

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

DEALERSOCKET, INC.,
Petitioner,

v.

AUTOALERT, INC.,
Patent Owner.

Case CBM2014-00146
Patent 8,086,529 B2

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

CHANG, *Administrative Patent Judge.*

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

I. INTRODUCTION

DealerSocket, Inc. (“DealerSocket”) filed a corrected Petition (“Petition”) requesting a review of U.S. Patent No. 8,086,529 B2 (Ex. 1001, “the ’529 patent”) under the transitional program for covered business method patents. Paper 4, “Pet.” AutoAlert, Inc., (“AutoAlert”) timely filed a Preliminary Response to the Petition. Paper 8, “Prelim. Resp.”

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

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

DealerSocket challenges the patentability of claims 1, 3–5, 10, 12–14, 16, and 19 of the ’529 patent under 35 U.S.C. §§ 101 and 112. Pet. 44. Upon consideration of the Petition and Preliminary Response, we determine that the information presented in the Petition demonstrates that the challenged claims are more likely than not unpatentable. Pursuant to 35 U.S.C. § 324 and section 18(a) of the AIA, we hereby institute a covered business method patent review as to claims 1, 3–5, 10, 12–14, 16, and 19 of the ’529 patent.

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

A. The '529 Patent

The '529 patent relates to alerting dealers of a product when favorable financial terms are available to customers. Ex. 1001, 1:20–22. The '529 patent states that, rather than paying cash for a product, a person may enter into a financial agreement to make a series of payments for a specified term, such as a lease agreement for an automobile with monthly payments. *Id.* at 1:24–32. During the term of the financial agreement, a person may desire to use a second product in lieu of the current product. *Id.* at 1:33–36. For example, a person having two years of payments remaining on an automobile lease may be willing to return the automobile to a dealership and enter a new lease for a newer model. *Id.* at 1:40–43. A person might agree to enter into a replacement agreement if the replacement product and payment terms are acceptable or sufficiently similar. *Id.* at 1:46–52.

The '529 patent describes that, if a seller, such as an automobile dealership, knows when a customer is able to enter into a new financial agreement under terms favorable to the customer, the seller can take advantage of that knowledge by offering an arrangement to the customer that includes the favorable terms. *Id.* at 1:53–57. The '529 patent states that no system or method previously existed that alerts a seller when a customer is able to enter a new financial arrangement under terms favorable to the customer. *Id.* at 1:59–61. According to the '529 patent, its described embodiments systematically generate and send alerts to dealers when customers are able to enter new financial arrangements under terms favorable to the customer. *Id.* at 1:65–2:1. The '529 patent states that

making this information available to dealers can increase the dealers' sales significantly. *Id.* at 2:1–3.

Figure 36 of the '529 patent is reproduced below:

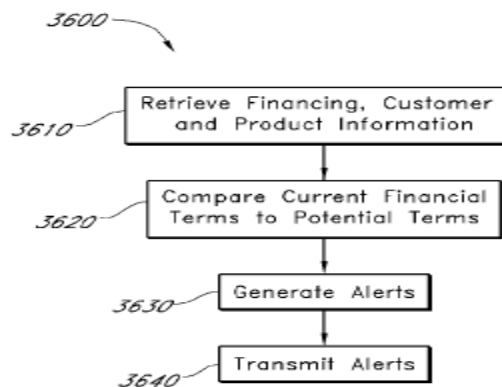


FIG. 36

Figure 36 of the '529 patent illustrates a process of alerting a dealership when a customer can be offered a new lease or other financial arrangement. Ex. 1001, 3:62–65, 18:59–61. According to the embodiment of Figure 36, at block 3610, process 3600 retrieves customer information, financing information, and product information. *Id.* at 18:59–63. The customer and financing information can include information about any lease or other financial arrangement already involving a customer, along with information about financial arrangements currently available from financial institutions. *Id.* at 18:64–19:1. That information can be retrieved automatically by an automated information retrieval module from various electronic sources, such as public and private web pages, databases maintained by a dealership, external databases, and the like. *Id.* at 19:5–11.

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

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

B. Illustrative Claim

Of the challenged claims, claims 1 and 10 are the only independent claims, and they are directed to a method and a system, respectively. Claims 3–5 each depend directly from claim 1, and claims 12–14, 16, and 19 depend directly from claim 10. Claim 10 is drawn to a computer system

comprising a processor and a computer readable medium storing machine-executable instructions including a plurality of executable modules for causing the computer system to perform a number of process steps. The process steps recited are essentially the same as those recited in the method of claim 1. Claims 1 and 10 include similar limitations and need not be discussed separately. Claim 1, reproduced below, is illustrative of the claims at issue:

1. A method comprising:

automatically accessing, by a computer system comprising computer hardware, at least a portion of first financial terms that a customer has for a first vehicle and first vehicle information;

automatically accessing, by the computer system, at least a portion of second vehicle information for a second vehicle and second financial terms available to the customer for the second vehicle;

in response to a request, automatically *accessing in real time, by the computer system, information that has changed* since past changed information that comprises at least one of changed accessed information associated with the first financial terms that the customer has for the first vehicle, the first vehicle information, the second vehicle information, or the second financial terms available to the customer for the second vehicle;

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

automatically identifying one or more comparison criteria based on an estimated equity value for the first vehicle derived from the first

financial terms, and derived from the second financial terms; and

automatically determining if the one or more comparison criteria 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 comparison criteria and an existing comparison criterion for the first vehicle, and determining whether the difference is less than or equal to a preset acceptable threshold value;

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

automatically transmitting the message to a user.

Ex. 1001, 24:39–25:16 (emphases added).

C. DealerSocket's Standing

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

DealerSocket asserts that it has been sued for infringement of the '529 patent, as well as four other AutoAlert's patents, in *AutoAlert, Inc. v.*

DealerSocket, Inc., Case No. 8:13-cv-657 (C.D. Cal.). Pet. 2, 3. AutoAlert does not dispute these statements. Therefore, we conclude that DealerSocket has been sued for infringement for purposes of AIA § 18(a)(1)(B) and 37 C.F.R. § 42.302.

D. Covered Business Method Patent

A “covered business method patent” is a patent that “claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service, except that the term does not include patents for technological inventions.” AIA § 18(d)(1). The legislative history of the AIA “explains that the definition of covered business method patent was drafted to encompass patents ‘claiming activities that are financial in nature, incidental to a financial activity or complementary to a financial activity.’” 77 Fed. Reg. 48,734, 48,735 (Aug. 14, 2012) (quoting 157 Cong. Rec. S5432 (daily ed. Sept. 8, 2011) (statement of Sen. Schumer)). The legislative history indicates that “financial product or service” should be interpreted broadly. *Id.* A patent is eligible for review if it has at least one claim directed to a covered business method. *Id.* at 48,736.

