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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 PRELIMINARY RESPONSE

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I. INTRODUCTION AND SUMMARY OF ARGUMENT

Jeffrey Cotton invented new technology that made it easier to find promising sales leads from the customer databases maintained by auto dealerships. Mr. Cotton's new technology, described and claimed in United States Patent No. 8,396,791, solved a technical problem that had existed since dealerships had begun storing customer information on computers. It had always been difficult to determine which customers in a dealership's database were promising candidates for a sales pitch, and for years dealerships were making such assessments based on manual searches and computer searches for certain types of information stored in the dealership's customer files and databases.

Mr. Cotton co-founded AutoAlert to commercialize the patented technology. The company first sold the technology in 2003, and it filed a provisional patent application later that year. The patented technology is nothing short of revolutionary, and AutoAlert has grown dramatically over the years. It currently sells its lead generation services to about 2,500 dealerships across the country. AutoAlert is a one product company, and its tremendous commercial success derives directly from selling its patented services.

The old technology used in the industry resulted in search results that were both over- and under-inclusive. The results were over-inclusive because they identified a significant number of customers who were not in a good position to

purchase a new vehicle, despite being flagged by the search technology. Just as problematic, the results were under-inclusive because they failed to identify the customers in the database who presented the most promising and attractive opportunities for the dealership.

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 Mr. Cotton began thinking of his solution. While people tried to address the problem in a variety of ways before Mr. Cotton came up with his solution, none of the attempted solutions came close to solving the problem as effectively as Mr. Cotton's solution. Some prior approaches used computer searching to identify customers who were nearing the end of their existing loan or lease, based on the thought that the customers may already be thinking about acquiring a new vehicle. Other approaches used computer analysis to identify customers estimated to have equity in their current vehicles, based on the thought that the equity could be put towards a new vehicle purchase. The simplest approaches identified customers with upcoming birthdays or anniversaries of past purchases, which present opportunities to rekindle old relationships.

Mr. Cotton conceived of tangible computer systems and methods that perform a combination of specific and concrete steps for generating sales leads that no person or machine had ever performed. When implemented in a physical

computer system, Mr. Cotton's invention retrieves a wider range of information than previously existing technology; it repeatedly acquires updated information; and it assesses that timely information more selectively than previously existing technology. These technical improvements result in higher quality sales leads.

Mr. Cotton did not invent the general concept of generating sales leads for dealerships. And the '791 patent claims do not merely describe the general concept of generating vehicle sales leads and then say "apply it" using a computer. Rather, Mr. Cotton invented—and claimed—a unique combination of tangible steps that perform the task of generating sales leads for a dealership in a particular way that was never previously done manually or by machine. Moreover, because the '791 patent explicitly claims the specific steps of Mr. Cotton's technique of generating vehicle sales leads, the '791 patent does not preempt the entire field of generating vehicle sales leads. Nor does the '791 patent stand in the way of anyone using the many tools for generating vehicle sales leads that existed before Mr. Cotton's invention.

Mr. Cotton's invention stands in stark contrast to the business method patents Congress intended to cover in the CBM statute, which are directed to such things as managing financial transactions, picking stocks, hedging risk, or performing financial escrow services. The '791 patent is not a covered business method patent under the statutory test for determining eligibility for CBM review.

The CBM statute limits CBM review to only certain types of business method patents. Specifically, a patent is only subject to CBM review 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,” and not if the patent is directed to general business operations that could be incorporated into a financial product. Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011) (“AIA”) § 18(d)(1). A patent is also ineligible for CBM review if it is a patent for a “technological invention.” *Id.*

Petitioner has failed to show that the ’791 patent is a CBM patent under the statutory definition. With respect to the first prong of the definition, Petitioner merely recites one claim, summarizes that claim, and then argues that the ’791 patent is a CBM patent based on its conclusory characterization of the claim as being directed to a “financial service.” Yet it is clear from the claims and the specification that the patent is not directed at managing or facilitating a financial service. It is directed at a wholly different purpose, namely the generation of sales leads for dealerships.

The ’791 patent is also ineligible for CBM review because it is directed to a technological invention. Petitioner devotes only a single paragraph to this issue, arguing in conclusory fashion that the recitation of computer hardware in Claim 1 of the patent does not make the subject matter of that claim a technological

invention. That analysis is not only conclusory, it is legally flawed. The proper analysis requires determining whether the claimed subject matter as a whole recites a technological invention.

Here, the claims of the '791 patent recite novel and non-obvious computer systems and methods that include a series of steps for generating sales leads for dealerships that had not previously been performed manually or by computer. The claims improve the technical performance of earlier systems for searching customer databases for promising sales leads 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 a technological feature that is novel and unobvious over the prior art.

Moreover, the claimed subject matter as a whole solved a technical problem with a technical solution. The technical problem was that earlier systems lacked the ability to access all of the information pertinent to assessing the attractiveness of a sales lead, they lacked the ability to repeatedly access the information to ensure it is up-to-date, and they lacked the ability to selectively assess the timely information in a way that focuses attention on the most promising sales leads. The '791 patent does not claim the mere automation of steps that humans had previously performed manually to generate sales leads. Rather, the '791 patent

claims a specific series of steps that computers are uniquely capable of performing to make the generation of sales leads easier and more useful.

Because the '791 patent claims a technological feature that is novel and unobvious over the prior art, and because the claimed subject matter as a whole solves a technical problem using a technical solution, the patent is directed to a technological invention. The Board should find that the patent is not a CBM patent, and it should deny the Petition on that basis.

Even if the Board determines that the '791 patent is a CBM patent, it should still deny the Petition. The Board should deny each of Petitioner's proposed invalidity grounds for failure to establish a reasonable likelihood of prevailing.

On Section 101, the Petitioner fails to follow the analytical framework of *Mayo* and *Alice*. Instead, Petitioner presents arguments based on characterizations of the claims that fail to address the proper analytical framework, including consideration of the actual claim language considered in its entirety.

On Section 112, Petitioner fails to consider the patent and its claims in their entirety from the perspective of a person of ordinary skill in the art, relying instead on counsel's strained interpretation of selected passages from the patent. Neither of Petitioner's two expert declarants state that they reviewed the patent in its entirety, and neither state that the allegedly indefinite claim terms fail to inform

those of ordinary skill in the art about the scope of the invention with reasonable certainty.

On Section 103, Petitioner fails to address the *Graham* factors and fails to present a claim chart showing the presence of each and every limitation of the claims in the prior art. Instead, Petitioner presents arguments based on truncated versions of the claims, which are compared in conclusory fashion to characterizations of statements from two declarants. Neither of Petitioner's two expert declarants states that the claims would have been obvious to a person of ordinary skill in the art at the time of the invention.

The Board should also deny the Petition for the other reasons set forth in this Preliminary Response.

II. PROCEDURAL HISTORY

This Petition is the eighth attempt to challenge the patentability of AutoAlert's patents in the USPTO, and the third attempt to challenge the '791 patent. So far all of the challenges have been unsuccessful.

The Petitioner is a defendant in a patent infringement lawsuit pending in the U.S. District Court for the Central District of California. A second patent infringement lawsuit is pending in the same court against Dominion Dealer Solutions and two related co-defendants.

The '791 patent was the subject of a petition for Inter Partes Review filed on March 28, 2013 by Dominion Dealer Solutions (IPR No. 2013-00225). On August 15, 2013, the Board issued a Decision denying Dominion's petition in its entirety (Paper 10). On October 10, 2013, the Board issued a Decision denying Dominion's request for rehearing (Paper 15). The details for Dominion's other unsuccessful petitions on AutoAlert's related patents are set forth below.

U.S. Patent No.	IPR No.	Denial of petition	Denial of request for rehearing
7,827,099	2013-00222	Aug. 12, 2013 (Paper 12)	Oct. 10, 2013 (Paper 17)
8,005,752	2013-00220	Aug. 15, 2013 (Paper 8)	Oct. 10, 2013 (Paper 13)
8,086,529	2013-00223	Aug. 15, 2013 (Paper 9)	Oct. 10, 2013 (Paper 14)
8,095,461	2013-00224	Aug. 15, 2013 (Paper 10)	Oct. 10, 2013 (Paper 15)

Dominion subsequently initiated two judicial proceedings for the purpose of challenging the Board's Decisions denying the five Inter Partes Review petitions filed in March 2013, including the Decision involving the '791 patent. As discussed below, both judicial proceedings ended unsuccessfully for Dominion.

On October 15, 2013, Dominion filed a lawsuit in the Eastern District of Virginia under the Administrative Procedure Act seeking an order reversing the Board's Decisions and compelling the USPTO to institute inter partes reviews on all five of AutoAlert's patents. (*Dominion Dealer Solutions, LLC v. Rea*, Civil

Action No. 3:13cv699-REP.) On April 18, 2014, the district court granted the USPTO's motion to dismiss the lawsuit for lack of subject matter jurisdiction. Dominion subsequently has appealed the dismissal to the Federal Circuit.

