction itself. Prelim. Resp. 29–30. AutoAlert further contends that the claims are directed to a computer system that provides a message to the automobile dealer before the actual purchase or lease of a new automobile occurs. *Id.* at 30–31. According to AutoAlert, the generation of sale leads is not financial in nature. *Id.*

However, in the context of the '791 patent, such a generation of sales leads is at least *complementary* to a financial activity, such as the purchase or lease of an automobile. The title of the '791 patent is “System and Method for *Assessing and Managing Financial Transactions*.” Ex. 1001, at [54] (emphasis added). Significantly, the method steps recited in independent claim 1—e.g., retrieving *financial terms* (e.g., interest rates, payoff periods, and the amount of money due), calculating *payments* for a second vehicle, evaluating whether it is favorable for the customer to replace the first vehicle and first *financial terms* with the second vehicle and second *financial terms*, and notifying an automobile dealer of that evaluation under certain conditions (Ex. 1001, 24:39–25:12)—are related to monetary matters. Those method steps also are preparatory for selling or leasing a vehicle. Given that, claim 1 is directed to an activity that is at least incidental and/or *complementary to a financial activity*.

In view of the foregoing, we are persuaded by DealerSocket’s contention that at least one claim of the '791 patent covers a method for performing data processing used in the practice, administration, or management of a financial product or service.

2. Technological Invention Exception

The definition of “covered business method patent” in § 18(d)(1) of the AIA excludes patents for technological inventions. When determining whether a patent is for a technological invention, we consider “whether the claimed subject matter as a whole recites a technological feature that is novel and unobvious over the prior art; and solves a technical problem using a technical solution.” 37 C.F.R. § 42.301(b). Both prongs must be satisfied in order for the patent to be excluded as a technological invention.

The following claim drafting techniques, for example, typically do not render a patent a technological invention:

(a) Mere recitation of known technologies, such as computer hardware, communication or computer networks, software, memory, computer-readable storage medium, scanners, display devices or databases, or specialized machines, such as an ATM or point of sale device.

(b) Reciting the use of known prior art technology to accomplish a process or method, even if that process or method is novel and non-obvious.

Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,763–64 (Aug. 14, 2012).

DealerSocket alleges that claim 1 is not directed to a technological invention, because a method for data processing of a financial service performed merely “by a computer system comprising computer hardware” is not “a technological feature that is novel and unobvious over the prior art; and solves a technical problem using a technical solution.” Pet. 8–9. DealerSocket states that mere recitation of a generic “computer hardware,”

which was “known prior art technology,” does not make the subject matter of claim 1 a technological invention. *Id.* at 9.

AutoAlert opposes, arguing that DealerSocket fails to analyze the claim as a whole, and that when properly considered in its entirety, the claim recites novel technology. Prelim. 31–32. In particular, AutoAlert submits that “certain steps (‘receiving a configuration request’ and ‘transmitting the message’) both involve software and hardware functionality.” *Id.* at 35. AutoAlert also alleges that the claims address the technical problem of “how to identify favorable vehicle sales opportunities from a population of potential customers without knowing which customers are presently viable candidates to purchase or lease a different vehicle.” *Id.* AutoAlert points out that “previous approaches did not repeatedly retrieve updated information from the same sources, and therefore could not find the same quality or quantity of valuable leads in a timely manner.” *Id.*

AutoAlert’s arguments are not persuasive. The only technological feature recited in claim 1 is a *generic computer*. Ex. 1001, 24:40 (“a computer system comprising computer hardware”); 24:56 (“determining[] by the computer system”). Although certain recited method steps (e.g., “transmitting the message”) allegedly involve software and hardware functionality, the ’791 patent does not purport that those steps are implemented by some new advancement in computer technology or programming techniques. Rather, claim 1 recites merely a *generic computer* system to perform those method steps. According to the Specification of the ’791 patent, those claimed method steps can be performed using known

automated tools. Ex. 1001, 19:12–15 (“A number of techniques for automatically retrieving such information *are known to skilled artisans* and can be employed to implement the information retrieval module 3930.”); 19:61–64 (“[T]he alerts can be transmitted by email, pager, web page, database record, fax, or *any other known method* of transmitting electronic data.”) (emphases added). Even if the claimed method, as a whole, is novel and non-obvious, reciting the use of known prior art technology to perform that method does not render a patent a technological invention. *See Office Patent Trial Practice Guide*, 77 Fed. Reg. at 48,763–64.

Moreover, we are not persuaded by AutoAlert’s argument that the claimed subject matter, as a whole, solves a technical problem using a technical solution. The disclosed method of the ’791 patent is said to generate sales leads by alerting a seller when a customer is able to enter into a new financial arrangement under terms favorable to the customer in order to increase sales. The generation of sales leads to increase sales of a product (e.g., automobiles) is not a technical problem; calculating payments based on retrieved information is not a technical problem; evaluating whether conditions are favorable for a customer to replace a first vehicle and first financial terms with a second vehicle and second financial terms is not a technical problem; and generating an alert when such a condition also is determined is not a technical problem.

Accordingly, we are not persuaded that claim 1 is directed to a technological invention.

3. Conclusion

For the foregoing reasons, we conclude that the '791 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.

E. Asserted Grounds of Unpatentability

DealerSocket asserts the following grounds of unpatentability:

Claims	Basis
1 and 3–7	§ 101 for lack of patent-eligible subject matter and for inoperability
1 and 3–7	§ 112, ¶ 1, ² for lack of adequate written description
1 and 3–7	§ 112, ¶ 1, for lack of enablement
1 and 3–7	§ 112, ¶ 2, for indefiniteness
1 and 3–7	§ 103(a) ³

² Paragraphs 1 through 6 of § 112 was replaced with §§ 112(a) through 112(f) when § 4(c) of the AIA took effect on September 16, 2012. Pub. L. No. 112-29, 125 Stat. 284, 296–07 (2011). Because the patent application resulting in the '791 patent was filed before that effective date of the AIA (Ex. 1001, at [22]), we will refer to the pre-AIA version of 35 U.S.C. § 112.

³ DealerSocket does not rely upon any printed publication or patent, but rather the Declarations of Messrs. Brian Allan and Darren VanCleave (Exs. 1011, 1015) to establish that the claimed process and system were known in the art at the time of the invention. Pet. 69–76.

II. ANALYSIS

A. Claim Construction

As a step in our analysis for determining whether to institute a review, we determine the meaning of the claims. In a covered business method patent review, claim terms in an unexpired patent are interpreted according to their broadest reasonable construction in light of the specification of the patent in which they appear. 37 C.F.R. § 42.300(b); *Office Patent Trial Practice Guide*, 77 Fed. Reg. at 48,766. Under the broadest reasonable interpretation standard, and absent any special definitions, claim terms are given their ordinary and customary meaning as would be understood by one of ordinary skill in the art in the context of the entire disclosure. *In re Translogic Technology, Inc.*, 504 F.3d 1249, 1257 (Fed. Cir. 2007).

