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Paper No. 25
Filed: February 19, 2016

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

MITCHELL INTERNATIONAL, INC.,
Petitioner,

v.

AUDATEX NORTH AMERICA, INC.,
Patent Owner.

Case CBM2014-00171
Patent 7,912,740 B2

Before LORA M. GREEN, WILLIAM V. SAINDON, and PATRICK M. BOUCHER, *Administrative Patent Judges.*

GREEN, *Administrative Patent Judge.*

FINAL WRITTEN DECISION
35 U.S.C. § 328(a) and 37 C.F.R. § 42.73

I. INTRODUCTION

Mitchell International, Incorporated ("Petitioner") filed a Corrected Petition[1] requesting a review of U.S. Patent No. 7,912,740 B2 (Ex. 1008, "the '740 patent") under the transitional program for covered business method patents. Paper 6 ("Pet."). Audatex North America, Incorporated ("Patent Owner") filed a Patent Owner Preliminary Response. Paper 8 ("Prelim. Resp."). On February 24, 2015, we instituted a covered business method patent review of claims 1–29 on certain grounds alleged in the Petition. Paper 9 ("Dec.").

After institution of trial, Patent Owner filed a Patent Owner Response (Paper 12, "PO Resp.") and Petitioner filed a Reply (Paper 15, "Reply"). Patent Owner filed also a Contingent Motion to Amend (Paper 13, "PO Mot. Amend"), to which Petitioner filed an Opposition (Paper 16, "Pet. Opp. Mot. Amend"), and Patent Owner filed a Reply (Paper 17, "PO Reply Mot. Amend"). An oral hearing was held on October 19, 2015. Paper 23.

The Board has jurisdiction under 35 U.S.C. § 6(c). In this Final Written Decision, issued pursuant to 35 U.S.C. § 328(a) and 37 C.F.R. § 42.73, we determine that Petitioner has shown by a preponderance of the evidence that all claims for which trial was instituted, claims 1–29, are *unpatentable*. Furthermore, Patent Owner's Motion to Amend is *denied*.

[1] Petitioner filed also two related Corrected Petitions requesting covered business method review: CBM2014-00173, involving U.S. Patent No. 8,468,038 B2, and CBM2014-00174, involving U.S. Patent No. 8,200,513 B2.

A. The '740 Patent

The '740 patent issued on March 22, 2011, with Reza-Sayed Vahidi, Stan Griffin, Pankaj Desai, Sonja Larson, Robert Cooperrider, John W. Fitzpatrick, and Sergey Gorelov as the listed co-inventors. The '740 patent relates generally "to a method and system for entering data relating to an insurance claim for a damaged vehicle," wherein the "data is processed into a valuation report that is transmitted through the world wide web." Ex. 1008, 1:8–11.

According to the background section of the '740 patent, when a vehicle is damaged, the owner of the vehicle may file a claim with an insurance carrier. *Id*. at 1:13–14. An insurance adjuster will inspect the damaged vehicle, and if the repair costs of the damaged vehicle exceed its value, or a certain percentage of its value, "the adjuster may 'total' the vehicle." *Id.* at 1:14–19. The adjuster may enter the repair costs into an estimate report, which may be sent then to the home office for approval. *Id.* at 1:21–24.

The '740 patent discloses that in order to improve the efficiency of the process, computer systems and software have been developed to automate the process. *Id.* at 1:24–26. For example, PenPro, developed by Automatic Data Processing, Incorporated ("ADP"), allows a claim adjuster to enter data through a personal computer, and when the running total of the repair costs to the damaged vehicle reach a certain percentage of the value of the vehicle, a visual warning that the cost is approaching the vehicle's value is displayed, thus informing the adjuster that the vehicle may have been totaled. *Id.* at 1:26–36.

A problem with the PenPro system is that the valuation system does not account for specific variations of the vehicle, such as the condition of the vehicle or added aftermarket equipment. *Id.* at 1:37–39. In order to obtain a more accurate valuation, the adjuster may access a more extensive database, such as Autosource, also provided by ADP. *Id.* at 1:39–45. As taught by the '740 patent, access to Autosource "requires that the computer be specifically configured to dial the appropriate phone number(s) of the Autosource server." *Id.* at 1:45–47. The '740 patent teaches that it would be more desirable to have the adjuster have easier access to the valuation database, such as through the world wide web, thereby obviating the need for the computer to have the phone numbers to reach the database. *Id.* at 1:47–51.

Figure 1 of the '740 patent is reproduced below:

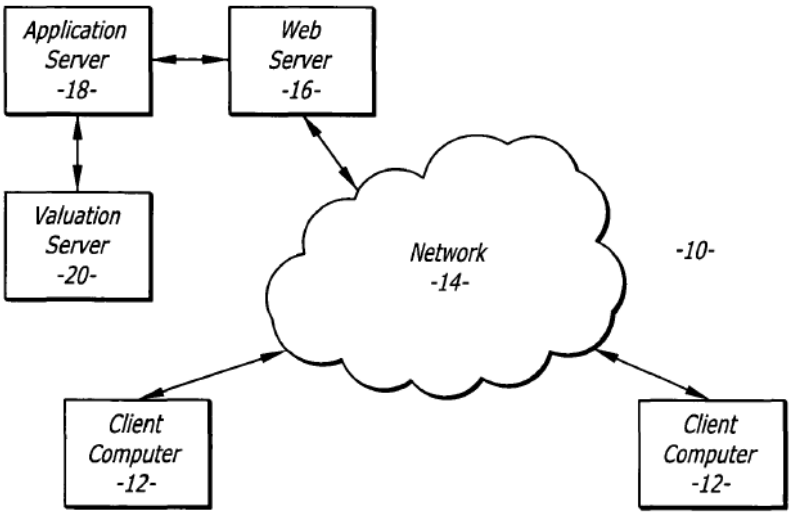
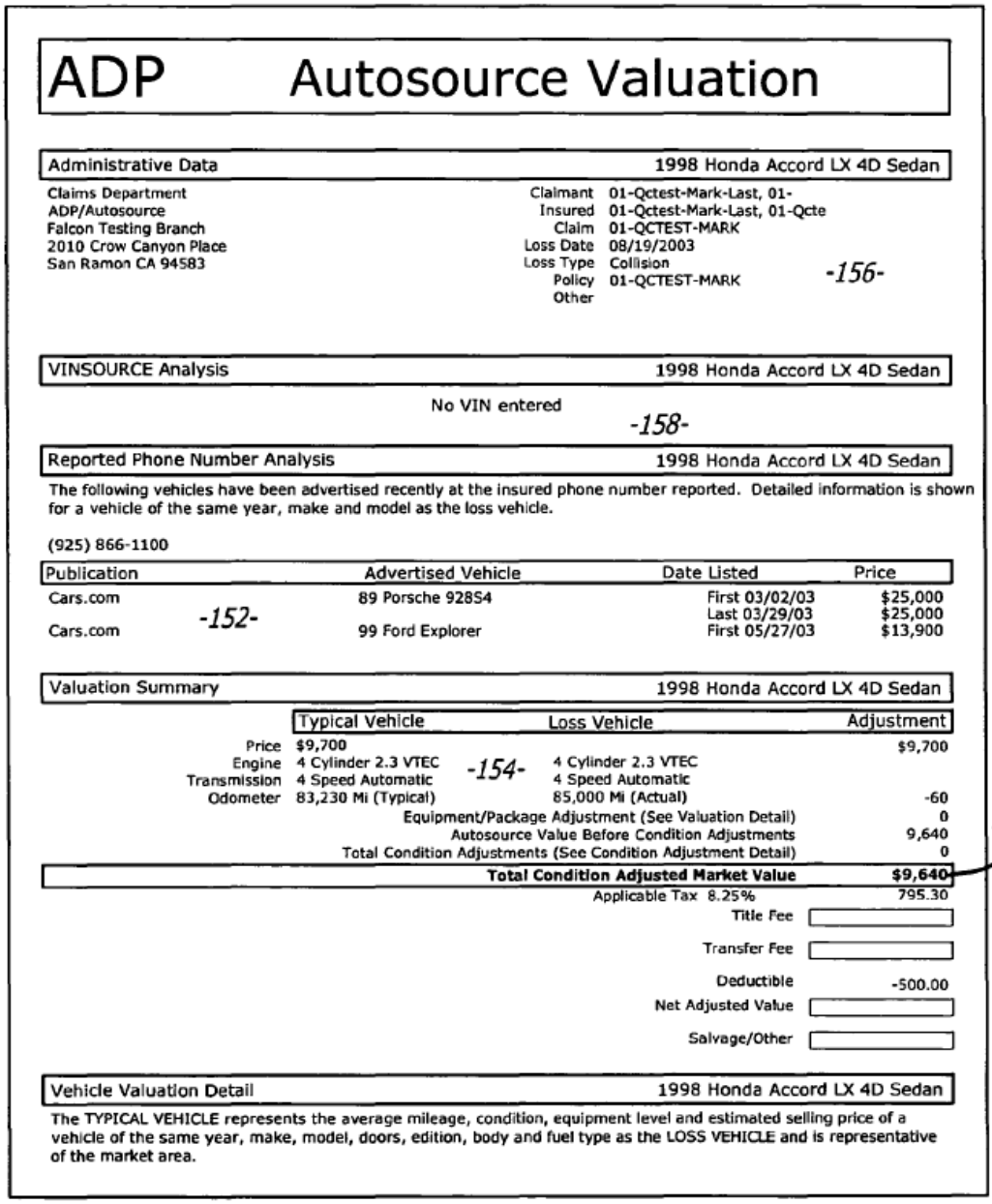