1. Financial Product or Service

DealerSocket takes the position that the ’529 patent is a covered business method patent. Pet. 3. To substantiate its position, DealerSocket asserts that, because “claim 1 recites retrieving and processing data to

perform the financial service of alerting automobile dealers that favorable financial terms might be available to their customers,” claim 1 is directed to a method for processing data to render a financial service. *Id.* at 4–6.

AutoAlert disagrees that the claims of the ’529 patent are drawn to a financial product or service, maintaining that they are directed to data mining customer databases for sales lead generation purposes, and they are not a part of the sales transaction, itself. Prelim. Resp. 38. AutoAlert further contends that the claims are directed to a computer system that provides a result before a salesperson can reach out to a potential customer. *Id.* According to AutoAlert, the generation of sale leads is not financial in nature. *Id.*

However, in the context of the ’529 patent, such a generation of sales leads is at least *complementary* to a financial activity, such as the purchase or lease of an automobile. The title of the ’529 patent is “System and Method for *Assessing and Managing Financial Transactions*.” Ex. 1001, at [54] (emphasis added). Significantly, the method steps of independent claim 1—e.g., accessing *financial terms* (e.g., interest rates, payoff periods, and the amount of money due), identifying comparison criteria based on an estimated equity value for the current vehicle (e.g., calculating *payments* for a second vehicle), evaluating whether it is favorable for the customer to replace the first vehicle and first *financial terms* with the second vehicle and second *financial terms*, and notifying an automobile dealer of that evaluation under certain conditions (Ex. 1001, 24:39–25:12)—are related to *monetary matters*. Those method steps also are preparatory for selling or leasing a

vehicle. Given that, claim 1 is directed to an activity that is at least incidental and/or *complementary to a financial activity*.

In view of the foregoing, we are persuaded by DealerSocket's contention that at least one claim of the '529 patent covers a method for performing data processing used in the practice, administration, or management of a financial product or service.

2. Technological Invention Exception

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

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

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

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

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

DealerSocket alleges that claim 1 is not directed to a technological invention, because “claim 1 recites only that various steps are performed ‘by a computer system comprising computer hardware.’” Pet. 6 (citing Ex. 1001, 24:40–41, 44, 49, 56). DealerSocket states that mere recitation of a generic “computer hardware,” which was “known prior art technology,” does not make the subject matter of claim 1 a technological invention. *Id.*

AutoAlert opposes, arguing that DealerSocket fails to analyze the claim as a whole, and that when properly considered in its entirety, the claim recites novel technology. Prelim. Resp. 39–42. In particular, AutoAlert submits that in addition to being novel and unobvious, the claims are technological because the recited claim steps (e.g., automatically accessing, determining, generating, and transmitting) involve software and hardware functionality. *Id.* at 42. AutoAlert also alleges that the claims address the technical problem of how to find the favorable vehicle sales opportunities from a population of potential customers without knowing which customers are presently viable candidates to purchase or lease a different vehicle. *Id.* at 43. AutoAlert further contends that previous approaches to find “sales leads did not and could not find the same quality or quantity of valuable leads in a timely manner.” *Id.*

AutoAlert’s arguments are not persuasive. The only technological feature recited in claim 1 is a *generic computer*. Ex. 1001, 24:40–41, (“a computer system comprising computer hardware”), 24:44

(“automatically accessing, by the computer system”), 24:49, 56. Although certain recited method steps (e.g., “transmitting the message”) allegedly involve software and hardware functionality, the ’529 patent does not purport that those steps are implemented by some new advancement in computer technology or programming techniques. Rather, claim 1 recites merely a *generic computer* system to perform those method steps. According to the Specification of the ’529 patent, those claimed method steps can be performed using known automated tools. Ex. 1001, 19:12–15 (“A number of techniques for automatically retrieving such information *are known to skilled artisans* and can be employed to implement the information retrieval module 3930.”); 19:62–64 (“[T]he alerts can be transmitted by email, pager, web page, database record, fax, or *any other known method* of transmitting electronic data.”) (emphases added). Even if the claimed method, as a whole, is novel and non-obvious, reciting the use of known prior art technology to perform that method does not render a patent a technological invention. *See* Office Patent Trial Practice Guide, 77 Fed. Reg. at 48,763–64.

Moreover, we are not persuaded by AutoAlert’s argument that the claimed subject matter, as a whole, solves a technical problem using a technical solution. The disclosed method of the ’529 patent is said to generate sales leads by alerting a seller when a customer is able to enter into a new financial arrangement under terms favorable to the customer in order to increase sales. The generation of sales leads to increase sales of a product (e.g., automobiles) is not a technical problem; calculating payments based on

retrieved information is not a technical problem; evaluating whether conditions are favorable for a customer to replace a first vehicle and first financial terms with a second vehicle and second financial terms is not a technical problem; and generating an alert when such a condition also is determined is not a technical problem.

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

3. Conclusion

For the foregoing reasons, we conclude that the '529 patent is a covered business method patent under AIA § 18(d)(1) and is eligible for review using the transitional covered business method patent program.

E. Asserted Grounds of Unpatentability

DealerSocket asserts the following grounds of unpatentability:

Claims	Basis
1, 3–5, 10, 12–14, 16, and 19	§ 101 for lack of patent-eligible subject matter
1, 3–5, 10, 12–14, 16, and 19	§ 112, ¶ 1, ² for lack of adequate written description

² Paragraphs 1 through 6 of § 112 was replaced with §§ 112(a) through 112(f) when § 4(c) of the AIA took effect on September 16, 2012. Pub. L. No. 112-29, 125 Stat. 284, 296 (2011). Because the patent application

Claims	Basis
1, 3–5, 10, 12–14, 16, and 19	§ 112, ¶ 1, for lack of enablement
1, 3–5, 10, 12–14, 16, and 19	§ 112, ¶ 2, for indefiniteness

II. ANALYSIS

A. Claim Construction

As a step in our analysis for determining whether to institute a review, we determine the meaning of the claims. In a covered business method patent review, claim terms in an unexpired patent are interpreted according to their broadest reasonable construction in light of the specification of the patent in which they appear. 37 C.F.R. § 42.300(b); Office Patent Trial Practice Guide, 77 Fed. Reg. at 48,764. Under the broadest reasonable interpretation standard, and absent any special definitions, claim terms are given their ordinary and customary meaning as would be understood by one of ordinary skill in the art in the context of the entire disclosure. *In re Translogic Technology, Inc.*, 504 F.3d 1249, 1257 (Fed. Cir. 2007).

The parties propose constructions for several claim terms. Pet. 37–44; Prelim. Resp. 25–36. We address below the claim terms relevant to this Decision.

resulting in the '529 patent was filed before that effective date of the AIA (Ex. 1001, at [22]), we will refer to the pre-AIA version of 35 U.S.C. § 112.

“financial terms”

Claims 1 and 10 each recite “first financial terms” and “second financial terms.” The language “financial terms” is not defined expressly by the ’529 patent. Neither DealerSocket nor AutoAlert provides an explicit construction. For reasons discussed below, we determine that the broadest reasonable interpretation for “financial terms” in the context of the Specification of the ’529 patent is “money arrangement in a financial agreement.” Thus, “first financial terms for a first vehicle” means money arrangement in a financial agreement for the first vehicle, and “second financial terms for a second vehicle” means money arrangement in a financial agreement for the second vehicle.

