

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

MICROSTRATEGY, INC.
Petitioner

v.

ZILLOW, INC.
Patent Owner

Case IPR2013-00034
Patent 7,970,674

Before JAMESON LEE, JOSIAH C. COCKS, and
MICHAEL W. KIM, *Administrative Patent Judges*.

KIM, *Administrative Patent Judge*.

FINAL WRITTEN DECISION
35 U.S.C. § 318(a) and 37 C.F.R. § 42.73

I. INTRODUCTION

MicroStrategy, Inc. (“Petitioner”) filed a petition on November 13, 2012, requesting an *inter partes* review of claims 1-40 of U.S. Patent No. 7,970,674 (“the ’674 patent”) pursuant to 35 U.S.C. §§ 311-319 Paper 7 (“Pet.”). Zillow, Inc. (“Patent Owner”) filed a patent owner preliminary response. Paper 16 (“Prelim. Resp.”). Taking into account Patent Owner’s preliminary response, the Board determined that the information presented in the petition demonstrated that there was a reasonable likelihood that the challenged claims are unpatentable. Pursuant to 35 U.S.C. § 324, the Board instituted this trial on April 2, 2013, on the patentability of claims 2, 5-17, and 26-40 of the ’674 patent. Paper 17 (“Dec.”).

During the trial, Patent Owner filed a patent owner response (Paper 24, “PO Resp.”), and Petitioner filed a reply to the patent owner response (Paper 28, “Reply”). An oral hearing was held on November 21, 2013.¹

The Board has jurisdiction under 35 U.S.C. § 6(c). This decision is a final written decision, under 35 U.S.C. § 318(a), on the patentability of claims 2, 5-17, and 26-40 of the ’674 patent. We hold that claims 15 and 17 of the ’674 patent are unpatentable under 35 U.S.C. § 102(b), and that claims 2, 5-11, 13, 14, 16, 26, 28-33, 35-37, 39, and 40 are unpatentable under 35 U.S.C. § 103(a). We also

¹ A transcript of the oral hearing is included in the record as Exhibit 3001.

hold that Petitioner has not met its burden of proof, by a preponderance of the evidence, that claims 12, 27, 34, and 38 of the '674 patent are unpatentable.

A. Related Proceedings

Petitioner indicates that the '674 patent is involved in: *Zillow, Inc. v. Trulia, Inc.*, Case No. 2:12-cv-1549 (W.D. Wash). Pet. 1. The '674 patent also is subject to a covered business method patent review in CBM2013-00056.

B. The '674 patent

The '674 patent states:

[The invention] is directed to the field of electronic commerce techniques, and, more particularly, to the field of electronic commerce techniques relating to real estate.

Ex. 1001, 1:9-12. As explained in the '674 patent, it is difficult to determine accurately a value for real estate properties. The most reliable method for valuing a home, if it recently was sold, is to regard the selling price as its value. Ex. 1001, 1:25-26. Only a small percentage of homes, however, are sold at any given time. Ex. 1001, 1:26-30. Another widely used approach is professional appraisal. Ex. 1001, 1:33-34. Appraisals are subjective, however, and they “[are] expensive, can take days or weeks to complete, and may require physical access to the home by the appraiser.” Ex. 1001, 1:37-44. Moreover, designing automatic valuation systems that only consider

information available from public databases may be inaccurate. Ex. 1001, 1:45-51. Accordingly, the '674 patent discloses an approach where valuing homes is responsive to owner input, allegedly resulting in a more accurate, inexpensive, and convenient valuation. Ex, 1001, 1:52-56.

Claims 2 and 15 are independent. Claims 5-8 and 14 depend directly from claim 2; claims 9-13 depend indirectly from claim 2; claims 16, 17, 26, 29, 30, and 40 depend directly from claim 15; and claims 27, 28, and 31-39 depend indirectly from claim 15. Claim 15, reproduced below, is illustrative of the claimed subject matter of the '674 patent.

15. A method in a computing system for refining an automatic valuation of a distinguished home based upon input from a user knowledgeable about the distinguished home, comprising:

obtaining user input adjusting at least one aspect of information about the distinguished home used in the automatic valuation of the distinguished home;

automatically determining a refined valuation of the distinguished home that is based on the adjustment of the obtained user input; and

presenting the refined valuation of the distinguished home.

C. Prior Art Relied Upon

Petitioner relies upon the following prior art references:

Dugan	US 5,857,174	Jan. 5, 1999	Ex. 1003
Kim	US 2005/0154657	July 14, 2005	Ex. 1004

IPR2013-00034
Patent 7,970,674

Shinoda	US 2004/0049440	Mar. 11, 2004	Ex. 1006
Sklarz	US 2002/0087389	July 4, 2002	Ex. 1010

Internal Revenue Service Publication 946, How to Depreciate
Property (“IRS Pub. 946”) 2004 Ex. 1009

D. Grounds of Unpatentability

The Board instituted *inter partes* patent review of the '674 patent based on the following grounds of unpatentability:

Claims	Basis	References
15 and 17	§ 102	Dugan
2, 5-10, 13, 14, 16, 26, 27, 29-33, 35-37, 39, and 40	§ 103	Dugan and Kim
11 and 12	§ 103	Dugan, Kim, and Shinoda
28	§ 103	Dugan, Kim, and IRS Pub. 946
34 and 38	§ 103	Dugan, Kim, and Sklarz

II. ANALYSIS

A. Claim Construction

In an *inter partes* 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. § 42.100(b); Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,766 (Aug. 14, 2012). Claim terms are also given their ordinary and

customary meaning as would be understood by one of ordinary skill in the art in the context of the entire disclosure. *In re Translogic Tech., Inc.*, 504 F.3d 1249, 1257 (Fed. Cir. 2007).

If an inventor acts as his or her own lexicographer, the definition must be set forth in the specification with reasonable clarity, deliberateness, and precision. *Renishaw PLC v. Marposs Societa' per Azioni*, 158 F.3d 1243, 1249 (Fed. Cir. 1998).

If a feature found in the specification is not necessary to give meaning to what the inventor means by a claim term, it would be “extraneous” and should not be read into the claim. *Renishaw PLC*, 158 F.3d at 1249; *E.I. du Pont de Nemours & Co. v. Phillips Petroleum Co.*, 849 F.2d 1430, 1433 (Fed. Cir. 1988). The construction that stays true to the claim language and most naturally aligns with the inventor’s description is likely the correct interpretation. *Renishaw PLC*, 158 F.3d at 1250.

1. “*automatic valuation of a distinguished home*”

Independent claim 15 recites “automatic valuation of a distinguished home.” As reflected in their analysis of the prior art, Patent Owner asserts that “automatic valuation of a distinguished home” should be construed as an Automated Valuation Model (“AVM”), which Patent Owner contends is a term of art indicating a particular valuation model that includes very specific features, such as an absence of an appraiser, a regression based on values generated by a data set, and a capability of performing mass valuations. PO Resp.

