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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

DEALERSOCKET, INC.

Petitioner,

v.

AUTOALERT, LLC

Patent Owner.

Case CBM2014-00139
U.S. Patent No. 8,396,791

PATENT OWNER AUTOALERT, LLC'S RESPONSE

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I. INTRODUCTION AND SUMMARY OF ARGUMENT

AutoAlert's patented technology provides methods for identifying promising sales leads in auto dealership customer databases in a timely manner previously unachievable. The technology, described and claimed in U.S. Patent No. 8,396,791, solved a technical problem existing since dealerships began storing customer information on computers. It is difficult to determine which customers in a dealership's database are promising candidates for a sales pitch. Dealerships have long struggled to solve this problem.

AutoAlert is a one-product company founded in 2002 and built on the patented technology, which has shown itself to be revolutionary. AutoAlert has grown rapidly, and it currently generates sales leads for more than 3,200 dealerships nationwide. Dealerships pay AutoAlert a monthly fee, and in exchange the dealerships receive sales leads from AutoAlert. The Petitioner joined the market in the first half of 2013 with its own competing product following the same general business model.

The difficulty of finding promising vehicle sales leads using computers has challenged the car selling industry since the start of the computer era, and it was an old problem before AutoAlert developed its solution. While people had previously tried to address the problem in a variety of ways, none came close to solving the problem as effectively as AutoAlert. Some prior approaches used computers to

identify customers nearing the end of existing loans or leases. Other approaches used computers to identify customers with equity in their current vehicles. The simplest approaches identified customers with upcoming birthdays or anniversaries of past purchases.

AutoAlert's approach relies on a computer system that performs new and nonobvious combinations of concrete steps. The computer system retrieves a wider range of information than previously existing technology; it repeatedly acquires updated information that allows it to identify sales opportunities not previously detectable; and it assesses that updated information more selectively than previously existing technology. These technical improvements result in dramatically higher quality sales leads than previous approaches.

AutoAlert was not the first company to develop technology addressing the general concept of generating sales leads for dealerships. And the patent does not merely claim the general concept of generating vehicle sales leads and then say "apply it" using a computer. Rather, AutoAlert originated an innovative combination of steps for generating sales leads and transmitting them to dealerships in a way never previously done manually or by machine. The patent does not preempt the field of generating vehicle sales leads.

AutoAlert's technology stands in stark contrast to business method patents directed to such things as picking stocks, hedging risk, or performing financial

escrow services. The patent is not a covered business method patent under the statutory test for determining eligibility for CBM review.

With respect to the first prong of the definition for CBM patents, the claims and Specification show that the '791 patent is not directed at managing or facilitating a financial service. It is directed at a different purpose, namely generating vehicle sales leads.

With respect to the second prong, the '791 patent is ineligible for CBM review because it is directed to a technological invention. The claims recite novel and non-obvious computer systems and methods that include a combination of steps not previously performed manually or by machine. The claims improve upon the technical performance of earlier systems by retrieving a wider range of information, acquiring more timely information, and assessing that information more selectively. The claimed subject matter, as a whole, recites technological features that are novel and unobvious over the prior art. It does not merely claim the automation of steps that had previously been performed in the prior art.

On the merits, the claim term “may affect whether it is favorable” is not invalid under 35 U.S.C. §112 for indefiniteness. The Petitioner arrives at that erroneous conclusion by failing to interpret the claim term to have the meaning associated with the phrase by a person of ordinary skill in the art considering the

Specification and claims in their entirety. The Petitioner also fails to properly interpret the teaching in the Specification that corresponds to the claim term.

The challenged claims are not invalid under 35 U.S.C. §101 as being directed at ineligible subject matter. The Petitioner misinterprets the claims as being directed to an abstract idea. To this point, the Board preliminarily concluded that the claims are directed at the abstract idea of “providing sales opportunities based on loan or lease payments.” The Petitioner and Board each arrive at a purported abstract idea that disregards technical details in the claims that narrow them to particular concrete applications. The Petitioner also errs by misinterpreting the claims as reciting “conventional” steps, overlooking the presence of inventive concepts. These include the use of repetitive gathering of timely information and the recitation of a “configuration request” that allows a dealership to configure the details of its search for sales leads.

Each of the invalidity grounds lacks merit when the patent and its claims are properly interpreted, and AutoAlert requests that the Board issue a Decision holding that Petitioner has failed to meet its burden on all instituted grounds.

II. THE '791 PATENT

A. Background

AutoAlert was founded in 2002 to commercialize the company’s inventions, including the systems and methods claimed in the ’791 patent. AutoAlert uses its

computer system to generate a fresh set of daily sales leads for each of its customers (dealerships) in exchange for a monthly fee. AutoAlert is a one-product company built around its patented technology.

AutoAlert has experienced tremendous growth in recent years as the dealership industry has embraced its computer-implemented methods that provide timely and valuable sales leads. The table below shows the recent and rapid growth in the number of dealerships paying AutoAlert for its lead generation services.

Year	No. of Dealerships
2007	37
2008	85
2009	208
2010	445
2011	1,094
2012	1,192
2013	2,456
2014 (through 10/31)	3,241

B. The '791 Patent

The '791 patent discloses a number of embodiments that alert vehicle dealers to opportunities to sell vehicles at favorable terms to customers still making payments on existing vehicles. The systems and methods are selective and predictive in nature, alerting dealers to the small percentage of favorable sales opportunities that exist at a given time within a large population of past customers

who are not actively shopping for a new vehicle. The patent explains that, by using the alerts generated by disclosed systems, “a person (such as a salesperson) may proactively contact a customer to offer the potential replacement agreement.” (Ex. 1001, 4:29–31.)

Throughout the lifespan of financing a vehicle, there are windows of time in which a customer may unknowingly have a favorable deal available to them. The patent claims allow those opportunities to be identified as soon as they arise. “If a seller of products, such as an automobile dealership, knows when a customer is able to enter into a new financial arrangement under terms favorable to the customer, the seller can take advantage of this knowledge by offering a deal to the customer that includes the favorable terms.” (Ex. 1001, 1:54–58.)