The ’529 patent explains that, with respect to the embodiment of Figures 36–38, the system compares each customer’s current financial terms with potential financial terms being offered by financial institutions. Ex. 1001, 19:16–24, 20:37–41, 20:57–61. That functionality is implemented by comparing a customer’s current financial arrangement to a potential new financial arrangement to determine whether the customer is able to enter into a new financial arrangement on terms favorable to the customer. *Id.* at 2:11–16, 5:30–32. Examples of financial agreements include purchase agreements, lease agreements, deferred or balloon payment agreements, or the like. *Id.* at 1:27–29.

Figure 1E of the ’529 patent, reproduced below, illustrates a deal sheet including information about a current agreement for a current product. *Id.* at 3:42–43, 5:64–65.

11/17/2003	Alert	Manager Lease
		Jeff Cotton
Existing Vehicle		
Class Description	V-Class	
Series Description	V123 Coupe 2D	
Year	2002	
VIN	VWDBRN12345J02A	
Deal Recap		
Contract Start	8/18/2001	
Contract End	8/18/2004	
Capitalized Cost	\$33,133	
Residual Amount	\$20,303	
Contract Term	36	
Base Payment	\$527	
Monthly Payment	\$568	
Payoff Amount	\$23,565	
Payoff Good Through	11/27/2003	
Trade-in Amount	\$16,580	
Trade Equity	(\$6,985)	
Security Deposit	\$6,000	
Balance To Maturity		
Payments Made	28	
Payments Remaining	8	
Payment History	30 - 0, 60 - 0, 90 - 0	
Balance To Maturity	(\$4,896)	

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

According to Figure 1E, section 112 includes information about a current lease agreement, including the original capitalized cost, the residual amount, the contract term, a base periodic payment, an actual periodic payment, the payoff amount, a trade-in value, etc. *Id.* at 6:24–39. The '529 patent is explicit that this is the type of information considered when comparing agreements. For example, when comparing financial terms, the '529 patent takes into account all available financial variables that affect whether a customer advantageously can switch financial arrangements, including interest rates, payoff periods, amount due on the current financial arrangement, any dealer or manufacturer incentives currently available, and the like. *Id.* at 19:18–24.

More specifically, the '529 patent describes financial information about existing and current agreements and uses that information to perform

the disclosed comparisons. *Id.* at 6:24–39, 19:18–24. Independent claims 1 and 10 refer to “first financial terms” and “second financial terms” and use those terms to perform the claimed comparison. In the context of the ’529 patent, the broadest reasonable interpretation of “financial terms” means “money arrangement in a financial agreement.” “Financial terms” may include property valuation as long as the property valuation is a part of money arrangement for a property under the agreement. For example, the ’529 patent describes an embodiment in which the trade-in value of a vehicle is part of an existing agreement. *Id.* at 6:24–39.

“real-time” and “batch process”

Independent claim 10 recites “in response to a request, electronically access in *real-time* information that has changed” Ex. 1001, 25:54–55 (emphasis added). Claim 13 depends from claim 10 and recites “wherein the computing system is configured to access the changed information as *a batch process*.” *Id.* at 26:38–40 (emphasis added). The Specification of the ’529 patent does not expressly define either the term “real-time” or the term “batch process,” but it uses the terms “real-time” and “batch” as though their meanings are understood by one with ordinary skill in the art.

On the present record, we construe the term “real-time” as having the meaning given by this definition from THE IEEE STANDARD DICTIONARY OF ELECTRICAL AND ELECTRONIC TERMS (6th ed. 1996):

[real time] Pertaining to a system or mode of operation in which computation is performed during the actual time that an external process occurs, in order that the computation results

can be used to control, monitor, or respond in a timely fashion to the external process. *Contrast:* batch. *See also:* conversational; interactive; online; interrupt.

Ex. 1029, 879. Also on the present record, we construe “batch process” as having the meaning given by this definition from THE IEEE STANDARD DICTIONARY OF ELECTRICAL AND ELECTRONIC TERMS (6th ed. 1996):

[batch process] Pertaining to a system or mode of operation in which inputs are collected and proceed all at one time, rather than being processed as they arrive, and a job, once started, proceed to completion without additional input or user interaction. *Contrast:* conversational; interactive; real time.

Id. at 81–82. According to DealerSocket, “real-time” and “batch processing” are necessarily mutually exclusive. Pet. 39–40. We do not impose that express requirement in our construction of the two terms.

Whether there is mutual exclusivity depends on the context or circumstance in which the two terms are used. For instance, if customers are organized into groups of ten for placing an order by an operator, and if an order is processed instantly once it is placed, and in the presence of the operator, there are aspects of both “real-time” and “batch process” in the scenario. The placing of the order is batched, but processing of the order, once it is placed, is in real-time.

B. Definiteness Requirement

A patent must “conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as [the] invention.” 35 U.S.C. § 112, ¶ 2 (2006). In regard to the

standard for this statutory requirement, the Supreme Court articulated that a patent claim is unpatentable for indefiniteness, if its language, when “read in light of the specification delineating the patent and the prosecution history, fails to inform, with reasonable certainty, those skilled in the art about the scope of the invention.” *Nautilus, Inc. v. Biosig Instruments, Inc.*, 134 S. Ct. 2120, 2124 (2014).

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

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

Whether the “may affect” limitation is indefinite

Claim 1 recites “determining, by the computer system, whether the changed information may affect whether it is favorable for the customer to replace a first vehicle and first financial terms with a second vehicle and second financial terms” (hereinafter the “may affect” limitation). Ex. 1001, 24:56–59. Claim 10 recites a similar limitation. *Id.* at 26:5–8.

In its Petition, DealerSocket alleges that this limitation is indefinite because “[g]enerating a message depending on whether changed information *may affect favorability* does not ‘clearly circumscribe what is foreclosed.’” Pet. 54–55 (emphasis added) (citing *United Carbon Co. v. Binney & Smith Co.*, 317 U.S. 228, 236 (1942)).

In its Preliminary Response, AutoAlert maintains that the term “may affect” is readily understandable and is not indefinite. Prelim. Resp. 34, 54–57. AutoAlert submits that the term is defined by the subsequent “calculating” and “determining” steps recited in claims 1 and 10, which leave no ambiguity as to how the steps are performed. *Id.* at 36. To further support its contentions, AutoAlert identifies the following disclosure in the Specification of the ’529 patent:

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

Id. (citing Ex. 1001, 1:49–52). According to AutoAlert and its expert, “[b]ecause the method is designed to be applied proactively, for customers whose desires not known, it is not possible to know with certainty whether a

prospective deal is truly acceptable to a customer.” *Id.* (citing Ex. 2003 ¶¶ 42–43).