19-26. Petitioner counters that “automatic valuation of a distinguished home” is not a term of art, and should be construed as “a calculation of a value of a distinguished property or home performed without human intervention.” Reply 5-9. We agree with Petitioner for the reasons set forth below.

The Specification of the ’674 patent does not set forth expressly a definition of “automatic valuation.” Nor is it apparent what definition is implicit within the Specification. The parties also do not identify any prosecution history that purportedly would offer a definition for the term. Instead, Petitioner proposes that “automatic valuation of a distinguished home” should be construed with its ordinary and customary meaning as “a calculation of a value of a distinguished property or home performed without human intervention.” For support, Petitioner cites the testimony of their expert, Dr. Borst (Ex. 1023 ¶¶ 13-18). This construction is consistent with the Specification, which discloses using computer system 100 to perform home valuations (Ex. 1001, Fig. 1), and thus is appropriately broad and reasonable in light of the Specification, as required by our rules. It is also consistent with dictionary definitions of “automatic”²

² automatic: pertaining to a function, operation, process, or device that, under specified conditions, functions without intervention by a human operator. THE AUTHORITATIVE DICTIONARY OF IEEE STANDARDS TERMS 64 (7th ed. 2000).

and “valuation”³ which, when combined for a definition of “automatic valuation,” results in the following: pertaining to an estimation or determination of a market value of a thing that, under specified conditions, functions without intervention by a human operator. Accordingly, we construe “automatic valuation of a distinguished home” as “a calculation of a value of a distinguished property or home performed without human intervention.”

Patent Owner asserts that one of ordinary skill would have understood “automatic valuation” more narrowly as a term of art indicating an AVM or “computer assisted mass appraisal” (“CAMA”). For support, Patent Owner cites the testimony of their expert Dr. Kilpatrick and the cross-examination testimony of Petitioner’s expert Dr. Borst, and further asserts that the Specification discloses only one type of “automatic valuation”: an AVM. PO Resp. 12-13. Petitioner counters that the Specification including the claims does not recite the term “AVM.” Petitioner further counters that because AVMs were known at the time of the invention, if Patent Owner desired to limit “automatic valuation” to an AVM, either the claims should recite “AVM,” or the Specification should expressly define “automatic valuation” as an AVM. Petitioner cites the testimony of Dr. Borst in support of this position, who in turn cites several industry documents as extrinsic evidence in support. Ex. 1023

³ valuation: the estimated or determined market value of a thing. MERRIAM WEBSTER’S COLLEGIATE DICTIONARY 1382 (11th ed. 2003).

¶¶ 13-18. After reviewing all arguments and the testimony of both Dr. Kilpatrick and Dr. Borst, we credit the testimony of Dr. Borst over that of Dr. Kilpatrick, and thus, agree with Petitioner. *See Yorkey v. Diab*, 601 F.3d 1279, 1284 (Fed. Cir. 2010).

The testimony of Dr. Kilpatrick and the cross-examination of the testimony of Dr. Borst cited by Patent Owner concerning this construction largely falls into three categories, which collectively are insufficient to outweigh the contrary testimony of by Dr. Borst. First, Dr. Kilpatrick testifies that there are two types of valuations: traditional appraisals and AVMs. Ex. 2001 ¶¶ 26, 36, 40. It is not apparent how that assertion supports Patent Owner's position that "automatic valuation" is a term of art indicating an AVM. Dr. Kilpatrick does not state that traditional appraisals are not automatic, or that, aside from AVMs, there are no other automatic types of valuation. Even assuming such conclusions are what Dr. Kilpatrick intended to draw, we are not persuaded by his testimony, for reasons discussed below.

Patent Owner has asserted throughout this proceeding that traditional appraisals require an appraiser, and that AVMs have very specific features such as the absence of an appraiser, a regression based on values generated by a data set, and a capability of performing mass valuations. Given those positions, it logically follows that traditional appraisals and AVMs do not cover the universe of valuations. For example, a valuation conducted by a non-

appraiser but without regression would not fall into either category. Accordingly, given that AVMs cannot logically occupy all the space in the valuation universe unoccupied by traditional appraisals, we are not persuaded that every automatic valuation - something that is not a traditional appraisal - is covered by AVM, which Patent Owner asserts is synonymous with “automatic valuation.”

Second, Dr. Kilpatrick testifies that Dugan does not disclose an AVM. Ex. 2001. ¶¶ 33, 41, 45. It is not apparent how this assertion is relevant to Patent Owner’s position that “automatic valuation” is a term of art indicating an AVM. Patent Owner appears to be asserting that because Dugan discloses traditional appraisals, it does not disclose an AVM, but that is inapposite to the claim construction of “automatic valuation.”

Third, Patent Owner cites the testimony of Dr. Kilpatrick and the cross-examination testimony of Dr. Borst as supporting the proposition that the only type of “automatic valuation” disclosed in the Specification is an AVM. Ex. 2001 1013 ¶ 12; Ex. 2016, 60:2-5, 61:5-6. That alleged fact is not disputed by Petitioner. Patent Owner appears to be asserting that, because the Specification only discloses an AVM, this lone embodiment in the Specification should be imported into the claims. We decline to do so. *CollegeNet, Inc. v. ApplyYourself, Inc.*, 418 F.3d 1225, 1231 (Fed. Cir. 2005) (stating that while the specification can be examined for proper context of a claim term, limitations from the specification will not be imported into the

claims). Indeed, the Specification recites the following: “[w]hile the foregoing description makes reference to particular embodiments, the scope of the invention is defined solely by the claims that follow and the elements recited therein.” Ex. 1001, 19:23-26.

Alternatively, Patent Owner indicates that they disavow expressly, in this proceeding, any claim scope of “automatic valuation” that is broader than an AVM, and that the Board should take this express disavowal into account and construe “automatic valuation” as an AVM. Patent Owner cites several cases that they assert both support and oppose their position that an adjudicative body can take such express disavowals into account in the same proceeding in which the disavowal was made. Petitioner asserts that it would be unfair and confusing to Petitioner and the public to permit Patent Owner to disavow claim scope in this manner, especially where Patent Owner has the option of amending their claim to clarify claim scope. We agree with Petitioner.

Generally speaking, in applying for a patent, Patent Owner is requesting a right to exclude others that is provided by the United States government. In return, it is incumbent upon Patent Owner to define adequately the limits of that right to exclude through claims, such that the public is on notice as to the scope of that right.

We are not aware of any proceeding where a tribunal has taken into account a disavowal made in the same proceeding (“same proceeding disavowal”). Instead, we are only aware of situations

where a tribunal has taken into account disavowals made in prior, completed proceedings. Specifically, in district court infringement suits, claims have a presumption of validity. And as district courts are tasked with construing claims with an eye toward preserving their validity over the prior art, the district court considers all materials at its disposal, which would include the prosecution history, and, specifically, any previous disavowals made by the patentee that are set forth in the prosecution history.