“financial terms”

Claims 1 and 6 each recite “first financial terms” and “second financial terms.” The language “financial terms” is not defined expressly by the ’791 patent. Neither DealerSocket nor AutoAlert provides an explicit construction. For reasons discussed below, we determine that the broadest reasonable interpretation for “financial terms” in the context of the Specification of the ’791 patent is “money arrangement in a financial agreement.” Thus, first financial terms for a first vehicle means money arrangement in a financial agreement for the first vehicle, and second financial terms for a second vehicle means money arrangement in a financial agreement for the second vehicle.

The '791 patent explains that, with respect to the embodiment of Figures 36–38, the system compares each customer's current financial terms with potential financial terms being offered by financial institutions. Ex. 1001, 19:16–24, 20:37–41, 20:57–61. That functionality is implemented by comparing a customer's current financial arrangement to a potential new financial arrangement to determine whether the customer is able to enter into a new financial arrangement on terms favorable to the customer. *Id.* at 2:12–17, 5:30–32. Examples of financial agreements include purchase agreements, lease agreements, deferred or balloon payment agreements, or the like. *Id.* at 1:27–29.

Figure 1E of the '791 patent, reproduced below, illustrates a deal sheet including information about a current agreement for a current product. *Id.* at 3:42–43, 5:64–65.

FIG. 1E

11/17/2003	Alert	Manager Lease	104	106
		Jeff Cotton	108	
Existing Vehicle				
Class Description	V-Class			
Series Description	V123 Coupe 2D			
Year	2002			
VIN	WDBRN12345J02A			
Deal Recap				
Contract Start	8/18/2001			
Contract End	8/18/2004			
Capitalized Cost	\$33,133			
Residual Amount	\$20,303			
Contract Term	36			
Base Payment	\$527			
Monthly Payment	\$560			
Payoff Amount	\$23,565			
Payoff Good Through	11/27/2003			
Trade-In Amount	\$16,580			
Trade Equity	(\$6,965)			
Security Deposit	\$6,000			
Balance To Maturity				
Payments Made	28			
Payments Remaining	8			
Payment History	30 - 0, 60 - 0, 90 - 0			
Balance To Maturity	(\$4,896)			

Figure 1E illustrates a deal sheet about a current product.

According to Figure 1E, section 112 includes information about a current lease agreement, including the original capitalized cost, the residual amount, the contract term, a base periodic payment, an actual periodic payment, the payoff amount, a trade-in value, etc. *Id.* at 6:24–39. The ’791 patent is explicit that this is the type of information considered when comparing agreements. For example, when comparing financial terms, the ’791 patent takes into account all available financial variables that affect whether a customer advantageously can switch financial arrangements, including interest rates, payoff periods, amount due on the current financial arrangement, any dealer or manufacturer incentives currently available, and the like. *Id.* at 19:18–24.

More specifically, the ’791 patent describes financial information about existing and current agreements and uses that information to perform the disclosed comparisons. *Id.* at 6:24–39, 19:18–24. Independent claims 1 and 6 refer to “first financial terms” and “second financial terms” and use those terms to perform the claimed comparison. In the context of the ’791 patent, the broadest reasonable interpretation of “financial terms” means “money arrangement in a financial agreement.” “Financial terms” may include property valuation as long as the property valuation is a part of money arrangement for a property under the agreement. For example, the ’791 patent describes an embodiment in which the trade-in value of a vehicle is part of an existing agreement. *Id.* at 6:24–39.

B. Definiteness Requirement

A patent must “conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as [the] invention.” 35 U.S.C. § 112, ¶ 2 (2006). In regard to the standard for this statutory requirement, the Supreme Court articulated that a patent claim is unpatentable for indefiniteness, if its language, when “read in light of the specification delineating the patent and the prosecution history, fails to inform, with reasonable certainty, those skilled in the art about the scope of the invention.” *Nautilus, Inc. v. Biosig Instruments, Inc.*, 134 S. Ct. 2120, 2124 (2014).

The Supreme Court recognized that “some modicum of uncertainty” is “the price of ensuring the appropriate incentives for innovation.” *Id.* at 2128. Nonetheless, the Supreme Court confirmed that “a patent must be precise enough to afford clear notice of what is claimed, thereby apprising the public of what is still open to them.” *Id.* at 2129. The Supreme Court also noted that “the patent drafter is in the best position to resolve the ambiguity in patent claims.” *Id.* (citing *Halliburton Energy Servs., Inc. v. M-I LLC*, 514 F.3d 1244, 1255 (Fed. Cir. 2008)).

We are mindful that “patents are not addressed to lawyers, or even to the public generally, but rather to those skilled in the relevant art.” *Id.* at 2128 (internal quotation marks omitted). Indefiniteness, therefore, is to be evaluated from the perspective of a person with ordinary skill in the relevant art at the time of the invention—when the patent application was filed. *Id.*

Whether the “may affect” limitation is indefinite

Claim 1 recites “determining, by the computer system, whether the current retrieved information may affect whether it is favorable for the customer to replace a first vehicle and first financial terms with a second vehicle and second financial terms” (hereinafter the “may affect” limitation). Ex. 1001, 24:56–60. Claim 6 recites a similar limitation. *Id.* at 26:6–10.

In its Petition, DealerSocket alleges that this limitation is indefinite because “[d]etermining, and generating an alert depending on, whether changed information *may affect favorability* does not ‘clearly circumscribe what is foreclosed.’” Pet. 42–43 (citing *United Carbon Co. v. Binney & Smith Co.*, 317 U.S. 228, 236 (1942)) (emphasis added).

In its Preliminary Response, AutoAlert maintains that the term “may affect” is readily understandable and is not indefinite. Prelim. Resp. 24, 62. AutoAlert submits that the term is defined by the subsequent “calculating” and “determining” steps recited in claims 1 and 6, which leave no ambiguity as to how the steps are performed. *Id.* at 25. To further support its contentions, AutoAlert identifies the following disclosure in the Specification of the ’791 patent:

For example, a person *may* find the replacement product and the payments under the terms of the replacement agreement acceptable if they are sufficiently similar to the current product and payments under the current agreement.

Id. (citing Ex. 1001, 1:49–52). According to AutoAlert and its expert, “[b]ecause the method is designed to be applied proactively, for customers

whose desires not known, it is not possible to know with certainty whether a prospective deal is truly acceptable to a customer.” *Id.* (citing Ex. 2003 ¶¶ 42–43).

Given the evidence in this record, we determine that DealerSocket has established that the “may affect” limitation is more likely than not indefinite. This limitation includes not one, but two terms of degree, “may affect” and “favorable.” Both are highly subjective. The uncertainty is multiplied when one subjective term is used to modify another, as is the case here. Contrary to the argument of AutoAlert, the Specification contains no objective standard for determining reasonably precise boundaries of either term.

We recognize that not all terms of degree are inherently indefinite. “Definiteness problems often arise when words of degree are used in a claim. That some claim language may not be precise, however, does not automatically render a claim invalid.” *Seattle Box Co., Inc. v. Indus. Crating & packing, Inc.*, 731 F.2d 818, 826 (Fed. Cir. 1984). Nevertheless, “a term of degree fails to provide sufficient notice of its scope if it depends on the unpredictable vagaries of any one person’s opinion.” *Interval Licensing LLC v. AOL, Inc.*, 2013-1282, slip op. 13 (Fed. Cir. Sept. 10, 2014); *Datamize, LLC v. Plumtree Software, Inc.*, 417 F.3d 1342, 1350 (Fed. Cir. 2005)).