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

We recognize that not all terms of degree are inherently indefinite. “Definiteness problems often arise when words of degree are used in a claim. That some claim language may not be precise, however, does not automatically render a claim invalid.” *Seattle Box Co., Inc. v. Indus. Crating & Packing, Inc.*, 731 F.2d 818, 826 (Fed. Cir. 1984). Nevertheless, “a term of degree fails to provide sufficient notice of its scope if it depends ‘on the unpredictable vagaries of any one person’s opinion.’” *Interval Licensing LLC v. AOL, Inc.*, 766 F.3d 1364, 1371 (Fed. Cir. 2014) (quoting *Datamize, LLC v. Plumtree Software, Inc.*, 417 F.3d 1342, 1350 (Fed. Cir. 2005)).

First, with regard to the term “may affect,” the Specification provides no objective standard to determine the boundary between “affect” and “may affect.” What one regards as “may affect” may not be so for another, particularly if that which is affected is itself subjective, such as a favorability determination. Moreover, as is pointed out by DealerSocket (Pet. 53–55), in

every instance the condition is a “may,” by definition the condition also is a “may not.” The lack of distinction is significant because claims 1 and 10 each require generating a message under a condition covered by “may affect,” and not generating the message under a condition covered by “may not affect.” Thus, the boundary at which one crosses from a definite “yes” or “no” to a “may,” and also from a “may not” to a “may” is unclear.

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

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

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

automatically identifying one or more comparison criteria based on an estimated equity value for the first vehicle derived from the first financial terms, and derived from the second financial terms; and

automatically determining if the one or more comparison criteria 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 comparison criteria and an existing comparison criterion for the first vehicle, and determining whether the difference is less than or equal to a preset acceptable threshold value;

Ex. 1001, 24:56–25:5 (emphases added).

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

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

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

AutoAlert seems to suggest that the *financial* calculations may provide some standard for measuring the scope of the “may affect” limitation. However, as the Supreme Court explained, a patent does not satisfy the definiteness requirement merely because “a court can ascribe *some* meaning to a patent’s claims.” *Nautilus*, 134 S. Ct. at 2130. Rather, the claims, when read in light of the specification and the prosecution history, must provide objective boundaries for those of skill in the art. *Interval*, 766 F.3d at 1371.

AutoAlert cites to an example in the Background section of the Specification—“a person *may* find the replacement product and the payments under the terms of the replacement agreement *acceptable* if they are *sufficiently similar* to the current product and payments under the current agreement.” Prelim. Resp. 36 (emphases added) (quoting Ex. 1001, 1:49–52). That disclosure, however, provides no objective standard to make the determination of either “may affect” or “favorable.” The terms “acceptable” and “sufficiently similar” are just as subjective as “favorable,” if not more, and they do not clarify what is favorable. Something not favorable can still be acceptable, and something not favorable can still be sufficiently similar. The term “sufficiently similar” also is a combination of two terms of degree, one modifying another. That would turn the limitation at issue into one having three levels of subjectivity. Objective guidance simply is not provided by use of more and/or different subjective terms.

For the foregoing reasons, the Specification, including the claim language, does not provide sufficient guidance or an objective standard for ascertaining the scope of the “may affect” limitation. Accordingly, we determine that DealerSocket has established that the “may affect” limitation as recited in claims 1 and 10 is more likely than not indefinite.

Whether the “comparison criteria” limitations are indefinite

Claim 1 recites “*identifying* one or more *comparison criteria* based on an estimated equity value for the first vehicle derived from the first financial terms, and derived from the second financial terms” and “*calculating* a

difference between the one or more *comparison criteria* and an existing comparison criterion for the first vehicle, and determining whether the difference is less than or equal to a preset acceptable threshold value” (hereafter “the ‘comparison criteria’ limitations”). Ex. 1001, 24:61–64, 25:1–5 (emphasis added). Claim 10 recites similar limitations. *Id.* at 26:10–13, 26:17–21.

DealerSocket agrees with AutoAlert that, in the context of the claims, the construction for the claim term “comparison criteria” is “standards or tests for comparing a customer’s financial obligations on an existing vehicle with prospective financial obligations on a prospective replacement vehicle.” Pet. 37, 47. Nevertheless, DealerSocket asserts that the “comparison criteria” limitations are indefinite. Pet. 47–48. In particular, DealerSocket argues that “it makes no sense to speak of ‘calculating [the] difference’ between two such standards or tests, as the claims do.” Pet. 47 (brackets in original). According to DealerSocket, “although the patent teaches having a computer *apply* standards and tests, it does not teach having a computer *identify* them, as recited in the claims.” *Id.* DealerSocket further alleges that “the indefiniteness inherent in ‘comparison criteria’ is aggravated by the fact that the claims require those criteria to be ‘*based on* an estimated equity value for the first vehicle,’ but they never explain *how* it is so based.” *Id.* at 48.

In its Preliminary Response, AutoAlert counters that the claim term “comparison criteria” should be accorded its plain and ordinary meaning—namely, criteria for comparing. Prelim. Resp. 30. AutoAlert argues that the

Specification discloses embodiments that use comparison criteria in the form of *new monthly payments* that are to be compared to the monthly payments of a customer's existing vehicle. Prelim. Resp. 31. As support, AutoAlert directs our attention to the following disclosures (*id.* at 31–33):

In one embodiment, when the system executes a process to generate a deal sheet (e.g., for an alert), the system identifies one or more replacement products associated with the current product and determines whether a payment associated with the replacement agreements is less than or equal to a certain threshold percentage value relative to a payment associated with the current agreement. For example, in one embodiment where the threshold percentage value is 10 percent, if a client leases a first automobile at \$500 a month and a second associated automobile is available for lease at \$550 a month, the system would generate an alert because the second automobile's payment is within 10%. Any suitable threshold percentage value may be used. In one embodiment, the threshold value is 5%. The threshold percentage value may be between and including 3% and 10%. Of course, the threshold percentage value may be at or about any suitable value. Further, this ***comparison of payments*** may be used to generate an alert alone, in combination with associations among products within the system, or in combination with any other suitable parameters.

Ex. 1001, 18:21–36 (emphasis added by AutoAlert).

In a block 3630, the process 3600 generates, ***based on the comparison*** of the block 3620, a number of alerts to inform a dealership that a customer can advantageously switch financial arrangements. In one embodiment, the process 3600 generates an alert whenever the difference between the amount that a customer will pay for a new but comparable financial arrangement ***as compared to the customer's current financial arrangement*** is below a threshold value. For example, in one

embodiment, the process 3600 generates an alert whenever the difference in payment amount is less 10%, such that, for example, an alert is generated when a new payment amount would be \$540 and a current payment amount is \$500. Alternatively, the process 3600 can be configured to generate an alert only when the difference between a new payment amount and a current payment amount is negative; that is, when the new payment amount is less than the current payment amount.

Ex. 1001, 19:32–48 (emphasis added by AutoAlert); *see also* Figs. 1A, 1D, 1G (showing comparisons of monthly payments between existing vehicles and candidate replacement vehicles).