FIG. 1

Figure 1, reproduced above, "is a schematic of a network system that can be used to receive data relating to an insurance claim for a damaged vehicle and transmit a valuation report for the damaged vehicle through the world wide web." *Id.* at 1:61–64. The system includes at least one client computer, 12,

which is connected to the network 14, wherein the network may be the internet. *Id.* at 2:24–28. The system may also include web server 16, connected to network 14, and application server 18. *Id.* at 2:30–31. Application server 18 may then be coupled to valuation server 20, which contains the database, to generate and process the valuation report. *Id.* at 2:31–34.

Figure 12 of the '740 patent is reproduced below.



ADP Autosource Valuation

Administrative Data — 1998 Honda Accord LX 4D Sedan

Claims Department
ADP/Autosource
Falcon Testing Branch
2010 Crow Canyon Place
San Ramon CA 94583

Claimant 01-Qctest-Mark-Last, 01-
Insured 01-Qctest-Mark-Last, 01-Qcte
Claim 01-QCTEST-MARK
Loss Date 08/19/2003
Loss Type Collision
Policy 01-QCTEST-MARK
Other

-156-

VINSOURCE Analysis — 1998 Honda Accord LX 4D Sedan

No VIN entered

-158-

Reported Phone Number Analysis — 1998 Honda Accord LX 4D Sedan

The following vehicles have been advertised recently at the insured phone number reported. Detailed information is shown for a vehicle of the same year, make and model as the loss vehicle.

(925) 866-1100

Publication	Advertised Vehicle	Date Listed	Price
Cars.com	89 Porsche 928S4	First 03/02/03	$25,000
		Last 03/29/03	$25,000
Cars.com	99 Ford Explorer	First 05/27/03	$13,900

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Valuation Summary — 1998 Honda Accord LX 4D Sedan

	Typical Vehicle	Loss Vehicle	Adjustment
Price	$9,700		$9,700
Engine	4 Cylinder 2.3 VTEC	4 Cylinder 2.3 VTEC	
Transmission	4 Speed Automatic	4 Speed Automatic	
Odometer	83,230 Mi (Typical)	85,000 Mi (Actual)	-60
		Equipment/Package Adjustment (See Valuation Detail)	0
		Autosource Value Before Condition Adjustments	9,640
		Total Condition Adjustments (See Condition Adjustment Detail)	0
		Total Condition Adjusted Market Value	**$9,640**
		Applicable Tax 8.25%	795.30
		Title Fee	
		Transfer Fee	
		Deductible	-500.00
		Net Adjusted Value	
		Salvage/Other	

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150

Vehicle Valuation Detail — 1998 Honda Accord LX 4D Sedan

The TYPICAL VEHICLE represents the average mileage, condition, equipment level and estimated selling price of a vehicle of the same year, make, model, doors, edition, body and fuel type as the LOSS VEHICLE and is representative of the market area.

Figure 12, reproduced above, "is an illustration of a valuation report." *Id.* at 2:3. Included in the report is an adjusted market value for the vehicle, indicated by 150 (*id.* at 4:7–9), as well as a "Salvage/Other" field (*id.* at Fig. 12).

The flowchart of Figure 3 of the ’740 patent is reproduced below.

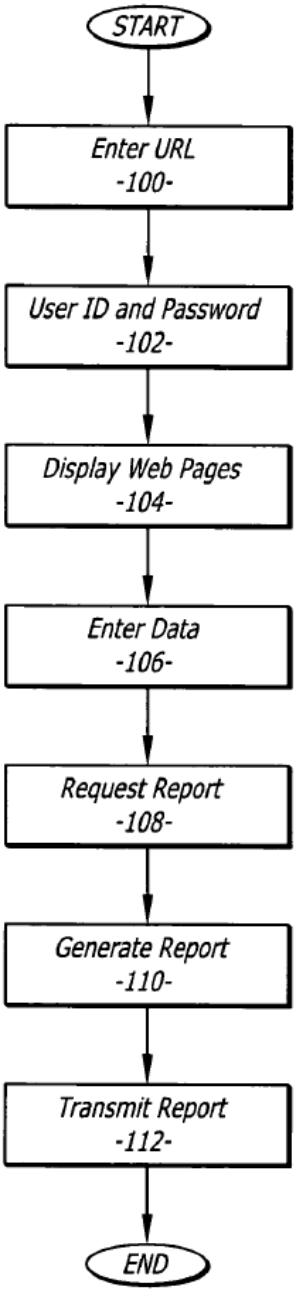

Figure 3, reproduced above, “is a flowchart showing a business transaction conducted through the system.” *Id.* at 1:66–67. The ’740 patent discloses further that “[w]hile . . . exemplary embodiments have been described and shown in the accompanying drawings, . . . such embodiments are merely illustrative of and not restrictive on the broad invention.” *Id.* at 4:21–24.

B. Illustrative Claim

Claims 1, 10, 18, and 24 are the independent claims of the challenged patent, and they are directed to a method, a system, a server, and a computer program storage medium, respectively. Claim 1, reproduced below, is illustrative of the claims at issue:

> 1. A method for obtaining an automobile insurance claim valuation report, comprising:
>
> transmitting a uniform resource locator over an electronic communication network from a client computer;
>
> connecting with a web site that corresponds to the uniform resource locator, the web site provides a plurality of web pages that allow an operator to input data relating to an insurance claim for a damaged vehicle;
>
> entering data relating to the insurance claim;
>
> processing the entered data to generate a valuation report for the damaged vehicle, the valuation report provides a market value for the damaged vehicle; and
>
> transmitting the valuation report to the client computer over the electronic communication network.

Ex. 1008, 4:29–42.

C. Instituted Grounds of Unpatentability

The following grounds of unpatentability were instituted for covered business method review:

Claims	Basis	Reference
1–29	§ 101	
1–29	§§ 102(b)/103(a)	Reimel[2]

[2] Reimel et al. ("Reimel"), WO 01/071458 A3, published Sept. 27, 2001 (Ex. 1010).

D. Standing

We determined, in the Decision on Institution, that the ’740 patent is a covered business method patent, as defined in § 18(a)(1)(E) of the America Invents Act and 37 C.F.R. § 42.301, because at least one claim of the ’740 patent is directed to a covered business method. Dec. 7–11. Patent Owner does not dispute our previous analysis in its Patent Owner Response. Thus, after considering the record again, we reaffirm our determination in the Decision on Institution and conclude that the ’740 patent is eligible for a covered business method patent review.