On November 26, 2013, Dominion filed a Petition for Writ of Mandamus in the U. S. Court of Appeals for the Federal Circuit seeking a writ compelling the Patent Office to institute inter partes reviews on all five of AutoAlert's patents. (*In re Dominion Dealer Solutions, LLC*, Misc. Docket No. 2014-109). On April 24, 2014, the Federal Circuit denied Dominion's Petition.

On April 23, 2014, Dominion filed a second petition for Inter Partes Review directed at the '791 patent (IPR2014-00684). AutoAlert filed its Preliminary Response on July 25, 2014. (Paper No. 8.) That petition is still pending before the Board. Petitioner has subsequently filed CBM petitions against all five AutoAlert patents.

Dominion and Petitioner are engaging in a coordinated strategy to pursue multiple serial USPTO challenges in the hope that at least one of the proceedings will invalidate the challenged claims. CBM proceedings and IPR proceedings were intended by Congress to provide a less expensive and more efficient alternative to district court litigation. Petitioner and Dominion have turned that purpose on its head, forcing AutoAlert to respond to a barrage of eleven AIA

petitions, spaced out in time, that have resulted in expensive, inefficient, and seemingly unending collateral attacks on its patents.

III. THE '791 PATENT

Petitioner characterizes the '791 patent as teaching three mutually exclusive processes: two processes directed at batch processing embodiments and a third process directed at generating an alert in “real-time” for a single, identified customer. As shown by the discussion below, that characterization is inaccurate.

A. Overview Of The '791 Patent

The '791 patent discloses many embodiments that alert vehicle dealers to opportunities to sell vehicles at favorable terms to customers still making payments on existing vehicles. By way of example, the systems and methods can alert a dealer to opportunities to sell new inventory to customers who previously financed car purchases or leases and still have ongoing monthly payments on existing cars. The patent teaches embodiments that rely on batch processing, and embodiments that do not. The patent teaches embodiments that generate alerts for an identified customer in “real-time,” and embodiments that do not. The patent broadly teaches that the various features can be combined in different ways.

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 may be windows of time in which a customer may unknowingly have a favorable deal available to them. “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. The Use of Payment Comparisons 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.*, 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, by a computer system, of the constantly changing underlying information; the calculating by the computer system of one or more new payments; the determination by the computer system 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 by the computer system, as may be appropriate based on the results of the calculations; and the transmission by the computer system 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 rise 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:

The system may generate deal sheets or contact management entries at any suitable time. . . . In one embodiment, deal sheets are generated periodically (e.g., weekly). In one embodiment, deal sheets are generated dynamically. In one embodiment, deal sheets are generated substantially continuously.

(Ex. 1001, 10:5–14.) Fig. 5 of the patent shows an example for “Jane M. Client,” in which the process was run iteratively on a weekly basis. 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, by the computer system, 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, as an option, 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 that are mutually exclusive. That is a gross 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 3935. In so doing, it wholly ignores the bulk of the teaching in the Detailed Description, including, for example, a fourth embodiment of the financial terms

comparison module that does not require batch processing or the generation of alerts in real-time for an identified customer: “In one embodiment, the financial terms comparison module 3935 performs comparisons and calculations necessary to determine whether a customer is able to advantageously enter into a new lease or purchase transaction.” (Ex. 1001, 22:56–59.)

Petitioner also ignores the patent’s teaching that the various disclosed features are modular and can be combined into different arrangements. (*See, e.g., id.*, 4:62–64 (“It will also be apparent to a skilled artisan, in light of this disclosure, that the modules described herein can be combined or divided.”); *id.*, 5:20–22 (“The foregoing and other variations understood by a skilled artisan can be made to the embodiments described herein without departing from the invention.”)).

B. Response To Petitioner’s Prosecution Summary

Petitioner purports to provide a summary of the prosecution history of the ’791 patent. (Petition at 15–19.)¹ Petitioner’s abbreviated summary mischaracterizes the history by suggesting that AutoAlert took the position that the novelty of the pending claims was derived only on the steps associated with calculating new payments, comparing payments, and determining whether the difference in payments met a threshold. (*Id.*) Petitioner is wrong. AutoAlert

¹ References to the “Petition” in the Response are referring to Petitioner’s

merely provided the Patent Office with non-exhaustive examples of recited language in the pending claims that were not taught by the references relied on by the Examiner. (*See* Ex. 1004 at 5 (“For example, the Ahuja reference . . .”; “the cited art, whether alone or in combination, fails to teach or suggest *at least* the following. . . .” (emphasis added).) AutoAlert never conceded that the applied references taught the remainder of the claim language.

C. Claim Construction

Petitioner provides claim construction arguments for: “configuration request,” “may affect,” and “current information / current retrieved information / retrieved information.” Petitioner’s analysis fails to consider the patent and the claims in their entirety and fails to apply the “broadest reasonable interpretation” standard. This leads to interpretations that are inconsistent with the claims themselves and that are narrower than the the district court’s constructions of the terms in the *AutoAlert v. DealerSocket* case.

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). There is a heavy presumption that a claim term carries its ordinary and customary meaning. *CCS Fitness, Inc. v. Brunswick Corp.*, 288 F.3d 1359, 1366 (Fed. Cir. 2002).

There are two exceptions to the general rule that claims are to be given their ordinary meaning: (1) when a patentee sets out a definition and acts as his own lexicographer, or (2) when the patentee disavows the full scope of a claim term either in the specification or during prosecution. *Thorner v. Sony Computer Entm't Am. LLC*, 669 F.3d 1362, 1365 (Fed. Cir. 2012). “To act as its own lexicographer, a patentee must ‘clearly set forth a definition of the disputed claim term’ other than its ordinary meaning.” *Id.* at 1365 (quoting *CCS Fitness, Inc. v. Brunswick Corp.*, 288 F.3d 1359, 1366 (Fed. Cir. 2002)). A patentee must “clearly express an intent” to redefine the term. *Id.*

1. “Configuration Request”

Petitioner argues that the claim term “configuration request” is indefinite. Petitioner presented this same argument, unsuccessfully, to the district court. Even though indefiniteness is to be assessed through the eyes of a person of ordinary skill in the art, *Nautilus, Inc. v. Biosig Instruments, Inc.*, 134 S. Ct. 2120, 2129 (2014), Petitioner presented the district court with no supporting testimony from its expert declarant, relying instead only on attorney argument. Petitioner follows the same approach here, arguing for a finding of indefiniteness based purely on attorney argument. That argument relies on a strained reading that fails to consider the patent in its entirety.

AutoAlert contends, as it did in the district court, that “configuration request” should be interpreted to mean “a request to the computer system that is configurable to define the scope of the request.” That is the ordinary meaning of the terms as used in the context of the patent claims. 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), specifying the criteria used to assess whether a deal is favorable (*id.*, 10:42–48), and specifying whether the candidate customer is approaching the end of their lease. (*Id.*, 10:48–57.) That interpretation is also supported by expert testimony from Dr. Carbonell (Ex. 2002, ¶ 13; *see also* Ex. 2003 ¶¶ 24–25.)

The district court was not persuaded by Petitioner’s argument that the term is indefinite, and it construed the term to have the meaning proposed by AutoAlert. (Ex. 2001 at 15–17.) AutoAlert submits that the Board should construe “configuration request” to have the meaning found by the district court: “A request to the computer system that is configurable to define the scope of the request.”

2. “May Affect”

Petitioner also contends that the term “may affect” within the phrase “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” is indefinite. Petitioner chose not to present this argument to the district court. Again, Petitioner

relies solely on attorney argument, providing no evidence from a technical expert that a person of ordinary skill in the art would have found the term indefinite. AutoAlert submits that the term “may affect” is readily understandable and does not require construction.

The term “may affect” appears in the independent claims of the ’791 patent.

Claim 1 is illustrative:

1. A method comprising:

by a computer system comprising computer hardware:

* * *

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; * * *.

As shown above, the claim language itself provides certainty as to the scope of the claim. The determination step that uses “may affect” is itself explicitly defined by the following “calculating” and “determining” steps. There is no ambiguity as to how the steps are to be performed.

The patent explains why the determination step uses this language, stating that “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.” (Ex. 1001, 1:49–52.) Because the method is designed to be applied proactively, for customers whose desires are not known, it is not possible to know with certainty whether a prospective deal is truly acceptable to a customer. This interpretation is supported by expert testimony from Dr. Carbonell. (Ex. 2003, ¶¶ 42–43.)

3. “Current Information / Current Retrieved Information / Retrieved Information”

Petitioner also contends that some or all of the claim terms “current information,” “current retrieved information,” and “retrieved information” are indefinite. Again, Petitioner relies solely on attorney argument for its position,

providing no evidence from a technical expert that a person of ordinary skill in the art would have found any of these terms indefinite. AutoAlert submits that each of these terms is readily understandable to a person of ordinary skill, and that they do not require construction.

