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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte MARK WILLIAM HUMBLE, MARC ERDREICH HAEGELIN,
MICHAEL ALLAN CHASTAIN, and JULIE ELIZABETH WARPOOL

Appeal 2017-010984
Application 14/022,968¹
Technology Center 3600

Before JASON J. CHUNG, BETH Z. SHAW, and
JASON M. REPKO, *Administrative Patent Judges*.

CHUNG, *Administrative Patent Judge*.

DECISION ON APPEAL

This is a decision on appeal under 35 U.S.C. § 134(a) of the Final Rejection of claims 1, 4–9, 13, and 16–20. We have jurisdiction under 35 U.S.C. § 6(b).

We affirm.

INVENTION

The invention is directed to evaluating repairs or combinations of repairs for vehicles. Abstract. Claim 1 is illustrative of the invention and is reproduced below:

¹ According to Appellants, Manheim Investments, Inc. is the real party in interest. App. Br. 1.

1. A method, comprising:
 - receiving, by one or more computers comprising one or more processors, information regarding damage associated with at least one vehicle;
 - receiving, by the one or more computers, information regarding repair costs associated with one or more repairs related to addressing the damage associated with the at least one vehicle;
 - determining, by the one or more computers and based at least in part on the damage associated with the at least one vehicle, an initial value of the at least one vehicle;
 - determining, by the one or more computers, an initial value modifier associated with each of the one or more repairs;
 - receiving, by the one or more computers, an indication of a selection of at least one of the one or more repairs;
 - determining, by the one or more computers and based at least in part on the selection of the at least one of the one or more repairs, a revised value modifier for the one or more repairs that were not selected; and
 - determining, by the one or more computers and based at least in part on the selected one or more repairs, a revised value of the at least one vehicle.

REJECTIONS AT ISSUE

Claims 1, 4–9, 13, and 16–20 stand rejected under 35 U.S.C. § 112(a) as failing to comply with the written description requirement. Final Act. 3–9.

Claims 1, 4–9, 13, and 16–20 stand rejected under 35 U.S.C. § 101 as being directed to patent ineligible subject matter. Final Act. 10–15.

Claims 1, 4, 6–9, 13, 16, and 18–20 stand rejected under 35 U.S.C. § 103 as being unpatentable over the combination of Watson (US 6,581,045 B1; June 17, 2003) and Boyden (US 2003/0036964 A1; Feb. 20, 2003). Final Act. 16–22.

Claims 5 and 17 stand rejected under 35 U.S.C. § 103 as being unpatentable over the combination of Watson, Boyden, and Shames (US 2008/028834 A1; Nov. 20, 2008) . Final Act. 22–24.

ANALYSIS

1. *Rejection Under 35 U.S.C. § 112(a)*

The Examiner concludes the present claims fail to comply with the written description requirement because Appellants fail to provide any working examples of determinations of an “initial value modifier” and a “revised value modifier” as recited in independent claims 1 and 13. Final Act. 3–4. Moreover, the Examiner concludes this amounts to claiming the genus of all ways to calculate values without adequately disclosing a sufficient number of species. *Id.* at 4. The Examiner concludes the paragraphs 44 through 46 provide the closest written description support. *Id.* at 6–8 (citing ¶¶ 44–46). Furthermore, the Examiner concludes the “proprietary algorithm” disclosed in paragraphs 44 through 46, without specifics as to what the algorithm includes, fails to comply with the written description requirement. *Id.* at 6–9 (citing ¶¶ 44–46).

Appellants argue the claims do not recite a “proprietary algorithm” to determine values. App. Br. 3; Reply Br. 2. We agree with Appellants.