II. ANALYSIS

A. Claim Construction

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); *see also In re Cuozzo Speed Techs., LLC*, 793 F.3d 1268, 1278–80 (Fed. Cir. 2015) (“Congress implicitly approved the broadest reasonable interpretation standard in enacting the AIA,” and “the standard was properly adopted by PTO regulation.”), *cert. granted, sub nom. Cuozzo Speed Techs. LLC v. Lee*, 84 U.S.L.W. 3218 (U.S. Jan. 15, 2016) (No. 15-446); *accord Versata Dev. Grp., Inc. v. SAP Am., Inc.*, 793 F.3d 1306, 1328 (Fed. Cir. 2015) (“[T]hough the rules governing IPR matters at issue in *Cuozzo* will not necessarily govern all PGR/CBM matters, we see no basis for distinguishing between the two proceedings for purposes of the PTAB’s use of BRI in claim construction here.”).

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 Tech., Inc.*, 504 F.3d 1249, 1257 (Fed. Cir. 2007). An inventor may rebut that presumption by providing a definition of the term in the specification with reasonable clarity, deliberateness, and precision. *In re Paulsen*, 30 F.3d 1475, 1480 (Fed. Cir. 1994). In the absence of such a definition, limitations are not to be read from the specification into the claims. *In re Van Geuns*, 988 F.2d 1181, 1184 (Fed. Cir. 1993).

1. "insurance claim"

Claims 1, 10, 18, and 24 include the phrase "data relating to an insurance claim for a damaged vehicle."

In the Institution Decision, we noted that the "Specification of the '740 patent does not limit the phrase 'data relating to an insurance claim for a damaged vehicle,' but . . . provides examples such as the VIN, the vehicle make, mileage, and condition." Dec. 12. We, thus, construed "data relating to an insurance claim for a damaged vehicle," as encompassing, but not being limited to, any data that would be used in making an insurance claim. *Id.* at 12–13.

In its Response, Patent Owner notes that it does not disagree with the interpretation of "data" we adopted in the Decision on Institution (PO Resp. 1), but contends that the "proper construction for the term 'insurance claim' should be a 'request to recover market value or repair cost in association with an insurance policy.'" PO Resp. 3. In asserting that construction,

Patent Owner relies on the following portion from the Background of the Specification.

> When a vehicle such as an automobile is damaged the owner may file a claim with an insurance carrier. A claims adjuster typically inspects the vehicle to determine the amount of damage and the costs required to repair the automobile. If the repair costs exceed the value of the automobile, or a percentage of the car value, the adjuster may "total" the vehicle. The owner may then receive a check equal to the value of the automobile.

Id. at 4 (quoting Ex. 1008, 1:13–20). According to Patent Owner, the "entire intrinsic record is focused on an insurance claim that relates to either repairing or totaling a damaged vehicle." *Id.* at 5.

Petitioner responds that the Specification never restricts the term "insurance claim" to a particular type of request, and does not discuss limiting it to a repair cost. Reply 10. In fact, Petitioner argues, Figure 12 of the Specification provides for the market value before and after an accident. *Id.* Petitioner also cites the testimony of Professor James Christopher Westland, Patent Owner's expert, who states that "insurance claims take on a variety of forms." *Id.* (quoting Ex. 1015, 77:11–19, 78:11–23).

We have carefully considered Patent Owner's arguments, but we do not agree that the broadest reasonable interpretation of "insurance claim," when read in light of the Specification, is a "request to recover market value or repair cost in association with an insurance policy." The portion of the Specification Petitioner is relying upon is only describing the state of the art at the time of invention. Moreover, it uses terms such as "may" and "typically," and, thus, does not explicitly define "insurance claim" as Patent Owner would have us do.

Thus, we see no reason to deviate from the construction of the claim term "data relating to an insurance claim for a damaged vehicle" that we adopted in the Decision on Institution; that is, as encompassing, but not being limited to, any data that would be used in making an insurance claim. Dec. 12–13. Moreover, even if we were to adopt Patent Owner's more limited construction of "insurance claim," Patent Owner does not explain how that would further limit the data that would be entered, and in fact, Patent Owner notes (PO Resp. 1) that it does not disagree with the interpretation of "data" we adopted in the Decision on Institution.

We note further that Patent Owner argues that the District Court in the co-pending litigation construed "insurance claim" as a "request to recover market value or repair cost in association with an insurance policy." PO Resp. 3–4. But as noted by the Court of Appeals for the Federal Circuit in *Phillips v. AWH Corp.*, 415 F.3d 1303, 1315 (Fed. Cir. 2005) (en banc), the claims "must be read in view of the specification, of which they are a part" (internal quotations and citation omitted). In addition, the court has also admonished that the specification "is always highly relevant to the claim construction analysis. Usually, it is dispositive; it is the single best guide to the meaning of a disputed term." *Vitronics Corp. v. Conceptronic, Inc.*, 90 F.3d 1576, 1582 (Fed. Cir. 1996). Thus, even using the claim construction standards set forth in *Phillips*, as discussed above, there is nothing in the Specification of the '740 patent that would limit the claim term "insurance claim" as Patent Owner would like.

Moreover, our construction is also supported by the testimony of Patent Owner's expert, Professor Westland. Professor Westland testified that "insurance claims take many different characters, and even within the

automotive field, it's how the contract is written that determines exactly what in a specific circumstance an insurance claim is. . . . My own expert opinion is that insurance claims take on a variety of forms." Ex. 1015, 77:6–19.

2. "valuation report for the damaged vehicle"

Claims 1, 10, 18, and 24 recite a "valuation report for [a] damaged vehicle."

In the Institution Decision, we determined that the broadest reasonable construction of the claim term "valuation report for the damaged vehicle" encompasses both the valuation of the vehicle before it has been damaged, as well as the valuation of the vehicle after it has been damaged. Dec. 13–15.

Patent Owner contends that that the "proper construction for the term 'valuation report for the damaged vehicle' should be 'a report that provides a value of the vehicle that was damaged, before the vehicle was damaged, based on factors including mileage, condition, and geographic location.'" PO Resp. 5. Patent Owner argues that if "insurance claim" is given its proper construction of "a request to recover market value or repair cost," then the construction of a "valuation report for the damaged vehicle" relating to a pre-damaged valuation logically follows. *Id.*

In the Decision on Institution, we construed this term in view of Figure 12 of the Specification of the '740 patent, which shows a valuation report that appears to provide the value of the vehicle before any damage, as well as a salvage value (that is, the value of the vehicle after it has been damaged). Dec. 14. We noted further that the Specification does not appear to provide an explicit definition for the term "valuation report for the

damaged vehicle." *Id.* Patent Owner acknowledges that Figure 12 has a salvage field, but asserts that "there is no discussion in the specification about this field [and t]here is no disclosure of a process for calculating a salvage value." PO Resp. 6.

Notably, however, Patent Owner does not point us to any portion of the Specification that suggests we should limit the "valuation report for the damaged vehicle" to "a report that provides a value of the vehicle that was damaged, before the vehicle was damaged, based on factors including mileage, condition, and geographic location." And the claims themselves include the term "damaged vehicle," reciting "valuation report for the damaged vehicle." Thus, we see no reason to deviate from our construction of the claim term "valuation report for the damaged vehicle" in the Decision on Institution as encompassing both the valuation of the vehicle before it has been damaged, as well as the valuation of the vehicle after it has been damaged. Dec. 13–15.

3. Other Claim Terms

We determine that we need not interpret expressly other claim limitations for purposes of this decision. *See, e.g., Wellman, Inc. v. Eastman Chem. Co.*, 642 F.3d 1355, 1361 (Fed. Cir. 2011) ("[C]laim terms need only be construed 'to the extent necessary to resolve the controversy.'") (internal citations omitted).

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

Petitioner asserts that claims 1–29 of the '740 patent are not directed to patent-eligible subject matter under 35 U.S.C. § 101. Pet. 14–20. In particular, Petitioner 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 of that concept. *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. Pty. Ltd. v. CLS Bank Int'l*, 134 S. Ct. 2347, 2354 (2014); *Gottschalk v. Benson*, 409 U.S. 63, 67 (1972). Moreover, "[p]henomena of nature, though just discovered, mental processes, and abstract intellectual concepts are not patentable, as they are the basic tools of scientific and technological work." *See Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289, 1293–94 (2012) (internal quotations and citation omitted). 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. *Id.*

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 those 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 upon the [ineligible concept] itself.'" *Id.* (brackets in original) (quoting *Mayo*, 132 S. Ct. at 1294). For example, the prohibition against patenting abstract ideas "'cannot be circumvented by attempting to limit the use of the formula to a particular technological environment' or adding 'insignificant post-solution activity.'" *Bilski v. Kappos*, 130 S. Ct. 3218, 3230 (2010) (quoting *Diamond v. Diehr*, 450 U.S. 175, 191–92 (1981)).