Furthermore, even if a tribunal were permitted, generally, to take into account a disavowal made during the same proceeding, as opposed to a prior, completed proceedings, absent extraordinary circumstances, we are not persuaded that such same proceeding disavowals are proper in a proceeding where amendments are available. This is because when claim amendments are available, a patent owner has an opportunity to amend claims to a scope it desires, so as to have the substance of any purported same proceeding disavowal reflected in the claim language expressly. The public should not be burdened with inadequate notice concerning the scope of claims, where the Patent Owner has been provided with an opportunity to amend claims to reflect the scope it desires. If Patent Owner chooses not to avail itself of the opportunity to amend, it is reasonable to accord the claims their scope under the broadest reasonable construction, without regard to the substance of any same proceeding disavowal.

Patent Owner cites the following cases to show that federal courts have relied on statements made in pending re-examination proceedings in construing claims: *Grober v. Mako Prods., Inc.*, 686 F.3d 1335, 1341-42 (Fed. Cir. 2012); *RMail Ltd. v. Amazon.com, Inc.*, 2013 WL 968246, at *2, *20 (E.D. Tex. March 12, 2013); *Life Techs. Corp. v. Illumina, Inc.*, 2010 WL 5343177, at *18 (D. Del. Dec. 15, 2010). Patent Owner's citations are inapposite, because the patent owner in the aforementioned cases did not have the opportunity to amend their claims in the same proceeding. Patent Owner may be asserting that when the federal courts construe the claims, the federal courts will take into account any express disavowals of claim scope made before the Board. As we are the tribunal before which such disavowals are made and not a court reviewing such proceedings, Patent Owner's assertion is inapposite. Patent Owner's same proceeding disavowal here is a post-litigation position, which does not affect our broadest reasonable construction of claim terms. Also, absent extraordinary circumstances, which are absent here, same proceeding disavowals do not apply where the patent owner has an opportunity to amend the claims to limit their scope to that commensurate with an application of the desired same proceeding disavowal.

Patent Owner further cites the following cases to show that a disavowal may be considered in pending examination appeals and re-examination proceedings, and thus should also be considered in the

IPR2013-00034
Patent 7,970,674

instant proceeding: *Tempo Lighting, Inc. v. Patent of Tivoli LLC*, 2012 WL 627809, at *3 (BPAI Feb. 24, 2012); *Ex Parte Jacobus*, 2009 WL 2137370, at *4-5 (BPAI July 16, 2009); *Ex Parte Aloni*, 2013 WL 3324253, at *2, n. 1 (PTAB May 14, 2013). We are not persuaded. Concerning whether the PTO should consider disavowals, generally, our reviewing court has held the following: “[t]his court also observes that the PTO is under no obligation to accept a claim construction proffered as a prosecution history disclaimer, which generally only binds the patent owner.” *Tempo Lighting, Inc. v. Patent of Tivoli LLC*, ___ F.3d ___, 2014 WL 503128, at *4 (Fed. Cir. 2014). Moreover, while in a reexamination proceeding conducted at the PTO prior to appeal, the patent owner has an opportunity to amend the claims, when the reexamination is appealed to the Board, however, prosecution has closed. Thus, consideration of disavowals, made at an earlier stage during prosecution, by the Board during a reexamination appeal, may be appropriate. In the instant proceeding, however, Patent Owner has an opportunity to amend the claims to make the scope of the same proceeding disavowal manifest. If Patent Owner chooses not to avail themselves of this opportunity, it is reasonable to resolve any claim ambiguity against Patent Owner, notwithstanding any same proceeding disavowal.

At oral hearing, Patent Owner explained its reasons for not amending its claims in the following exchange:

JUDGE LEE: Why didn't you amend your claims to say automatically determining a valuation for a subject home without substantial involvement of an appraiser?

MR. AL-SALAM: Because we felt that was implicit based on the disclosure --

JUDGE LEE: But it would take you a few pages in an amendment with hardly anything more to argue.

MR. AL-SALAM: But that would suggest an admission that it was not already -- it would not already be construed in that manner by somebody of ordinary skill in the art.

JUDGE LEE: But it's a substitution amendment. It's a contingent. You know, if the Board didn't agree with you, you end up with that claim.

MR. AL-SALAM: I understand and certainly that is something we could do. These claims are in litigation, so making that amendment would suggest that we're admitting that already the claims would not be construed to --

JUDGE LEE: All right. So, that's a litigation choice.

Ex. 3001, 62:17-63:11. Patent Owner's choice limits its options, but it is free to make that choice. In this case, the Board does not accept Patent Owner's same proceeding disavowal as a basis to alter the meaning of claims which have been properly construed under a broadest reasonable construction. Patent Owner has presented no persuasive arguments to permit it to take the route of same proceeding disavowal, rather than to file a motion to amend claims so that the claim scope reflects the desired scope after application of the same proceeding disavowal.

Patent Owner additionally asserts the following:

In exhibit ZILLOW 2016, at 145:21-149:10, [Petitioner's expert] Dr. Borst testified that several of his earlier publications related to mass appraisal and CAMA systems do not use the word "AVM" and that a CAMA system is fundamentally the same as an AVM. This testimony is relevant to the assertion on page 6 of the Reply that "the term of art 'Automated Valuation Model' was not included anywhere in the specification of [Cheng], nor was it ever before mentioned by the Patent Owner during the original prosecution of [Cheng]." The testimony is relevant because it illustrates that an AVM system can be described, and has been described, without using the terms "AVM" or "Automated Valuation Model."

Paper 31 at 1-2. Patent Owner's assertion is inapposite. We agree that AVM can be described in other terms such as "mass appraisal" and "CAMA." However, independent claim 15 does not recite those terms; it recites "automatic valuation." Patent Owner has not shown adequately that "automatic valuation" is a term of art indicating an AVM.

Patent Owner asserts that "automatic valuation" refers to a "market valuation [that] is not based on individual preferences of the buyer or seller, but on the value generated by the data set."

PO Resp. 22-23 (citing Ex. 2001 ¶¶ 45, 46) (emphasis omitted).

Petitioner asserts that neither Patent Owner nor Dr. Kilpatrick cite any intrinsic or extrinsic evidence in support of their assertions. We agree with Petitioner. As referenced earlier in the Declaration of Dr.

Kilpatrick, a value generated by a data set is a feature of an AVM. Ex. 2001 ¶ 12. As set forth above, we are not persuaded that “automatic valuation” is a term of art indicating an AVM. Furthermore, Patent Owner’s assertion and Dr. Kilpatrick’s testimony that “automatic valuation” refers to a “market valuation [that] is not based on individual preferences of the buyer or seller” appears in a context of distinguishing Dugan in a conclusory manner, which we do not prescribe much weight. Neither Patent Owner nor Dr. Kilpatrick explains how the Specification or the state of the art supports this construction. *Velandier v. Garner*, 348 F.3d 1359, 1371 (Fed. Cir. 2003) (“In giving more weight to prior publications than to subsequent conclusory statements by experts, the Board acted well within [its] discretion”). Indeed, in preceding paragraphs 42-44 of the Declaration, Dr. Kilpatrick testifies “[t]here is no one universally-accepted standard definition of market value,” casting doubt on the assertion that all plausible definitions of “automatic valuation,” in the context of the Specification, would exclude market valuation based on individual preferences of the buyer or seller.