As an initial matter, the present claims do not recite details of a “proprietary algorithm” to determine values so this rejection is misplaced. Moreover, we conclude paragraphs 44 through 46 provide adequate support for the limitations “initial value modifier[s]” and “revised value modifier[s]” to comply with the written description requirement. Spec. ¶¶ 44–46. In particular, paragraph 44 discusses an “initial value” of a vehicle and paragraph 45 discusses each repair includes an associated modifier such as

an incremental value increase, which provides adequate written description support for “initial value modifier.” *Id.* ¶¶ 44–45. Moreover, paragraph 46 describes a revised value and a revised modifier such as an incremental value increase, which provides adequate written description support for “revised value modifier.” *Id.* ¶ 46.

Accordingly, we do not sustain the Examiner’s rejection of independent claims 1, 4–9, 13, 16–20 under 35 U.S.C. § 112(a).

2. *Rejection Under 35 U.S.C. § 101*

a. *The Examiner’s Conclusions and Appellants’ Arguments*

The Examiner concludes determining values for a damaged vehicle and revised values based on selected repairs is considered an abstract idea because it consists of a mental process that could be performed in the human mind or by a human using pen and paper. Final Act. 11–12. Additionally, the Examiner concludes the present claims are analogous to the abstract idea in *Electric Power Group, LLC v. Alstom S.A.*, 830 F.3d 1350 (Fed. Cir. 2016), *Cyberfone Systems, LLC v. CNN Interactive Group, Inc.*, 558 F. App’x 988 (Fed. Cir. 2014), and *SmartGene, Inc. v. Advanced Biological Laboratories, SA*, 555 F. App’x 950 (Fed. Cir. 2014). Final Act. 10–13.

The Examiner finds the present claims require no more than a generic computer as recited to perform generic computer functions that are well-understood, routine, and conventional activities previously known to the industry. *Id.* at 14 (citing Spec. ¶¶ 24, 29–31); Ans. 16 (citing Spec. ¶¶ 24, 29–31).

Appellants argue the present claims are not abstract because Examiner did not provide any evidence and, therefore, fails to present a *prima facie*

case of patent ineligibility. App. Br. 5–6. Appellants argue the present claims are not abstract because they solve the technological problem of dynamically determining a change in the overall value and/or profitability of a vehicle based on a selected repair to the vehicle and what impact the selected repair has on the value added of non-selected repairs to the overall value and/or profitability of the vehicle, similar to *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014), *Trading Technologies International, Inc. v. CQG, Inc.*, 675 F. App’x 1001 (Fed. Cir. 2017), *McRO, Inc. v. Bandai Namco Games America Inc.*, 837 F.3d 1299, 1308–14 (Fed. Cir. 2016), and *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327 (Fed. Cir. 2016). App. Br. 6–9; Reply Br. 3–4.

Appellants argue the present claims are significantly more than any abstract idea because they are directed to an inventive concept similar to *BASCOM Global Internet Services, Inc. v. AT&T Mobility LLC*, 827 F.3d 1341 (Fed. Cir. 2016) and *Amdocs (Israel) Limited v. Openet Telecom, Inc.*, 841 F.3d 1288 (Fed. Cir. 2016). App. Br. 10–14. Appellants argue the present claims are significantly more than any abstract idea because they do not preempt all practical applications of the abstract idea. App. Br. 11–12. We disagree with Appellants.

b. Legal Principles

Section 101 of the Patent Act provides “[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.” 35 U.S.C. § 101. The Supreme Court has long held that this

provision contains an implicit exception: “[l]aws 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) (quoting *Ass’n for Molecular Pathology v. Myriad Genetics, Inc.*, 569 U.S. 576, 589–90 (2013)). The Court has set forth a two-part inquiry to determine whether this exception applies.