1. Are Claims 1–29 Directed to an Abstract Idea?

As the first step of our analysis, we must 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.

Petitioner contends that claim 1 is directed to the abstract concept of "valuing a damaged vehicle based on information about that vehicle." Pet. 15. Specifically, Petitioner contends that "all that the claims do is collect information about a damaged vehicle and use that information to calculate the vehicle's value." *Id.* at 16. According to Petitioner, that is a "core insurance practice that has been carried out by claims adjusters for ages," and could also be practiced in the mind, or by using pen and paper. *Id.*

Upon review of Petitioner's arguments and supporting evidence, as well as considering the arguments and evidence of Patent Owner, we determine that the claims at issue here are directed to an abstract idea. The Supreme Court held that the claims in *Alice* were drawn to the abstract idea of intermediated settlement. *Alice*, 134 S. Ct. at 2358. *Alice* involved "a method of exchanging financial obligations between two parties using a

third-party intermediary to mitigate settlement risk." *Id.* at 2356. Like the method of hedging risk in *Bilski*, 130 S. Ct. at 3240—which the Court deemed "a method of organizing human activity"—*Alice's* "concept of intermediated settlement" was held to be "a fundamental economic practice long prevalent in our system of commerce." *Alice*, 134 S. Ct. at 2356.

Similarly, the Court found that "[t]he use of a third-party intermediary . . . is also a building block of the modern economy." *Id*. Thus, the Court held that "intermediated settlement . . . is an 'abstract idea' beyond the scope of § 101." *Id.* With respect to the first step of the patent-eligible analysis under the *Mayo* framework, the Court concluded that in *Alice* that "there is no meaningful distinction between the concept of risk hedging in *Bilski* and the concept of intermediated settlement" in *Alice* and that "[b]oth are squarely within the realm of 'abstract ideas' as we have used that term." *Id.* at 2357.

Here, we observe that each challenged claim is directed to the fundamental concept of providing a vehicle valuation using information about the vehicle. Patent Owner contends that, unlike the claims in *Parker v. Flook*, 437 U.S. 584 (1978), the claims at issue in the instant proceeding are not drawn to an algorithm. PO Resp. 13–14. When the claims are analyzed as a whole, as urged by Patent Owner (*id.* at 10), however, the claims recite nothing more than the collection of information to generate a valuation report for a damaged vehicle. Moreover, all the steps could be performed without the use of a computer. Specifically, the steps and calculations covered by the claims essentially require determining the value of a damaged vehicle by entering data related to an insurance claim, such as mileage and vehicle condition, and processing the data to generate a

valuation report for the damaged vehicle; a calculation that can be performed by the human mind, or with the aid of pencil and paper. *See, e.g.*, *Mortgage Grader, Inc. v. First Choice Loan Servs. Inc.*, No. 2015-1415, 2016 WL 362415, at *7 (Fed. Cir. Jan. 20, 2016) (noting that the steps of the claims could be performed by a human without the use of a computer in concluding that the claims at issue were drawn to an abstract idea).

The fact that the claims at issue are not *per se* drawn to an algorithm does not insulate them from being found an abstract idea. The claims in *Alice* were drawn to "a computer-implemented scheme for mitigating 'settlement risk' . . . by using a third-party intermediary." *Alice*, 134 S. Ct. at 2351–52. The claims at issue in *Mortgage Grader* were drawn to a computer-implemented system that allowed borrowers to shop anonymously for loan packages from a plurality of lenders. *Mortgage Grader*, 2016 WL 362415, at *1. Thus, the fact that the claims in those cases were not specifically drawn to an algorithm did not prevent them from being drawn to an abstract idea.

We are persuaded that, similar to the concept of intermediated settlement in *Alice*, the concept of risk hedging in *Bilski*, and the concept of shopping anonymously for loan packages in *Mortgage Grader*, the concept at issue here—obtaining a vehicle valuation report for a damaged vehicle—is "a fundamental economic practice long prevalent in our system of commerce," and "squarely within the realm of 'abstract ideas.'" *Alice*, 134 S. Ct. at 2356–57; *Bilski*, 130 S. Ct. 3231. Accordingly, we determine that Petitioner has demonstrated that the challenged claims are directed to a patent-ineligible abstract idea.

2. Additional Transformative Elements

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, whether the claims do significantly more than simply describe that abstract idea. *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 715 (Fed. Cir. 2014) (citing *Mayo*, 132 S. Ct. at 1297). 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 Global Servs., GbmH v. Guidewire Software, Inc.*, 728 F.3d 1336, 1344–45 (Fed. Cir. 2013) (internal quotations and citations omitted). The Supreme Court in *Alice* cautioned that merely limiting the use of an 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 (internal quotations and citations omitted).

Petitioner contends that "the claims lack any form of an inventive concept because they merely employ conventional and generic components, such as a client computer, web pages, and a web server, to collect insurance data and value a vehicle." Pet. 17 (citing Ex. 1009 ¶¶ 25–26). According to Petitioner, the elements added by the claims do not add any meaningful

limitation to the abstract idea of valuing a damaged vehicle based on information regarding that vehicle. *Id.* In other words, Petitioner's position is that the claimed methods and systems for providing a vehicle valuation are nothing more than a generic computer programmed to perform the steps of the abstract concept.

We agree with Petitioner's analysis that the claims do not add additional substantive limitations that transform their nature into a patent-eligible application of an abstract idea. The only technological features recited in the claims at issue in this proceeding are generic computer implementation systems performing generic computer functions. As acknowledged by Patent Owner's expert, the claims do not improve the function of the computer, they do not solve a problem unique to the internet, nor are they tied to a particular machine or apparatus. Ex. 1015, 223:4–20; 231:9–232:1. Simply utilizing a generic computer system to generate a vehicle valuation report is not enough to transform a patent-ineligible claim into a patent-eligible invention. *See Bancorp Servs. LLC v. Sun Life Assurance Co. of Canada*, 687 F.3d 1266, 1279 (Fed. Cir. 2012) (finding a claim not patent-eligible when "the computer simply performs more efficiently what could otherwise be accomplished manually"); *SiRF Tech., Inc. v. Int'l Trade Comm'n*, 601 F.3d 1319, 1333 (Fed. Cir. 2010) ("In order for the addition of a machine to impose a meaningful limit on the scope of a claim, it must play a significant part in permitting the claimed method to be performed, rather than function solely as an obvious mechanism for permitting a solution to be achieved more quickly").

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. Claims that simply instruct the practitioner to implement the abstract idea with routine, conventional activity do not transform an abstract idea into patent eligible subject matter. *Ultramercial*, 772 F.3d at 716. The claims simply instruct the practitioner to use the internet to obtain a vehicle valuation, without reciting further unconventional features of that system.

Patent Owner contends that the claims as construed, when considered as a whole, "do not pre-empt the concept of obtaining a valuation report," because the valuation report could be provided by fax or by mail, without using the claimed method and systems. PO Resp. 11. In addition, Patent Owner argues that the Decision on Institution states that the challenged claims "simply instruct a practitioner to implement the abstract idea with routine, conventional activity," without providing guidance as to which limitations were conventional or known. *Id.* at 14.

Patent Owner's arguments, however, support our conclusion that the claims are patent-ineligible. The claims merely take a known method of providing a valuation of a damaged vehicle, and add the concept of transmitting that report over the internet. *See, e.g.*, Ex. 1008 1:54–57 (providing a "BRIEF SUMMARY OF THE INVENTION" as "[a] method and system for entering data relating to an insurance claim for a damaged vehicle and transmitting a valuation report for the damaged vehicle through the world wide web"). The fact that the valuation report could be sent by fax or mail does not save the claims from being patent-ineligible, because, as noted above, simply utilizing a generic computer system to generate a

vehicle valuation report is not enough to transform a patent-ineligible abstract idea into a patent-eligible invention.