1. Comparing A Payment On A First Vehicle With A Payment On A Second Vehicle As A Predictor Of Favorability

To find favorable sales opportunities within a population not actively shopping for a vehicle, the patented system iteratively evaluates former customers currently paying on an existing vehicle (loan or lease). Figs. 1A–1D of the patent show an example of the system being used by “Joe’s Dealership” to evaluate whether a favorable sales opportunity exists for a customer, “John Smith.” The financial arrangement for Mr. Smith’s current vehicle is shown below:

Existing Vehicle	
Class Description	Q-Class
Series Description	Q155 Wagon 4D
Year	2000
Deal Recap	
Contract Start Date	6/10/2000
Capitalized Cost	\$53,258
Residual Amount	\$34,160
Contract Term	39
Base Payment	\$856
Total Payment	\$922
Payoff Amount	\$37,136
Trade-In Amount	\$30,050
Trade Equity	\$7,086–
Balance To Maturity	
Payments Made	35
Payments Remaining	4
Payment History	30 – 0, 60 – 0, 90 – 0
Balance to Maturity	\$4,039–
Preferred Equity	
Equity	\$4,039–

(Ex. 1001 at Figs. 1A and 1B (excerpts).)

The financial terms include, among other things, the candidate customer's monthly payment and the number of payments made, and remaining, on the customer's existing vehicle. (*Id.*, 6:24–7:14.) The system determines a trade-in value for the existing vehicle derived from suitable sources, optionally based in part on the mileage and condition of the vehicle. (*Id.*, 6:39–48.) The system also uses an estimated equity value for the existing vehicle derived from the financial terms for the vehicle. (*See, e.g., id.*, 6:37–39, 7:43–44, Figs. A, B.)

To assess whether a favorable deal may be offered to Mr. Smith, the system determines a candidate replacement vehicle associated with his current vehicle.

(*Id.*, 5:30, Fig. 1C, *see also* 7:38–67.) The system may determine a candidate replacement vehicle in any suitable manner, including but not limited to using a database, a data file, or the like. (*Id.*, 17:57–18:20.) In the example of Figs. 1A and 1C, the system determined a replacement vehicle for Mr. Smith that is a newer version of the same model as his existing vehicle (a Q155 Wagon 4D).

The system determines prospective financing terms for the replacement vehicle that may be offered to Mr. Smith as a replacement for his existing vehicle. (Ex. 1001, 5:31–32, Fig. 1D, *see also* 8:1–67.) This includes new monthly payments for the replacement vehicle based on the equity in the existing vehicle and on the prospective financing terms for the replacement vehicle. Figs. 1A and 1D show example prospective financing terms determined by the system for Mr. Smith to trade-in his current vehicle and finance the chosen replacement vehicle, with financing terms provided for two lenders, “Dealer Credit” and “Big Bank,” for financing periods of 36, 48, and 60 months. (*Id.*, Figs. 1A, 1D.) The system can use any financing scheme, such as a lease, a balloon payment loan, or a purchase payment loan. (*Id.*, 8:50–67, Figs. 1H–1J.)

The system calculates the difference between the candidate customer’s existing and new monthly payments. For the example with Mr. Smith:

Dealer Credit			
Contract Term	36	48	60
Payment	\$1,037	\$901	\$823
Difference	\$181	\$45	\$33–

Big Bank, Inc.			
Contract Term	36	48	60
Payment	\$907	\$783	\$705
Difference	\$51	\$73–	\$151–

(Ex. 1001 at Figs. 1A, 1D (excerpts).)

The system uses this difference in monthly payment as a predictor as to whether a sales opportunity exists, that is, whether it may be deemed favorable for a candidate to replace an existing vehicle with a new one. To make this assessment without input from the candidate, the system uses preset criteria for what is deemed to be favorable. The system may be configured to consider a deal “favorable” when the difference in payments is negative, when it is less than 10% of the existing payment, or any other suitable value. (*Id.*, 18:21–36.)

When the system determines that a deal is favorable under the preset criteria, it generates a message and transmits the message to the dealer, alerting the dealer to the associated sales opportunity. (Ex. 1001, 5:46–63.) As an example, Figs. 1E–1G show portions of a “deal sheet” alerting a dealer to a sales opportunity for a candidate customer, Mary Doe. Fig. 35 presents another example for a candidate customer, Joseph Johnson. The deal sheet includes information on the candidate customer, the existing vehicle, and the existing financial terms. (*Id.* at Figs. 1E–1G; Fig. 35; *id.*, 5:27–6:61). It further includes information on the new vehicle and prospective financing terms. (*Id.*, 7:38–8:42, Figs. 1E–1G and 35.)

The independent claims of the '791 patent recite the above steps as the retrieving of the constantly changing underlying information; the calculating of one or more new payments; the determination of whether the new payments meet a condition (specified as calculating a difference in payments and determining whether the difference is less than or equal to a threshold value); the generation of a message (or not generating a message, as may be appropriate based on the results of the automatic calculations); and the transmission of the message. (*Id.*, Claims 1 and 6.)

2. **The Need For Timely Information And Repeated Analysis**

The underlying information that dictates the favorability of opportunities changes over time as customers make their monthly payments and build equity, or reduce the negative equity, in their existing vehicles (Ex. 1001, 6:53–61), as the existing vehicles' trade-in values change (*id.*, 6:39–53), as lender interest rates move up and down (*id.*, 8:9), and as other underlying data changes. Accordingly, when searching for candidates in a database, the system does not acquire information and perform the payment comparison discussed above only once. Rather, the system is designed to ***repeatedly acquire updated information*** and repeatedly calculate payment comparisons based on the updated information:

Advantageously, by automatically retrieving a large amount of information relating to products, customers, and financing, the

information retrieval module 3930 contributes to the ability of the financial terms alert generation system 3905 to generate a large amount of alerts regarding financing opportunities **in a timely fashion** such that dealers can be informed of such opportunities in time to convert many such opportunities into sales. Advantageously, the automation provided by the information retrieval module 3930 also allows for **periodic** alert generation based on **up-to-date information**.

(Ex. 1001, 22:41–50 (emphasis added).)

Fig. 5 of the patent shows an example for “Jane M. Client,” in which the process was run iteratively. By repeatedly checking for favorable deals for a customer, the system alerts the dealership to the earliest opportunity to proactively contact the customer for a potential sale:

If a seller of products, such as an automobile dealership, knows **when** a customer is able to enter into a new financial arrangement under terms favorable to the customer, the seller can take advantage of this knowledge by offering a deal to the customer that includes the favorable terms. Accordingly, such knowledge, if possessed by the dealer, can drive increased sales. Nevertheless, no system or method

has existed for alerting a seller **when** a customer is able to enter a new financial arrangement under terms favorable to the customer.”

(*Id.*, 1:54–62 (emphasis added).)