Upon consideration of the parties’ contentions and supporting evidence, we are not persuaded by DealerSocket’s argument that the “comparison criteria” limitations are more likely than not indefinite. Rather, given the specific examples set forth in the Specification, we are persuaded that the disputed claim limitations, when read in light of the Specification, would have been understood by one with ordinary skill in the art, with reasonable certainty. DealerSocket fails to recognize that indefiniteness is to be evaluated from the perspective of a person with ordinary skill in the relevant art at the time of the invention in light of the specification, and “some modicum of uncertainty is the ‘price of ensuring the appropriate incentives for innovation.’” *See Nautilus*, 134 S. Ct. at 2128.

In particular, we are not persuaded by DealerSocket’s arguments that the Specification does not describe having a computer *identify* comparison criteria. Pet. 47. DealerSocket acknowledges that the Specification describes *calculating* a new payment for the replacement vehicle. *Id.* at 48.

Yet, DealerSocket argues that there is no written description support or enabling disclosure for simply *identifying* replacement payment amounts. *Id.*

DealerSocket does not explain adequately why one with ordinary skill in the art could not have *identified* comparison criteria given the disclosed embodiments that refer to comparison criteria in the form of new monthly payments. Although the Specification of the '529 patent does not recite the term “comparison criteria,” claim 16 depends from claim 10, and further recites “wherein the one or more *comparison criteria* comprise one or more *payments*.” *Id.* at 26:45–46 (emphases added). The Specification uses the term “payments” consistent with its plain and ordinary meaning.³ For example, the Specification provides “if a person purchases an automobile, the person may expect to pay a series of substantially similar monthly *payments* for one or more years.” *Id.* at 1:24–32 (emphasis added).

As AutoAlert points out, the calculations in the '529 patent are conventional in the art. Prelim. Resp. 60. DealerSocket, in fact, made the argument that similar calculations were well known, in related proceedings involving the same parties—e.g., CBM2014-00139, Paper 4, 69–76, challenging U.S. Patent No. 8,396,791 B2, that derives from the same parent application as the '529 patent. DealerSocket does not explain sufficiently why one with ordinary skill in the art could not have calculated the new

³ See *payment*, COLLINS ENGLISH DICTIONARY (2003) (available at <http://www.thefreedictionary.com/payment>) (“a sum of money paid”).

payment that a customer will pay for a new vehicle based on an estimated equity value for the customer's current vehicle derived from the current financial terms and the new financial term.

For the foregoing reasons, we determine that DealerSocket has not demonstrated adequately that the "comparison criteria" limitations are more likely than not indefinite.

Conclusion

On this record, DealerSocket has demonstrated sufficiently that the "may affect" limitation as recited in claims 1 and 10 is more likely than not indefinite, but it has not established adequately that the "comparison criteria" limitations are indefinite. Dependent claims 3–5, 12–14, 16, and 19 also require the "may affect" limitation because they depend from either claim 1 or claim 10. Consequently, we determine that it is more likely than not that all of the challenged claims are unpatentable for failing to comply with the definiteness requirement under 35 U.S.C. § 112, ¶ 2, with respect to the "may affect" limitation.

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

DealerSocket asserts that claims 1, 3–5, 10, 12–14, 16, and 19 of the '529 patent are directed to patent-ineligible subject matter under 35 U.S.C. § 101. Pet. 56–67. In particular, DealerSocket takes the position that the challenged claims are directed to an abstract idea, and no other component recited in the claims transforms the patent-ineligible concept to a patent-

eligible application. *Id.*

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

In *Alice*, the Supreme Court reaffirmed the framework set forth previously in *Mayo* “for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of these concepts.” *Alice*, 134 S. Ct. at 2355. The first step in the analysis is to “determine whether the claims at issue are directed to one of those patent-ineligible concepts.” *Id.* If the claims are directed to a patent-ineligible concept, the second step in the analysis is to consider the elements of the claims “individually and ‘as an ordered combination’” to determine whether there are additional elements that “‘transform the nature of the claim’ into a patent-eligible application.” *Id.* (quoting *Mayo*,

132 S. Ct. at 1298, 1297). In other words, the second step is to “search for an ‘inventive concept’—i.e., an element or combination of elements that is ‘sufficient to ensure that the patent in practice amounts to significantly more than a patent on the [ineligible concept] itself.” *Id.* (brackets in original) (quoting *Mayo*, 132 S. Ct. at 1294). The prohibition against patenting abstract idea “cannot be circumvented by attempting to limit the use of the formula to a particular technological environment or adding insignificant post-solution activity.” *Bilski v. Kappos*, 561 U.S. 593, 610–11 (2010) (citation and internal quotation marks omitted).

Claims 1, 3–5, 10, 12–14, 16, and 19 are directed to an Abstract Idea

As the first step of our analysis, we determine whether the claims at issue are directed to a patent-ineligible concept, such as an abstract idea. *See Alice*, 134 S. Ct. at 2355. “[I]t is important at the outset to identify and define whatever fundamental concept appears wrapped up in the claims so that the subsequent analytical steps can proceed on a consistent footing.” *CLS Bank Int’l v. Alice Corp. Pty. Ltd.*, 717 F.3d 1269, 1282 (Fed. Cir. 2013) (plurality opinion). In its Petition, DealerSocket contends that the fundamental concept of the claims at issue is a series of mathematical manipulations, preceded by ancillary data gathering, and followed by conventional post-solution activity. Pet. 56–67.

In its Preliminary Response, AutoAlert counters that the challenged claims are not directed to an abstract idea. Prelim. Resp. 61–64. Specifically, AutoAlert contends that, because the claimed mathematical

calculations “are conventional in the field,” the claims are not directed to the core concept of mathematical manipulations, as alleged by DealerSocket. *Id.* at 60. AutoAlert submits that “by analogy with *Bilski* (hedging risk) and *Alice* (intermediated settlement using a third party to mitigate settlement risk), the core concept of the ’529 patent claims is *providing vehicle sales opportunities*.” *Id.* at 60–61. According to AutoAlert, the core concept of providing vehicle sales opportunities is not directed to an abstract idea, because “[t]he claims are directed at specific implementations of computer systems that automatically present a user with predictions of favorable vehicle sales opportunities.” *Id.* at 61.

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

The Supreme Court held that the claims in *Alice* were drawn to the abstract idea of intermediated settlement and that “the mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention.” *Alice*, 134 S. Ct. at 2352, 2358. *Alice* involved “a method of exchanging financial obligations between two parties using a third-party intermediary to mitigate settlement risk.” *Alice*, 134 S. Ct. at 2356. Like the method of hedging risk in *Bilski*, 561 U.S. at 628—which the Court deemed “a method of organizing human activity”—*Alice*’s “concept

of intermediated settlement” was held to be “a fundamental economic practice long prevalent in our system of commerce.” *Alice*, 134 S. Ct. at 2356. Similarly, the Court found that “[t]he use of a third-party intermediary . . . is also a building block of the modern economy.” *Id.* Thus, the Court held that “intermediated settlement . . . is an ‘abstract idea’ beyond the scope of § 101.” *Id.* With respect to the first step of the patent-eligible analysis under the *Mayo* framework, the Court concluded that in *Alice* that “there is no meaningful distinction between the concept of risk hedging in *Bilski* and the concept of intermediate settlement” in *Alice* and that “[b]oth are squarely within the realm of ‘abstract ideas’ as we have used that term.” *Alice*, 132 S. Ct. at 2357.