As to Patent Owner's argument that we did not provide guidance in our Decision on Institution as to which limitations were "conventional" or "known," as acknowledged by the Specification of the '740 patent, it was routine practice in the insurance industry to provide a vehicle valuation report for a damaged vehicle. As provided by "BACKGROUND OF THE INVENTION" in the '740 patent, when a vehicle is damaged, a claims adjuster inspects the vehicle, determines the cost to repair the vehicle, and enters the repair cost and other information into an estimate report. *Id.* at 1:12–22. The report may be then sent to the home office for approval. *Id.* at 1:22–23. As acknowledged by the '740 patent, software products that improved the efficiency of that process were also known. *Id.* at 1:24–47. Thus, the '740 patent itself is evidence that the claim limitations of obtaining data related to an insurance claim and providing a valuation report for a damaged vehicle were known and conventional.

In the context of patent-eligible subject matter, we discern no meaningful distinction between independent claim 1, a method claim, and independent claims 10, 18, and 24, drawn to a system, server, and a computer program storage medium, respectively, as those claims simply recite the same functions as the process steps of claim 1. We have also reviewed the dependent claims, and, for similar reasons as discussed above, we determine that those claims do not add any limitations that would transform the claim into patent-eligible subject matter. Moreover, Patent Owner does not point to any specific limitation in any of the dependent claims that would change the patent-eligibility analysis.

In view of the foregoing, we determine that Petitioner has shown by a preponderance of the evidence that claims 1–29 are directed to patent-ineligible subject matter under 35 U.S.C. § 101.

C. Anticipation/Obviousness over Reimel (Ex. 1010)

Petitioner asserts that claims 1–29 are unpatentable as anticipated or rendered obvious by Reimel. Pet. 20–74. Petitioner relies on the Declaration of Mr. Bill Kuebler. Ex. 1009. Patent Owner disagrees with Petitioner's assertions. PO Resp. 6–10. We determine that Petitioner has established by a preponderance of the evidence that claims 1–29 are anticipated by, or rendered obvious by, Reimel.

1. Reimel (Ex. 1010)

Reimel discloses "an on-line vehicle appraisal system for appraising a value of a vehicle." Ex. 1010, 4:8–9. The system may include

> a web server connected to a data network accessible by a customer, a database containing vehicle data for a plurality of vehicles and that is accessible by the customer via the web server, a web page memory that stores web pages for presentation to the customer by the web server in a predetermined sequence, and a processor that calculates the value of the vehicle. The presented web pages elicit information from the customer including at least the condition of a plurality of features of the vehicle, and this vehicle condition information as well as data stored in the database is used by the processor to calculate the value of the vehicle. The processor uses an objective vehicle valuation algorithm that, among other things, accounts for the differential effects of multiple flaws in the vehicle. Preferably, the web server further presents a printable certificate to the customer listing the calculated value of the vehicle and the vehicle data and vehicle condition information for the vehicle, where the vehicle data includes a vehicle identification number (VIN) for each vehicle and a listing of the year, make, model, and manufacturer options for each vehicle.

Id. at 4:9–22.

Figure 1 of Reimel is reproduced below:

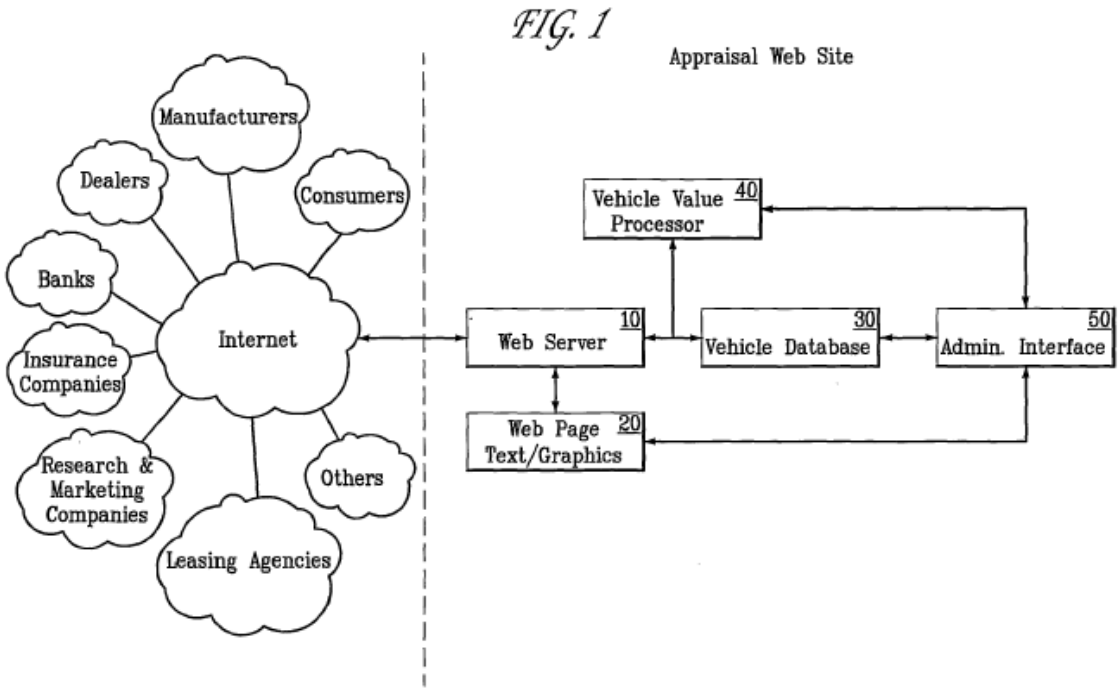

Figure 1, reproduced above, is a generalized diagram of the web-based system for obtaining an appraisal, that is, a vehicle valuation, as taught by Reimel. *Id.* at 7:8. Web server 10 serves web pages that are stored in memory 20, which may be part of web server 10. *Id.* at 8:24–26. Vehicle database 30 contains comprehensive information about vehicles of all makes, models, years, and body styles, and may be accessed using a vehicle identification number ("VIN") or other vehicle characteristics. *Id.* at 8:25–29. Vehicle value processor 40 calculates the value of the vehicle, and may take into account repair values for multiple flaws and defects. *Id.* at 8:31–9:2.

Potential customers for the database may include insurance companies. *Id.* at 8:20–25. As taught by Reimel, "[i]nsurance companies may use the present invention to evaluate crashed vehicles as well as the

damage to stolen vehicles . . . provid[ing] a neutral objective standard for assessment of such vehicles by insurance adjusters." *Id.* at 10:13–15.

Figures 24 and 25 of Reimel show a valuation report. The report takes into account mileage, year, region, and options. In addition, the report separately lists adjustments based on exterior and interior damage.

2. Analysis

In order for a prior art reference to serve as an anticipatory reference, it must disclose every limitation of the claimed invention, either explicitly or inherently. *In re Schreiber*, 128 F.3d 1473, 1477 (Fed. Cir. 1997). We must analyze prior art references as a skilled artisan would. *See Scripps Clinic & Res. Found. v. Genentech, Inc.*, 927 F.2d 1565, 1576 (Fed. Cir. 1991), *overruled on other grounds by Abbott Labs. v. Sandoz, Inc.*, 566 F.3d 1282 (Fed. Cir. 2009) (stating that to anticipate, "[t]here must be no difference between the claimed invention and the reference disclosure, as viewed by a person of ordinary skill in the field of the invention").

A claim is unpatentable under 35 U.S.C. § 103(a) if the differences between the subject matter sought to be patented 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 ordinary skill in the art; and (4) objective evidence of nonobviousness. *Graham v. John Deere Co.*, 383 U.S. 1, 17–18 (1966). The level of ordinary skill in the art usually is evidenced by the references

themselves. *See Okajima v. Bourdeau*, 261 F.3d 1350, 1355 (Fed. Cir. 2001); *In re GPAC Inc.*, 57 F.3d 1573, 1579 (Fed. Cir. 1995); *In re Oelrich*, 579 F.2d 86, 91 (CCPA 1978).