Petitioner observes that Claims 1 and 6 recite “[*retrieving/retrieve*] *current information*” in response to a configuration request (clause “g”), followed by determining whether “the *current retrieved information*” may affect whether it is favorable for a customer to replace an existing vehicle with a replacement vehicle (clause “h”). (Petition at 37.) Petitioner argues in the alternative that the phrase “current retrieved information” in clause h may lack antecedent basis, conceding that it could be a reference to the “current information” retrieved in clause g. (*Id.* at 38.) To a person of ordinary skill in the art, it is readily apparent that the “current retrieved information” recited in clause h is a reference back to the “current information” retrieved in clause g. There is no antecedent basis problem, and these terms do not render the claims indefinite.

Petitioner further observes that a subsequent claim element (clause “k”) in Claims 1 and 6 uses the language “generating a message if it is determined that the *retrieved information* may affect . . .” and “generate a message if it is determined that the *current retrieved information* may affect” Again, Petitioner argues in the alternative that the references to “retrieved information” in clause k may lack

antecedent basis, conceding that they could be references to the “current retrieved information” recited in clause h. (Petition at 38.) To a person of ordinary skill in the art, it is readily apparent that the references to “retrieved information” in clause k are referring to the “current retrieved information” recited in clause h. When the claim is considered in its entirety, it is apparent that messages generated via clause k result from the determinations recited in clauses h, i, and j. There is no antecedent basis problem, and these terms do not render the claims indefinite.

Petitioner further argues that some or all of these claim terms are indefinite because “the claims use ‘current’ in a way that is inconsistent” with an alleged “express definition” from the specification. (Petition at 38–39.) Alternatively, Petitioner suggests that “current information” should be construed to mean the same as the term “changed information” from AutoAlert’s ’461 patent. AutoAlert submits that the term “current information” is readily understandable to a person of ordinary skill in the art, that the patent does not redefine the term, and that the term does not require construction.

Petitioner contends that the patent specification redefines the words “current” and “replacement” to have meanings other than their plain and ordinary meanings through its description of a customer’s existing financial agreement and product as the “current agreement” and “current product,” and a second agreement and product as the “replacement agreement” and “replacement product.” (Ex.

1001, 1:34–44.) Petitioner is wrong. The disclosure relied on by Petitioner does not provide a redefinition of the word, or show an intent by AutoAlert to redefine the word. The patent’s use of the term is consistent its ordinary meaning, namely: associated with the present time. That ordinary meaning is consistent with how the term is used in Claims 1 and 6. It is also consistent with how the term is used throughout the specification. (*See, e.g.*, Ex. 1001 at 5:27–29, 64–65, 10:34–36, 12:22–25.)

This is not the first time Petitioner has argued that “current information” is indefinite, or that, in the alternative, it should be interpreted to mean “changed information.” It presented these same arguments to the district court. As in this Petition, Petitioner presented the district court with no supporting testimony from its expert declarant, Dr. Stapleton. The court was unpersuaded by Petitioner’s arguments, and it declined to find the term indefinite, or to construe it to mean “changed information.” (Ex. 2001 at 17–18.) AutoAlert submits that the Board need not construe the term “current information,” but if it is inclined to construe that term it should construe it to have the same meaning found by the district court, which comports with the plain and ordinary meaning of the term: “information associated with the present time.”

IV. THE PETITION SHOULD BE DENIED FOR FAILING TO ESTABLISH THAT THE PATENT IS A COVERED BUSINESS METHOD

It is Petitioner’s burden to show 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 “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); 37 C.F.R. § 42.301(a). Petitioner fails to satisfy its burden on each of the “financial product or service” and the “technological invention” prongs.

A. The Petition Fails To Establish That The Claims Are Drawn To “A Financial Product or Service”

Petitioner begins its treatment of this prong by purporting to condense all 305 words of Claim 1 into a 61-word summary, providing no justification for the many features of the claim it removes. It then makes the following bare assertion with no analysis: “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, it satisfies the first prong of the CBM test.” (Petition at 6–8.) This is the sum total of Petitioner’s argument on this prong. Such a conclusory approach fails to properly analyze the actual claim language and it fails to satisfy Petitioner’s burden on this prong.

If the merits are to be considered, the first prong is still not met. 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. 48,735 (Aug. 14, 2012) (quoting 157 Cong. Rec. S5432 (daily ed. Sept. 8, 2011)).

The claims of the ’791 patent are directed at data mining customer databases for sales lead generation purposes. They are not a part of the sales transaction itself, and they entirely precede any eventual purchase of a vehicle. Indeed, the claims are directed at a computer system that must provide a result (“transmitting the message to the dealer”—the last limitation of Claim 1) before an auto dealer can even reach out to the potential customer. It is the technical problems of the sales department, not the finance department, that are addressed by the patent claims. With the focus properly on the claims themselves, the generation of sales leads from a dealership’s database of customers is not “financial in nature,” and the hoped-for, later-occurring financial activity (actual purchase or lease of an

automobile) is incidental or complementary to the claimed activities—not the other way around.

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

To determine whether a patent is directed to a technological invention, 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).

1. Petitioner's Treatment Is Conclusory And Insufficient

Petitioner's one-paragraph treatment of this issue begins by stating: “[o]ther than processing data to perform a financial service, claim 1 recites only that the method is performed ‘by a computer system comprising computer hardware.’” This is a mischaracterization that ignores technical features recited throughout the claim.

Even if the Petition could establish that the claim was sufficiently financial for CBM treatment, any portion of the claim can still give rise to the technological exception. *Experian Marketing Solutions, Inc. v. RPost Communications, Ltd.*, CBM2014-00064, Paper 13 at 10 (PTAB July 31, 2014) (“[M]erely because a patent’s claims recite a method, and such a method is applicable to a financial process, that does not obviate the need to determine whether the invention is directed to a technical invention.”) Thus, Petitioner’s attempt to severely truncate

the claim—cutting 305 total words down to 7—and resulting failure to analyze the claim *as a whole* is legal error. 37 C.F.R. § 42.301(b) (“(1) whether the claimed subject matter as a whole recites a technological feature ...”, emphasis added); *Motorola Mobility LLC v. Intellectual Ventures I, LLC*, CBM2014-00084, Paper 18 at 7 (PTAB August 6, 2014) (relying on “conclusory” nature of petition and failure to “consider the claimed subject matter as a whole” in denying CBM review); *Motorola Mobility LLC v. Intellectual Ventures I LLC*, CBM2014-00083, Paper 17 at 4 (PTAB August 6, 2014) (“Petitioner’s contention ... does not address the entire subject matter of the claims”); *Experian Marketing Solutions, Inc. v. RPOST Communications Ltd*, CBM2014-00010, Paper 20 at 9 (PTAB Apr. 22, 2014) (“Petitioner has provided some analysis of [the claims], but has analyzed the method steps separately, instead of examining each claim as a whole, as required.”).

The remainder of Petitioner’s argument is conclusory, asserting without analysis that the “[m]ere recitation of ... computer hardware,’ was ‘known prior art technology.’” (Petition at 9.) When properly considered in its entirety, the claim recites technology that was not known.

Petitioner’s one-paragraph treatment of the “technological invention” recites the two-part standard, but fails to analyze the claims under either of those two parts. Nor does the Petition rely on any expert testimony for its conclusion.

Because the burden lies on Petitioner, the Board has treated such failures as dispositive and denied petitions for CBM review in just such circumstances. *Motorola Mobility*, CBM2014-00083, Paper 17 at 5 (“Petitioner does not provide any specific or persuasive reasoning to establish that the claims of the ’054 patent do not solve a technical problem using a technical solution. Petitioner also does not refer to or rely on any expert testimony in that regard.”); *see also Motorola Mobility*, CBM2014-00084, Paper 18 at 7.

The legal error, conclusory arguments, and failure to address the proper standard or provide any expert testimony on this topic provide sufficient bases on which to deny the entire Petition, as Petitioner has not met its burden.

2. The Claims Recite Novel And Nonobvious Technology

Reaching the merits, the technological exception is met by several aspects of the claims. The first part of the analysis under 37 C.F.R. § 42.301(b) asks whether “the claimed subject matter *as a whole* recites a technological feature that is novel and unobvious *over the prior art*” (emphasis added). In contrast to Petitioner’s approach, “software elements” of the claims should be considered. *Motorola Mobility*, CBM2014-00084, Paper 18 at 7 (“[W]e agree with Patent Owner that Petitioner ... does not consider the claimed subject matter as a whole, including software elements.”).

Notwithstanding the plain language of 37 C.F.R. § 42.301(b) requiring that the prior art *must* be considered for a proper analysis, Petitioner omits reference to the prior art when asserting CBM eligibility. When Petitioner eventually presents its analysis of the obviousness of the challenged claims, it bases its arguments on alleged “background knowledge.” (Petition at 69–70.) Those arguments do not address the claim elements considered in their entirety; Petitioner instead addresses abridged versions that are purported “without computer references.” (*Id.*, at 71–73.) Petitioner never addresses the context of and interrelationships between the claim elements, and it thus fails to evaluate the claims “as a whole” as required by 37 C.F.R. § 42.301(b). Petitioner’s arguments lack merit for additional reasons as discussed in the section below specifically addressing obviousness.