Patent Owner and Petitioner dispute whether an AVM includes various features, such as an absence of an appraiser, a regression based on values generated by a data set, and a capability of performing mass valuations. However, the disagreement is inconsequential, because we have determined that the recited

limitation “automatic valuation” is not a term of art that indicates an AVM.

Apart from whether “automatic valuation” is an AVM, Patent Owner asserts the following:

MR. AL-SALAM: As Cheng [the '674 patent] itself says, Cheng itself defines automatic valuation. I mean, I keep hearing that Cheng didn't tell us what automatic valuation means when I think it's very clear it does. It tells us precisely that automatic valuation is based on what's in a public database and without input from a homeowner or presumably from anybody that's knowledgeable about the property, such as an appraiser who could become knowledgeable if he or she were going to do an appraisal inspection.

Ex. 3001, 40:1-8. In effect, Patent Owner asserts that the inventor acted as his or her own lexicographer, and that the Specification defines “automatic valuation” to include very specific features. We disagree. If an inventor acts as his or her own lexicographer, the definition must be set forth in the specification with reasonable clarity, deliberateness, and precision. *Renishaw PLC*, 158 F.3d at 1249. To that end, Patent Owner cites the following portion of the Specification as defining “automatic valuation”:

While it might be possible to design *systems* that automatically value homes, such *automatic valuations* would *generally* be performed based upon the contents of a public database, and without input from each home's owner or other information not in the public database.

Ex. 1001, 1:45-49 (*quoted at* Ex. 3001, 46:1-47:5, 62:3-10) (emphasis added). However, this disclosure in the Specification does not rise to the level of a definition because the use of the word “systems” indicates that there is more than one type of “automatic valuation,” and the purported definition is qualified by the term “generally.” This was confirmed by Patent Owner as follows:

JUDGE LEE: We’re beginning to understand. So, AVM is just a name that people tag onto automatic valuation. It’s not as though there’s some other AVM model of, you know, having this algorithm. It’s just a name people --

MR. AL-SALAM: It is a name --

JUDGE LEE: -- automatic valuation.

MR. AL-SALAM: It is a name that had become more and more accepted as the term to cover a generic -- not a generic, but a class of automatic valuations. There are different types of automatic valuations and AVM --

JUDGE LEE: So it doesn’t cover all automatic valuations. Some are excluded from the term AVM?

MR. AL-SALAM: I would say it covers all automatic valuations that have the properties that I’ve mentioned; those properties being there’s not an appraiser involved.

Ex. 3001, 50:15-51:5. As is evident from the above-noted exchange between the Board and counsel, any special “definition” stemming from the Specification is less than reasonably clear, deliberate, and precise. *See Renishaw PLC*, 158 F.3d at 1249. If anything, it indicates that “automatic valuation” covers more than AVM.

By a preponderance of the evidence, we determine that “automatic valuation of a distinguished home” is not a term of art and was not defined in the Specification, and thus should be construed broadly, but reasonably, as “a calculation of a value of a distinguished property or home performed without human intervention.”

Independent claim 2 recites “automatic valuation of a distinguished property.” For the same reasons as set forth above, we construe “automatic valuation of a distinguished property” broadly, but reasonably, as “a calculation of a value of a distinguished property or home performed without human intervention.”

2. *“user knowledgeable about the distinguished home”*

Independent claim 15 recites “user knowledgeable about the distinguished home.” The Board construed “user knowledgeable about the distinguished home” as any person “knowledgeable about the distinguished home,” not limited to the owner of a home or someone with equivalent knowledge to the owner of a home. Dec. 9-10. Patent Owner asserts “user knowledgeable about the distinguished home” should be construed as “the owner or a person with equivalent knowledge to the owner,” because Patent Owner has expressed in this proceeding a disavowal of any broader construction. PO Resp. 18-19. Petitioner asserts that it would be unfair and confusing to Petitioner and the public to permit Patent Owner to disavow claim scope in this manner, especially where Patent Owner has the option of amending their claim to reflect a claim scope that

takes into account the substance of the same proceeding disavowal. Reply 2-5. Again, we agree with Petitioner. Our analysis as to the impropriety of same proceeding disavowals is set forth above in the analysis of our construction of “automatic valuation,” and thus need not be repeated here.

Through their analysis of the prior art, Patent Owner attempted to distinguish an appraisal from “automatic valuation.” For example, at oral hearing, Patent Owner stated as follows:

MR. AL-SALAM: We believe that based on the specification, the only reasonable interpretation of automatic valuation in Cheng is that valuation is done without any appraiser input.

Ex. 3001, 33:12-14. We are not persuaded, for the reasons set forth above. However, although the above assertions were set forth in another context, we believe those assertions are applicable to a proper construction of “user knowledgeable about the distinguished home.” To that end, we are persuaded that in light of the Specification, a broadest reasonable construction of “user knowledgeable about the distinguished home” excludes appraisers. Specifically, the Specification discloses the shortcomings of appraisals done by appraisers, and excludes appraisers from the list of user from which input is sought. Ex. 1001, 1:33-44, 2:64-67, 3:64-67, 4:5-10, 4:21-24. Indeed, Petitioner does not dispute its own expert Dr. Borst’s cross-examination testimony that the process described in the Specification

does not result in an appraisal. Paper 34 at 4-5 (citing Ex. 1023 ¶ 31; Ex. 2016, 120:2-21).

We modify our previous construction of “user knowledgeable about the distinguished home” to the following: “any person, other than an appraiser, knowledgeable about the distinguished home.” Under this construction, such a person is not limited to the owner of a home or someone with equivalent knowledge to the owner of a home.

Independent claim 2 recites “obtaining user input from the owner.” For the same reasons as set forth above, we determine that “obtaining user input from the owner” excludes obtaining user input from an appraiser.

3. *“owner . . . of the distinguished property”*

Independent claim 2 recites “owner . . . of the distinguished property.” Petitioner sets forth a claim construction of “owner” as “seller.” Pet. 12, 37, 40-41. The Board construed “owner . . . of the distinguished property” simply by its terms, i.e., owner of the distinguished property, who may or may not be selling. Dec. 10. When the owner is selling, the owner becomes a seller. Patent Owner proposes that “owner” be construed as “the person that has title to the property.” Ex. 3001, 34:3-4. The Specification is consistent with Patent Owner’s proposed construction. Accordingly, we construe “owner . . . of the distinguished property” as “the person that has title to the distinguished property.” When the owner is selling, the owner becomes a seller.

B. Claims 15 and 17 as Anticipated by Dugan

“A claim is anticipated only if each and every element as set forth in the claim is found, either expressly or inherently described, in a single prior art reference.” *Verdegaal Bros., Inc. v. Union Oil Co. of Cal.*, 814 F.2d 628, 631 (Fed. Cir. 1987).