First, with regard to the term “may affect,” the Specification provides no objective standard to determine the boundary between “affect” and “may affect.” What one regards as “may affect” may not be so for another, particularly if that which is affected is itself subjective, such as a favorability

determination. Moreover, as is pointed out by DealerSocket (Pet. 41–43), in every instance the condition is a “may,” by definition the condition also is a “may not.” The lack of distinction is significant because claims 1 and 6 each require generating a message under a condition covered by “may affect,” and not generating the message under a condition covered by “may not affect.” Thus, the boundary at which one crosses from a definite “yes” or “no” to a “may,” and also from a “may not” to a “may” is unclear.

With regard to the term “favorable,” a particular customer may consider that it is *favorable* to have a new car and a lower monthly payment, whereas a different customer may view such a financial term *unfavorable* because his or her obligation to make the monthly payments would be extended for many years. The uncertainty is enhanced even more when the make and model of the cars are considered. The claims refer simply to first vehicle and second vehicle, and have no requirement that the vehicles be comparable. Perhaps a lower monthly payment is *unfavorable* if the customer has to downgrade from a luxury car to an economy car, or from a sport utility vehicle to a much smaller car.

We are not persuaded by AutoAlert’s contention that the “may affect” limitation is *explicitly defined* by the subsequent “calculating” and “determining” steps recited in the claims. Claim 1 recites, *inter alia*, the “may affect limitation and those method steps:

determining, by the computer system, whether the current retrieved information *may affect* whether it is favorable for the customer to replace a first vehicle and first financial terms with a second vehicle and second financial terms *by at least*:

calculating one or more new payments based on an estimated equity value of the first vehicle derived from the first financial terms, and, based on the second financial terms; and

determining if the one or more new payments satisfy at least a condition based at least in part on the first financial terms and the second financial terms, wherein the determination comprises calculating a difference between the one or more new payments and an existing periodic payment for the first vehicle, and determining whether the difference is less than or equal to a preset acceptable threshold value;

Ex. 1001, 24:56–25:6 (emphases added).

We observe that those “calculating” and “determining” steps are recited after the claim term “*by at least,*” which indicates *other factors* are used for the “favorable” determination. Notably, those steps are performed based solely on the *financial* calculations—e.g., calculating the difference between the current monthly car-loan payment with the new monthly payment. A particular customer, however, may consider that it is *unfavorable* to replace the first vehicle with a *smaller car* or *less attractive car*, even in situations where the new monthly payment is lower than the current monthly payment, or the difference of the payments is less than or equal to a preset acceptable threshold value. Indeed, the Specification confirms that there are other *subjective* factors used in determining the “favorability.” According to the Specification, in certain situations (e.g., a customer may want a product with a *higher level of quality*), a customer may find terms *favorable* to the customer even when the customer will *pay more*

under the new arrangement. Ex. 1001, 22:11–15. Therefore, contrary to AutoAlert’s assertion, those *financial* “calculating” and “determining” steps do not *define explicitly* the “may affect” limitation.

Nor do those steps provide sufficient guidance or an objective standard for ascertaining the scope of the “may affect” limitation. At most, the *financial* calculations in those steps provide merely one parameter to help the dealership to determine whether a customer will contemplate replacing his or her current car. Nothing in the claims requires the generation of a message (an alert to the dealership) if the calculation meets a threshold value. In fact, the claims require the generation of a message only “if it is determined that the retrieved information *may affect* whether it is *favorable* for the customer to replace the first vehicle and first financial terms with the second vehicle and second financial terms,” which is a *highly subjective* determination, depending on the *preferences of the particular person*.

AutoAlert seems to suggest that the *financial* calculations may provide some standard for measuring the scope of the “may affect” limitation. However, as the Supreme Court explained, a patent does not satisfy the definiteness requirement merely because “a court can ascribe *some* meaning to a patent’s claims.” *Nautilus*, 134 S. Ct. at 2130. Rather, the claims, when read in light of the specification and the prosecution history, must provide objective boundaries for those of skill in the art. *Interval*, slip op. at 12.

AutoAlert cites to an example in the Background section of the Specification—“a person *may* find the replacement product and the payments under the terms of the replacement agreement *acceptable* if they are *sufficiently similar* to the current product and payments under the current agreement.” Prelim. Resp. 25 (citing Ex. 1001, 1:49–52) (emphases added). That disclosure, however, provides no objective standard to make the determination of either “may affect” or “favorable.” The terms “acceptable” and “sufficiently similar” are just as subjective as “favorable,” if not more, and they do not clarify what is favorable. Something not favorable can still be acceptable, and something not favorable can still be sufficiently similar. The term “sufficiently similar” also is a combination of two terms of degree, one modifying another. That would turn the limitation at issue into one having three levels of subjectivity. Objective guidance simply is not provided by use of more and/or different subjective terms.

For the foregoing reasons, the Specification, including the claim language, does not provide sufficient guidance or an objective standard for ascertaining the scope of the “may affect” limitation. Accordingly, we determine that DealerSocket has established that the “may affect” limitation as recited in claims 1 and 6 is more likely than not indefinite.

Whether “configuration request” is indefinite

Claim 1 recites “receiving a *configuration request* for replacing the first vehicle of the customer with a different vehicle.” Ex. 1001, 24:47–48 (emphasis added). Claim 6 recites a similar limitation. *Id.* at 25:42–43.

DealerSocket asserts that the claim term “configuration request” is indefinite because “what is supposed to be configured, and how, is unascertainable.” Pet. 37. As support, DealerSocket notes that the Specification does not recite the term “configuration,” and argues that “the passages indicating how modules are configured do not describe or otherwise shed light on what makes a request a *configuration* request, as recited in the claims.” *Id.* at 35–36 (emphasis added by DealerSocket).

In its Preliminary Response, AutoAlert counters that the claim term “configuration request” is not indefinite, because the ordinary meaning of the term, as used in the context of the claims, is “a request to the computer system that is configurable to define the scope of the request.” Prelim. Resp. 23 (citing Ex. 2001, 15–17). AutoAlert also points out that the Specification discloses several ways a request can be configured—e.g., specifying the repetition rate used by the system to generate alerts. *Id.* (citing Ex. 1001, 10:5–14, 10:42–48, 10:48–57).

Given those specific examples set forth in the Specification, we are persuaded that the claim term “configuration request,” when read in light of the Specification, would have been understood by one with ordinary skill in the art, with reasonable certainty. DealerSocket fails to explain meaningfully why those examples do not provide sufficient guidance as to how requests to the computer system could be configured. Also, it is noted that “configuration request” is not limited to any particular type of specific configuring. In that connection, we note that breadth, alone, is not equitable with indefiniteness. *In re Miller*, 441 F.2d 689, 693 (CCPA 1971); *In re*

Gardner, 427 F.2d 786, 788 (CCPA 1970).