The independent claims of the ’791 patent require repetition of the process discussed above through the reciting of retrieving of the constantly changing underlying information, followed by the retrieving of **current information** associated with the underlying information (i.e., updated information), followed by determining by the computer system whether **the current retrieved information** (i.e., the updated information) dictates favorability (as assessed by the calculation steps that follow). (See *id.*, Claims 1 and 6.)

3. The Use of Batch Processing

In addition to teaching repetition, the patent also teaches applying the process across a customer database, such as the Customer Information database 3915. By way of example, Figs. 3 and 4 of the patent show alerts generated from a search across a customer database. The system generated “New” alerts for the customers “Nathan Client,” “Mary Johnson,” “John Smith,” and “John E. Apple.” (Ex. 1001, Figs. 3 and 4.) The customer databases maintained by dealerships are generally very large, containing information on thousands or tens of thousands of former customers. Because the system must perform a large number of computer processing steps to perform the method across a large database, the patent teaches

that the system may retrieve the underlying information and perform the determination steps through batch processing. (Ex. 1001, 22:59–65.)

Performing the process across a number of different customers, such as across a customer database, is not required by the independent claims of the '791 patent. It is recited in dependent Claim 7: “The computing system of claim 6, wherein the computing system is configured to retrieve the changed information with respect to a plurality of customers.” (See Ex. 1001, Claim 7.)

4. Configuring Messages To Be Read By A Dealer Terminal

In furtherance of its purpose, the patent teaches that the system can configure the message to a dealership to have attributes that facilitate use of the message by the sales staff of the dealership. Figs. 2 through 33 of the patent show example displays the system presents to a dealership. These include an initial view presented to salespersons (Figs. 3, 4), a contact management view associated with a customer (Figs. 5–8, 11), an initial view presented to a sales manager (Figs. 14), search screens (Figs. 15A, 15B), views associated with reports (Figs. 16–30), and interfaces for manual alteration of inputs, such as dealer subsidies (Fig. 31, 32).

As shown by these figures, the system configures the message to be read by a dealer terminal. The message can also be configured to be assigned to a particular salesperson for handling (*see, e.g.*, Figs. 3, 4 (showing alerts assigned to

sales associate Jeff Cotton)); it can be configured to be associated with a task (*see id.*); and it can be assigned a status (*see, e.g.*, Figs. 3–8).

Configuring the message to be read by a dealer computer terminal for the purpose of allowing the dealership to manage the message is not required by the independent claims of the '791 patent. It is recited in dependent Claim 4: “wherein the message is configured to be read by a dealer terminal configured for managing the message, wherein managing the message includes at least one of assigning the message to a user for handling, associating a task with the message, and assigning a status to the message.” (Ex. 1001, Claim 4.)

5. Assessing Different Financing Periods

When searching for potentially favorable sales leads, the patent teaches calculating the new monthly payments for loans (or leases) with different terms, such as 36, 48, and 60 months. (Ex. 1001, 5:37–39; Figs. 1A, 1E, 1G.) This expands the possibility of finding a favorable lead because a customer may be associated with an unfavorable deal at one term but with a favorable deal at another. In the example of Fig. 1A, Mr. Smith’s new monthly payment would increase by \$51 if the new vehicle is financed over 36 months, but it would drop by \$73 if financed over 48 months.

Calculating new payments for different financing terms is not required by the independent claims of the '791 patent. It is recited in dependent Claim 5:

“wherein the one or more new payments comprise payments for different respective time periods.” (Ex. 1001, Claim 5.)

6. The Patent Is Not Limited To Three Mutually Exclusive Processes

Petitioner argues that the patent teaches only three processes for retrieving information that are mutually exclusive. That is a misreading of the patent. Petitioner focuses on the Summary of the Invention section and three embodiments disclosed in the Detailed Description in connection with the “financial terms comparison module” (element 3935). In so doing, it wholly ignores the bulk of the teaching in the Detailed Description, including the extensive disclosure of an “information retrieval module” (element 3930) that is inconsistent with Petitioner’s interpretation. (Ex. 1001, 21:45–22:55.)

III. THE PATENT IS NOT A COVERED BUSINESS METHOD PATENT

A. Legal Standard

Petitioner bears the burden of establishing that the ’791 patent is a “covered business method patent,” as defined by the Leahy-Smith America Invents Act. Pub. L. No. 112-29, 125 Stat. 284 (2011) (“AIA”); 37 C.F.R. § 42.304(a). This analysis focuses on the claims. See Transitional Program for Covered Business Method Patents—Definitions of Covered Business Method Patent and Technological Invention, 77 Fed. Reg. 48,734, 48,736 (Aug. 14, 2012) (Final Rule).

A patent only qualifies as a “covered business method patent” if it “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); 37 C.F.R. § 42.301(a). To determine whether a patent meets the technological invention exception, the following are considered: whether the claimed subject matter as a whole (1) recites a technological feature that is novel and unobvious over the prior art; and (2) solves a technical problem using a technical solution. 37 C.F.R. § 42.301(b).

B. The Claims Are Not Drawn To “A Financial Product or Service”

Petitioner argues that the ’791 patent satisfies the first prong of the CBM test because retrieving and processing data for the purpose of alerting dealerships to potentially favorable sales opportunities relates to the practice, administration, or management of a financial product or service. (Petition at 6–8.) In its Decision instituting trial, the Board agreed with that argument, stating that “generation of sales leads is at least *complementary* to a financial activity, such as the purchase or lease of an automobile.” (Decision (Paper 12) at 9 (*italics in original*).) The Board further explained that, “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, 24:39–25:10)—are related to monetary matters.” (*Id.* (italics in original).)

Petitioner’s terse and conclusory analysis and the Board’s preliminary analysis each confuse the method of the claim with its purpose and end result. The method includes retrieving and using information associated with an existing financial arrangement and one or more prospective financial arrangements. But neither the purpose nor end result of the claim is to generate or transmit a financial arrangement; it is the generation of a lead for selling vehicles and the transmitting that lead to a dealership. This is an important distinction when assessing eligibility for CBM review. Generating leads for selling vehicles is not within the universe of methods associated with the practice, administration, or management of a financial product or service. The result would be different if the claimed methods generated and transmitted leads for selling home mortgages or car loans, neither of which are the subject of the ’791 patent.