The Board has previously assessed whether these very same claims are novel and nonobvious over the prior art based on three applied references, Weiss, Sheets, and Jones, considered alone and in combination. *Dominion Dealer Solutions, LLC v. AutoAlert, Inc.*, IPR2013-225, Paper 10 (August 15, 2013). The Board concluded that none of the references disclosed “a condition based at least in part on the first financial terms and also on the second financial terms” as recited in the independent claims. *Id.* at 15, 18–19, 24–25. The Board also concluded that Dominion failed to meet its burden of showing obviousness based on the references. *Id.* at 24–25.

In addition to being novel and unobvious, the claims are technological. In the context of the full claim, it is clear that certain steps (“receiving a configuration request” and “transmitting the message”) both involve software and hardware functionality; they are not abstract mental steps and cannot be performed with pen and paper. Moreover, they represent technical solutions to technical problems, as further discussed below.

3. The Claims Solve Technical Problems With Technical Solutions

The second part of the analysis under 37 C.F.R. § 42.301(b) 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 claims address the technical problem of how to find the valuable needles in a vast haystack of customer data—that is, 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. With limited time available (and with the information affecting potential deals constantly changing), previous approaches to finding sales leads 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. The claimed technical solutions that coordinate to solve these problems include:

(1) Retrieving, by the computer system, customer information, financial terms for a customer's vehicle, and vehicle information for that vehicle. This saves time and avoids manual searching and sorting.

(2) Retrieving, by the computer system, information about a second vehicle, including which second vehicle to analyze. This efficiently avoids unnecessary calculations on vehicles that are less likely to result in a deal, while at the same time spending computing resources on relevant second vehicles.

(3) Retrieving, by the computer system, current information associated with (1) and (2). This iteration is impossible to do in a timely manner without a computer, and it results in fresh sales leads, where outdated deals are removed and current deals are included. No previous system was this sophisticated or effective in identifying timely leads of this quality. This technical solution helps to eliminate the problem of over-inclusion: flagging customers for which favorable terms recently existed, but no longer exist.

(4) Determining, by the computer system, whether the current information results in favorable terms, using calculation and assessment steps. This process winnows the results and creates the highly valuable selectivity of the system output. This technical solution helps to eliminate the problems of both over- and under-inclusion.

(5) Generating a message for each favorable lead and transmitting it to a dealer via the computer system. The message is a concrete technical solution to the problems identified above—a tangible marketing result that can be acted upon immediately. Messages generated and transmitted by the system provide a rolling, real-time view of the customers it is valuable to contact; relevant, updated deals are identified continuously through time. Thus, the claims improve the technical performance of earlier systems for searching customer databases for promising sales leads by retrieving a wider range of information, acquiring more timely information, and assessing that information more selectively.

Claim 1 also addresses the problem of how to efficiently search and analyze information maintained in disparate, unlinked data sources. The technical solution is a system that temporally inter-relates the disparate data sources by iteratively retrieving and analyzing the data according to configurable parameters, generating time-sensitive messages that are transmitted to a user. Prior to the claimed inventions, no technological system existed that integrated this dispersed data. Nor did any technological system exist that analyzed the assembled data in a time-sensitive manner.

Claim 1 also addresses the problem that, over time, the equity in a customer's existing vehicles is constantly changing. Each day a vehicle gains in age and mileage, and its value depreciates. Each month vehicle owners make

payments, lowering their financial obligation on their vehicles. Equity is difficult to determine accurately, and the claims address this problem, in the context of assessing favorability of potential deals, by 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. The system thus provides a dynamic update to this information by accounting for the relevant inputs, which in turn improves the timeliness and accuracy of the system's output.

The technical solutions presented by the claims go beyond mere generic computer functionality to solve second-order technical problems. Even assuming for argument that the prior art teaches a system with access to the disparate data sources, a generic computer approach would be to simply calculate all possible combinations of customers and vehicles. Thus, simple substitution of a generic computer to perform the computation task presents a second-order technical problem, because such an approach is highly inefficient and wastes computing resources. The claimed system also solves this problem by retrieving second vehicle information; a second vehicle is identified for this calculation. Calculations are limited to a relevant vehicle for each potential customer, which is a technical solution that improves computing efficiency.

As these examples show, the '791 patent does not claim the mere automation of steps that humans had previously performed manually to generate sales leads.

The patent claims a specific series of technical steps that computers are uniquely capable of performing to generate and refresh sales leads to achieve previously impossible results.

Because the patent claims technological features that are novel and nonobvious over the prior art, and because the claimed subject matter as a whole solves technical problems using technical solutions, the patent is directed to a technological invention. The Board should find that the patent is not a CBM patent, and it should deny the Petition on that basis.

V. THE PETITION SHOULD BE DENIED FOR FAILING TO ESTABLISH A REASONABLE LIKELIHOOD OF PREVAILING ON ANY CHALLENGED PATENT CLAIM

The institution of a CBM review requires a showing that there is a “reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.” 35 U.S.C. § 314(a). Petitioner fails to make this showing for each of the grounds for invalidity.

A. The Petition Fails To Establish A Reasonable Likelihood That The Challenged Patent Claims Are Inoperable

Petitioner contends that the challenged claims are inoperable. (Petition at 65–67.) Petitioner is wrong.

“The inoperability standard for utility applies primarily to claims with impossible limitations.” *CFMT, Inc. v. YieldUP Int’l Corp.*, 349 F.3d 1333, 1339

(Fed. Cir. 2003). *See also Process Control Corp. v. HydReclaim Corp.*, 190 F.3d 1350, 1359 (Fed. Cir. 1999) (claims found inoperable because they require violating the principle of conservation of mass); *Newman v. Quigg*, 877 F.2d 1575 (Fed. Cir. 1989) (claims to a perpetual motion machine found inoperable).

There is nothing impossible about the claims of the '791 patent. The claims do not violate any scientific principles; nor do they claim a perpetual motion machine. Petitioner's challenge is based on the flawed argument that the claims somehow require *isolating* the impact of the recited "current information" on favorability. But the claims require no such thing. In fact the clear teaching in the claims and the patent specification is the very opposite. 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. The claims do not require anything different.

The plain language of Claim 1 requires only "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" performing the recited steps that follow. Claim 1 then expressly recites the steps that determine whether the changed retrieved information may affect whether it is favorable. There is nothing impossible about those two steps, which merely require a calculation of one or

more new payments, and a determination whether the difference between payments is less than or equal to a preset acceptable threshold value.

To support its position, Petitioner relies upon one paragraph in a declaration from Neil M. Librock (Ex. 1013). Mr. Librock's declaration and resumé show that he is a banker with no experience designing computer software. He is not qualified to testify as to the perspective of a person of ordinary skill in the art of the '791 patent. Even if Mr. Librock's declaration is considered, it does not support Petitioner's argument.

Petitioner relies on Paragraph 11 from Mr. Librock declaration, which presents a recharacterization of Claim 1 followed by a parroting back of the same flawed argument presented in the Petition. Mr. Librock presents no reason why he, like the Petition, interprets the claims to require isolating the impact of the recited "current information" on favorability.

B. The Petition Fails To Establish A Reasonable Likelihood That The Challenged Patent Claims Are Directed To Ineligible Subject Matter

Claims 1 and 3–5 of the '791 patent each recite a method (or process) that is by definition statutory subject matter under Section 101. Claims 6 and 7 each recite a system (or machine) that is by definition statutory subject matter under Section 101.

1. Petitioner Fails To Apply The Proper Analytical Framework For Determining Eligible Subject Matter

The Petition asserts that the claims are directed to a judicially-created exception for so-called “abstract ideas.” (Petition at 46–65.) However, the Petition fails to follow the framework set forth by the Supreme Court for distinguishing patents that claim abstract ideas from those that claim patent-eligible applications of those concepts. 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. The framework was reaffirmed in *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2355 (2014).

Under *Alice*, the first step is to “determine whether the claims at issue are directed to one of those patent-ineligible concepts.” *Id.* 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*, 132 S. Ct. at 1297–8). 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 upon the [ineligible concept] itself.”

Id. (brackets in original) (quoting *Mayo*, 132 S. Ct. at 1294).

2. Petitioner Errs By Associating The Claims With An Incorrect Core Concept

The first step in determining if a claim is directed to a patent-ineligible concept requires distilling the claim down to its basic, core concept. *Alice*, 134 S. Ct. at 2356. Petitioner concludes that the fundamental concept of the patent is the recital of three mathematical calculations: calculating new payments, calculating differences in payments, and determining if the differences meet a threshold. (Petition at 56–57.) Comparison with precedent shows that this is incorrect.

When patent claims incorporate well known equations for particular applications, the core concept is *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 simple mathematical formula. In determining the “core concept,” the Supreme Court did not focus on the formula; it looked at the purpose of the claims considered in their entirety, 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. 173, 184, 101 S. Ct. 1048, 1055 (1981) the Supreme Court did not ascertain a core concept by focusing on the well-known 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 identified by Petitioner do not constitute an improved way of solving a mathematical problem. While the calculations are part of the claim, they are conventional in the field of vehicle finance and do not 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***.