Therefore, we determine that DealerSocket has not demonstrated adequately that the claim term “configuration request” is more likely than not indefinite.

Whether “the current retrieved information” is indefinite

Claim 1 recites, *inter alia*, the following three “current retrieved information” claim features:

(g) in response to the configuration request, *retrieving current information* associated with at least one of the customer information, the first financial terms . . . , the first vehicle information, the second vehicle information, or the second financial terms . . . ;

(h) determining. . . whether *the current retrieved information* may affect whether it is favorable . . .

(k) generating a message if it is determined that *the retrieved information* may affect whether it is favorable . . .

Ex. 1001, 24:49–25:11 (labels added by DealerSocket (Pet. 32–33))

(emphases ours). Claim 6 recites similar “current retrieved information” limitations. Ex. 1001, 25:44–26:28.

DealerSocket asserts that these limitations are indefinite. Pet. 38–39. In particular, DealerSocket alleges that the claim terms “the current retrieved information” in clause h and “the retrieved information” in clause k lack antecedent basis. *Id.* According to DealerSocket, the claims use the word “current” in a way that is inconsistent with its express definition set forth in the Specification. *Id.* (citing Ex. 1001, 1:34–41).

In its Preliminary Response, AutoAlert counters that each of the terms—“current information,” “current retrieved information,” and “retrieved information”—is readily understandable to a person of ordinary skill in the art, and that they do not require construction. Prelim. Resp. 25–26. AutoAlert maintains that there is no antecedent basis problem because when the claim is considered in its entirety, it is apparent that messages generated via clause k result from the determination steps. *Id.* at 26–27. According to AutoAlert, it is readily apparent to a person having ordinary skill in the art that: (1) the claim term “the current retrieved information” recited in clause h is a reference back to the “current information” retrieved in clause g; and (2) the claim term “the retrieved information” recited in clause k is referring back to the “current retrieved information” recited in clause h. *Id.* In addition, AutoAlert contends that the Specification does not redefine the word “current” to have a meaning other than its plain and ordinary meaning. *Id.* at 27.

We agree with those explanations from AutoAlert. DealerSocket’s contentions are predicated on the incorrect assumption that the failure to provide explicit antecedent basis for terms necessarily renders a claim indefinite. On the contrary, if the scope of a claim term would be reasonably ascertainable by those skilled in the art, then the claim term is not indefinite. *Energizer Holdings Inc. v. Int’l Trade Comm’n*, 435 F.3d 1366 (Fed. Cir. 2006) (holding that “anode gel” provided by implication the antecedent basis for “zinc anode”).

Additionally, we observe that the Specification of the ’791 patent does

not define the term “current” “with reasonable clarity, deliberateness, and precision.” *See In re Paulsen*, 30 F.3d 1475, 1480 (Fed. Cir. 1994). Rather, we note that the Specification, including the claims at issue, uses the word “current” consistent with the plain and ordinary meaning of the term—namely information associate with the present time.⁴ As such, we determine that DealerSocket has not demonstrated sufficiently that the claim terms “the current retrieved information” and “the retrieved information” are more likely than not indefinite.

Conclusion

In summary, DealerSocket fails to demonstrate that the claims terms the “configuration request,” “the current retrieved information,” and “the retrieved information” are more likely than not indefinite. However, as we discussed above, DealerSocket has demonstrate sufficiently, on this record, that the “may affect” limitation as recited in claims 1 and 6 is more likely than not indefinite. Dependent claims 3–5 and 7 also require that limitation because they depend from either claim 1 or claim 6. Consequently, we determine that it is more likely than not that claims 1 and 6, as well as

⁴ *See current*, THE AMERICAN HERITAGE DICTIONARY OF THE ENGLISH LANGUAGE (2000) (available at <http://www.thefreedictionary.com/current>) (“Belonging to the present time”); *see also current*, COLLINS ENGLISH DICTIONARY (2003) (available at <http://www.thefreedictionary.com/current>) (“of the immediate present”).

dependent claims 3–5 and 7, are unpatentable for failing to comply with the definiteness requirement under 35 U.S.C. § 112, ¶ 2.

C. Patentable Subject Matter Under 35 U.S.C § 101

DealerSocket asserts that claims 1 and 3–7 of the '791 patent are directed to patent-ineligible subject matter under 35 U.S.C. § 101. Pet. 45–65. In particular, DealerSocket takes the position that the challenged claims are directed to an abstract idea, and no other component recited in the claims transforms the patent-ineligible concept to a patent-eligible application. *Id.*

A patent may be obtained for “any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof.” 35 U.S.C. § 101. The Supreme Court has held that this provision contains an important implicit exception: laws of nature, natural phenomena, and abstract ideas are not patentable. *Alice Corp. v. CLS Bank International*, 134 S. Ct. 2347, 2354 (2014); *Gottschalk v. Benson*, 409 U.S. 63, 67 (1972) (“Phenomena of nature, through just discovered, mental processes, and abstract intellectual concepts are not patentable, as they are the basic tools of scientific and technological work.”). Notwithstanding that a law of nature or an abstract idea by itself is not patentable, the practical application of these concepts may be deserving of patent protection. *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289, 1293–94 (2012).

In *Alice*, the Supreme Court reaffirmed the framework set forth previously in *Mayo* “for distinguish patents that claim laws of nature, natural

phenomena, and abstract ideas from those that claim patent-eligible applications of these 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.* If the claims are directed to a patent-ineligible concept, the second step in the analysis is to consider the elements of the claims “individually and ‘as an ordered combination’” to determine whether there are additional elements that “‘transform the nature of the claim’ into a patent-eligible application.” *Id.* (quoting *Mayo*, 132 S. Ct. at 1291, 1297). In other words, the second step is to “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 on the [ineligible concept] itself.’” *Id.* (brackets in original) (quoting *Mayo*, 132 S. Ct. at 1294). The prohibition against patenting abstract idea “cannot be circumvented by attempting to limit the use of the formula to a particular technological environment or adding insignificant post-solution activity.” *Bilski v. Kappos*, 130 S. Ct. 3218, 3230 (2010).

Claims 1 and 3–7 are directed to an Abstract Idea

As the first step of our analysis, we determine whether the claims at issue are directed to a patent-ineligible concept, such as an abstract idea. *See Alice*, 134 S. Ct. at 2355. “[I]t is important at the outset to identify and define whatever fundamental concept appears wrapped up in the claims so that the subsequent analytical steps can proceed on a consistent footing.”

CLS Bank Int'l v. Alice Corp. Pty. Ltd., 717 F.3d 1269, 1282 (Fed. Cir. 2013) (plurality opinion).