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 at 1480 (quoting *In re Samour*, 571 F.2d 559, 562 (CCPA 1978)). 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 In re Translogic*, 504 F.3d. at 1259.

Petitioner contends that Reimel evidences that the challenged claims are not novel—that is, that there was nothing novel at the time of invention about using a web-based database to generate a valuation report for a damaged vehicle. Pet. 20. According to Petitioner, Reimel discloses a web-based vehicle valuation site and associated business method, which allows the user to obtain an on-line appraisal of a vehicle and assess a cash value. *Id.* at 21.

In particular, Petitioner notes that Reimel teaches that the user may enter data specifying accident damage. *Id.* at 24. Petitioner contends that a user could obtain both pre- and post-accident valuation of the vehicle by simply omitting information about the damage sustained during the accident.

Id. at 25–26 n.11. Petitioner presents a claim chart demonstrating where each limitation of the challenged claims is taught by Reimel. *Id.* at 27–72.

Petitioner contends further that to the extent that Reimel does not anticipate the challenged claims, it would have been obvious to modify Reimel to arrive at the challenged claims. *Id.* at 73.

We agree with Petitioner's analysis, and determine that Petitioner has established by a preponderance of the evidence that Reimel anticipates the challenged claims, as well as renders obvious the challenged claims. We have carefully considered Patent Owner's arguments to the contrary, but they do not convince us otherwise.

As to the anticipation challenge, Patent Owner contends that, if the claim term "valuation report for the damaged vehicle" is construed as "a report that provides a value of the vehicle that was damaged, before the vehicle was damaged, based on factors including mileage, condition, and geographic location," Reimel cannot anticipate the challenged claims. PO Resp. 7–8. In particular, Patent Owner argues that "Reimel does not explicitly, or inherently, disclose providing a market value for a damaged vehicle before the vehicle was damaged." *Id.* That argument is not convincing, because as discussed above, we decline to construe the claim term "valuation report for the damaged vehicle" as "a report that provides a value of the vehicle that was damaged, before the vehicle was damaged, based on factors including mileage, condition, and geographic location." Thus, Reimel anticipates the challenged claims to the extent they are construed as providing a valuation report for a damaged vehicle for the value of the vehicle after the damage was sustained.

Patent Owner contends further that "Reimel does not disclose providing web pages that allow for entry of data related to an insurance claim that request recover[y] of the market value of the vehicle cost or repair cost as required by the claims." *Id.* at 7. According to Patent Owner, the only portion of Reimel that relates to use by an insurance company is the following:

> Insurance companies may use the present invention to evaluate crashed vehicles as well as the damage to stolen vehicles. The present invention will provide a neutral objective standard for assessment of such vehicles by insurance adjusters.

Id. (quoting Ex. 1010, 10:13–15). According to Patent Owner, that passage "lacks any disclosure, explicit or inherent, regarding a web page that relates to an insurance claim to request a recovery of market value or repair cost of a damaged vehicle." *Id.* (citing Ex. 2006 ¶ 39).

That argument by Patent Owner is again not convincing. Claim 1 requires the step of "entering data relating to the insurance claim." Similarly, the system of claim 10, the server of claim 18, and the computer program storage medium of claim 24 require "web pages [that] allow for receipt of data relating to an insurance claim." As construed above, data relating to an insurance claim encompasses any data that would be used in making an insurance claim, which encompasses the various characteristics of the vehicle to be valued disclosed by Reimel. We reiterate that there is nothing in the Specification of the '740 patent that limits the claimed method, system, server, or computer program storage medium to determining a pre-damaged valuation of the vehicle. That is, determining the value of a damaged vehicle as required by the independent claims, as construed above, encompasses determining the value of the vehicle in either

its pre- or post-damaged condition. As Reimel discloses a method and system that could be used to provide a valuation report for a damaged vehicle, that is, a vehicle after it has been damaged, it anticipates the claims.

To the extent that the claims are construed as being drawn to obtaining a valuation report for the pre-damaged value of the damaged vehicle, we agree with Petitioner (Pet. 25–26 n.11, 73) that Reimel renders that limitation obvious.

In the Decision on Institution, we noted:

> First, there is nothing in the claims that limits the user to an insurance adjuster, and thus, the claimed method could be used by other users, such as bank or leasing agency. Second, as noted by Petitioner, Reimel does specifically contemplate use of its method and system by insurance companies. Third, as we have construed the claims above, the claims encompass obtaining a valuation report for either the pre- or post-damaged vehicle. And finally, we agree with Petitioner that, even if not explicitly stated by Reimel, the ordinary artisan would have understood that one could leave out information relating to the accident to obtain a valuation report for a vehicle before it was damaged, such as in accident.

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Patent Owner responds that the "claims as properly construed relate to an insurance adjustor," and the "insurance claim is a request to recover the market value or repair cost of the damage[d] vehicle." *Id.* at 8. As Reimel teaches use of its system by entities such as banks, leasing agencies, and manufacturers, Patent Owner argues that there would be no reason to create a web page for recovering repair costs or market value of a damaged vehicle for those entities. *Id.*

In addition, Patent Owner notes that while Reimel mentions the use of its method and system by an insurance company, Reimel only discusses

determining a salvage value, and not a pre-damaged valuation of the vehicle. *Id*. at 9. Patent Owner argues that Reimel only discusses the value of the vehicle in its present condition, and thus, in fact, "teaches away from generating a pre-damaged valuation." *Id*. (citing Ex. 2006 ¶ 39). Specifically, Patent Owner relies on the following passage of Reimel as evidence that Reimel always subtracts the value of any defects:

> Vehicle core values for each year, make, model, and body type and adjustment value for each feature/defect/flaw are stored in vehicle database 30 for access via the Internet by the customer via web server 10. A vehicle value processor 40 calculates the value of the vehicle by adding/subtracting values from the vehicle's core value based on mileage and other unique characteristics of the vehicle elicited from the customer in connection with the vehicle being appraised by the customer.

Id. at 9–10 (quoting Ex. 1010, 8:29–34).

Patent Owner's arguments do not convince us that Petitioner has not demonstrated by a preponderance of the evidence that the challenged claims are rendered obvious by Reimel. As we noted in the Decision on Institution, Reimel specifically teaches that "[i]nsurance companies may use the present invention to evaluate crashed vehicles as well as the damage to stolen vehicles . . . provid[ing] a neutral objective standard for assessment of such vehicles by insurance adjusters." Dec. 23–24 (quoting Ex. 1010, 10:13–15). Thus, Reimel not only contemplates determining the cost of the vehicle after it has been damaged, it contemplates evaluating the damage to a vehicle, which would require knowing the value of the vehicle before it has been damaged. Thus, we agree with Petitioner (Pet. 25–26 n.11) that the ordinary artisan would have understood that information regarding damage that had been sustained could have been left out to obtain a pre-damaged value. *See KSR*, 550 U.S. at 421 ("A person of ordinary skill is also a person of

ordinary creativity, not an automaton."); *In re Kuhle*, 526 F.2d 553, 555 (CCPA 1975) (holding that removing a feature, and thus removing its function, was an obvious expedient). That is, because the system of Remel allows the user to enter the data, if the user declined to enter data of damage that had been sustained by the vehicle, a pre-damaged valuation of the vehicle would be obtained. *See, e.g.*, *Bell Com. Research Inc. v. Vitalink Com. Corp.*, 55 F.3d 615, 622–23 (Fed. Cir. 1995) (noting that "an accused product that sometimes, but not always, embodies a claimed method nonetheless infringes"); *accord Hilgraeve Corp. v. Symantec Corp.*, 265 F.3d 1336, 1343 (Fed. Cir. 2001) ("[S]o too the sale of a device may induce infringement of a method claim even if the accused device is capable of non-infringing modes of operation in unusual circumstances.").

Moreover,

> [u]nder the proper legal standard, a reference will teach away when it suggests that the developments flowing from its disclosures are unlikely to produce the objective of applicant's invention. A statement that a particular combination is not a preferred embodiment does not teach away absent clear discouragement of that combination.