3. The Claims Are Not Directed At An Abstract Idea

After determining the basic, core concept, the next consideration is where that concept falls within a spectrum that extends from “abstract ideas” at one end to “technological processes” at the other. Claims that fall towards the abstract-idea end are generally not directed to patent-eligible subject matter under § 101, while those that fall towards the technological-process end generally are patent-eligible (compare *Benson*, 409 U.S. at 69 with *Diehr*, 450 U.S. at 184). The abstract-idea end of the spectrum includes fundamental economic practices (*see, e.g., Alice*, 134 S. Ct. at 2357; *Bilski*, 130 S. Ct. at 3231), mathematical formulas (*Flook*, 437 U.S. at 594-595), and basic tools of scientific and technological work (*Benson*, 409 U.S. at 69).

Because Petitioner wrongly concludes that the '791 patent claims are directed at the core concept of mathematical manipulations, it likewise wrongly concludes that the claims are directed at an abstract idea. With the proper core concept in mind, it is apparent that the concept is not directed at an abstract idea. The patent claims are not directed at a fundamental economic practice; they are not directed at new and improved mathematical formulas; they are not directed at basic tools of scientific or technological work. The claims are directed at specific implementations of computer systems that automatically provide vehicle sales opportunities.

The Federal Circuit has cautioned that:

[A]ny claim can be stripped down, simplified, generalized, or paraphrased to remove all of its concrete limitations, until at its core, something that could be characterized as an abstract idea is revealed.

A Court cannot go hunting for abstractions by ignoring the concrete, palpable, tangible limitations of the invention the patentee actually claims.

Ultramercial Inc., v. Hulu, LLC, 722 F.3d 1335, 1344 (Fed. Cir. 2013). *Alice* reconfirmed that the claims must be analyzed as a whole, and the Board need not hunt for an abstraction where none exists.

Here, the challenged claims recite limitations throughout the claim elements that require the use of technology, including electronic communication lines and automated computer processing that was unconventional and nonobvious at the time of the invention. As discussed above, the patent is directed to systems and processes that generate, from among the customers of a dealership and over the duration of the customers' existing financial arrangements, whether and when there is an opportunity to sell new vehicles to customers not in the market to buy, on terms that may be favorable to them.

The claimed process utilizes a computer system that repeatedly retrieves updated information relating to a customer, the customer's existing vehicle, and the

financing terms on that vehicle, determining from among the universe of vehicles one or more replacement vehicles that are associated or suitably related to the customer's existing vehicle, and it aggregates information from disparate data sources, including available rebates, discounts, dealer incentives, and prospective financing terms associated with the one or more replacement vehicles.

The claimed process utilizes software modules that interact with one another to efficiently determine whether and when a favorable opportunity for a customer exists and it allows, through a configuration request, for the definition of what a "favorable" opportunity is for the universe of dealership customers. To perform these calculations, iteratively and efficiently across a dealership's customers and over the duration of their existing financing arrangements, the system determines, or retrieves, replacement vehicles similar to or suitably associated with the customers' existing vehicles. It further relies on a pre-defined determination of what is "favorable." These calculation efficiencies improve the functioning of the computer itself.

Even assuming, for the sake of argument, that the core concept of the patent claims is deemed to be directed to an abstract idea, the claim elements still must be considered individually and as an ordered combination to determine whether any aspect of the claims transforms the nature of the claim into a patent-eligible application of the abstract idea. This second step requires a search for an

“inventive concept” – 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 abstract idea itself. *Alice*, at 2355; *Mayo*, 132 S. Ct. at 1294. As explained below, Petitioner fails to perform this analysis.

4. Petitioner Fails To Consider The Claims As A Whole

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 56–57.) Because Petitioner never analyzes the claim considered in its entirety as an ordered combination, its analysis is incomplete and legally deficient. *See, e.g., U.S. Bancorp v. Solutran, Inc.*, CBM2014-00076, Paper 16, at 13 (PTAB Aug. 7, 2014)

(denying CBM petition in part because Petitioner’s arguments are directed to claim elements individually, without accounting sufficiently for the claims as a whole).

5. Petitioner Fails To Properly Consider The Technical Nature Of The Claims

Petitioner does not substantively analyze the content of the claim elements as recited, relying instead on abridged versions of the elements. Petitioner characterizes several early elements as “ancillary data gathering” and the final two limitations as “conventional post-solution activity.” (Petition at 56–58.) These characterizations overlook limitations that demonstrate that the claims are directed at a concrete application, rather than at an abstract idea.

[a] The Retrieval Of Second Vehicle Information And Second Financial Terms

Petitioner argues that retrieving by a computer “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. Petitioner presents no evidence that prior to Mr. Cotton’s invention dealerships, or anyone else, had technology that allowed for the automated *retrieval of information regarding a replacement vehicle* for a dealership’s customers. While it was commonplace for dealerships to maintain computer databases containing information on their customer’s existing vehicles, no one prior to Mr. Cotton’s invention had contemplated technology that automatically associated a dealership customer with

a *prospective* replacement vehicle. Because that technology did not exist and was nonobvious at the time of the invention, this step is not merely “ancillary data gathering.” It constitutes an inventive use of technology.

Similarly, Petitioner argues that retrieving by a computer system “second financial terms . . . for the second vehicle” is ancillary data gathering. Yet that, too, was unconventional and nonobvious at the time of the invention. Petitioner presents no evidence that prior to the invention dealerships, or anyone else, had technology that allowed for the automated ***retrieval of prospective financial terms for the possible financing of a replacement vehicle*** for a dealership’s customers. While dealerships commonly maintained computer databases with information on their customer’s existing financing terms, no one prior to the invention had contemplated technology that automatically retrieved *prospective* financing terms for a *prospective* replacement vehicle. That technology did not exist and was nonobvious at the time of the invention. The associated claim step is not merely “ancillary data gathering.” It constitutes another inventive use of technology.

Independent Claim 6 claims the computer system required for retrieval of second vehicle information for a second vehicle and second financial terms for the second vehicle. The same arguments apply to Claim 6 and its dependents because Petitioner presents no evidence that prior to the invention dealerships, or anyone else, had technology that allowed for the automated retrieval of information

regarding a replacement vehicle or the automated retrieval of prospective financial terms for the possible financing of a replacement vehicle for a dealership's customers. That technology did not exist and was nonobvious at the time of the invention. The associated claim steps are not merely "ancillary data gathering," but rather another inventive use of technology.

[b] **The Receiving Of A Configuration Request**

Petitioner relegates its discussion of the step "receiving a configuration request for replacing the first vehicle of the customer with a different vehicle" to a footnote, which provides no analysis other than characterizing the step as more ancillary data gathering. (Petition at 57, fn. 3.) But this claim step is not directed at data gathering at all. As discussed above in the section on claim construction, 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), specifying the criteria used to assess whether a deal is favorable (*id.*, 10:42–48), and specifying whether the candidate customer is approaching the end of their lease. (*Id.*, 10:48–57.)

It was neither conventional nor obvious at the time of the invention to perform such a step. Petitioner presents no evidence that prior to the invention

dealerships, or anyone else, had a computer system that could receive a configuration request that enabled the system to automatically search for favorable vehicle sales opportunities. No one prior to the invention had contemplated such a configuration request. Because that technology did not exist and was nonobvious at the time of the invention, the associated claim step is not merely “ancillary data gathering.” It constitutes another inventive use of technology.

[c] **The Repeated Retrieval Of Information**

Petitioner also characterizes as ancillary data gathering the recited claim step: “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.”

Petitioner overlooks, or perhaps deliberately ignores, that this step refers to a *subsequent retrieval* of the same categories of information retrieved in the earlier recited retrieval steps. In other words, this step requires retrievals of information that are *repeated over time* to ensure the retrieved information is timely, i.e., up to date. As explained by the specification:

The system may generate deal sheets or contact management entries at any suitable time. . . . In one embodiment, deal sheets are generated

periodically (e.g., weekly). In one embodiment, deal sheets are generated dynamically. In one embodiment, deal sheets are generated substantially continuously.

(Ex. 1001, 10:5–14.)

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 presents no evidence that prior to the invention dealerships, or anyone else, had a computer system configured to repeatedly retrieve information for the purpose of searching for favorable vehicle sales opportunities. No one prior to the invention had contemplated such a computer system. Because that technology did not exist and was nonobvious at the time of the invention, the associated claim step is not merely “ancillary data gathering.” It constitutes another inventive use of technology.

[d] **Determining A Predictive Condition Based On A Difference In Payments**

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.”

Petitioner presents no evidence that prior to the invention dealerships, or anyone else, had a computer system configured to make predictions of favorable sales opportunities based on a calculated difference in payments between a customer’s existing financed vehicle and a prospective replacement vehicle. No one prior to the invention had contemplated performing such a step. Because that technology did not exist and was nonobvious at the time of the invention, it constitutes another inventive use of technology.