In its Petition, DealerSocket contends that the fundamental concept of claims at issue is a series of mathematical manipulations, preceded by ancillary data gathering and followed by conventional post-solution activity. *Id.* at 46–58. As support, DealerSocket directs our attention to an Order denying AutoAlert’s motion for preliminary injunction entered in the related district court proceeding:

[T]his type of concept and the centrality of this concept to the claimed methods bear similarities to the concepts underlying patent claims that the Federal Circuit has found unpatentably abstract. As in *Bancorp Services, LLC v. Sun Life Assurance Co. of Canada* . . . 687 F.3d 1266, 1280 (Fed. Cir. 2012), here the claimed invention covers a process of performing calculations and comparing the results.” Similarly, the Federal Circuit found that in a patent covering software for handling insurance-related tasks, “the abstract idea at the heart of [the challenged claim]” was the concept of “generating tasks based on rules to be completed upon the occurrence of an event.” *Accenture Global Servs., GmbH v. Guidewire Software, Inc.*, 728 F.3d 1336, 1344 (Fed. Cir. 2013) (quotations omitted). . . .

Pet. 46–47 (citing Ex. 1017, 7).

In its Preliminary Response, AutoAlert counters that the challenged claims are not directed to an abstract idea. Prelim. Resp. 42–48. Specifically, AutoAlert contends that, because the claimed mathematical calculations “are conventional in the field of vehicle finance,” the claims are not directed at the core concept of mathematical manipulations, as alleged by DealerSocket. *Id.* at 44. AutoAlert submits that “by analogy with *Bilski*

(hedging risk) and *Alice* (intermediated settlement using a third party to mitigate settlement risk), the core concept of the '791 patent claims is *providing vehicle sales opportunities.*” *Id.* (emphasis in the original). According to AutoAlert, the core concept of providing vehicle sales opportunities is not directed at an abstract idea, because “the claims are directed at specific implementations of computer systems that automatically provide vehicle sales opportunities.” *Id.* at 45–47.

Upon review of the parties’ arguments and supporting evidence, we are persuaded that DealerSocket has demonstrated sufficiently that the claims at issue here are directed to a patent-ineligible abstract idea. The subject matter of the claims is not fundamentally different from the kinds of commonplace financial transactions that were the subjects of the recent decisions from the Supreme Court and the Federal Circuit.

The Supreme Court held that the claims in *Alice* were drawn to the abstract idea of intermediated settlement and that “the mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention.” *Alice*, 134 S. Ct. at 2352, 2358. *Alice* involved “a method of exchanging financial obligations between two parties using a third-party intermediary to mitigate settlement risk.” *Alice*, 134 S. Ct. at 2356. Like the method of hedging risk in *Bilski v. Kappos*, 130 S. Ct. 3218, 3240—which the Court deemed “a method of organizing human activity”—*Alice*’s “concept of intermediated settlement” was held to be “a fundamental economic practice long prevalent in our system of commerce.” *Alice*, 134 S. Ct. at 2356. Similarly, the Court found that “[t]he use of a third-party

intermediary . . . is also a building block of the modern economy.” *Id.* Thus, the Court held that “intermediated settlement . . . is an ‘abstract idea’ beyond the scope of § 101.” *Id.* With respect to the first step of the patent-eligible analysis under the *Mayo* framework, the Court concluded that in *Alice* that “there is no meaningful distinction between the concept of risk hedging in *Bilski* and the concept of intermediate settlement” in *Alice* and that “[b]oth are squarely within the realm of ‘abstract ideas’ as we have used that term.” *Alice*, 132 S. Ct. at 2357.

Here, we observe that each challenged claim, as a whole, is directed to the fundamental concept of *providing vehicle sales opportunities based on loan or lease payments*. In the Summary of the Invention portion of the Specification, it is stated: “Embodiments of the system and method described herein systematically generate and send alerts to dealers when customers are able to enter new financial arrangements under terms favorable to the customer.” Ex. 1001, Abs., 1:22–62, 1:66–2:2. Also, according to AutoAlert, “the core concept of the ’791 patent claims is *providing vehicle sales opportunities*.” Prelim. Resp. 44 (emphasis in original).

Contrary to AutoAlert’s characterization that the claims are directed to a specific implementation of computer systems, the only technological feature recited in the claims is a generic computer system, performing generic computer functions—e.g., retrieving vehicle financing information and transmitting a message to the dealer—without sufficient specificity in the computer implementation. The mathematical calculations covered by

the claims essentially require comparing the difference between the new and current periodic loan payments to a preset value—a simple calculation that can be performed by the human mind, or with the aid of pencil and paper. Indeed, AutoAlert acknowledges that the claimed mathematical calculations “are conventional in the field of vehicle finance.” Prelim. Resp. 44.

On this record, we are persuaded that, similar to the concept of intermediated settlement in *Alice* and the concept of risk hedging in *Bilski*, the concept at issue here—*providing sales opportunities based on loan or lease payments*—is “a fundamental economic practice long prevalent in our system of commerce,” and “squarely within the realm of abstract ideas.” *Alice*, 134 S. Ct. at 2356–57; *Bilski*, 130 S. Ct. 3218.

We further agree with the district court’s observation that the fundamental concept of *providing sales opportunities based on loan or lease payments* also is similar to the concepts at issue in recent Federal Circuit decisions in which the patent claims were held to be invalid for failing to recite patent-eligible subject matter. *See* Ex. 1017, 7. Notably, the Court in *Bancorp* held that the concept of “managing a stable value protected life insurance policy by performing calculations and manipulating the results” to be a patent-ineligible abstract idea. *Bancorp*, 687 F.3d at 1280. In *Accenture*, the Court held the fundamental concept of “generating tasks based on rules to be completed upon the occurrence of an event” to be a patent-ineligible abstract idea. *Accenture*, 728 F.3d at 1344. Similarly, the concept of “processing information through a clearing-house”—that involved a claimed process of: “receiving data from one source (step A),

selectively forwarding the data (step B, performed according to step D), and forwarding reply data to the first source (step C)” —was held to be a patent-ineligible abstract idea in *Dealertrack, Inc. v. Huber*, 674 F.3d 1315, 1333 (Fed. Cir. 2012).

In light of the foregoing, we determine that DealerSocket has demonstrated sufficiently that the challenged claims are directed to a patent-ineligible abstract idea.

Claims 1 and 3–7 Lack a Patent-Eligible Inventive Concept

Turning to the second step in the analysis, we look for additional elements that can “transform the nature of the claim” into a patent-eligible application of an abstract idea. That is, we determine whether the claims include an “inventive concept,” i.e., an element or combination of elements sufficient to ensure that the patent in practice amounts to significantly more than a patent on the abstract idea itself. *Alice*, 134 S. Ct. at 2357. The relevant inquiry here is whether “additional substantive limitations . . . narrow, confine, or otherwise tie down the claim so that, in practical terms, it does not cover the full abstract idea itself.” *Accenture*, 728 F.3d at 1344–45 (internal quotations and citation omitted). The Supreme Court in *Alice* cautioned that merely limiting the use of abstract idea “to a particular technological environment” or implementing the abstract idea on a “wholly generic computer” is not sufficient as an additional feature to provide “practical assurance that the process is more than a drafting effort designed

to monopolize the [abstract idea] itself.” *Alice*, 134 S. Ct. at 2358 (citations omitted).