First, we must “determine whether the claims at issue are directed to one of those patent-ineligible concepts.” *Alice*, 134 S. Ct. at 2355. Second, if the claims are directed to one of those patent-ineligible concepts, we consider “the elements of each claim both individually and ‘as an ordered combination’ to determine whether the additional elements ‘transform the nature of the claim’ into a patent-eligible application.” *Alice*, 134 S. Ct. at 2355 (quoting *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 77–78 (2012)). Put differently, we must search the claims for an “inventive concept,” that is, “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.’” *Alice*, 134 S. Ct. at 2355 (alteration in original) (quoting *Mayo*, 566 U.S. at 72–73).

c. Based Upon a Preponderance of the Evidence, and our Review of the Record, we Disagree with Appellants’ Arguments

i. Alice Step 1

On this record, we discern no error in the Examiner’s analysis and conclusion that the present claims are analogous to the abstract idea in *Electric Power*, which is collecting information, analyzing it, and displaying certain results of the collection and analysis. Final Act. 10–13. Moreover,

we conclude the claims are also analogous to the abstract idea in *Versata Software, Inc., v. SAP America, Inc.*, 717 F.3d 1255 (Fed. Cir. 2013), which is determining a price, using organizational and product group hierarchies.

In addition, we agree with the Examiner’s conclusion that determining values for a damaged vehicle and revised values based on selected repairs is considered an abstract idea because it consists of a mental process that could be performed in the human mind or by a human using pen and paper. Final Act. 11–12.

Regarding Appellants’ argument that the Examiner did not present a *prima facie* case of patent ineligibility (App. Br. 5–6), patent eligibility under 35 U.S.C. § 101 is a question of law that is reviewable *de novo*. See *Dealertrack, Inc. v. Huber*, 674 F.3d 1315, 1333 (Fed. Cir. 2012). The Federal Circuit has repeatedly noted that “the *prima facie* case is merely a procedural device that enables an appropriate shift of the burden of production.” *Hyatt v. Dudas*, 492 F.3d 1365, 1369 (Fed. Cir. 2007) (citing *In re Oetiker*, 977 F.2d 1443, 1445 (Fed. Cir. 1992)). The Examiner satisfies the burden of establishing a *prima facie* case under 35 U.S.C. § 132 by setting forth a rejection in a sufficiently articulate and informative manner. *In re Jung*, 637 F.3d 1356, 1363 (Fed. Cir. 2011). If the Examiner “adequately explain[s] the shortcomings . . . the burden shifts to the applicant to rebut the *prima facie* case with evidence and/or argument.” *Hyatt*, 492 F.3d at 1370. The Final Office Action adequately explains the § 101 rejection. See Final Act. 3–9. The Examiner’s statements satisfy § 132(a) because they apply the *Alice* analytical framework and apprise Appellants of the reasons for the § 101 rejection under that framework. Appellants have not responded by alleging a failure to understand the

rejection. To the contrary, Appellants clearly identify the abstract idea. *See, e.g.*, App. Br. 5–9.

In addition, we disagree with Appellants’ argument that the present claims solve the technological problem of dynamically determining a change in the overall value and/or profitability of a vehicle based on a selected repair to the vehicle and what impact the selected repair has on the value added of non-selected repairs to the overall value and/or profitability of the vehicle, similar to *DDR*², *Trading Technologies*, *McRO*, and *Enfish* (App. Br. 6–9; Reply Br. 3–4) because we conclude the present claims are directed to improvements to an abstract idea discussed *supra* that implements the abstract idea using generic components.

Because the present claims are directed to an abstract idea, we proceed to step (2) of the *Alice*, two-part test.

ii. Alice Step 2

On this record, we discern no error in the Examiner’s analysis and finding that the present claims require no more than a generic computer as recited to perform generic computer functions that are well-understood, routine, and conventional activities previously known to the industry. Final Act. 14 (citing Spec. ¶¶ 24, 29–31); Ans. 16 (citing Spec. ¶¶ 24, 29–31).

² Appellants incorrectly characterize *DDR* as an abstract idea issue (i.e., *Alice* step 1). App. Br. 21–23. Instead, *DDR* is an *Alice* step 2 issue. *See Synopsys, Inc. v. Mentor Graphics Corp.*, 839 F.3d 1138, 1151 (Fed. Cir. 2016) (Judge Chen, who is the same judge that authored *DDR*, characterizes *DDR* as an *Alice* step 2 issue). Nonetheless, we conclude the present claims are directed to an abstract idea without significantly more for the reasons stated *supra* and *infra*.