Furthermore, Claim 1 does *not* recite a method whereby a dealership generates sales leads for use in selling vehicles. Rather, a dealership is *the recipient* of sales leads transmitted to it when the method of Claim 1 is performed by another. In other words, the “product” associated with Claim 1 is a sales lead,

and the entity practicing the claim can monetize the value of the sales leads it generates by selling them to the dealership. But that monetization does not mean that Claim 1 is directed at a financial product or service any more than the rubber curing method patented in *Diamond v. Diehr*, 450 U.S. 175, 187, 101 S. Ct. 1048 (1981), which generates cured rubber that can be sold to others.

C. The '791 Patent Is Directed To A Technological Invention

Petitioner characterizes Claim 1 as reciting no technology other than the fact that the method is performed “by a computer system comprising computer hardware.” In its Decision instituting trial, the Board agreed with that argument, stating that “The only technological feature recited in claim 1 is a *generic computer*.” (Decision at 11 (*italics in original*).) Petitioner’s terse analysis and the Board’s preliminary analysis each fails to properly consider whether the claimed subject matter *as a whole* recites a technological feature that is novel and unobvious *over the prior art*.

Claim 1 recites, in part:

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 first financial terms . . . or the second financial terms . . .[.]

As indicated by the claim, the “configuration request” is a configurable request that sets the parameters that the computer system uses to generate sales leads by identifying candidate customers for replacing an existing vehicle with a new vehicle. As also indicated by the claim, the system achieves its purpose by retrieving, for a given customer, information on a prospective replacement vehicle and prospective financing terms for that vehicle. As further indicated, the system has to retrieve current information, e.g., updated information on the first and second financial terms. As set in the configuration request, the updated information may be retrieved periodically, e.g., nightly. The technology to perform these steps was not merely unconventional in the prior art, it did not exist at all. Nor could the steps be performed manually.

The analysis under 37 C.F.R. § 42.301(b) also asks whether the claimed subject matter as a whole “solves a technical problem using a technical solution.” 37 C.F.R. § 42.301(b). The Board preliminarily concluded that Claim 1 failed to meet this prong. (Decision at 12.) To this point, the Board stated, “The generation of sales leads to increase sales of a product (e.g., automobiles) is not a technical problem[.]” (*Id.*)

To the contrary, ascertaining the most favorable sales leads from the electronically stored information in a dealership's customer database is a technical problem that the industry failed to solve for many years. It is a technical problem that Claim 1 addresses with a technical solution that requires electronically and repetitively retrieving in a timely manner information residing in disparate data sources containing electronically stored information. Prior art non-technical approaches did not, and could not, perform the same method or achieve the same result. Moreover, there is no reason to perform the combination of steps recited in Claim 1 unless the steps are implemented via the recited technology.

**IV. THE PATENT CLAIMS ARE NOT INVALID UNDER ANY OF THE
INSTITUTED GROUNDS**

A. Legal Standards

The Board interprets claim terms using the broadest reasonable interpretation as understood by one of ordinary skill in the art and consistent with the disclosure. 37 C.F.R. § 42.300(b); Office Patent Trial Practice Guide, 77 Fed. Reg. 48756, 48766 (Aug. 14, 2012). Under the broadest reasonable construction standard, 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 Tech., Inc.*, 504 F.3d 1249, 1257 (Fed. Cir. 2007). Conversely, a “claim term will not receive its ordinary meaning if the patentee acted as his own

lexicographer and clearly set forth a definition of the disputed claim term in either the specification or prosecution history.” *CCS Fitness, Inc. v. Brunswick Corp.*, 288 F.3d 1359, 1366 (Fed. Cir. 2002).

For each of the challenged claims, Petitioner bears the burden of establishing unpatentability by a preponderance of the evidence. 35 U.S.C. § 316(e).

B. The Petitioner And Board Apply An Erroneous Claim Construction for “May Affect Whether It Is Favorable”

Petitioner, relying solely on attorney argument, asserts that the claim term “may affect” within the phrase “may affect whether it is favorable . . .” is indefinite. Similarly, the Board preliminarily concluded that “may affect whether it is favorable” is more likely than not indefinite. (Decision at 18–23.) Petitioner and the Board each erred on this issue. As used in the claims of the ’791 patent, the term “may affect whether it is favorable” has readily discernable boundaries to a person of ordinary skill in the art.

Claim 1 recites, in pertinent part:

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; * * *.

To a person of ordinary skill in the art, the claim itself sets forth objective boundaries for “may affect whether it is favorable.” Specifically, the computer system determines whether the information “may affect whether it is favorable” by performing the recited “calculating” and “determining” steps. The “preset acceptable threshold value” is expressly stated to be “preset,” and thus is a known value when the claimed method is performed. The Specification discusses the function of the threshold, and it provides example thresholds wherein a deal is favorable if the difference in payments is zero or negative, and if the difference is less than or equal to 10% of an existing monthly payment. (Ex. 1001 at 18:21–36.) With the preset value known, there is no ambiguity whatsoever in how the

“calculating” and “determining” steps are to be performed. In turn, there is no ambiguity in the boundaries of the claim term “may affect whether it is favorable.”

To a person of ordinary skill in the art at the time of the invention, the term “may affect whether it is favorable” is a reference to any set of circumstances for a given customer (based on the changed information retrieved in real time as recited earlier in the claim) that satisfies the “preset acceptable threshold value” analysis recited in the claim. Conversely, a set of circumstances that fails to satisfy the “preset acceptable threshold value” analysis may not 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. (Ex. 2004 (Carbonell Decl.) ¶ 22.)

C. The Claim Term “May Affect Whether It Is Favorable” Is Not Indefinite

To establish invalidity under 35 U.S.C. § 112, second paragraph, based on indefiniteness, Petitioner has the burden of demonstrating by a preponderance of the evidence that the language of a patent claim, read in light of the Specification and prosecution history, “fail[s] 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). “[A] patent must be precise enough to afford clear notice of what is claimed, thereby ‘appris[ing] the public of what is still open

to them.’” *Id.* at 2129. Importantly, the assessment is made from the perspective of a person of ordinary skill in the art. *Id.* at 2128.

Petitioner argues that the claim term “may affect whether it is favorable” is ambiguous because the patent fails to distinguish circumstances that “may” affect favorability from circumstances that “may not” affect favorability. Petitioner also argues that the term is ambiguous because whether a deal is “favorable” is subjective and dependent on the specific desires of customers. In its Decision instituting trial, the Board preliminarily interpreted the claim term in the same manner, concluding that it contains two terms of degree, “may affect” and “favorable,” each of which are “highly subjective.” (Decision at 19.) The interpretations of Petitioner and the Board are improperly based on assessing the claim term in a vacuum, divorced from the teaching of the patent and the claims.