In its Petition, DealerSocket alleges the computer claim feature does not yield patentable subject matter, because “the computer required by AutoAlert’s claims is employed only for its most basic function, the performance of repetitive calculations, and as such does not impose meaningful limits on the scope of those claims.” Pet. 54–55 (citing *Bancorp*, 687 F.3d at 1278 (internal quotations omitted)). As support, DealerSocket points out that AutoAlert’s expert indicated that the computer recited in AutoAlert’s involved patent simply makes it possible to perform a process “at scale.” *Id.* at 55 (citing Ex. 1021, 248:4, 250:3–20).

DealerSocket also directs our attention to the testimony of Mr. Jeffrey S. Cotton, the sole named inventor of the ’791 patent, that was submitted in the related district court proceeding. *Id.* (citing Ex. 1022). Mr. Cotton testified that, before making the invention of the ’791 patent, he would go through the same kind of process and make the same type of calculations as describe in the ’791 patent, but just “one client at a time.” Ex. 1022, 213:12–214:9, 216:8–9. Mr. Cotton further testified that, typically, he “would have to go through 10, 15, or 20 clients to find the one that had favorable payments.” *Id.* at 215:6–8.

In its Preliminary Response, AutoAlert counters that DealerSocket fails to consider the claims as a whole, and also the technical nature of the claims. Prelim. Resp. 48–49. Specifically, AutoAlert argues that the claims recite elements that require the use of technology, including electronic

communication lines and automated computer processing that were unconventional and nonobvious at the time of the invention. *Id.* at 46–47. AutoAlert further contends that the following method steps require an inventive use of technology: (1) retrieving second vehicle information and second financial terms (*id.* at 49–51); (2) receiving of a configuration request (*id.* at 51–52); (3) retrieving current information in response to the configuration request (*id.* at 52–53); (4) determining a predictive condition based on a difference in payments (*id.* at 53–54); and (5) generating a message (*id.* at 54–55).

We are not persuaded by AutoAlert’s arguments. Instead, on this record, we are persuaded by the arguments and supporting evidence of DealerSocket that the claims at issue here do not add an inventive concept to the abstract idea of *providing sales opportunities based on loan or lease payments*.

In the context of patent-eligible subject matter, we discern no meaningful distinction between independent claim 1, a method claim, and independent claim 6, a system claim, because claim 6 recites essentially the same functions as the process steps of claim 1. Claim 1, reproduced below, is illustrative of the claims at issue:

Claim 1, reproduced below, is illustrative of the claims at issue:

1. A method comprising:

by a ***computer system comprising computer hardware***:

automatically retrieving at least a portion of customer information, first financial terms that a customer has for a first vehicle, and first vehicle information;

automatically retrieving at least a portion of second vehicle information for a second vehicle and second financial terms available to the customer for the second vehicle;

receiving a configuration request for replacing the first vehicle of the customer with a different vehicle;

in response to the configuration request, retrieving in real time changed information since past changed information associated with at least one of the customer information, the first financial terms that the customer has for the first vehicle, the first vehicle information, the second vehicle information, or the second financial terms available to the customer for the second vehicle;

determining, *by the computer system*, whether the changed retrieved information may affect whether it is favorable for the customer to replace a first vehicle and first financial terms with a second vehicle and second financial terms by at least:

automatically calculating one or more new payments based on an estimated equity value of the first vehicle derived from the first financial terms, and, based on the second financial terms; and

automatically determining if the one or more new payments satisfy at least a condition based at least in part on the first financial terms and the second financial terms, wherein the determination comprises calculating a difference between the one or more new payments and an existing periodic payment for the first vehicle, and determining whether the difference is less than or equal to a preset acceptable threshold value;

automatically generating a message if it is determined that the changed retrieved information may affect whether it is favorable for the customer to replace the first vehicle and first financial terms with the second vehicle and second financial

terms, and not generating the message if it is determined that the changed retrieved information may not affect whether it is favorable for the customer to replace the first vehicle and first financial terms with the second vehicle and second financial terms; and

transmitting the message to a dealer.

Ex. 1001, 24:39–25:15 (emphases added).

We observe that the only technological feature recited in claim 1 is a generic computer system, performing generic computer functions. As the Supreme Court articulated in *Alice*, however, “the mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention.” *Alice*, 134 S. Ct. at 2358.

As in *Alice*, the function performed by the computer at each step of the claimed process here is “purely conventional.” *Id.* at 2359. The Specification of the ’791 patent indicates the individual steps of claim 1 can be performed with technology that was well-known in the art at the time of the invention. Ex. 1001, 19:12–15 (“A number of techniques for automatically retrieving [customer information, financing information, and product] information are *known to skilled artisans* and can be employed to implement the information retrieval module . . .”) (emphasis added), 19:62–64 (“[The message to the dealership] can be transmitted by email, pager, web page, database record, fax, or *any other known method* of transmitting electronic data.”) (emphasis added). Further, AutoAlert acknowledges that the claimed mathematical calculations “are conventional in the field of vehicle finance.” Prelim. Resp. 44. Indeed, comparing the

difference between the new and current periodic loan payments to a preset value is no more than a simple calculation that can be performed by the human mind, or with the aid of pencil and paper.

We are not persuaded by AutoAlert's assertion that the use of electronic communication lines to receive and send vehicle financing information is an inventive use of technology. Prelim. Resp. 46. The computers in *Alice* were receiving and sending information over networks connecting the intermediary to the other institutions involved, and the Court found such role of the computers insufficient. *Alice*, 134 S. Ct. at 2359–60; *see also CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1370 (Fed. Cir. 2011) (use of Internet to verify credit-card transaction does not add enough to the abstract idea of verifying the transaction).

For the foregoing reasons, we determine that “each step does no more than require a generic computer to perform generic computer functions,” as in *Alice*, 134 S. Ct. at 2359. Even when the claimed steps are considered “as an ordered combination,” as is the case in *Alice*, they “add nothing that is not already present when the steps are considered separately.” *Id.* (citing *Mayo*, 132 S. Ct. at 1298) (internal quotations omitted). Each of independent claims 1 and 6, as a whole, conveys nothing meaningfully more than the fundamental concept of providing sales opportunities based on loan or lease payments as performed by a generic computer system, either as process steps or functions performed by generic computer system. For a machine to impose a meaningful limit, it must play a significant part in permitting the claimed method to be performed. *SiRF Tech. v. Int'l Trade Comm'n*,

601 F.3d 1319, 1332 (Fed. Cir. 2010). Simply implementing an abstract concept on a computer, without meaningful limitations to that concept, does not transform a patent ineligible claim to a patent-eligible claim. *Accenture*, 728 F.3d at 1345.

Merely reciting a generic computer system does not convert the generic computer to a special purpose computer, when the functions performed by the computer—individually or in combination—are conventional. AutoAlert does not contend, and we do not find on this record, that the claimed subject matter as a whole “improves the functioning of the computer itself,” or “effect an improvement in any other technology or technical field,” as there is no specific recitation in the claims of improved computer technology or advanced programming techniques. *See Alice*, 134 S.Ct. at 2359. As is the case in *Alice*, the claims here amount to “nothing significantly more” than applying an abstract idea on a generic computer system, which is not enough to transform an abstract idea into a patent-eligible invention. *Id.* at 2360.