[e] **The Generating Of A Message**

Petitioner characterizes as “conventional post-solution activity” the recited claim step of: “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.”

Yet it was neither conventional nor obvious at the time of the invention to perform this step. Petitioner presents no evidence that prior to the invention dealerships, or anyone else, had a computer system that generated a message if it was determined that favorable vehicle sales opportunities existed for a customer. No one prior to the invention had contemplated such a step. Because the

technology did not exist and was nonobvious at the time of the invention, the step is not merely “conventional post-solution activity.” It constitutes another inventive use of technology.

**6. The Computer Is Integral To The Claimed Invention,
Which Does Not Preempt The Field**

Petitioner argues that the recited computer is not integral to the claimed invention. (Petition at 54–55.) This argument ignores the many features of the claims that rely critically on computer-implementation. This includes the information retrieval steps. It includes the “configuration request,” which requires a request received by a computer system that is configurable to define the scope of the request. The request dictates such features as whether the process is to run as a batch process, whether it is to run iteratively on a daily or weekly basis, etc. It includes “retrieving current information,” which has the intended goal of providing the computer system with updated information that is considered in a timely manner. It includes the performance of calculations and the computer system’s generation of a message.

These limitations that require computer-implementation are central to the problem addressed by the claims. 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 '791 patent does not preempt the field of providing vehicle sales opportunities. It presents computer-implemented approaches that are markedly better than the prior art. But the prior art techniques remain available, as do all other computer-implemented techniques for providing vehicle sales opportunities that do not practice each and every element of the claims.

7. Petitioner Misapplies the Machine or Transformation Test

Petitioner argues that Claim 1 fails the machine-or-transformation test. (Petition at 54.) In fact, the claims satisfy both prongs of the test.

The “machine” prong is satisfied by the claims’ recitation of a computer processor that includes the particularized programming required to perform the steps recited in the claims. The “transformation” prong is satisfied by the transformation that occurs in the article used by the dealership to receive the message that is transmitted by the invention. As taught by the specification, messages and alerts “can be transmitted by email, pager, web page, database record, fax, or any other known method of transmitting electronic data.” Regardless of the means of transmission used, the recipient will have a physical article (e.g., a pager, a fax machine, a computer terminal) that is transformed by the receipt of the message.

8. Petitioner Misinterprets *Flook* and *Diehr*

Petitioner argues that Claim 1 more closely resembles the rejected claim of *Flook* than the allowed claim of *Diehr*. (Petition at 58–63.) Actually the opposite is true.

In *Flook*, the only novel feature of the claims was the inclusion of a new mathematical formula. The remaining combination of method steps applying the formula were otherwise conventional and found in the prior art. With the '791 patent claims, this relationship is reversed. The mathematical calculations are conventional, but the combination of method steps using the calculations was new and nonobvious to a person of ordinary skill in the art.

In *Diehr*, the claims used the Arrhenius equation, a well-known mathematical formula. But the *Diehr* claims did not preempt the use of that equation; they only foreclosed use of that equation in conjunction with the many other steps in the method, which were new and unconventional. That is precisely the situation with the '791 patent claims. The mathematical calculations are conventional, but the method steps using the calculations were new and unconventional. The '791 patent claims do not preempt the use of the mathematical equations recited in the claims; they only foreclose use of the calculations in conjunction with the many other steps in the method.

In its discussion of *Flook*, Petitioner asserts that “AutoAlert did not dispute (Ex. 1004 at 5–6) that the collection of information and transmission of messages that flank the calculations in claim 1 of the ’791 patent were known in the art.” (Petition at 63.) That is flat wrong. As discussed above, those steps were not known in the art, and AutoAlert has never stated otherwise.

9. Petitioner Errs By Arguing Eligibility Based On Non-Analogous Prior Decisions

Petitioner’s arguments against the eligibility of the ’791 patent claims are not limited to analyzing the claims challenged in its Petition. Petitioner also discusses a variety of analyses performed by other tribunals.

Petitioner, for example, references a ruling from Judge S. James Otero in the district court action. (Petition at 46–48.) That ruling is not relevant to the patent eligibility issues raised by this Petition. Contrary to Petitioner’s representation, Judge Otero did not rule that any claim of the ’791 patent is invalid. Rather, he denied AutoAlert’s motion for a preliminary injunction because he deemed it an open question whether the two claims of the ’791 patent may be directed to ineligible subject matter. He emphasized that “[t]his determination is made in the context of the procedural burdens for a preliminary injunction, and the Court has not found the asserted claims invalid.” (Ex. 1017 at 8–9.)

Judge Otero's analysis also reflected the uncertainty existing prior to the Supreme Court's *Alice* decision, in the wake of the divided Federal Circuit opinion in *CLS Bank Int'l v. Alice Corp. Pty. Ltd.*, 717 F.3d 1269, 1274 (Fed. Cir. 2013). Judge Otero noted that "[u]nfortunately, the en banc proceedings resulted in five separate opinions with no majority opinion and no clear guide to the analysis of the patentability of method claims like those in the '791 Patent." (Ex. 1017 at 6.) Finally, Judge Otero's decision was made pursuant to a different procedural burden. In the preliminary injunction proceeding, AutoAlert had the burden of proving that it was more likely than not to successfully demonstrate that the claims were patent eligible. In this Petition, Petitioner has the burden of demonstrating a reasonable likelihood that it will prevail.

The Petition also presents argument based on an Office Action in a pending AutoAlert patent application. (Petition at 48–51.) The Petition falsely represents that the Office Action was "uncontested." In fact, AutoAlert submitted a Response, contesting the arguments in the Office Action, on May 20, 2014. Regardless, the claims in the pending application are different than the claims challenged in the present Petition, and the Office Action is not probative evidence of the eligibility of the claims in question here.

**10. Petitioner Fails To Substantively Address The Patent's
Dependent Claims**

Petitioner presents just two or three sentences of analysis for each dependent claim. (Petition at 64–65.) That meager analysis is conclusory and deficient. Properly considered, the dependent claims add additional limitations that further remove the inventions from the realm of the abstract.

Claim 3 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 used to predict favorable deals. In so doing, Claim 3 further limits the specific application of the core concept of providing vehicle sales opportunities, and it further ensures that 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 of providing vehicle sales opportunities. It also further ties the invention to computer-implementation. It is not possible for Claim 4 to be performed by the human mind or using a pen and paper.

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 utilize multiple payments for different time periods to predict favorable deals. In doing so, Claim 5 further limits the specific application of the core concept of providing vehicle sales opportunities.

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 a computer, such that the computer plays a meaningful role in performance of the claim. Retrieving changed information across a large customer database cannot be performed entirely in the human mind or using a pen and paper. The computer-implementation features recited in the claim are integral to the process, and they ensure the claim does not preempt general application of the core concept.

C. The Petition Fails To Establish A Reasonable Likelihood Of Invalidity Under Section 112

The Petitioner presents its Section 112 grounds in a piecemeal fashion scattered across different sections of the Petition, making it difficult for the Board or AutoAlert to assess the grounds being presented. The Petition appears to be challenging the limitations “configuration request,” “may affect,” and “current information / current retrieved information / the retrieved information” as rendering the claims invalid under Section 112 based on indefiniteness, a lack of written description support, and a lack of enablement. Separately, the Petition appears to contend invalidity under Section 112 based on the theory that the claims present an undisclosed “hybrid” that lacks written description support. None of these challenges has merit.

1. The Invalidity Arguments Based On “Configuration Request,” “May Affect,” And “Current Information / Current Retrieved Information / Retrieved Information” Lack Merit

As discussed above in the section on claim construction, the terms “configuration request,” “may affect,” and “current information / current retrieved information / retrieved information” are not indefinite. AutoAlert’s position is supported by the patent properly considered in its entirety and expert testimony from Dr. Carbonell. Petitioner has no evidence from the perspective of a person of ordinary skill in the art.

Petitioner's contentions that these two claim terms are not enabled fails for the same reason as its indefiniteness challenges. Properly interpreted, the specification readily enables a person of ordinary skill in the art to practice the claims. Petitioner presents no particularized analysis on this issue and no evidence from the perspective of a person of ordinary skill in the art.

Petitioner's contentions that these two claim terms lack written description support fails for the same reason as its indefiniteness challenges. Properly interpreted, the patent specification discloses embodiments that perform the steps recited in the claims. Petitioner presents no particularized analysis on this issue and no evidence from the perspective of a person of ordinary skill in the art.

For the reasons set forth above and in the section on claim construction, Petitioner fails to establish a reasonable likelihood of prevailing on the Section 112 grounds based on the claim terms "configuration request," "may affect," and "current information / current retrieved information / the retrieved information."

2. The Invalidity Arguments Based On Purportedly Undisclosed "Hybrids" Lack Merit

Petitioner characterizes the patent as disclosing only three distinct processes that are mutually exclusive. That is a misinterpretation of the patent based on a misreading of the Summary of the Invention and three patent figures, and a myopic focus on one selected passage of the specification that discusses the "financial

terms comparison module.” Reading the patent in its entirety, as one must when assessing Section 112 support, reveals that the patent discloses many embodiments beyond the three presented by Petitioner, including those recited in the claims. Petitioner’s “undisclosed hybrids” are a fiction, and its challenges have no merit.