Petitioner asserts that claims 15 and 17 are unpatentable under 35 U.S.C. § 102(b) as anticipated by Dugan. Pet. 3, 17, 38-39. Upon review of Petitioner’s petition and supporting evidence, as well as Patent Owner’s response and supporting evidence, we determine that Petitioner has demonstrated that, by a preponderance of the evidence, claims 15 and 17 are anticipated by Dugan.

1. Dugan

Dugan relates to a manual or computer-implemented method for appraising real estate. Ex. 1003, 1:9-10. Dugan discloses that a primary object of its invention is to provide a real estate appraisal that is highly efficient and trustworthy and can be relied upon by sellers, buyers, appraisers, banks, investors, and the like. Ex. 1003, 4:31-34. As shown below, Figure 3 of Dugan shows an exemplary appraisal process where, if an operator decides to appraise a subject property at step 32, the process will proceed in the manner of the flow chart in Figure 4. Ex. 1003, 7:47-49.

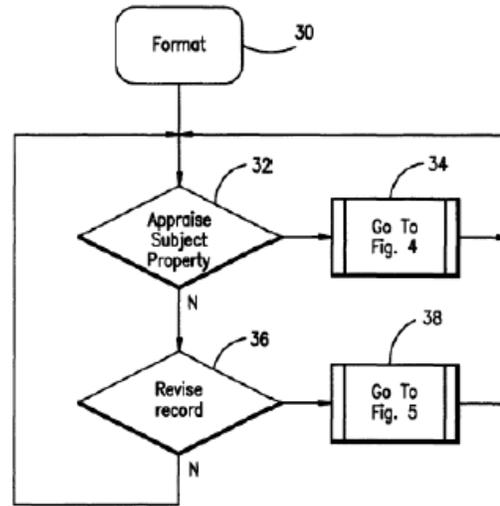


FIG. 3

Figure 3 is a general flow diagram of an overall operation of the system of Dugan.

Ex. 1003, Fig. 3. If the operator chooses to revise a record at step 36 of Figure 3, the method described in the flow chart of Figure 5 will be followed. Ex. 1003, 7:50-52. If the operator decides to appraise a subject property, the appraiser and prospective buyer of a property assign points based upon an Ideal Point System (IPS), which is based upon desirability factors for each of five categories of elements.

Ex. 1003, 4:65-5:3. Once the IPS values are determined, the property, subsequently, may be used as a comparable property. Ex. 1003, 5:5-6.

The appraiser need only select a subject property and obtain the IPS values for the seller of the subject property. Ex. 1003, 5:6-8. The sale price of each comparable property then is adjusted based upon a relative difference between the total IPS value for the comparable

properties and the total IPS value of the subject property. Ex. 1003, 5:8-11. The average adjusted sale price for all of the comparable properties then is used as an appraised value for the subject property. Ex. 1003, 5:23-25. Once the appraised value is determined for the subject property, the operator will have the option to perform another appraisal, or revise a previously performed appraisal record at step 36. Ex. 1003, 8:50-60. Such revision may include correcting information, or inputting a new set of IPS values. Ex. 1003, 8:21-24. The system of Dugan may be used independently, or in conjunction with other appraisal techniques. Ex. 1003, 14:63-64.

2. *Analysis*

Upon review of Petitioner's petition and supporting evidence, as well as Patent Owner's response and supporting evidence, we determine that Petitioner has demonstrated, by a preponderance of the evidence, that Dugan discloses each and every limitation of claims 15 and 17.

Patent Owner asserts that Dugan only discloses determining appraised values, and not "automatic valuation of a distinguished home," as recited in independent claim 15. PO Resp. 19-24. Specifically, Patent Owner asserts that Dugan only discloses appraisals conducted by appraisers, and not an AVM conducted without appraiser involvement. Indeed, Patent Owner asserts that Dugan criticizes AVMs. Petitioner counters that Patent Owner's assertions are inapposite, because "automatic valuation" is not an

AVM. Reply 5-9. We agree with Petitioner. As set forth above, we decline to adopt Patent Owner's construction of "automatic valuation" as an AVM, and instead, construe "automatic valuation of a distinguished home" as "a calculation of a value of a distinguished property or home performed without human intervention." Dugan discloses a manual or computer-implemented method for appraising real estate. Ex. 1003, 1:9-10. Specifically, Dugan discloses the following:

Once the selected records are to the appraiser's satisfaction, steps 50 and 54, *the system 10 will determine the appraised value of the real estate*, step 62. This appraisal is based upon a comparison of the total IPS value for each comparable property and the total IPS value of the subject property. *The appraised value is displayed on monitor 14*, along with a high and low appraised value, step 64. Once these values are displayed, the system returns, at step 66, to step 34 of FIG. 3.

Ex. 1003, 8:50-58 (emphasis added).

Patent Owner asserts that because Dugan's appraisal is based on subjective preferences of a particular buyer and seller, it cannot correspond to the recited "automatic valuation." Petitioner counters that a broadest reasonable construction of "automatic valuation" does not support Patent Owner's assertion. We agree with Petitioner. As set forth above in our claim construction analysis, we are not persuaded that "automatic valuation" excludes valuations based on subjective preferences of a particular buyer or seller.

Based on Patent Owner's assertions concerning the limitation "automatic valuation" and Dugan, Patent Owner implies that Dugan does not disclose "obtaining user input" based on "input from a user knowledgeable about the distinguished home," as recited in independent claim 15. Specifically, Patent Owner implies that because Dugan only discloses appraisals conducted by appraisers, Dugan does not disclose "obtaining user input" from a proper construction of "user knowledgeable about the distinguished home." PO Resp. 19-24. Petitioner counters that Dugan does disclose receiving IPS values from buyers and sellers, who are not appraisers. We agree with Petitioner.

As set forth above, we construe "user knowledgeable about the distinguished home" as follows: any person, other than an appraiser, "knowledgeable about the distinguished home," and is not limited to the owner of a home or someone with equivalent knowledge to the owner of a home. Dugan discloses receiving IPS values from a buyer and a seller, which meets the aforementioned construction of "obtaining user input," where user input is "input from a user knowledgeable about the distinguished home." Ex. 1003, 4:65-5:8. These IPS values are then used to determine a value of a subject property. Ex. 1003, 5:8-11, 5:23-25.

Patent Owner asserts that because "Dugan's IPS values are not based on a regression over sales but, rather, are manual human inputs, 'opinions in effect,'" Dugan does not disclose "automatic valuation."

Paper 31 at 5 (citing Ex. 2016, 42:12-18). Relatedly, Patent Owner also asserts that comparable properties are selected manually in Dugan, and not automatically selected, as required to meet the recited “automatic valuation.” Petitioner counters that Patent Owner’s assertion is inapposite, because “automatic valuation” does not exclude manual human input of IPS values. We agree with Petitioner. As set forth above, we determine that “automatic valuation” is not a term of art indicating an AVM, and a broadest reasonable construction of “automatic valuation” does not set forth any restrictions on input types. Independent claims 2 and 15 do recite “obtaining user input,” but that limitation also does not specify any input restrictions.