With respect to dependent claims 3 and 5, AutoAlert alleges that each of the added claim features—requiring the new loan payment to be *no more than* the current loan payment (claim 3) and the new payments to be comprised of payments for *different respective time periods* (claim 5)—“further limits the specific application of the core concept of providing vehicle sales opportunities.” Prelim. Resp. 61. However, those claim features do not recite any improved computer technology or advanced programming technique. Rather, as AutoAlert acknowledges, they simply

are mathematical calculations that “are conventional in the field of vehicle finance.” *Id.* at 44.

As to claims 4 and 7, AutoAlert contends that the added claim features further limit the specific application of the core concept of providing vehicle sales opportunities, and tie the invention to computer-implementation. *Id.* at 60–61. Again, neither of the added claim features, however, recites any improved computer technology or advanced programming technique. Indeed, the added claim feature in claim 4 merely requires a generic computer terminal performing conventional functions—e.g., displaying a message on a computer terminal and assigning the message to a user. The added claim feature in claim 7—retrieving the information with respect to a plurality of customers (i.e., *two* or more customers)—does not even require a conventional database, much less an inventive database.

Simply utilizing a generic computer system to retrieve, send, or display information and to perform conventional mathematical calculations faster and more efficiently is not enough to transform a patent-ineligible claim into a patent-eligible invention. *See Bancorp*, 687 F.3d at 1279 (Fed. Cir. 2012); *SiRF Tech.*, 601 F.3d at 1333 (Fed. Cir. 2010). Nearly every computer has the capability of performing the basic calculation, storage, and transmission functions. *See Alice*, 134 S. Ct. at 2360. At most, the computer implementation involved in the claims at issue here is an attempt to limit use of the abstract concept to a particular technological environment. That, however, is insufficient to transform a patent-ineligible abstract idea

into a patent-eligible invention. *See Alice*, 134 S. Ct. at 2358; *Mayo* 132 S. Ct. at 1294; *Bilski*, 561 U.S. 610–11; *Diehr*, 450 U.S. at 191.

In view of the foregoing, we determine that DealerAlert has shown that it is more likely than not that claims 1 and 3–7 are directed to patent-ineligible subject matter under 35 U.S.C. § 101.

D. Written Description Requirement

DealerSocket asserts that the '791 patent lacks adequate written description support under 35 U.S.C. § 112, ¶ 1, for the “configuration request” and “may affect” claim features. Pet. 33–35, 41, 67–69. For the reasons provided below, DealerSocket has not demonstrated that it is more likely than not that the original disclosure of the application issued as the '791 patent lacks adequate written description for those claim features.

The “configuration request” claim feature

In its Petition, DealerSocket alleges that the Specification “never uses the term ‘configuration request,’” but instead uses the word “request” twice. Pet. 34. DealerSocket also contends that the portions of the Specification using the word “request” merely describe a deal sheet being generated in response to the request, but do not describe “a request in response to which information is retrieved,” as recited in the challenged claims. *Id.* at 34–35. DealerSocket further argues that the claims “mix and match elements of two processes . . . that the specification only ever describes as mutually distinct,” and “the specification does not describe responding to a customer-specific

request by assessing changed information.” Pet. 67–69 (citing Ex. 1013 ¶¶ 5–7; Ex. 1014 ¶¶ 11–13).

AutoAlert counters that the Specification discloses several ways a request can be configured—e.g., specifying the repetition rate used by the system to generate alerts. Prelim. Resp. 23 (citing Ex. 1001, 10:5–14, 42–57). AutoAlert also points out that DealerSocket presents “no evidence from the perspective of a person of ordinary skill in the art.” *Id.* at 63. According to AutoAlert, DealerSocket misinterprets the ’791 patent, as disclosing only three mutually exclusive processes, and the claims to require a customer-specific request. *Id.* at 63–67.

Upon review of the parties’ contentions and evidence before us, we are persuaded by AutoAlert’s explanations. We determine that DealerSocket has not established that the original disclosure of the ’791 patent more likely than not lacks adequate written description support for the “configuration request” claim feature.

As an initial matter, DealerSocket and its experts fail to consider the *original disclosure* of the application (Ex. 1002), which eventually issued as the ’791 patent. They also fail to appreciate that the challenged claims are the *original claims* which are part of the *original disclosure*. Compare Ex. 1001, 24:39–26:43, with Ex. 1002, 40–43.

“[O]riginal claims constitute their own description.” *In re Koller*, 613 F.2d 819 (CCPA 1980); *In re Wertheim*, 541 F.2d 257, 263 (CCPA 1976) (An originally filed claim is its own written description.). Although many original claims will satisfy the written description requirement, we are

mindful that certain claims may not. *See e.g., LizardTech, Inc. v. Earth Res. Mapping, Inc.*, 424 F.3d 1336, 1343–46 (Fed. Cir. 2005).

DealerSocket, however, does not explain why *the original claims* of the '791 patent could not constitute adequately their own written description. *See In re Gardner*, 480 F.2d 879, 879 (CCPA 1973) (“It was equally a ‘written description’ whether located among the original claims or in the descriptive part of the specification.”). Instead, DealerSocket and its experts merely argue that the descriptive portion of the '791 patent does not recite explicitly the claimed subject matter. Pet. 34–35, 67–69. Even if the patent claims were not the originally presented claims, DealerSocket fails to recognize that the claimed subject matter need not be described “*in haec verba*” in the original disclosure in order to satisfy the written description requirement. *See In re Wright*, 866 F.2d 422, 425 (Fed. Cir. 1989). Rather, the test for determining compliance with the written description requirement is whether the original disclosure of the patent application reasonably conveys to a person of ordinary skill in the art that the inventor had possession of the claimed subject matter as of the filing date. *Ariad Pharms., Inc. v. Eli Lilly & Co.*, 598 F.3d 1336, 1351 (Fed. Cir. 2010) (en banc).

Interestingly, DealerSocket, in its discussion concerning the prior art ground of unpatentability under § 103, alleges that the challenged “claims are directed to an obvious automation of a well-known prior art process,” and proffers the declarations of Messrs. Brain Allan and Darren VanCleave to show that the process was known to a person of ordinary skill in the art.

Pet. 69–75 (citing Exs. 1011, 1015). Yet, DealerSocket does not provide sufficient explanation or credible evidence regarding the general knowledge possessed by one of ordinary skill in the art regarding the written description inquiry. Nor does it explain why a skilled artisan—who allegedly would have known the non-automated claimed process and would have found the automated claimed process obvious—could not have reasonably recognized in light of the original disclosure that the inventor had possession of the subject matter in the original claims. It is not enough to point out that the description portion of the ’791 patent does not explicitly disclose every claim limitation verbatim.

For the foregoing reasons, DealerSocket has not demonstrated adequately that it is more likely than not that the original disclosure of the application issued as the ’791 patent lacks adequate written description support for the claim feature “configuration request.”

The “may affect” claim feature

In its Petition, DealerSocket alleges that the Specification describes generating alerts whenever new information is retrieved that *affects* whether customers are able to advantageously enter a new lease or purchase transaction, but “there is no written description support for determining whether information *may* (as opposed to *does*) affect anything.” Pet. 41.