To a person of ordinary skill in the art, the Specification and claims show that the terms “may affect” and “favorable” should not be parsed from the entire claim term and interpreted separately. Properly interpreted, the phrase “may affect whether it is favorable” should be interpreted in its entirety. When properly considered in that manner, the Specification and claims provide an objective standard for the claim term. (Ex. 2004 ¶¶ 21–23.)

Claim 1 recites, in pertinent part:

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; * * *.

Importantly, to a person of ordinary skill in the art the claim itself treats the phrase as a unit, reciting the language within a “determining” step that does not distinguish between or separately address the “may affect” and “favorable” terms. (Ex. 2004 (Carbonell Decl.) ¶ 24.) Moreover, the claim sets forth a clear, objective boundary that distinguishes circumstances that “may affect whether it is favorable” from circumstances that may not affect whether it is favorable. (*Id.* ¶ 25.) The

computer system distinguishes between these circumstances by performing the “calculating” and “determining” steps that are subsequently recited in the claim, including, “calculating a difference between the one or more new payments [on a second vehicle] 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.”

These steps in the claim are also taught, in greater detail, in the specification:

In a block 3630, the process 3600 generates, based on the comparison of the block 3620, a number of alerts to inform a dealership that a customer can advantageously switch financial arrangements. In one embodiment, the process 3600 **generates an alert whenever the difference between the amount that a customer will pay for a new but comparable financial arrangement as compared to the customer's current financial arrangement is below a threshold value.** For example, in one embodiment, the process 3600 generates an alert whenever the difference in payment amount is less 10%, such that, for example, an alert is generated when a new payment amount would be \$540 and a current payment amount is \$500. Alternatively, the process 3600 can be configured to generate an alert only when the difference between a new payment amount and a current payment

amount is negative; that is, when the new payment amount is less than the current payment amount.

(Ex. 1001 at 19:32–47; Ex. 2004 ¶¶ 21–22.)

The patent teaches that the “preset acceptable threshold value” is a known value when the determination and calculation steps are performed. With the preset value known, there is no ambiguity or subjectivity in the boundaries of the claim term “may affect whether it is favorable.” Accordingly, the term is not indefinite.

The Board stated that the “determining” and “calculating” steps are recited after the claim term “by at least,” which indicates that other limitations may be included in the “whether it may be favorable” determination. (Decision at 21.) But the patent law does not deem a claim to be indefinite simply because it is open-ended. If that were the law, all claims that recite “comprising” would be indefinite.

The Board further stated that “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.” (Decision at 20.) That statement is incorrect. The Specification and claims provide an objective boundary—the preset acceptable threshold value—that distinguishes circumstances that “may affect whether it is favorable” from circumstances that may not affect whether it is favorable. It is incorrect to state that the Specification or patent claims teaches a “yes,” and “may,” and a “no.”

They consistently teach a “may affect whether it is favorable” (when the threshold is met) and a may not affect whether it is favorable (when the threshold is not met). There is no middle ground. Thus, the scope of the claim does not depend upon “the unpredictable vagaries of any one person’s opinion.” *Interval Licensing LLC v. AOL, Inc.*, 766 F.3d 1364, 1371 (Fed. Cir. 2014).

The Board also stated that “the Specification confirms that there are other *subjective* factors used in determining ‘favorability.’” (Decision at 21 (italics in original).) The Board arrives at this preliminary conclusion because the Specification states that: “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. (*Id.* at 21–22 (italics in original).) The Board misinterprets the significance of that teaching in the Specification. The claim is not based on what an individual customer believes is favorable. As discussed above, the Specification teaches and the claim recites the use of a clear, objective boundary: the preset threshold value set by the user (e.g., the dealership). It is not based on individual subjective desires. The passages in the Specification cited by the Board simply acknowledge that the threshold may be set at different levels, including levels that may have a customer paying more per month for a replacement vehicle than he or she is paying on an existing vehicle. A dealership may wish to set the threshold at a higher level

(e.g., 10% above an existing payment) in order to capture as promising sales leads those customers who are willing to spend more. The fact that the threshold can be set to different levels does not make the claim indefinite. When the claimed method is performed, it is performed according to the preset threshold, eliminating any ambiguity.

The Board further stated that the calculations recited in the claims, at most, “provide merely one parameter to help the salesperson or dealership to determine whether a customer will contemplate replacing his or her current car.” (Decision at 22.) The “one parameter” referenced by the Board is the objective criterion presented in the claimed methods for distinguishing circumstances that “may affect whether it is favorable” from circumstances that do not affect whether it is favorable. No other factors are required by the claim, and such theoretical extra elements are not a proper basis for finding the claim ambiguous or indefinite.

The Board also stated that “AutoAlert seems to suggest that the *financial* calculations may provide some standard for measuring the scope of the ‘may affect’ limitation.” (Decision at 22 (italics in original).) That statement misstates AutoAlert’s position. The comparison of a payment differential to a preset acceptable threshold does not provide “some standard,” it provides **the entire standard**, which is clear and wholly objective.

For the many reasons set forth above, Petitioner has failed to meet its burden in establishing that the claim term “may affect whether it is favorable” is indefinite.

D. The Claims Are Not Directed To Ineligible Subject Matter

1. Application Of The *Mayo/Alice* Framework

Petitioner argues that the challenged claims of the '791 patent fall within a judicially-created exception to patentability for “abstract ideas.” But Petitioner fails to follow the proper framework for distinguishing patents claiming abstract ideas from those claiming patent-eligible applications. In *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289, 1293 (2012), the Supreme Court set forth a framework for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts. The framework was reaffirmed in *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2355 (2014).

Under the *Mayo/Alice* framework, the first step is to “determine whether the claims at issue are directed to one of those patent-ineligible concepts.” *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2355 (2014). If determined that the claims are directed to a patent-ineligible concept, the second step 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 Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289, 1297–8 (2012).) The second step may be considered 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.’” *Id.* (bracketed language in original) (quoting *Mayo*, 132 S. Ct. at 1294).