3. *Conclusion*

We determine that Dugan discloses “automatic valuation of the distinguished home” and “obtaining user input,” as required by claims 15 and 17. For the foregoing reasons, we conclude that Petitioner has demonstrated, by a preponderance of the evidence, that claims 15 and 17 are anticipated by Dugan.

C. *Claims 2, 5-10, 13, 14, 16, 26, 27, 29-33, 35-37, 39, and 40 as Obvious over Dugan and Kim*

A patent claim is unpatentable under 35 U.S.C. § 103(a) 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 said subject matter pertains. *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 406 (2007). The question of obviousness is resolved on the basis of underlying factual determinations including: (1) the scope and content of the prior art; (2) any differences between the claimed subject matter and the prior art; (3) the level of skill in the art; and (4) where in evidence, so-called secondary considerations. *Graham v. John Deere Co.*, 383 U.S. 1, 17-18 (1966).

We analyze the instituted grounds of unpatentability in accordance with the above-stated principles. We also recognize that prior art references must be “considered together with the knowledge of one of ordinary skill in the pertinent art.” *In re Paulsen*, 30 F.3d 1475, 1480 (Fed. Cir. 1994). Moreover, “it is proper to take into account not only specific teachings of the reference but also the inferences which one skilled in the art would reasonably be expected to draw therefrom.” *In re Preda*, 401 F.2d 825, 826 (CCPA 1968). That is because an obviousness analysis “need not seek out precise teachings directed to the specific subject matter of the challenged claim, for a court can take account of the inferences and creative steps that a person of ordinary skill in the art would employ.” *KSR*, 550 U.S. at 418; *see also Translogic*, 504 F.3d at 1259.

Petitioner asserts that claims 2, 5-10, 13, 14, 16, 26, 27, 29-33, 35-37, 39, and 40 are unpatentable under 35 U.S.C. § 103(a) over a combination of Dugan and Kim. Pet. 3, 11-12, 22-31, 33-36. In support of that asserted ground of unpatentability, Petitioner provides

explanations as to how each claim limitation is met by the combination of the cited prior art references (Pet. 22-31, 33-36) and rationales for modifying the cited prior art references (Pet. 11-12).

Upon review of Petitioner's petition and supporting evidence, as well as Patent Owner's response and supporting evidence, we determine that Petitioner has demonstrated, by a preponderance of the evidence, that claims 2, 5-10, 13, 14, 16, 26, 29-33, 35-37, 39, and 40 are unpatentable over the combination of Dugan and Kim. We also determine that Petitioner has not demonstrated, by a preponderance of the evidence, that claim 27 is unpatentable over the combination of Dugan and Kim.

1. Kim

Kim discloses system 100, including appraiser valuation engine 102 that incorporates subject characteristics of a subject property, and subjective characteristics of "comparable properties," so as to obtain a more accurate valuation for the subject property. Ex. 1004 ¶¶ 7, 31. A user may request an estimated value of a property by adjusting the ranking of comparable properties, and then applying a weighting value method to the ranked comparable properties. Ex. 1004 ¶ 93. A user may enter weightings associated with the properties. Ex. 1004, Fig. 5, ¶ 47). Certain entered weightings can be saved as defaults. Ex. 1004, Fig. 6. The appraiser may add additional characteristics to the profile of the subject property data to improve the description of the property, and thereby improve the odds of retrieving more similar

reference properties. Ex. 1004 ¶ 36. Kim discloses a user entering property conditions of interest, such as “kitchen updated”, “new furnace”, and others. Ex. 1004 ¶ 46. Based on the entered property conditions, appraiser valuation engine 102 assigns condition points to those entered property conditions. Ex. 1004 ¶¶ 55, 59. The amount of condition points assigned by the appraiser evaluation engine is based on the estimated “cost to build/replace/renovate” the associated property condition. Ex. 1004 ¶ 59. Map 702 marks locations of comparable properties and the subject property. Ex. 1004 ¶ 50.

2. *Claims 2, 5-10, 13, and 14*

Patent Owner asserts that Dugan only discloses determining appraised values, and not “automatic valuation of the distinguished property,” as recited in independent claim 2. PO Resp. 24-26. Specifically, Patent Owner asserts that Dugan only discloses appraisals conducted by appraisers, and not an AVM conducted without appraiser involvement. Petitioner counters that Patent Owner’s assertions are inapposite, because “automatic valuation” is not an AVM. Reply 5-9. We agree with Petitioner. Our analysis is the same as set forth above with respect to the same limitation recited in independent claim 15, and need not be repeated here.

Patent Owner applies the same assertions to Kim. The assertions are equally unpersuasive. Specifically, Kim discloses system 100, including appraiser valuation engine 102 that incorporates subject characteristics of a subject property, and

subjective characteristics of “comparable properties,” so as to obtain a more accurate valuation for the subject property. Ex. 1004 ¶¶ 7, 31. We find that this properly corresponds to “automatic valuation of the distinguished property,” as recited in independent claim 2.

Patent Owner asserts that it would not have been obvious to replace the appraiser of Dugan and Kim with the “owner,” as recited in independent claim 2, because both Dugan and Kim are directed to appraisal processes which must be controlled by an appraiser. PO Resp. 26-28. Petitioner counters that both Dugan and Kim disclose that the discussions of appraisers in the process are merely exemplary, and that there is nothing preventing a non-appraiser from using the systems set forth in Dugan and Kim. We agree with Petitioner.

Dugan discloses the following: “[o]nce the system 10 is formatted, step 30, the operator, *here an appraiser*, will have two options.” Ex. 1003, 7:44-45. By using the term “operator” in conjunction with system 10, and indicating that an example of an “operator” is an appraiser, Dugan at least suggests that operators other than appraisers are contemplated. Furthermore, Dugan discloses that because the appraisals are relied upon by sellers, buyers, appraisers, bankers, investors and the like, it is desirable that the appraisal is trustworthy. Ex. 1003, 4:30-33. Accordingly, we are persuaded that it would have been obvious to have a seller as an operator in Dugan because the seller would have interest in obtaining an accurate

valuation of his or her property. And as set forth above in our construction of “owner,” a seller is merely an owner who is selling their property.

Similarly, Kim discloses the following: “login page 200 includes a name field and a password field in which a user (*e.g., an appraiser*) enters his/her name and password to access the appraiser valuation engine.” Ex. 1004 ¶ 42 (emphasis added). Patent Owner asserts that the use of the term “*e.g.*,” by itself, does not show that the system in either Dugan or Kim was intended for use by someone other than an appraiser. Petitioner counters that the use of the term “*e.g.*” signals exactly that: that both Dugan and Kim contemplated users other than an appraiser. We agree with Petitioner. When words are used they are presumed to convey meaning, and we find that the deliberate use of the term “*e.g.*” shows that Kim explicitly contemplates users other than the appraiser. And as an owner would have interest in obtaining an accurate valuation of their property, we are persuaded that it would have been obvious to replace the appraiser with the owner as the user in Kim.