Syntex (USA) LLC v. Apotex, Inc., 407 F.3d 1371, 1380 (Fed. Cir. 2005) (internal citations omitted). Here, although Reimel might not explicitly teach providing the value of a damaged vehicle before it was damaged, it does not state that its system could not be used to provide such a report. In addition, as noted above, Reimel does suggest evaluating the damage to a vehicle, which would require knowing the value of the vehicle before it has been damaged.

We have considered paragraph 42 of the Declaration of Westland, which Patent Owner relies upon to argue that there would have been no

reason to modify Reimel to obtain the pre-damaged value of a vehicle, but do not find it persuasive. Professor Westland states:

> Reimel discloses various entities such as manufacturer, leasing companies, insurance companies and banks that can access the described web based valuation system. Reimel does not disclose a web page related to an insurance claim to recover either market value or repair cost in association with an insurance policy. It is my understanding that banks and leasing agencies do not ordinarily generate request to recover market value or the repair cost of a damaged vehicle. For example, Reimel discloses use of the system by the banks and leasing companies to manage a portfolio of off-lease cars by both the banks and leasing agencies. [Ex. 1010,] 10:9–11; 10:20–22. There would be no motivation to create a web page that relates to recovering the repair cost or market value of a vehicle on a website that is accessed by entities such as banks, leasing agencies, manufacturers, dealers, etc. Placing web pages that relate to the recited insurance claim would create pages that are irrelevant to a bank or leasing agency. Navigating through such web pages would slow the process of obtaining a valuation by an entity such as a dealer or manufacturer. This is to be contrasted with the invention disclosed in the '740 patent which is specifically directed to personnel involved in the processing of an insurance claim for a damaged vehicle.

Ex. 2006 ¶ 42.

As we noted above, however, Reimel specifically contemplates evaluating the damage to a vehicle, which would require knowing the value of the vehicle before it has been damaged. Moreover, as to Patent Owner's argument that the challenged claims "relate to an insurance adjuster" (PO Resp. 8), we decline to read the method and system as only being used by an insurance adjuster, as there is nothing in the claims that limits use to only an insurance adjuster.

Patent Owner does not separately address claims 2–29 of the '740 patent. We find Petitioner's evidence and arguments persuasive as to those claims, and we adopt that analysis as our own. We determine, therefore, that Petitioner has established by a preponderance of the evidence that those claims are also anticipated and/or rendered obvious by Reimel. Accordingly, we determine that the Petition demonstrates that by a preponderance of the evidence that claims 1–29 are anticipated by, or rendered obvious by, Reimel.

D. Patent Owner's Motion to Amend

Patent Owner's Contingent Motion to Amend seeks to substitute new claims 30–58 for original claims 1–29, respectively. PO Mot. Amend 4. The ultimate burden of persuasion is with Patent Owner, the movant, to demonstrate the patentability of the amended claims. 37 C.F.R § 42.20; *see Microsoft Corp. v. Proxyconn, Inc.*, 789 F.3d 1292, 1307 (Fed. Cir. 2015). For the reasons discussed below, Patent Owner has not met that burden, and, thus, the Motion to Amend is *denied*.

1. Proposed Substitute Claims

Patent Owner proposes substitute claims 30–58 for claims 1–29, respectively. PO Mot. Amend 4. According to Patent Owner, claim 30, reproduced below, and with the added language underlined, "reflects the added claim language." *Id.*

> 30. A method for obtaining an automobile insurance claim valuation report of a damaged vehicle <u>in association with the processing of an insurance claim</u>, comprising:
>
> transmitting a uniform resource locator over an electronic communication network from a client computer;
>
> connecting with a web site that corresponds to the uniform resource locator, the web site provides a plurality of web pages

> that allows an operator to input data relating to an insurance claim for the damaged vehicle, the insurance claim being a request to recover market value or repair cost in association with an insurance policy;
>
> entering data relating to the insurance claim;
>
> providing a parts list and calculated estimate data through the web site;
>
> processing the entered data to generate a valuation report for the damaged vehicle, the valuation report provides a market value for the damaged vehicle, before the damaged vehicle was damaged, based on factors including mileage, condition, and geographic location; and,
>
> transmitting the valuation report to the client computer over the electronic communication network through the web site.

Id. at 5.

2. Analysis

Even if we were to assume, *arguendo,* that Patent Owner has shown written description support for the claims in the published patent application (Ex. 2007), Patent Owner has not demonstrated that the claims are patentable.

First, Patent Owner has not established that the claims are patentable under 35 U.S.C. § 101 within the framework set forth in *Alice*. Patent Owner argues that the "claims are patent eligible because they recite a system and method that solves a technical problem." PO Mot. Amend 18. Specifically, Patent Owner argues that the claims as amended "do not merely recite obtain[ing] a valuation report on the Internet," but are drawn to a system that "seamlessly coupl[es] a repair cost process with a valuation process in a manner that was easy to use and readily accessible to users." *Id.* at 19. Patent Owner, however, has failed to establish how limitations added by the proposed amendment make the claims no longer drawn to the patent-

ineligible abstract idea of providing a vehicle valuation report. Moreover, Patent Owner does not establish how the added claim limitations provide 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.

Patent Owner contends that "the substitute claims do not preempt all means for obtaining a valuation report." *Id.*. For example, Patent Owner asserts, that a valuation report can be obtained by fax or through the mail, without utilizing the claimed website. *Id.* at 20. But, as we noted above in our analysis of the patent eligibility of the original claims, simply utilizing a generic computer system to generate a vehicle valuation report faster and more efficiently is not enough to transform a patent-ineligible claim into a patent-eligible invention.

Second, Patent Owner has not established that the claims are patentable over the prior art. Specifically, Patent Owner has not demonstrated that the claims are not rendered obvious by the prior art. Patent Owner argues that the claims as amended are limited to an insurance adjuster, and as banks and leasing agencies do not generate requests to obtain a pre-damaged market value of a vehicle, there would be no reason to create a web page that relates to recovering the pre-damaged market value of a vehicle. PO Mot. Amend 14–15 (citing Ex. 2006 ¶ 42). Patent Owner argues further that "surmising that one skilled in the art could adjust the data to get a pre-damaged valuation to create the recited claims is classic hindsight reconstruction." *Id.* at 15. Patent Owner contends that Reimel does not suggest obtaining a pre-damaged market value, and in fact, teaches

away from generating a pre-damaged valuation. *Id.* (citing Ex. 1010, 8:29–34).

As noted by Petitioner (Pet. Opp. Mot. Amend 18), there is nothing in the claim that limits its use to an insurance adjuster, and we decline to read the claim as being so limited. Moreover, in the section discussing the obviousness of the original claims over Reimel, we reject Patent Owner's arguments that Reimel does not suggest obtaining a pre-damaged market value.

Patent Owner argues further that although Reimel does mention use of its system by an insurance company, that portion of Reimel does not suggest providing parts lists and calculating estimate data. PO Mot. Amend 15. Instead, Patent Owner asserts, Reimel discloses only obtaining a salvage value. *Id.*

Petitioner responds that "Reimel discloses providing multiple parts lists through its web pages." Pet. Opp. Mot. Amend 14 (citing Ex. 1010, Figs. 9 and 19). Petitioner responds further that Reimel in fact provides repair estimate data. *Id.* at 14 (citing Ex. 1010, 20:28–35; 23:14–15; 24:13–15; 26:13–17; Fig. 23A). Moreover, Petitioner contends that "Reimel expressly discloses valuation methodologies that are 'based on factors including mileage, condition, and geographic location.'" *Id.* at 17–18 (citing Ex. 1010, Figs. 2, 9–22; 13:10–22; 13:23–14:16; 16:34–29:8).

We agree with Petitioner that Reimel suggests the limitations of "providing a parts list and calculated estimate data through the web site," as well as "the valuation report provides a market value for the damaged vehicle, before the damaged vehicle was damaged, based on factors including mileage, condition, and geographic location," added by the

proposed claims. Thus, Patent Owner has failed to demonstrate that the substitute claims are not rendered obvious by Reimel.

For example, Figure 2 of Reimel, cited by Petitioner, is a Figure with the statement "what's my car REALLY worth," with fields requiring entry of a zip code (location) and mileage. As explained by Reimel, the "zip code provides the proper base value for the vehicle . . . since the area in which the vehicle is to be traded directly affects its value." Ex. 1010, 13:18–19. There are also screens drawn to condition, such as the condition of the front bumper. *Id.* at Fig. 9.