Petitioner argues that the fundamental concept of the claims is the recital of three mathematical calculations: calculating new payments, calculating differences in payments, and determining if the differences meet a threshold. The calculations Petitioner points to relate to vehicle financing, including calculations to arrive at a monthly payment for a customer to finance the purchase (or lease) of a prospective replacement vehicle, assuming the customer is trading in an existing vehicle on which he or she is making payments. They also include estimating a trade-in value for the existing vehicle. While these calculations come from the field of vehicle finance, neither the purpose nor end result of the ’791 patent claims is to generate or transmit a financial arrangement; it is the generation of a lead for selling vehicles and the transmitting of that lead to a dealership. Prior to AutoAlert, and the industry’s subsequent adoption of AutoAlert’s technology, no one was using financing equations for the purpose of providing vehicle sales leads. The subject matter of the claims is fundamentally different from the kinds of commonplace

financial transactions that were discussed in recent decisions from the Supreme Court and the Federal Circuit.

In its Decision instituting trial, the Board did not appear to agree with the fundamental concept proposed by Petitioner. Nonetheless, the Board did its own analysis and preliminarily concluded that the patent claims are directed to the abstract idea of “*providing vehicle sales opportunities based on loan or lease payments.*” (Decision at 32 (italics in original).) To this point, the Board stated that, “[t]he subject matter of the claims is not fundamentally different from the kinds of commonplace financial transactions that were discussed in recent decisions from the Supreme Court and the Federal Circuit.” (*Id.* at 31.) The Petitioner and Board each erred in (1) concluding that the claims are directed at an abstract idea; and (2) identifying the purported abstract idea.

When patent claims incorporate equations for particular applications, the core concept is generally **not** directed to the equations. In *Bilski v. Kappos*, 561 U.S. 593, 130 S. Ct. 3218, 3223 (2010), Claim 1 included a series of steps instructing how to hedge risk, and Claim 4 put that same concept into a formula. In determining the “core concept,” the Supreme Court did not focus on the formula; it looked at the purpose of the claims, concluding that “Claims 1 and 4 in petitioners’ application explain the basic concept of hedging, or protecting against risk.” *Id.* at 3231. Likewise, in *Diamond v. Diehr*, 450 U.S. 175, 184, 101 S. Ct.

1048, 1055 (1981) the Supreme Court did not ascertain a core concept by focusing on the Arrhenius equation recited in the claims, but rather on the process in its entirety: “Analyzing respondents’ claims according to the above statements from our cases, we think that a physical and chemical process for molding precision synthetic rubber products falls within the § 101 categories of possibly patentable subject matter.”

In contrast, when a patent claims an improved way of performing a mathematical calculation, the core concept is directed to the recited calculations. For example, in *Parker v. Flook*, 437 U.S. 584, 594-595, 98 S. Ct. 2522, 2528 (1978), the Supreme Court concluded that the core concept was “a new and presumably better method for calculating alarm limit values.” Similarly, in *Gottschalk v. Benson*, 409 U.S. 63, 93 S. Ct. 253 (1972), the core concept was determined to be “a method for converting binary-coded decimal (BCD) numerals into pure binary numerals.”

The calculations in the ’791 patent do not constitute an improved way of solving a mathematical problem. Nor do they constitute the core concept of the claims. Rather, 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***. The Board stated that “[h]ere, 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.*” (Decision at 32 (italics in original).) That statement is incorrect, because at the time of the invention there was nothing fundamental about using loan or lease payments as a way of identifying prospective sales leads. The use of prospective loan or lease payments as a way of identifying the most attractive customers within a dealership’s customer database was not conventional at the time of the invention. Petitioner has presented no evidence to the contrary. The Board further stated that the individual mathematical calculations of the claims “are conventional in the field of vehicle finance.” (*Id.* (at 33, quoting the Preliminary Response at 44).) That statement, while true in isolation, fails to recognize that the claimed methods do not use those calculations in a conventional manner within the field of vehicle finance. Rather, the claimed methods use the calculations for an unconventional purpose: to provide vehicle sales leads.

The Board points to Federal Circuit cases wherein the Court found concepts patent-ineligible, including “managing a stable value protected life insurance policy by performing calculations and manipulating the results” (*Bancorp Servs. LLC v. Sun Life Assurance Co. of Can.*, 687 F.3d 1266, 1280 (Fed. Cir. 2012), *cert denied* 134 S. Ct. 2870 (2014)); “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, 1348 (Fed. Cir. 2013), *cert denied* 134 S. Ct. 2871

(2014)); and “processing information through a clearing-house” (*DealerTrack, Inc. v. Huber*, 674 F.3d 1315, 1333 (Fed. Cir. 2012)). (Decision at 33–34.) Each of these cases addressed circumstances where computers were being used to implement fundamental economic practices that had previously been performed without computers. That is not the circumstance with the ’791 patent. The subject matter of the ’791 patent is not a fundamental economic practice, and prior to AutoAlert no one was performing the claimed methods without using a computer. Petitioner has provided no evidence to the contrary. Indeed, it was not practical to perform the recited steps, such as retrieving in current information from disparate data sources, without using a computer.

2. The Claims Include Patent-Eligible Inventive Concepts

The Supreme Court long ago explained that assessing whether a claim is directed to ineligible subject matter requires consideration of the claim as a whole.

It is inappropriate to dissect the claims into old and new elements and then to ignore the presence of the old elements in the analysis. This is particularly true in a process claim because a new combination of steps in a process may be patentable even though all the constituents of the combination were well known and in common use before the combination was made.

Diehr, 450 U.S. at 188. That requirement continues in the framework of *Alice*. 134 S. Ct. at 2361, n 3. Petitioner analyzes Claim 1 in three abridged pieces it characterizes as “ancillary data gathering,” patent ineligible “mathematical manipulations,” and “conventional post-solution activity.” (Petition at 56–58.) Because Petitioner never analyzes the claims considered in their entirety as ordered combinations, its analysis is incomplete and legally deficient.

Nor does Petitioner substantively analyze the claim elements as recited, relying instead on abridged versions of the claims. Petitioner characterizes several early elements as “ancillary data gathering” and the final two limitations as “conventional post-solution activity.” These characterizations overlook limitations that demonstrate that the claims include inventive concepts that transform the claims into patent-eligible applications.

Petitioner argues that retrieving “second vehicle information for a second vehicle” is ancillary data gathering. But it was neither conventional nor obvious at the time of the invention to perform this step. Prior to the invention, no one used technology to retrieve information about a prospective replacement vehicle for a dealership’s customers. Petitioner has provided no evidence to the contrary. This step is not merely “ancillary data gathering.” Nor is the step directed to an abstract idea; it constitutes a concrete and inventive improvement to technology.