Patent Owner cites the testimony of Dr. Kilpatrick in support of its position. PO Resp. 26-28 (citing Ex. 2001 ¶ 31). Petitioner counters that Dr. Kilpatrick acknowledges that sellers could use the systems of Dugan and Kim. Reply 12-14 (citing Ex. 1022, 152:22-153:8, 156:3-157:4). We have reviewed Dr. Kilpatrick’s testimony and agree with Petitioner.

Fundamentally, independent claim 2 recites a “computer readable medium,” which is, at best, an apparatus claim. As an apparatus claim, Petitioner only needed to show that Dugan and Kim suggest a system capable of receiving input from an owner. To counter, Patent Owner needed to show not only that Dugan and Kim disclose an appraiser controlling the appraisal process, but also that Dugan and Kim disclose systems that could not be used by individuals other than appraisers. Patent Owner has failed to do so, as Dr. Kilpatrick agrees that both buyers and sellers could use the systems disclosed in Dugan and Kim. Ex. 1022, 152:15-153:8, 156:3-157:4.

Patent Owner presents essentially the same arguments for dependent claims 8, 13, 14, as they assert above for independent claim 2. PO Resp. 28-29, 31-32. Our analysis is the same as set forth above for independent claim 2, and need not be repeated here.

Patent Owner does not set forth any additional arguments concerning dependent claims 5-7, 9, and 10.

We determine that Petitioner has demonstrated, by a preponderance of the evidence, that claims 2, 5-10, 13, and 14 are unpatentable over the combination of Dugan and Kim.

3. *Claims 16, 26, 29-33, 35-37, 39, and 40*

Claims 16, 26, 29-33, 35-37, 39, and 40 ultimately depend from independent claim 15. Of these claims, Patent Owner only argues claim 30, and sets forth essentially the same arguments for

patentability of claim 30 as Patent Owner asserts above for independent claims 2 and 15. PO Resp. 30. Our analysis for claim 30 is the same as set forth above for independent claims 2 and 15, and dependent claim 8, and need not be repeated here. We determine that Petitioner has demonstrated, by a preponderance of the evidence, that claims 16, 26, 29-33, 35-37, 39, and 40 are unpatentable over the combination of Dugan and Kim.

4. *Claim 27*

Claim 27 ultimately depends from independent claim 15, and recites “determining the valuation of the described improvement by applying a localized improvement cost recovery rate for the identified improvement type to the identified cost.” Petitioner asserts that Kim discloses the aforementioned claim limitation. Pet. 31 (citing Ex. 1004 ¶¶ 30, 36, 37, 93, 140-141). Patent Owner asserts that the aforementioned portions of Kim only disclose estimating a value of property improvements, but does not disclose using any “localized improvement cost recovery rate.” We agree with Patent Owner. While the aforementioned portions of Kim disclose estimated values of certain improvements, the Petitioner has not shown that Kim discloses how these estimated values are calculated, let alone whether they are calculated using a “localized improvement cost recovery rate.”

We determine that Petitioner has not demonstrated, by a preponderance of the evidence, that claim 27 is unpatentable over the combination of Dugan and Kim

5. *Conclusion*

For the foregoing reasons, we conclude that Petitioner has demonstrated, by a preponderance of the evidence, that claims 2, 5-10, 13, 14, 16, 26, 29-33, 35-37, 39, and 40 are obvious over Dugan and Kim. We also conclude that Petitioner has not demonstrated, by a preponderance of the evidence, that claim 27 is unpatentable over the combination of Dugan and Kim.

D. *Claims 11 and 12 as Obvious over Dugan, Kim, and Shinoda*

Petitioner asserts that claims 11 and 12 are unpatentable under 35 U.S.C. § 103(a) over a combination of Dugan, Kim, and Shinoda. Pet. 3, 43-45. In support of that asserted ground of unpatentability, Petitioner provides explanations as to how each claim limitation is met by the combination of the cited prior art references (Pet. 44-45) and rationales for modifying the cited prior art references (Pet. 43-44).

Upon review of Petitioner's petition and supporting evidence, as well as Patent Owner's response and supporting evidence, we determine that Petitioner has demonstrated, by a preponderance of the evidence, that claim 11 is unpatentable over the combination of Dugan, Kim, and Shinoda. We also determine that Petitioner has not

demonstrated, by a preponderance of the evidence, that claim 12 is unpatentable over the combination of Dugan, Kim, and Shinoda.

1. *Shinoda*

Figure 10 of Shinoda is set forth below.

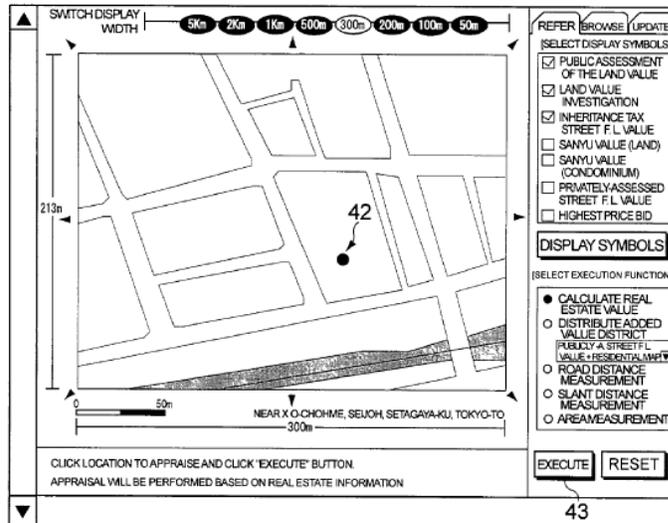


Figure 10 is a diagram showing a land value calculation location.

Shinoda discloses that solid circle location 42 is a location to be appraised specified by using a mouse click or the like. Ex. 1006 ¶ 61.

2. *Claim 11*

Upon review of Petitioner's petition and supporting evidence, as well as Patent Owner's response and supporting evidence, we determine that Petitioner has demonstrated, by a preponderance of the evidence, that a combination of Dugan, Kim, and Shinoda discloses or suggests each and every limitation of claim 11.

3. *Claim 12*

Claim 12 ultimately depends from independent claim 2, and recites “selecting a control in a popup balloon associated with its location on the displayed map.” Petitioner asserts that Kim discloses the aforementioned claim limitation, because selecting solid circle location 42 of Kim “performs the same function as a control in a pop-up balloon in substantially the same way to achieve the same result” as the aforementioned limitation of claim 12. Pet. 45 (citing Ex. 1006 ¶ 61). Patent Owner asserts that solid circle location 42 of Kim does not properly correspond to the recited “pop-up balloon,” because Petitioner fails to cite any authority for applying a function/way/result test for determining whether a limitation is met by the prior art, where the limitation is not a means-plus-function limitation under 35 U.S.C. § 112, sixth paragraph. We agree with Patent Owner. The function/way/result test is applied with respect to doctrine of equivalents and means-plus-function limitations under 35 U.S.C. § 112, sixth paragraph. Neither situation is present here. Patent Owner does cite MPEP § 2144.06(II) (citing *In re Ruff*, 256 F.2d 590 (CCPA 1958)) as possibly supporting Petitioner’s position. However, that case is directed to Markush groups for amino compounds, which we determine are not applicable to this situation.