Here, we observe that each challenged claim, as a whole, is directed to the fundamental concept of *providing vehicle sales opportunities based on loan or lease payments*. In the Summary of the Invention portion of the Specification, it states that “[e]mbodiments of the system and method described herein systematically generate and send alerts to dealers when customers are able to enter new financial arrangements under terms favorable to the customer.” Ex. 1001, Abs., 1:22–62, 1:66–2:2. Also, according to AutoAlert, “the core concept of the ’529 patent claims is *providing vehicle sales opportunities*.” Prelim. Resp. 61.

Contrary to AutoAlert’s characterization that the claims are directed to a specific implementation of computer systems, the only technological feature recited in the claims is a generic computer system, performing generic computer functions—e.g., accessing vehicle financing information

and transmitting a message to the dealer—without sufficient specificity in the computer implementation. The mathematical calculations covered by the claims essentially require comparing the difference between the new and current periodic loan payments to a preset value—a simple calculation that can be performed by the human mind, or with the aid of pencil and paper. Indeed, AutoAlert acknowledges that the claimed mathematical calculations “are conventional in the field.” Prelim. Resp. 60.

On this record, we are persuaded that, similar to the concept of intermediated settlement in *Alice* and the concept of risk hedging in *Bilski*, the concept at issue here—*providing sales opportunities based on loan or lease payments*—is “a fundamental economic practice long prevalent in our system of commerce,” and “squarely within the realm of abstract ideas.” *Alice*, 134 S. Ct. at 2356–57; *Bilski*, 561 U.S. at 611.

The fundamental concept of *providing sales opportunities based on loan or lease payments* also is similar to the concepts at issue in recent Federal Circuit decisions in which the patent claims were held to be invalid for failing to recite patent-eligible subject matter. In *Bancorp Servs. LLC v. Sun Life Assurance Co. of Can.*, 687 F.3d 1266, 1280 (Fed. Cir. 2012), the Court held the concept of “managing a stable value protected life insurance policy by performing calculations and manipulating the results” to be a patent-ineligible abstract idea. In *Accenture Global Servs., GmbH v. Guidewire Software, Inc.*, 728 F.3d 1336, 1344 (Fed. Cir. 2013), the Court held the fundamental concept of “generating tasks based on rules to be completed upon the occurrence of an event” to be a patent-ineligible abstract

idea. Similarly, the concept of “processing information through a clearing-house”—that involved a claimed process of: “receiving data from one source (step A), selectively forwarding the data (step B, performed according to step D), and forwarding reply data to the first source (step C)” —was held to be a patent-ineligible abstract idea in *Dealertrack, Inc. v. Huber*, 674 F.3d 1315, 1333 (Fed. Cir. 2012).

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

Challenged Claims lack a Patent-Eligible Inventive Concept

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

“practical assurance that the process is more than a drafting effort designed to monopolize the [abstract idea] itself.” *Alice*, 134 S. Ct. at 2358 (brackets in original) (citations and internal quotation marks omitted).

Here, DealerSocket alleges the claimed computer features do not yield patentable subject matter, because the computer required by AutoAlert’s claims is employed only for its most basic function, and as such does not impose meaningful limits on the scope of those claims. Pet. 59–65. In its Preliminary Response, AutoAlert counters that DealerSocket fails to consider the claims as a whole, and also the technical nature of the claims. Prelim. Resp. 64–70. Specifically, AutoAlert argues that the claims recite elements that require the use of technology, including electronic communication lines and automated computer processing that were unconventional and nonobvious at the time of the invention. *Id.* at 65–70. AutoAlert further contends that the following method steps require an inventive use of technology: (1) accessing second vehicle information and second financial terms (*id.* at 65–66); (2) accessing in real-time the changed information repeatedly (*id.* at 66–67); (3) determining a predictive condition based on a difference in comparison criteria (*id.* at 67–68); and (4) generating a message automatically (*id.* at 68–69).

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

In the context of patent-eligible subject matter, we discern no meaningful distinction between independent claim 1, a method claim, and independent claim 10, a system claim, because claim 10 recites essentially the same functions as the process steps of claim 1. Claim 1, reproduced below, is illustrative of the claims at issue:

1. A method comprising:

automatically accessing, by *a computer system comprising computer hardware*, at least a portion of first financial terms that a customer has for a first vehicle and first vehicle information;

automatically accessing, *by the computer system*, at least a portion of second vehicle information for a second vehicle and second financial terms available to the customer for the second vehicle;

in response to a request, automatically accessing in real time, *by the computer system*, information that has changed since past changed information that comprises at least one of changed accessed information associated with the first financial terms that the customer has for the first vehicle, the first vehicle information, the second vehicle information, or the second financial terms available to the customer for the second vehicle;

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

automatically identifying one or more comparison criteria based on an estimated equity value for the first vehicle derived from the first financial terms, and derived from the second financial terms; and

automatically determining if the one or more

comparison criteria 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 comparison criteria and an existing comparison criterion for the first vehicle, and determining whether the difference is less than or equal to a preset acceptable threshold value;

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

automatically transmitting the message to a user.

Ex. 1001, 24:39–25:16 (emphases added). We observe that the only technological feature recited in claim 1 is a generic computer system, performing generic computer functions. As the Supreme Court articulated in *Alice*, however, “the mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention.” *Alice*, 134 S. Ct. at 2358.

As in *Alice*, the function performed by the computer at each step of the claimed process here is “purely conventional.” *Id.* at 2359. The Specification of the ’529 patent indicates the individual steps of claim 1 can be performed with technology that was well-known in the art at the time of the invention. Ex. 1001, 19:12–15 (“A number of techniques for

automatically retrieving [customer information, financing information, and product] information are *known to skilled artisans* and can be employed to implement the information retrieval module”) (emphasis added), 19:62–64 (“[The message to the dealership] can be transmitted by email, pager, web page, database record, fax, or *any other known method* of transmitting electronic data.”) (emphasis added). Further, AutoAlert acknowledges that the claimed mathematical calculations “are conventional in the field.” Prelim. Resp. 60. Indeed, comparing the difference between the new and current loan payments to a preset value is no more than a simple calculation that can be performed by the human mind, or with the aid of pencil and paper.