As for providing a parts list and calculating estimate data, Reimel teaches:

> At each panel, the customer is asked to answer, with the help of "flaw" screens, questions about the portion of the vehicle being investigated. Each screen will have a potential flaw associated with it that carries a value that subtracts a dollar amount from the core value of the vehicle. Each flaw will also carry with it a help screen that will define and show to the user, via a picture, what the flaw is or looks like.

Id. at 18:21–25.

Reimel provides the example of a bumper, in which, if there is damage to the bumper, for example a tear, there would be a deduction of $150, which represents the amount to repair the bumper. *Id.* at 19:1–3. Reimel notes further that if the bumper needs to be replaced, a value will be placed based on the replacement value of the bumper. *Id.* at 19:12–15.

Thus, Reimel clearly contemplates calculating repair value, as well as providing a list of parts, such as bumpers, glass, etc. (Figs. 9–25), that may need to be replaced. In addition, as noted by the Background section of the '740 patent, the ordinary artisan understands that a representative of an

insurance company, such as an insurance adjuster, inspects a damaged vehicle to determine the damage to the vehicle and the cost of the repairs, and also determining whether the cost of the repair exceeds a certain portion of the vehicle's value. Ex. 1008, 1:13–20. Thus, it would have been well within the level of skill of the ordinary artisan to use the vehicle valuation system of Reimel to provide a parts list and calculate estimate data, as well as to leave out the damage caused by an accident to obtain a pre-damage valuation for the vehicle.

According to Patent Owner, substitute claims 37 and 40 are separately patentable. PO Mot. Amend 17. According to Patent Owner, those claims "require separate active server page calls to; a database with vehicle valuations, and a program that provides the claimed parts list and calculated estimate data." *Id.* Patent Owner asserts that utilizing the active server pages "allow[s] for the creation of dynamic workflows and compensate[s] for the unique needs of each customer." *Id.* at 18. Patent Owner contends that although active server pages ("ASP") were known, there is "[n]othing in the prior art [that] suggests[s] the creation of a system that relates to both repair cost and vehicle valuation through a single web site that utilizes ASP files to retrieve vehicle market and repair related data." *Id.*

Petitioner responds that "Patent Owner has provided no explanation why it would not have been obvious to one of skill in the art to apply knowledge of ASP . . . to arrive at the claimed invention. Pet. Opp. Mot. Amend 11. Petitioner responds further that Patent Owner failed to address

an article in Business Wire[3] relating to the use of ASP for insurance claims, which was cited in a list a references that were considered by its expert. *Id.* at 10 (citing Ex. 1018).

Petitioner contends further that there was nothing novel about the use of active server pages, as the use of ASP to access data in databases was well-known technology. *Id.* According to Petitioner, Microsoft developed and released ASP, and the Business Wire article evidences its use in the insurance industry before the time of invention of the '740 patent. *Id.* at 10–11. Moreover, Petitioner cites Stender[4] as further evidence that the use of ASP technology in the insurance field was known, asserting that it "describes a web-based insurance claim processing system that utilizes ASP in its web servers 'for dynamic processing of content from databases.'" *Id.* at 24–25 (citing Ex. 1017, 7:57–59; Fig. 1D; Ex. 1016 ¶ 25). Petitioner argues further that Professor Westland, Patent Owner's expert, "testified that one would have been motivated to use ASP technology because 'Microsoft was very strong' at that time, many were 'hosting on Microsoft servers,' and '[t]here really wasn't a competitive technology suite to do the things that were . . . proposed in the [patents].'" *Id.* at 11 (quoting Ex. 1015, 154:5–18).

Patent Owner argues that the Business Wire article only uses ASP in the title, and there is no discussion in the body how ASP is used in the system, and there is no evidence of record that the system used ASP to call a database. PO Reply Mot. Amend 11. Stender, Patent Owner contends,

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[3] *Mitchell Announces Commercial Availability of FirstImages.com Joins Growing ASP Content at eMitchell.com; Lowers DRP Start-Up and Maintenance Costs for Insurance Companies* (Feb. 5, 2001).
[4] Stender et al. ("Stender"), US 7,333,939 B1, issued Feb. 19, 2008 (Ex. 1017).

"discloses an insurance processing system that includes a front end web server," wherein the "web server includes ASP." *Id.* at 10 (citing Ex. 1017, 7:54–59). Thus, Patent Owner argues, "Stender did not use ASP to call a database with vehicle values as required by the substitute dependent claims." *Id.* at 11. According to Patent Owner, "[i]f ASP was utilized in the manner claimed, then one would think the Petitioner would come forward with some evidence to show this usage." *Id.*

We agree with Petitioner that Patent Owner has not demonstrated by a preponderance of the evidence that dependent claims 37 and 40 are patentable over the prior art. Claims 37 and 40 add the limitation "the valuation report being generated by the valuation server with a database of vehicle values that is called by a first active server page, the parts list and calculated estimate data being provided by a program called by a second active server page." As support for that limitation, Patent Owner relies on the following passage from the published patent application, which refers to Figure 1 of the '740 patent:

> The system 10 may further include a web server 16 that is connected to the network 14 and an application server 18. The application server 18 may be coupled to a valuation server 20. The valuation server 20 may contain a database used to process and generate a valuation report. The web server 16 may provide a web based portal that interacts with the application server 18 to generate one or more insurance estimate web pages. By way of example, the web server 16 may contain active server page ("ASP") files that translate [a] request from the client computer into calls to component object model ("COM") components resident in the application server 18. The COM components may include application programs that provide part lists, calculate estimate data, etc. The ASP calls may also cause the generation of a valuation report in the valuation server. The valuation report

> can be transmitted to a client computer 12 through the web server 16.

Ex. 2007 ¶ 14. As can be seen from the passage quoted above, the '740 patent says very little about the implementation of ASP technology, except for noting that it may be used to translate a request from a client computer to component object model components resident in the application server.

Moreover, as discussed above with respect to proposed claim 30, it would have been well within the level of skill of the ordinary artisan to use the vehicle valuation system of Reimel to provide a parts list and calculate estimate data, as well as leave out the damage caused by an accident to obtain a pre-damage valuation for the vehicle. Thus, as noted by Petitioner (Pet. Opp. Mot. Amend 10), the only limitation not suggested by that reference is the use of active server pages. The Business Wire article makes clear that the use of ASP technology in insurance applications was known. Ex. 1018, Title. In addition, Stender teaches that, as is known in the art, ASPs allow for dynamic processing of content from databases. Ex. 1017, 7:56–59.

Notably, Professor Westland, Patent Owner's expert, testified:

> Q. And using active server page technology at the time the patents were filed would make it easy and efficient to access information from databases?
>
> A. There really wasn't a competitive technology suite to do the things that were -- are being proposed in the '740 patent.
>
> Q. So someone would have been motivated to use ASP technology because it was really one of the only available technologies that could dynamically process content from web pages, right?
>
> A. Right. And add to that, that in the corporate environment, Microsoft was very strong. So people were often,

> in the corporate environment, hosting on Microsoft servers with IIS.

Ex. 1015, 154:5–18. Thus, Professor Westland recognized that the ordinary artisan would understand that there was a reason to incorporate ASP technology in the system of Reimel, that is, the use of ASP allowed for dynamic processing of content from webpages. *Id.*; *see also* Ex. 1017, 7:56–59 (noting same).

Thus, we conclude that Patent Owner has not met its burden of demonstrating the patentability of the proposed substitute claims, and thus Patent Owner's Motion to Amend is *denied*.

III. CONCLUSION

For the foregoing reasons, we determine that Petitioner has demonstrated that claims 1–29 of the '740 patent are unpatentable by a preponderance of the evidence.

Moreover, we determine also that Patent Owner has not demonstrated by a preponderance of the evidence the patentability of proposed substitute claims 30–58.

IV. ORDER

Accordingly, it is:

ORDERED that claims 1–29 of the '740 patent are held *unpatentable*;

FURTHER ORDERED that Patent Owner's Motion to Amend is *denied*; and

FURTHER ORDERED that because this is a Final Written 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.

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