We determine that Petitioner has not demonstrated, by a preponderance of the evidence, that claim 12 is unpatentable over the combination of Dugan, Kim, and Shinoda.

4. *Conclusion*

For the foregoing reasons, we conclude that Petitioner has demonstrated, by a preponderance of the evidence, that claim 11 would have been obvious over Dugan, Kim, and Shinoda. We also conclude that Petitioner has not demonstrated, by a preponderance of the evidence, that claim 12 is unpatentable over the combination of Dugan, Kim and Shinoda.

E. *Claims 34 and 38 as Obvious over Dugan, Kim, and Sklarz*

Petitioner asserts that claims 34 and 38 are unpatentable under 35 U.S.C. § 103(a) over a combination of Dugan, Kim, and Sklarz. Pet. 3, 49-50. In support of that asserted ground of unpatentability, Petitioner provides explanations as to how each claim limitation is met by the combination of the cited prior art references (Pet. 49-50) and rationales for modifying the cited prior art references (Pet. 50).

Upon review of Petitioner's petition and supporting evidence, as well as Patent Owner's response and supporting evidence, we determine that Petitioner has not demonstrated, by a preponderance of the evidence, that claims 34 and 38 are unpatentable over the combination of Dugan, Kim, and Sklarz.

1. *Sklarz*

Sklarz discloses taking a quick estimate of a home value in a particular zip code or neighborhood by taking a recent price per

square foot and multiplying by respective living area values.

Ex. 1010 ¶ 220.

2. *Claims 34 and 38*

Claim 34 ultimately depends from independent claim 15, and recites “multiplying the determined average selling price per square foot by the floor area of the distinguished home to obtain an alternate valuation of the distinguished home; and before presenting the refined valuation of the distinguished home, blending into the refined valuation of the distinguished home the obtained alternate valuation.”

Petitioner asserts that Sklarz discloses the aforementioned claim limitation, because Sklarz discloses taking a quick estimate of a home value in a particular zip code or neighborhood by taking a recent price per square foot and multiplying by respective living area values.

Pet. 49 (citing Ex. 1010 ¶ 220). Petitioner further asserts that “[i]t would have been obvious to a person of ordinary skill in the art to apply the teachings of Sklarz on recent sale price per square foot to the combination of Dugan and Kim in order to increase the accuracy of the underlying models used to value and appraise real estate and property.” Pet. 49. Patent Owner did not separately challenge this asserted ground of unpatentability in the Patent Owner Preliminary Response. Based on the above, the Board instituted a trial on this ground. Dec. 25-26.

In the Patent Owner Response, Patent Owner asserts that, while Sklarz may disclose “multiplying the determined average selling price

per square foot by the floor area of the distinguished home to obtain an alternate valuation of the distinguished home,” the Petitioner has not shown subsequently that a combination of Dugan, Kim, and Sklarz discloses “blending into the refined valuation of the distinguished home the obtained alternate valuation.” PO Resp. 59. Petitioner does not respond to this assertion in its Reply. We agree with Patent Owner. While Petitioner recites in the petition that “[i]t would have been obvious to a person of ordinary skill in the art to apply the teachings of Sklarz on recent sale price per square foot to the combination of Dugan and Kim in order to increase the accuracy of the underlying models used to value and appraise real estate and property” (Pet. 49), Petitioner has not set forth any further analysis as to how the quick estimate of Sklarz would be combined with Dugan and Kim, so as to suggest the aforementioned claim limitation, let alone an adequate rationale as to why such a combination would be desirable.

Claim 38 ultimately depends from independent claim 15, and recites “multiplying the obtained selling price per square foot metric by the floor area of the distinguished home to obtain a product; and combining the product with the result to obtain the determined refined valuation.” Petitioner and Patent Owner make the same assertions for claim 38 as were set forth for claim 34. Our analysis is the same, and need not be repeated here.

5. *Conclusion*

For the foregoing reasons, Petitioner has not demonstrated, by a preponderance of the evidence, that claims 34 and 38 are unpatentable over the combination of Dugan, Kim, and Shinoda.

F. Claim 28 as Obvious over Dugan, Kim, and IRS Pub 946

Petitioner asserts that claim 28 is unpatentable under 35 U.S.C. § 103(a) over a combination of Dugan, Kim, and IRS Pub 946. Pet. 3, 48-49. In support of that asserted ground of unpatentability, Petitioner provides an explanation as to how each claim limitation is met by the combination of the cited prior art references (Pet. 49) and a rationale for modifying the cited prior art references (Pet. 48-49). Patent Owner does not respond to this asserted ground of unpatentability.

Upon considering Petitioner's assertions and supporting evidence, we determine that Petitioner has demonstrated, by a preponderance of the evidence, that claim 28 is unpatentable over the combination of Dugan, Kim, and IRS Pub 946.

III. CONCLUSION

The '674 patent lists claims 1-40. Petitioner challenged claims 1-40. Pet. 1. The Board instituted trial on claims 2, 5-17, 26-39, and 40. Dec. 26. Petitioner has met its burden of proof, by a preponderance of the evidence, in showing that claims 2, 5-11, 13-17,

IPR2013-00034
Patent 7,970,674

26, 28-33, 35-37, 39, and 40 of the '674 patent are unpatentable based on the following grounds:

- a. Claims 15 and 17 as anticipated by Dugan under 35 U.S.C. § 102(b);
- b. Claims 2, 5-10, 13, 14, 16, 26, 29-33, 35-37, 39, and 40 as obvious over Dugan and Kim under 35 U.S.C. § 103.
- c. Claim 11 as obvious over Dugan, Kim, and Shinoda under 35 U.S.C. § 103.
- d. Claim 28 as obvious over Dugan, Kim, and IRS Pub 946 under 35 U.S.C. § 103.

Petitioner has not met its burden of proof, by a preponderance of the evidence, in showing that claims 12, 27, 34, and 38 of the '674 patent are unpatentable.

This is a final decision. Parties to the proceeding seeking judicial review of the decision must comply with the notice and service requirements of 37 C.F.R. § 90.2.

IV. ORDER

In consideration of the foregoing, it is
ORDERED that claims 2, 5-11, 13-17, 26, 28-33, 35-37, 39,
and 40 of the '674 patent are unpatentable.

FURTHER ORDERED that claims 12, 27, 34, and 34 of the
'674 patent have not been shown to be unpatentable.

IPR2013-00034
Patent 7,970,674

Petitioner:

Walter Renner
axf@fr.com

Thomas Rozylowicz
rozylowicz@fr.com

Lauren Degnan
degnan@fr.com

Patent Owner:

Steven Lawrenz
slawrenz@perkinscoie.com

Ryan McBrayer
rmcbrayer@perkinscoie.com

Ramsey Al-Salam
ralsalam@perkinscoie.com