We are not persuaded by AutoAlert’s assertion that the use of electronic communication lines to access and send vehicle financing information is an inventive use of technology. Prelim. Resp. 62. The computers in *Alice* were receiving and sending information over networks connecting the intermediary to the other institutions involved, and the Court found these roles of the computers insufficient. *Alice*, 134 S. Ct. at 2359–60; *see also CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1370 (Fed. Cir. 2011) (use of Internet to verify credit-card transaction does not add enough to the abstract idea of verifying the transaction).

For the foregoing reasons, we determine that “each step does no more than require a generic computer to perform generic computer functions,” as in *Alice*, 134 S. Ct. at 2359. Even when the claimed steps are considered “as an ordered combination,” as is the case in *Alice*, they “add nothing that is not

already present when the steps are considered separately.” *Id.* (citing *Mayo*, 132 S. Ct. at 1298) (internal quotations omitted). Each of independent claims 1 and 10, as a whole, conveys nothing meaningfully more than the fundamental concept of providing sales opportunities based on loan or lease payments as performed by a generic computer system, either as process steps or functions performed by a generic computer system. For a machine to impose a meaningful limit, it must play a significant part in permitting the claimed method to be performed. *SiRF Tech. v. Int’l Trade Comm’n*, 601 F.3d 1319, 1332 (Fed. Cir. 2010). Simply implementing an abstract concept on a computer, without meaningful limitations to that concept, does not transform a patent ineligible claim to a patent-eligible claim. *Accenture*, 728 F.3d at 1345.

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

With respect to dependent claims 3, 5, and 16, AutoAlert alleges that each of the added claim features—requiring the new periodic loan payment to be *no more than* the current periodic loan payment (claim 3), and the one or more comparison criteria comprise *payments* (claim 16) for *different respective time periods* (claim 5)—“further limits the specific application of the core concept of providing vehicle sales opportunities,” and shows another inventive use of technology. Prelim. Resp. 75–77. However, these claim features do not recite any improved computer technology or advanced programming technique. Rather, as AutoAlert acknowledges, they simply are mathematical calculations that “are conventional in the field.” *Id.* at 60.

As to claims 4, 12, and 13, AutoAlert contends that the added claim features further limit the specific application of the core concept of providing vehicle sales opportunities, and tie the invention to computer-implementation. *Id.* at 75–76. Again, none of the added claim features, however, recites any improved computer technology or advanced programming technique. Indeed, the added claim features in claims 4 and 13 merely require a generic computer terminal performing conventional functions—e.g., displaying a message on a computer terminal and assigning the message to a user, or accessing the changed information as a group. The added claim feature in claim 12—accessing the information with respect to a plurality of customers (i.e., *two* or more customers)—does not even require a conventional database, much less an inventive database.

Simply utilizing a generic computer system to access, send, or display information and to perform conventional mathematical calculations faster

and more efficiently is not enough to transform a patent-ineligible claim into a patent-eligible invention. *See Bancorp*, 687 F.3d at 1279; *SiRF Tech.*, 601 F.3d at 1333. Nearly every computer has the capability of performing basic calculation, storage, and transmission functions. *See Alice*, 134 S. Ct. at 2360. At most, the computer implementation involved in the claims at issue here is an attempt to limit use of the abstract concept to a particular technological environment. That, however, is insufficient to transform a patent-ineligible abstract idea into a patent-eligible invention. *See Alice*, 134 S. Ct. at 2358; *Mayo*, 132 S. Ct. at 1294; *Bilski*, 561 U.S. at 610–11; *Diamond v. Diehr*, 450 U.S. 175, 191 (1981).

In view of the foregoing, we determine that DealerAlert has shown that it is more likely than not that claims 1, 3–5, 10, 12–14, 16, and 19 are directed to patent-ineligible subject matter under 35 U.S.C. § 101.

D. Written Description Requirement

The test for determining compliance with the written description requirement under 35 U.S.C. § 112, first paragraph, is whether the disclosure of the application as originally filed reasonably conveys to the artisan that the inventor had possession at that time of filing of the claimed subject matter. *Vas-Cath, Inc. v. Mahurkar*, 935 F.2d 1555, 1563 (Fed. Cir. 1991). We are cognizant that the claimed invention does not have to be described in *ipsis verbis* in the Specification to satisfy the written description requirement. *Union Oil Co. of California v. Atlantic Richfield Co.*, 208 F.3d 989, 1000 (Fed. Cir. 2000).

For reasons discussed below, DealerSocket has shown that it is more likely than not that claims 1, 3–5, 10, 12–14, 16, and 19 of the '529 patent are unpatentable under 35 U.S.C. § 112, first paragraph, for lack of written description.

The “accessing in real-time changed information” claim feature

Claim 1 recites “automatically accessing in real-time, by the computer system, information that has changed.” Ex. 1001, 24:48–50. Claim 10 recites a similar limitation. *Id.* at 25:54–55. These limitations were added to the claims by amendment, during the examination of the application that issued as the '529 patent. Ex. 1008, 3–6. Having considered the parties' contentions and supporting evidence, we determine that DealerSocket has established that it is more likely than not that the Specification lacks written description for the claim feature of “accessing in real-time . . . information that has changed.”

As noted by DealerSocket (Pet. 49–50), the only disclosed embodiment performing real-time retrieval of information is that associated with the immediate presence of a particular identified customer or potential customer. Ex. 1001, 3:3–31, 20:46–21:3, 22:65–23:5. Also, the only disclosed embodiment performing retrieval of “changed information” is not associated with the immediate presence of any particular customer, and is not described as occurring in real-time. Ex. 1001, 2:45–61, 20:13–45, 22:61–65. Thus, on this record, there is no written description for “accessing in real-time . . . information that has changed.”

AutoAlert counters that the '529 patent provides a broader disclosure than the three modes of operation presented by DealerSocket. Prelim. Resp. 51. AutoAlert alleges that the Specification describes a genus:

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.

Id. at 51–52 (quoting Ex. 1001, 22:56–59). AutoAlert also argues that various disclosed features are modular in nature and they can be combined into different arrangements. *Id.* at 52–53 (citing to 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.”), 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.”), 23:54–58 (“Although the system is disclosed with reference to its preferred embodiments, 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.”)).

However, the “genus” disclosure does not describe accessing information that has changed, much less accessing *in real-time* the changed information. Moreover, no combination of the three identified modes results in an operation to access in real-time changed information. One would have to pick from a mode to select “real-time” retrieval of information, pick from another mode to select retrieval or receipt of “changed information,” and then combine the two selections to arrive at the specifically claimed feature

of retrieving in real-time changed information. The test of written description is not what would have been obvious to one with ordinary skill upon reading the specification. *Lockwood v. American Airlines, Inc.*, 107 F.3d 1565, 1572 (Fed. Cir. 1997). It is not sufficient for purposes of the written description requirement that “the disclosure, when combined with the knowledge in the art, would lead one to speculate as to modifications that the inventor might have envisioned, but failed to disclose.” *Id.*

In any event, it is uncertain that such a selective combination of parts from different modes of operation even would have been obvious. The disclosed mode using real-time retrieval of information is tied to the immediate presence of a customer or potential customer being targeted, and the disclosed modes retrieving changed information do not specify the time of retrieval. Changed information is received whenever it is received and may not occur in the immediate presence of a particular identified customer or potential customer. As noted by DealerSocket, the goal of receiving changed information is to identify possible new leads, i.e., specific customers, and that is inapplicable where the focus is on a specifically identified customer or potential customer. Pet. 50. Moreover, there can be no expectation that changed information, in fact, would be received while the targeted customer or potential customer still is accessible at the dealership. The separate features of the two modes evidently are incompatible.