Similarly, Petitioner argues that retrieving “second financial terms. . . for the second vehicle” is ancillary data gathering. Yet that, too, was unconventional and nonobvious at the time of the invention. Prior to the invention, no one used technology to retrieve prospective financial terms for the possible financing of a replacement vehicle for a dealership’s customers. Petitioner has provided no evidence to the contrary. This step is not merely “ancillary data gathering.” Nor is the step directed to an abstract idea; it constitutes a concrete and inventive improvement to technology.

Petitioner relegates its discussion of “receiving a configuration request for replacing the first vehicle of the customer with a different vehicle” to a footnote, wherein it characterizes the step as more ancillary data gathering. But this claim step is not directed at data gathering at all. The “configuration request” is a request received by the computer system for the purpose of seeking favorable sales leads that is configurable to define the scope of the request. The Specification discloses several ways a request can be configured, including specifying the repetition rate used by the system to generate alerts. (Ex. 1001, 10:5–14.) It was neither conventional nor obvious at the time of the invention to perform such a step. Petitioner has provided no evidence to the contrary. This step is not merely “ancillary data gathering.” Nor is it directed to an abstract idea; it constitutes a concrete and inventive improvement to technology.

Petitioner also mischaracterizes as ancillary data gathering the step: “in response to the configuration request, retrieving current information” Petitioner overlooks that this step refers to a subsequent retrieval of the same categories of information retrieved in the earlier recited retrieval steps. This step requires retrievals of information that are repeated over time to ensure the retrieved information is timely, i.e., up to date. (Ex. 1001, 22:48–55.) It was neither conventional nor obvious at the time of the invention to repeatedly perform the recited retrieval steps to ensure the timely nature of the retrieved information. Petitioner has provided no evidence to the contrary. This step is not merely “ancillary data gathering.” Nor is the step directed to an abstract idea; it constitutes a concrete and inventive improvement to technology.

It was neither conventional nor obvious at the time of the invention to perform the recited claim step: “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.” As discussed above, while the financing equations in isolation are not new, the claims combine and use them in a new way, for the purpose of generating sales leads. Petitioner has provided no

evidence to the contrary. This step is not directed to an abstract idea; it constitutes a concrete and inventive improvement to technology.

The claimed methods use a “configuration request” that allows for the configuring of a computer system that repeatedly retrieves in current information relating to a customer, the customer’s existing vehicle, and the financing terms on that vehicle. Repetitively retrieving this information in a timely manner allows the system to determine when a customer can first benefit by trading in his or her existing vehicle for a new comparable vehicle at about the same monthly payment. This step is not directed to an abstract idea; it constitutes a concrete and inventive improvement to technology.

Petitioner argues that 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 the claims.” (Petition at 54–55 (citing *Bancorp*, 687 F.3d at 1278 (internal quotations omitted).) In support, Petitioner argues that testimony from Dr. Carbonell during the *AutoAlert v. DealerSocket* case purportedly shows that he agrees that the patent claims only use a computer to allow repetition, i.e., performance “at scale.” (*Id.* at 55.) That is not Dr. Carbonell’s opinion.

According to Dr. Carbonell, the patent claims require a computer system for all of the recited steps, and different attributes of the computer system are used for

the various steps. The two steps of automatically retrieving various categories of information require the computer system to have automatic access to electronically stored information either locally or externally via a communication line. Some of the information (e.g., lender interest rates) is typically located in disparate third party sources (e.g., electronic files maintained by lenders), which requires the system to use a tailored computer application to access the information from the disparate sources over the internet. Gathering the information manually would take substantial time and be prone to errors. (Ex. 2004 (Carbonell Decl.) ¶ 29.)

The step of receiving a configuration request requires a computer programmed to interpret customizable configuration information and perform the appropriate algorithms for that configuration (e.g., batch processing across a dealership's customer database with a customized preset acceptable threshold). This step uses the computer's ability to run alternative algorithms depending upon the setting of configuration variables. (*Id.* ¶ 30.)

The step of retrieving changed information requires a computer programmed to perform a repeated retrieval of the underlying information used by the system (e.g., retrieving updated information every night at a scheduled time). Performing a repeated retrieval manually would take substantial time, which would result in information that is out of date. The use of out of date information would, in turn, compromise the accuracy of the entire method. (*Id.* ¶ 31.)

The step of determining whether changed information may affect whether it is favorable requires a computer to automatically perform the large number of mathematical calculations needed to arrive at hypothetical payments for the purchase of a replacement vehicle, which depends on, among other things, a customer's equity in an existing vehicle, the purchase price of the new vehicle, financing terms, a customer's creditworthiness, dealer incentives and rebates, and manufacturer incentives and rebates. Performing a large number of mathematical calculations manually would take substantial time and be prone to errors. (*Id.* ¶ 32.)

The steps of automatically generating a message and transmitting it to a dealership requires a computer to create an electronic message that may be transmitted electronically (e.g., to be accessed over the internet via a web browser on a dealer computer). Generating and transmitting a message manually would take substantial time and be prone to errors. (*Id.* ¶ 33.)

Petitioner also argues that testimony from Jeffrey Cotton purportedly shows that it was conventional to manually perform the claimed methods "one client at a time." (Petition at 54.) That is a mischaracterization of Mr. Cotton's testimony. Mr. Cotton's testimony did not state that his prior method was conventional, nor did his testimony address the inventive concept of the entire claim considered as an ordered combination.

Petitioner provided no evidence that Mr. Cotton stated that it was conventional to receive a request for a customer to replace a first vehicle with a second vehicle, with the request being configurable to define the scope of the request, as is recited in the claim. Nor did Petitioner provide evidence that Mr. Cotton stated that he previously performed that step.

Petitioner provided no evidence that Mr. Cotton stated that it was conventional to perform a repeated retrieval of the underlying information. Nor did Petitioner provide evidence that Mr. Cotton stated that he previously performed that step.

Petitioner provided no evidence that Mr. Cotton stated that it was conventional to generate a message based on the determination of whether retrieved information may affect whether it is favorable. Nor did Petitioner provide evidence that Mr. Cotton stated that he previously performed that step.

Petitioner provided no evidence that Mr. Cotton stated that it was conventional to transmit a message generated based on the determination of whether retrieved information may affect whether it is favorable. Nor did Petitioner provide evidence that Mr. Cotton stated that he previously performed that step.

