

ALERT

# Federal Circuit Patent Bulletin: *Credit Acceptance Corp. v. Westlake Servs.*

June 12, 2017

*"There is no IPR estoppel with respect to a claim as to which no final written decision results."*

On June 9, 2017, in *Credit Acceptance Corp. v. Westlake Servs.*, the U.S. Court of Appeals for the Federal Circuit (Dyk,\* Mayer, Reyna) affirmed the U.S. Patent and Trademark Office Patent Trial and Appeal Board Covered Business Method (CBM) review decision that certain claims of U.S. Patent No. 6,950,807, which related to financing methods for allowing a customer to purchase a product selected from an inventory of products maintained by a dealer such as a car dealer, were patent ineligible under 35 U.S.C. § 101. The Federal Circuit stated:

CBM review proceedings are governed by section 18 of the Leahy-Smith America Invents Act ("AIA"), Pub. L. No. 112-29, § 18, 125 Stat.284, 329-31 (2011), which adopts the "chapter 32 provisions of title 35 of the U.S. Code, governing post-grant review ('PGR')." Under those PGR procedures, a CBM review proceeds in stages: first, the Board decides whether to institute a review, and second, if review is instituted, the proceeding enters a trial stage and the Board later issues a "final written decision" under 35 U.S.C. § 328(a). Once the Board issues a final written decision, the estoppel statute applies. [T]he estoppel dispute in this case is neither a challenge to the Board's institution decision, nor is it "closely tied" to any "statute[] related to the Patent Office's decision to initiate [CBM] review." . . . Here, the Board did issue a final written decision with respect to patentability, and CAC appeals that decision. Because the statute prohibits an estopped petitioner from "maintain[ing]" a proceeding, the Board necessarily found that Westlake was not estopped when it issued its final written decision. We conclude that we have jurisdiction to review

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## Practice Areas

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the CAC's estoppel argument regarding 35 U.S.C. § 325(e)(1). . . .

CAC argues that, read together, the statutes require that estoppel applies to all claims challenged in a petition where any portion of the petition results in a final written decision, even if fewer than all of the challenged claims are instituted for review and explicitly ruled upon in that decision. In short, "a final written decision triggers estoppel not only for instituted claims, but also non-instituted claims." . . .

Because a final written decision does not determine the patentability of non-instituted claims, it follows that estoppel does not apply to those non-instituted claims in future proceedings before the PTO. On its face, the relevant IPR estoppel statute, § 315(e)(1) (similar to the PGR estoppel statute, § 325(e)(1)) applies on a claim-by-claim basis. . . . There is no IPR estoppel with respect to a claim as to which no final written decision results. . . . We conclude that 35 U.S.C. § 325(e)(1) does not apply in a subsequent proceeding to claims upon which the Board declined to institute review. Accordingly, Westlake was not estopped from challenging claims 10–12 and 14–33 of the '807 patent on the basis of 35 U.S.C. § 101.

CAC argues that the Board erred in determining that claims 10–12 and 14–33 of the '807 patent are ineligible for patenting. We review the Board's conclusions with respect to patent eligibility under § 101 de novo. "Whoever 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." However, one may not obtain a patent on an abstract idea. To determine whether the claims are patent-eligible, the court performs a two-step analysis. "First, we determine whether the claims at issue are directed to" an abstract idea. If so, in a second step we "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." . . .

The Board determined that the claims are directed to the abstract idea of "processing an application for financing a purchase." We agree. Each of the claims is directed to the abstract idea of processing an application for financing a purchase. We see no meaningful distinction between this type of financial industry practice and "the concept of intermediated settlement" held to be abstract in *Alice*, or the "basic concept of hedging" held to be abstract in *Bilski v. Kappos*, 561 U.S. 593, 611 (2010). . . .

CAC suggests that the claims are not abstract because they "improve[] the functionality of the general purpose computer by programming fundamentally new features." \ But this is so only in the sense that the claims permit automation of previously manual processing of loan applications. [M]ere automation of manual processes using generic computers does not constitute a patentable improvement in computer technology. . . . The invention's "communication between previously unconnected systems—the dealer's inventory database, a user credit information input terminal, and creditor underwriting servers," does not amount to an improvement in computer technology. . . .

CAC also asserts that claim 25 is not directed to an abstract financial process, but rather to "configuring a computer system to combine data from multiple electronic data sources . . . to synthesize a comprehensive report of structures for a dealer and a creditor to co-finance a purchase." But even under CAC's view, the

claim is abstract under our precedent. We have explained that “collecting information, including when limited to particular content (which does not change its character as information), [is] within the realm of abstract ideas.” We have also explained that the output of data analysis can be abstract. “[M]erely presenting the results of abstract processes of collecting and analyzing information, without more (such as identifying a particular tool for presentation), is abstract as an ancillary part of such collection and analysis.”

At step two of the Alice framework, the Board concluded that the claims do not recite an inventive concept. Again, we agree. The use and arrangement of conventional and generic computer components recited in the claims—such as a database, user terminal, and server—do not transform the claim, as a whole, into “significantly more” than a claim to the abstract idea itself. “We have repeatedly held that such invocations of computers and networks that are not even arguably inventive are ‘insufficient to pass the test of an inventive concept in the application’ of an abstract idea.” [M]erely “configur[ing]” generic computers in order to “supplant and enhance” an otherwise abstract manual process is precisely the sort of invention that the Alice Court deemed ineligible for patenting. Significantly, the claims do not provide details as to any non-conventional software for enhancing the financing process. . . . CAC does not clearly identify any particular inventive concept in the ordered combination that it alleges the Board overlooked. Indeed, we see no inventive concept in these claims.