Furthermore, paragraphs 24 and 29 through 31 of the Specification explicitly states “user devices 104 may be any type of computing devices.” Spec.

¶¶ 24, 29–31.

We disagree with Appellants’ argument that, similar to the claims in *BASCOM* and *Amdocs*, the present claims are directed to an inventive concept (App. Br. 10–14) because the present claims are directed to improvements to an abstract idea discussed *supra* that implements the abstract idea using generic components.

Furthermore, we disagree with Appellants’ argument that the present claims are patent eligible because they do not preempt any abstract idea (App. Br. 11–12); although preemption may denote patent ineligibility, its absence does not demonstrate patent eligibility. *See FairWarning, IP, LLC v. Iatric Sys., Inc.*, 839 F.3d 1089, 1098 (Fed. Cir. 2016). For claims covering a patent-ineligible concept, preemption concerns “are fully addressed and made moot” by an analysis under the *Mayo/Alice* framework. *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015).

Appellants do not argue separately claims 4–9, 13, 16–20 with particularity, but assert the rejections of those claims should be withdrawn for at least the same reasons as the rejection for claim 1 should be withdrawn. App. Br. 5–14. Accordingly, we sustain the Examiner’s rejection of independent claims 4–9, 13, 16–20 under 35 U.S.C. § 101.

3. *Rejection Under 35 U.S.C. § 103*

The Examiner finds Watson teaches determining the repair cost of the roof and then determining the financial impact of other costs such as

repairing flashing, relative to doing nothing, which the Examiner maps to the limitation “determining, by the one or more computers and based at least in part on the selection of the at least one of the one or more repairs, a revised value modifier for the one or more repairs that were not selected” as recited in claim 1 (and similarly recited in claim 13). Final Act. 18 (citing Watson, 7:46–59, 25:58–63, 25:19–31, 26:15–31).

Appellants argue Watson fails to teach the aforementioned limitation because Watson fails to recalculate non-selected repairs impact on the roof in view of the selected repairs; that is, in Watson, the impact of the other non-selected repairs would not be affected by the selected repairs such that the users are not provided with revised value modifiers for each repair once certain repairs are selected and/or implemented. App. Br. 15–16. We disagree with Appellants.

The cited portions of Watson teach determining the repair cost of the roof and then determining the financial impact of other costs being undertaken regarding the problem defects related to the roof such as repairing flashing relative to doing nothing (i.e., flashing is the non-selected repair), which teaches the limitation “determining, by the one or more computers and based at least in part on the selection of the at least one of the one or more repairs, a revised value modifier for the one or more repairs that were not selected” as recited in claim 1 (and similarly recited in claim 13). Final Act. 18 (citing Watson, 7:46–59, 25:58–63, 25:19–31, 26:15–31).

Appellants do not argue separately claims 4–9, 13, and 16–20 with particularity, but assert the rejections of those claims should be withdrawn for at least the same reasons as the rejection for claim 1 should be

withdrawn. App. Br. 14–16. Accordingly, we sustain the Examiner’s rejection of independent claims 4–9, 13, and 16–20 under 35 U.S.C. § 103.

We have only considered those arguments that Appellants actually raised in the Briefs. Arguments Appellants could have made, but chose not to make, in the Briefs have not been considered and are deemed to be waived. *See* 37 C.F.R. § 41.37(c)(1)(iv).

DECISION

We reverse the Examiner’s decision rejecting claims 1, 4–9, 13, 16–20 under 35 U.S.C. § 112(a).

We affirm the Examiner’s decision rejecting claims 1, 4–9, 13, 16–20 under 35 U.S.C. § 101.

We affirm the Examiner’s decision rejecting claims 1, 4–9, 13, 16–20 under 35 U.S.C. § 103.

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a)(1)(iv).

AFFIRMED