Petitioner also argues that testimony from Garth Blumenthal purportedly shows that he agrees that the claimed methods can be performed “manually one by

one by one,” but that AutoAlert needed to perform the methods across a dealership’s entire database. (Petition at 55.) Mr. Blumenthal’s testimony was limited to the performance of the calculation steps. None of his testimony addresses the inventive concept of the entire claim considered as an ordered combination.

In preliminarily concluding that the claims lack any inventive concepts, the Board stated that “[a]s in *Alice*, the function performed by the computer at each step of the claimed process here is ‘purely conventional.’” (Decision at 38 (quoting *Alice* at 2359).) That statement fails to recognize that it was not conventional in the field of generating sales leads to perform the recited steps individually or as an ordered combination. The Board appears to be relying on Petitioner’s mischaracterization of prior practices in the industry. (Decision at 35 (characterizing testimony submitted by Petitioner).)

The Board, for example, stated that “AutoAlert acknowledges that the claimed mathematical calculations ‘are conventional in the field of vehicle finance.’” (Decision at 33 (quoting Preliminary Response at 44).) That statement fails to recognize that the claimed methods do not use the calculations in a conventional manner within the field of vehicle finance. Rather, they use the calculations for an unconventional purpose: to provide vehicle sales leads.

The Board also stated that “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.” (*Id.*) That statement only references the simplest of the calculations associated with the claimed methods. It also fails to recognize that the claimed methods require that the method (including but not limited to the calculations pointed to by the board) be based on *current* information. Without the use of timely information, the methods do not accurately determine the best sales leads for a dealership.

The Board acknowledges that a machine that plays a significant part in permitting a claimed method to be performed imposes a meaningful limit on that method. (Decision at 38–39 (citing *SiRF Tech. v. Int’l Trade Comm’n*, 601 F.3d 1319, 1332 (Fed. Cir. 2010)).) The computer system recited in the ’791 patent claims plays a significant part in permitting the claimed method to be performed. Without the computer, it would be impossible to retrieve in a timely manner the disparate information needed—which is changing all the time—and to perform in a timely manner the other processing steps recited in the claims. Computer-implementation is central to the problem addressed by the claims, which seek to discern from a vehicle dealership’s electronically stored information (customer database) those customers who are the most promising sales leads. The invention’s ability to perform calculations based on consistently updated, current information

is what ensures that dealers are timely notified about fresh sales opportunities as they become available.

The Board further stated that “AutoAlert does not contend, and we do not find, based on this record before us, that the claimed subject matter as a whole ‘improve[s] the functioning of the computer itself,’ or ‘effect an improvement in any other technology or technical field[.]’” (Decision at 40 (quoting *Alice*, 134 S.Ct. at 2359).) To the contrary, AutoAlert does contend that the claimed subject matter effects an improvement in the technology for deriving vehicle sales leads for dealerships. Prior to the invention, computer-implemented products existed for the purpose of facilitating a dealership’s relationships with its customers (e.g., Customer Relationship Management (“CRM”) tools), including computer-implemented products for identifying sales leads. The challenged claims reflect a marked improvement in the technical field that the industry, including Petitioner, has vigorously embraced.

3. Petitioner Fails To Properly Address The Challenged Dependent Claims

Petitioner presents an incomplete analysis of each challenged dependent claim. The Board preliminarily agreed with Petitioner’s analysis of the dependent claims. (Decision at 40–42.) Properly considered, the dependent claims add limitations that further remove the inventions from the realm of the abstract.

Claim 3 of the '791 patent depends from Claim 1 and further recites: “wherein the condition comprises determining if the customer would pay no more per periodic payment under the second financial terms than under the first financial terms.” (Ex. 1001, 25:17–20.) Claim 3 further bounds the difference in payments that is used to distinguish circumstances that “may affect whether it is favorable” from circumstances that may not affect whether it is favorable. Claim 3 thus further limits the concrete application of the core concept and further ensures the claim does not preempt general application of that principle.

Claim 4 depends from Claim 1 and further recites: “[W]herein the message is configured to be read by a dealer terminal configured for managing the message, wherein managing the message includes at least one of assigning the message to a user for handling, associating a task with the message, and assigning a status to the message.” (Ex. 1001, 25:21–26.) Claim 4 further limits the recited message to require that the message interact in a specified manner with a dealer computer terminal. By tying the features of the message to a computer terminal, Claim 4 further limits the specific application of the core concept and further ties the invention to computer-implementation.

Claim 5 depends from Claim 1 and further recites: “wherein the one or more new payments comprise payments for different respective time periods.” (Ex. 1001, 25:27–29.) This further specifies that the process use multiple payments for

different time periods when distinguishing circumstances that “may affect whether it is favorable” from circumstances that may not affect whether it is favorable. Claim 5 thus further limits the concrete application of the core concept and further ensures the claim does not preempt general application of that principle.

Claim 7 depends from Claim 6 and further recites: “wherein the computing system is configured to retrieve the changed information with respect to a plurality of customers.” (Ex. 1001, 26:30–32.) The application of the process to a plurality of customers, such as across a dealership customer database, further ties the claim to computer-implementation. Changed information cannot be retrieved across a customer database in a timely manner, or used in calculations in a timely manner, using merely the human mind or a pen and paper. The computer-implementation features recited in the claim are integral and essential to the process, and they further ensure the claim does not preempt general application of the core concept.

When considering the dependent claims, the Board stated that “[s]imply 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.” (Decision at 41 (citing *Bancorp*, 687 F.3d at 1279; *SiRF Tech.*, 601 F.3d at 1333).) But that statement ignores that the claimed methods require the retrieval of timely information from disparate data sources that cannot be accomplished without a

computer system. This is not a circumstance where an activity, conventionally done without a computer, is now being done faster with a computer. Here, the claimed methods were not conventional, and they were not being performed by the industry. Indeed, if computer-implementation were removed from the claimed methods, they could not serve their purpose.

For the many reasons set forth above, Petitioner has failed to meet its burden in establishing that the challenged claims are directed to patent-ineligible subject matter.

V. CONCLUSION

For the above reasons, AutoAlert requests that the Board find that Petitioner has failed to meet its burden in establishing the invalidity of any challenged claim of the '791 patent.

Respectfully submitted,

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Dated: December 22, 2014

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of **PATENT OWNER AUTOALERT, LLC'S RESPONSE** is being served on December 22, 2014, via email pursuant to 37 C.F.R. § 42.6(e) per agreement of the parties, to counsel for DealerSocket, Inc., at the addresses below:

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