AutoAlert responds that the Specification explains why the determination step uses the term “may affect.” Prelim. Resp. 25. As support, AutoAlert cites the following portion of the Specification:

[A] person *may* find the replacement product and the payments under the terms of the replacement agreement acceptable if they are sufficiently similar to the current product and payments under the current agreement.

Id. (citing Ex. 1001, 1:49–52).

We are not persuaded by DealerSocket’s arguments, as they, again, are predicated on the incorrect premise that the claimed subject matter must be described “*in haec verba*” in the descriptive portion of the ’791 patent, in order to satisfy the written description requirement. Furthermore, DealerSocket fails to explain sufficiently why the example cited by AutoAlert, reproduced above, does not reasonably convey to a person of ordinary skill in the art that the inventor had possession of the “may affect” claim feature. In fact, DealerSocket does not provide any explanation as to the level of ordinary skill in the art regarding the written description requirement. As the Specification is viewed from the perspective of one of ordinary skill in the art, the level of detail required “varies with the nature and scope of the invention at issue, and with the scientific and technologic knowledge already in existence.” *Capon v. Eshhar*, 418 F.3d 1349, 1357 (Fed. Cir. 2005). Therefore, merely pointing out that the descriptive portion of the ’791 patent does not disclose explicitly the claim feature verbatim is insufficient to establish lack of adequate written description.

Conclusion

For the foregoing reasons, we determine that DealerSocket has not demonstrated that it is more likely than not that the challenged claims are unpatentable for lacking an adequate written description under § 112, ¶ 1.

E. Enablement Requirement

DealerSocket asserts that claims 1 and 3–7 are unpatentable for failure to comply with the enablement requirement under 35 U.S.C. § 112, ¶ 1. Pet. 33. In particular, DealerSocket argues that the Specification “never *describes* determining whether any information *may* affect favorability” and “what information affects (or may affect) favorability.” Pet. 43–45 (emphases in the original).

In its Preliminary Response, AutoAlert counters that the Specification “teaches that favorability is assessed based on *all* of the underlying information that goes into the calculations, not on a subset of the information.” Prelim. Resp. 40. AutoAlert further alleges that claim 1 “expressly recites the steps that determine whether the changed retrieved information may affect whether it is favorable.” *Id.*

We are not persuaded by DealerSocket’s arguments. In its Petition, DealerSocket merely points out that the descriptive portion of the Specification does not disclose explicitly the “may affect” claim limitation verbatim. Pet. 42–45. However, the enablement requirement of § 112, ¶ 1, is separate and independent from the written description requirement. *Ariad*, 598 F.3d at 1344.

A specification is not enabling if one with ordinary skill in the art would be unable to practice the invention without “undue experimentation.” *In re Wands*, 858 F.2d 731, 737 (Fed. Cir. 1998). A disclosure can be enabling even though some experimentation is necessary. *Hybritech Inc. v. Monoclonal Antibodies, Inc.*, 802 F.2d 1367, 1384 (Fed. Cir. 1986). The issue is whether the amount of required experimentation is undue. *In re Vaeck*, 947 F.2d 488, 495 (Fed. Cir. 1991); *In re Angstadt*, 537 F.2d 498, 504 (CCPA 1976). Factors relevant to a determination of whether undue experimentation would be necessary include: (1) the quantity of experimentation necessary, (2) the amount of direction or guidance presented, (3) the presence or absence of working examples, (4) the nature of the invention, (5) the state of the prior art, (6) the relative skill of those in the art, (7) the predictability or unpredictability of the art, and (8) the breadth of the claims. *Id.*

DealerSocket does not identify with sufficient specificity what experimentation is needed. In fact, DealerSocket does not make any assessment of the level of experimentation that would be required for one with ordinary skill in the art to make and use the claimed invention. In view of the foregoing, DealerSocket has not demonstrated adequately that it is more likely than not that the Specification of the ‘791 patent is a non-enabling disclosure.

F. Operability

DealerSock asserts that claims 1 and 3–7 are unpatentable under 35 U.S.C. § 101, because they are inoperable. *Id.* at 65–67. In light of the

instituted ground of unpatentability under § 112, ¶ 2, for the failure to particularly point out and distinctly claim an invention, and the instituted ground of unpatentability under § 101 for lack of patent-eligible subject matter, we exercise our discretion not to institute a review based on the inoperability ground over the same claims. *See* 37 C.F.R. § 42.208(a).

G. Ground of Unpatentability Under 35 U.S.C. § 103

DealerSocket asserts that claims 1 and 3–7 are unpatentable under 35 U.S.C. § 103 “because computerized automation of known processes is obvious.” Pet. 69–76. As support for its assertion, DealerSocket proffers the Declarations of Messrs. Allan and VanCleave. Exs. 1011, 1015.

A determination of obviousness over prior art begins with ascertaining the scope and meaning of the claims. *In re Hiniker Co.*, 150 F.3d 1362, 1369 (Fed. Cir. 1998); *see also Oakley, Inc., v. Sunglass Hut Int’l*, 316 F.3d 1331, 1339 (Fed. Cir. 2003) (Both anticipation and obviousness are two step inquiries; the first step is to determine the scope and meaning of the claims being challenged, and the second step in the analysis requires a comparison of the properly construed claim to the prior art.). As discussed previously, DealerSocket also asserts that the certain claim terms cannot be construed and thereby render the claims indefinite. Pet. 31–45. As we articulate above, it is more likely than not that one with ordinary skill in the art could not have ascertained the scope of the claims with reasonable certainty, even when reading the claim language in light of the Specification and the prosecution history.

In view of the instituted ground of unpatentability under § 112, ¶ 2, for the failure to particularly point out and distinctly claim an invention, we deny the prior art ground of unpatentability asserted by DealerSocket as to claims 1 and 3–7. *See In re Steele*, 305 F.2d 859, 862-63 (CCPA 1962) (the prior art grounds of unpatentability must fall, *pro forma*, because they are based on speculative assumption as to the scope of the claims).

III. CONCLUSION

For the forgoing reasons, we determine that the information presented in the Petition establishes that it is more likely than not that claims 1 and 3–7 of the '791 patent are unpatentable. At this stage in the proceeding, we have not made a final determination with respect to the patentability of the challenged claims, including the claim construction.

IV. ORDER

Accordingly, it is

ORDERED that pursuant to 35 U.S.C. § 324(a), a covered business method patent review is instituted for the following claims and on the following grounds:

Claims 1 and 3–7 as indefinite under 35 U.S.C. § 112, second paragraph, with respect to the “may affect” limitation;

Claims 1 and 3–7 as being directed to patent-ineligible subject matter under 35 U.S.C. § 101;

FURTHER ORDERED that no other ground of unpatentability asserted in the Petition is authorized for this covered business method patent review; and

FURTHER ORDERED that pursuant to 35 U.S.C. § 324(d) and 37 C.F.R. § 42.4, notice is hereby given of the institution of a trial; the trial commences on the entry date of this decision.

Case CBM2014-00139
Patent 8,396,791 B2

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