Petitioner’s analysis begins with the Summary of the Invention, which it contends discloses two processes that require batch processing and a third process that requires generating alerts for a specified customer in real-time. Petitioner makes this argument even though the term “batch” never appears once in the Summary of the Invention. In fact, batch processing is not a required feature of any of the embodiments discussed in the Summary of the Invention. As taught by the specification, batch processing is an optional feature that can be incorporated into various disclosed embodiments.

Petitioner then jumps to the conclusion that (1) the three embodiments from the Summary of the Invention correspond to three embodiments of the “financial terms comparison module” discussed at the bottom of column 22 of the patent; (2) those three embodiments are mutually exclusive; and (3) those are the only three embodiments disclosed in the specification. Petitioner then misinterprets the independent claims of the ’791 patent to require a “customer-specific request” that is not recited in the claims, and the presence of “changed” information that is not recited in the claims, ultimately concluding that “[t]here is no written description

support for that combination of a customer-specific request with the retrieval and assessment of *changed* information.” (Petition at 68.) A full reading of the patent and its claims readily shows that the Petitioner is wrong about the patent teaching three, and only three, mutually exclusive processes, and that it is wrong in interpreting the claims to include the unrecited features it relies on.

First, it is apparent that the patent discloses additional embodiments beyond the three embodiments of the “financial terms comparison module” relied on by Petitioner. A fourth embodiment is disclosed in the sentence in column 22 immediately preceding the passage relied on by Petitioner: “In one embodiment, the financial terms comparison module 3935 performs comparisons and calculations necessary to determine whether a customer is able to advantageously enter a new lease or purchase transaction.” That embodiment does not require batch processing or the generation of an alert for a specified customer in real-time.

Likewise, Petitioner misinterprets Figs. 36 and 37 of the patent as requiring batch processing, even though neither the figures themselves nor the associated descriptions in the specification require batch processing for those embodiments.

Petitioner also ignores the broad teaching throughout the Detailed Description that describes how the underlying information is retrieved and how the determinations and calculations are made. That description conveys great breadth in allowing for different features to be included, or varied, in different applications

of the invention. This is further conveyed by the patent's teaching that the various disclosed features are modular in nature, such that they can be combined into different arrangements. (Ex. 1001, 4:62–64 (“It will also be apparent to a skilled artisan, in light of this disclosure, that the modules described herein can be combined or divided.”); *id.*, 5:20–22 (“The foregoing and other variations understood by a skilled artisan can be made to the embodiments described herein without departing from the invention.”); *id.*, 23:54–58 (“Although the system is disclosed with reference to preferred embodiment, the invention is not limited to the preferred embodiments only. Rather, a skilled artisan will recognize from the disclosure herein a wide number of alternatives for the system.”); *id.*, 24:18–21 (“other combinations, omissions, substitutions and modifications will be apparent to the skilled artisan.”).)

Petitioner seeks to support its “undisclosed hybrid” theory with two expert declarations, one from Mr. Libroch (Ex. 1013) and one from Dr. Stapleton (Ex. 1014). As noted earlier, Mr. Libroch has no experience with the design of computer software, and he is not qualified to assess the patent from the perspective of a person of ordinary skill in the art. Regardless, neither of the declarations provides probative evidence that the claims recite “undisclosed hybrids.”

On this issue, the two declarations are nearly identical, parroting back the same argumentative positions presented in the Petition. Both declarations repeat

the same mistakes made in the Petition, such as reading in an unrecited “batch processing” requirement into the embodiments discussed in the Summary of the Invention and into the embodiments presented in Figs. 36 and 37.

Neither expert declaration addresses the ample teaching throughout the patent that is inconsistent with the “undisclosed hybrid” theory. Neither declaration states that the declarant considered, or even read, the patent in its entirety. Neither declaration indicates that the declarant understood, or was applying, a proper methodology for assessing Section 112 support.

This is not the first time Petitioner has made its “undisclosed hybrid” argument. It presented this argument to the district court in opposing AutoAlert’s motion for a preliminary injunction. Petitioner presented the court with the same supporting testimony from Dr. Stapleton. The court was not persuaded by Petitioner’s argument or Dr. Stapleton’s testimony, and it concluded that it was not likely that the patent claims were invalid on these grounds. (*See* Ex. 1017 at 4–5.)

D. The Petition Fails To Establish A Reasonable Likelihood Of Invalidity Under Section 103

Petitioner asserts that the challenged claims are unpatentable under 35 U.S.C. § 103(a) as “an obvious automation of a well-known prior art process.” (Petition at 69.) Petitioner’s obviousness argument is conclusory and legally flawed. It is performed without adherence to the *Graham* factors and, in fact,

never even acknowledges those factors. Petitioner's obviousness argument also fails to address any challenged claim in its entirety. Petitioner instead analyzes a truncated "analog" version of the claim language, leaving several limitations completely unaddressed. Although Petitioner obtained declarations from five witnesses, including its technical expert Dr. Stapleton, it relies on only two declarations – from Mr. VanCleave and Mr. Allan – and neither one has said that the challenged claims would have been obvious.

The claimed inventions are not merely a computerized automation of a prior art process. To the contrary, the claimed inventions carry out a fundamentally different process that could not be performed without a computer. They also involve additional steps that were not performed in the prior art manual processes. Accordingly, Petitioner fails to establish a reasonable likelihood of obviousness as to any of the challenged claims.

1. Petitioner's Flawed Analysis Of The Independent Claims

Under 35 U.S.C. § 103(a), a claim is unpatentable if the differences between the claimed subject matter and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which the subject matter pertains. *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 406, 127 S. Ct. 1727, 1734 (2007).

In analyzing the issue of obviousness, the following “*Graham* factors” must be considered: (1) the scope and content of the prior art; (2) the differences between the prior art and the claimed invention; (3) the level of ordinary skill in the art; and (4) objective evidence of nonobviousness. *Graham v. John Deere Co.*, 383 U.S. 1,17, 86 S. Ct. 684, 694 (1966); *KSR*, 550 U.S. at 398, 406-407. Although obviousness is a question of law, it is premised on underlying factual determinations set forth in the four *Graham* factors. *Graham*, 383 U.S. at 18; *In re Kubin*, 561 F.3d 1351, 1355 (Fed. Cir. 2009). Petitioner fails to address at least three of these factors.

First, Petitioner does not properly determine the differences between the prior art and the claimed invention as mandated by the second *Graham* factor. Determining the differences between the prior art and the claimed invention requires conducting an element-by-element comparison of the claim elements to the prior art. *See, e.g., Inline Connection Corp. v. Earthlink, Inc.*, 684 F. Supp. 2d 496, 523 (D. Del. 2010) (granting judgment as a matter of law of nonobviousness, because the evidence “was insufficient to demonstrate an element-by-element disclosure of the asserted claims”); *see also Oxford Gene Tech., Ltd. v. Mergen Ltd.*, 345 F. Supp. 2d 431, 437 (D. Del. 2004).

According to Petitioner, the only difference between the claims and the prior art is “computerized automation” (Petition at 71), but Petitioner’s own authority

acknowledges that the “automatic means” and the “manual activity” must accomplish “*the same result.*” *In re Venner*, 262 F.2d 91, 95 (C.C.P.A. 1958) (emphasis added); *Ex Parte Mahaney*, 2010-008131, 2012 WL 5494556, at *2 (P.T.A.B. Oct 24, 2012) (“using a computer *to effect same*”, emphasis added). Neither of Mr. Allan’s and Mr. VanCleave’s manual processes come close to achieving the same high quality timely results as the recited methods, neither generates a message, automatically or otherwise, and neither transmits the message to a dealer. (Petition at 73, see table, row “j.”)

Instead of conducting an element-by-element comparison of the actual claim language to the alleged prior art, Petitioner offers a claim chart that purports to compare the alleged prior art to a truncated “analog” version of Claim 1. In doing so, Petitioner entirely omits several claim limitations, leaving them completely unaddressed. As to these unaddressed claim limitations, Petitioner states in conclusory fashion that the only difference between the claims and the prior art is “computerized automation.” (Petition at 71–73.) But Petitioner does not identify the specific claim language that supposedly is directed to “computerized automation,” other than apparently omitting it from the claim chart. Petitioner thus fails to identify the specific claim limitations missing from the prior art, improperly thrusting that task upon the Board and AutoAlert.

The claim chart is also deficient for another reason. In addition to presenting a truncated “analog” version of the claims, Petitioner compares this incomplete claim language in conclusory fashion to *characterizations* of statements from the two declarants. This reflects the improper use of attorney argument to bridge the gap between the actual claims and the prior art.