The “genus” disclosure and the portions of the Specification cited by AutoAlert that are intended to cover modifications of the disclosed

embodiments are vague and lack sufficient specificity to constitute written description for the claim feature at issue—“accessing in real-time . . . information that has changed.” On this record before us, the general intent to cover modifications and variations is no substitute for sufficient written description support of the claim feature at issue.

The “message” claim features

Claim 1 recites “automatically generating a message” and “automatically transmitting the message to a user.” Ex. 1001, 25:6, 25:16. Claim 10 recites similar claim features. *Id.* at 26:22, 26:31. The claim term “message” was added by amendment during prosecution, to replace the term “notification” that was recited in the original claims. Ex. 1008, 4 (“automatically generating a notification message” and “automatically transmitting the message notification”), 6.

DealerSocket alleges that the Specification fails to provide adequate written description support for generating and transmitting a *generic message*. Pet. 44–45. According to DealerSocket, the Specification describes a system that generates and transmits *alerts* that identify customers and the favorable terms available to them, but not a *generic message*. *Id.* at 44–45 (citing Ex. 1001, 2:23–26, 2:41–43, 2:57–60, 3:26–28). DealerSocket acknowledges that the Specification uses the term “notification” instead of the term “alert” in certain portions. *Id.* at 44–45.

AutoAlert counters that the Specification uses the term “message” consistent with its ordinary meaning and teaches that one type of message is

an “alert.” Prelim. Resp. 48. AutoAlert submits that the claim term “message” means “a communication,” whereas the claim term “alert” means “a communication calling for attention.” *Id.* at 47–48.

Upon consideration of the parties’ arguments and the Specification, we are not persuaded by DealerSocket’s arguments. DealerSocket fails to explain sufficient why the disclosure of generating a generic *notification* (Ex. 1001, 4:24–28, 16:59–63) and transmitting a generic *notification* to a person at the dealership (*id.* at 16:56–57) does not provide sufficient written description support for the claim features—“generating a *message*” and “transmitting the *message* to a user.” Pet. 44–45. To satisfy the written description requirement, the claimed invention does not have to be described in *ipsis verbis* in the Specification. *Union Oil Co. of California*, 208 F.3d at 1000.

Moreover, DealerSocket narrowly construes the term “alert” to require it to “identify customers and the favorable terms available to them.” Pet. 44. DealerSocket does not point out an explicit definition of the term “alert” that imposes such a requirement. Nor does DealerSocket explain adequately why one with ordinary skill in the art would have imported such a requirement into the term “alert.”

For the foregoing reasons, DealerSocket has not satisfied its burden to establish that the original disclosure of the ’529 patent does not provide adequate written description for the “message” claim features.

Conclusion

For the foregoing reasons, we determine that DealerSocket has demonstrated that it is more likely than not that independent claims 1 and 10, as well as the dependent claims 3–5, 12–14, 16, and 19, are unpatentable for lacking an adequate written description under § 112, ¶ 1, only with respect to the claim feature “accessing in real-time, by the computer system, information that has changed.”

E. Enablement Requirement

With respect to claims 1, 3–5, 10, 12–14, 16, and 19, DealerSocket asserts that the Specification lacks enabling disclosure, under 35 U.S.C. § 112, ¶ 1, for certain claim limitations—namely, (1) determining whether the changed information *may affect whether it is favorable* for a customer to replace a first vehicle and first financial terms with a second vehicle and second financial terms (the “may affect” limitation), and (2) identifying one or more *comparison criteria*, and calculating the difference between the comparison criteria and an existing comparison criterion (the “comparison criteria” limitations). Pet. 45–49, 51–56. Having considered DealerSocket’s arguments and supporting evidence, we are not persuaded that the original disclosure of the ’529 patent is not enabling for those disputed claim limitations.

A specification is not enabling if one with ordinary skill in the art would be unable to practice the invention without “undue experimentation.” *In re Wands*, 858 F.2d 731, 737 (Fed. Cir. 1988). A disclosure can be

enabling even though some experimentation is necessary. *Hybritech Inc. v. Monoclonal Antibodies, Inc.*, 802 F.2d 1367, 1384 (Fed. Cir. 1986). The issue is whether the amount of required experimentation is undue. *In re Vaeck*, 947 F.2d 488, 495 (Fed. Cir. 1991); *In re Angstadt*, 537 F.2d 498, 504 (CCPA 1976). Factors relevant to a determination of whether undue experimentation would be necessary include: (1) the quantity of experimentation necessary, (2) the amount of direction or guidance presented, (3) the presence or absence of working examples, (4) the nature of the invention, (5) the state of the prior art, (6) the relative skill of those in the art, (7) the predictability or unpredictability of the art, and (8) the breadth of the claims. *Id.*

DealerSocket's non-enabling disclosure arguments are inextricably intertwined with arguments that the claim features are indefinite and the '529 patent lacks adequate written description for the claim features at issue. *See, e.g.*, Pet. 45–49. DealerSocket fails to recognize that these are three separate and distinct requirements. In its Petition, DealerSocket does not identify with sufficient specificity what experimentation is needed. In fact, DealerSocket does not make any assessment of the level of experimentation that would be required for one with ordinary skill in the art to make and use the invention embodied in the challenged claims. Notably, DealerSocket does not explain adequately why one with ordinary skill in the art could not have *identified* comparison criteria given the disclosed embodiments that refer to comparison criteria in the form of new monthly payments.

In view of the foregoing, DealerSocket has not demonstrated adequately that it is more likely than not that the Specification of the '529 patent is a non-enabling disclosure.

III. CONCLUSION

For the forgoing reasons, we determine that the information presented in the Petition establishes that it is more likely than not that claims 1, 3–5, 10, 12–14, 16, and 19 of the '529 patent are unpatentable. At this stage in the proceeding, we have not made a final determination with respect to the patentability of the challenged claims, including the claim construction.

IV. ORDER

Accordingly, it is

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

Claims 1, 3–5, 10, 12–14, 16, and 19 as indefinite under 35 U.S.C. § 112, second paragraph, with respect to the “may affect” limitation;

Claims 1, 3–5, 10, 12–14, 16, and 19 as being directed to patent-ineligible subject matter under 35 U.S.C. § 101;

Claims 1, 3–5, 10, 12–14, 16, and 19 as failing to satisfy the written description requirement under 35 U.S.C. § 112, first

paragraph, with respect to the “accessing in real-time changed information” limitation;

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

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

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Patent 8,086,529 B2

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