Moreover, in introducing its analog version of Claim 1, Petitioner expressly admits that its analysis fails to address the step of “determining ... whether the retrieved information may affect whether it is favorable for the customer to replace a first vehicle,” justifying this omission with reference to its own Section 112 arguments. (Petition at 71.) But the requirement for element-by-element analysis does not allow elements to be completely ignored on such a basis.

Second, Petitioner fails to define the level of ordinary skill in the art as required by the third *Graham* factor. *See, e.g., KSR*, 550 U.S. at 406 (“Under § 103 . . . the level of ordinary skill in the pertinent art [is] resolved.”). To the extent that Petitioner addresses the level of skill, Petitioner simply states that “all that needs to be known of the skilled artisan is what the ’791 patent specification attributes to her.” (Petition at 70.) Petitioner then provides a few quotes from the specification referring to a person of ordinary skill. (*Id.*) None of this “analysis” provides insight as to the level of ordinary skill in the art.

Third, Petitioner fails to consider the objective evidence of nonobviousness as required by the fourth *Graham* factor. In the district court litigation, Petitioner served an interrogatory seeking information on objective evidence of non-obviousness that AutoAlert contends supports the validity of the challenged claims. AutoAlert responded to that interrogatory on February 18, 2014, providing evidence of commercial success, copying by others, and industry praise, all supported by AutoAlert's document production in the litigation. Petitioner fails to acknowledge, let alone rebut, this evidence.

Finally, and perhaps most importantly, Petitioner provides no evidence that a person of ordinary skill in the art would have found the claims to be obvious in view of the prior art. As noted above, none of Petitioner's five declarants have opined that the claimed subject matter would have been obvious to a person having ordinary skill in the art. Without such evidence, Petitioner relies upon attorney argument to map the prior art to its "analog" version of the claims, and to fill in the gaps between the prior art and the unidentified and unaddressed "computerized automation" aspects of the claims. (Petition at 71–75.)

Regarding independent Claim 6, Petitioner asserts that because this claim allegedly "recites a computer system that implements the method of claim 1, it has the same 'analog' counterparts as claim 1." (Petition at 72.) This is the sum total

of Petitioner’s analysis of Claim 6, and it is plainly insufficient to carry its burden to show obviousness.

2. The Claimed Inventions Are Not The Computerized Automation Of A Prior Art Manual Process

The premise of Petitioner’s obviousness argument is that the claimed inventions are simply the “computerized automation” of “a well-known prior art process.” (Petition at 69.) As noted above, Petitioner’s equating of the claimed inventions to the prior art processes described by Mr. VanCleave and Mr. Allan relies on a distorted “analog” version of the claims. (*Id.* at 71–73.) When the prior art processes are compared to the actual claim language in its entirety, it is clear that the claims are not the automation of the prior art process. Indeed, the claimed methods are carrying out a fundamentally different process than the processes described by Mr. VanCleave and Mr. Allan.

Mr. VanCleave’s declaration explains a manual process of structuring “pull-ahead transactions” for customers coming to the end of their lease. (*See* Ex. 1015.) Mr. VanCleave’s process consists of the following steps (Ex. 1015 at ¶ 8):

1. Setting a trigger for when a customer would be close to an equity position based on the term of the finance or lease contract;
2. When a customer is triggered, ascertaining the customer’s equity value in the customer’s current vehicle;

3. Using the equity value to calculate what the customer's payment might be on a new vehicle; and
4. Contacting the customer if the calculated new payment was "close enough" to customer's current payment and advising the customer of the potential new payment for a new vehicle.

This process differs significantly from the claimed inventions because it involves setting a "trigger" for each customer based on the number of months left in a customer's current deal so as to evaluate each customer only once, at a preselected time in the lifespan of a lease. In other words, this process did not iteratively evaluate each customer by repeatedly retrieving current information to determine, throughout the life of a lease, *when* the customer may have a favorable deal available. Indeed, Mr. VanCleave's process assumed that he already knew *when* a customer would likely be able to "pull-ahead" into a new vehicle. Performing Mr. VanCleave's process iteratively for a single customer in order to identify a good candidate for a deal was unnecessary because, in Mr. VanCleave's process, a good candidate has already been identified based on the trigger.

Mr. Allan's declaration explains a manual process of structuring deals for customers identified as being in a favorable position as part of a "Pre-Trade" program. (*See* Ex. 1011.) Mr. Allan's process consists of the following steps (Ex. 1011 at ¶¶ 2–5.):

1. Selecting a customer from a “Pre-Trade Cycle Management Board” that listed customers who were “in equity, or in a favorable position”;
2. Estimating the customer’s equity in their current vehicle;
3. Using the equity, calculating potential new payments for the customer for a new vehicle; and
4. Contacting the customer if the new payments were less than or equal to a “carline-specific threshold.”

Like the process described by Mr. VanCleave, this process differs significantly from the claimed inventions because it is not directed to identifying *when* a customer is a good candidate for a new transaction. Rather, Mr. Allan’s process *starts* with a list of customers who are already identified as currently being good candidates for a “pull-ahead” transaction. (Ex. 1011 at ¶ 2 (“This program created a process to market to my customers when they were in equity, or in a favorable position, to get into a new vehicle before their lease or finance contract would expire.”).) Because Mr. Allan’s process assumes that it already knows when a customer may be a potential candidate, it does not involve repeatedly retrieving information to determine when a customer may have a favorable deal available.

Both of declarants’ manual processes retrieve information only once for any given customer. This is because their processes presume that they already know

the identity of the customer and *when* a favorable deal may be available for that customer. Thus, these prior art processes were only seeking to determine, for a preselected customer, *if* a favorable deal is available for the customer. The claimed inventions, on the other hand, are directed to determining, for any customer in a database, both *if* and *when* a favorable deal may be available. These processes are fundamentally different. With the temporal aspect removed from the equation, the prior art processes had no need to repeatedly retrieve information.

Thus, the challenged claims are not merely an automation of the prior art processes described by Mr. VanCleave and Mr. Allan. The challenged claims require retrieving certain categories of information, and then re-retrieving information from the same categories that has changed since a previous retrieval.

For example, Claim 1 requires “***retrieving*** at least a portion of customer information, first financial terms that a customer has for a first vehicle, and first vehicle information,” and then further requires “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.” (Ex. 1001, 24:41–43 & 49–55.) Petitioner relies on a single instance of retrieving information

as described in each of the declarations (Ex. 1011 at ¶ 5; Ex. 1015 at ¶ 8) in arguing that the prior art processes perform all of the “analog” steps of Claim 1.

Mr. VanCleave and Mr. Allan’s processes also differ from the challenged claims because the first step of each of their processes assumes that to be eligible, a customer will be “in equity.” Mr. Allan selected from a board listing customers who were “in equity,” (Ex. 1011 at ¶¶ 2–5) and Mr. VanCleave’s trigger was specifically tied to customer equity (Ex. 1015 at ¶ 8). In contrast, the claimed system is agnostic as to which factors will result in favorability. While equity is considered, equity is not a threshold or gating requirement for the claimed system, as it is for Mr. Allan and Mr. VanCleave. Accordingly, the claimed system identifies favorable results for many customers who would be systematically excluded under the prior art approaches.

To the extent Petitioner is asserting that the claimed inventions are also an obvious computerized automation of an alleged manual prior art process performed by the inventor, Mr. Cotton, Petitioner fails to present a proper obviousness analysis to support this assertion. Like the assertion based on the declarations from Mr. VanCleave and Mr. Allan, Petitioner does not identify the level of skill in the art, it does not identify the differences between the claims and any alleged prior art process, and it does not address the alleged obviousness of the claimed subject matter as a whole from the perspective of a person skilled in the art.

In addition, the “Balboa Software” document (Ex. 1019) referenced by Petitioner is a document written by Mr. Cotton to explain to a computer programmer the concept of the software program that became AutoAlert’s commercial software. The Balboa Software document is not prior art, and, even if it was, Petitioner fails to demonstrate invalidity based on this document.

Finally, Petitioner’s reliance on a different claim (Claim 1) from a different application (the ‘015 application) is completely irrelevant. (Petition at 74–75.)

3. Petitioner’s Flawed Analysis Of The Dependent Claims

Petitioner’s analysis of the dependent claims is flawed for the same reasons discussed above with respect to the independent claims. Petitioner’s analysis of the dependent claims is further flawed because it fails to consider the claimed subject matter as a whole, instead focusing solely on the additional elements added by the dependent claims. *See KSR*, 550 U.S. 406. The analysis is also flawed because it relies on an abbreviated and inaccurate version of the additional elements rather than addressing the actual claim language.

The analysis is also conclusory. Petitioner declares that the additional elements, as summarized by Petitioner, are either “common sense” or taught by the prior art. But there is no explanation of how the prior art purportedly meets the actual claim language. (Petition at 75–76.)

VI. CONCLUSION

For the above reasons, AutoAlert requests that the Board deny in its entirety DealerSocket's petition for covered business method review of the '791 patent.

Respectfully submitted,

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Dated: September 4, 2014

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of **PATENT OWNER AUTOALERT, LLC'S PRELIMINARY RESPONSE** is being served on September 4, 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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