

674 F.3d 1315, 101 U.S.P.Q.2d 1325
(Cite as: 674 F.3d 1315)



United States Court of Appeals,
Federal Circuit.
DEALERTRACK, INC., Plaintiff–Appellant,
v.
David L. HUBER and Finance Express, LLC, Defend-
ants–Appellees,
and
John Doe Dealers, Defendant,
and
RouteOne, LLC, Defendant–Cross Appellant.

Nos. 2009–1566, 2009–1588.
Jan. 20, 2012.

Background: Owner of patents directed to a computer-aided method and system for processing credit applications over electronic networks brought suit for infringement. The United States District Court for the Central District of California, [Andrew J. Guilford, J.](#), 2008 WL 5792509, and 657 F.Supp.2d 1152, granted summary judgment of non-infringement with respect to all claims of one patent, granted summary judgment of invalidity with respect to certain patent claims, and denied summary judgment of invalidity with respect to other claims, and parties cross-appealed.

Holdings: The Court of Appeals, [Linn](#), Circuit Judge, held that:


- (1) “central processing means,” as used in means-plus-function limitation of claims of patent was indefinite, and
- (2) certain claims were patent ineligible abstract ideas.

Affirmed–in–part, vacated–in–part, reversed–in–part, and remanded.

[Plager](#), Circuit Judge, filed opinion concur-

ring-in-part and dissenting-in-part.

West Headnotes

[1] Patents 291  **101(11)**


291 Patents

291IV Applications and Proceedings Thereon

291k101 Claims

291k101(11) k. Process or method claims. [Most Cited Cases](#)

District court improperly carved-out the Internet from its construction of “communications medium,” as used in patent directed to a computer-aided method for processing credit applications over electronic networks, and thus, the proper construction of “communications medium” was a network for transferring data, including the Internet; context made it clear that the cited examples were not meant to be definitive of the scope of “communications medium,” and to specifically exclude the Internet would thus require a waiver of claim scope that was both so clear as to show reasonable clarity and deliberateness, and so unmistakable as to be unambiguous evidence of disclaimer.

[2] Patents 291  **101(11)**

291 Patents

291IV Applications and Proceedings Thereon

291k101 Claims

291k101(11) k. Process or method claims. [Most Cited Cases](#)

In the context of the patent directed to a computer-aided method for processing credit applications over electronic networks, “routing” was used as a generic term to indicate the sending of applications by a particular route; phrase “routing,” in the context of the patent, was not limited to the particular species of routing occurring when

674 F.3d 1315, 101 U.S.P.Q.2d 1325

(Cite as: 674 F.3d 1315)

the user selected multiple funding sources.

[3] Patents 291 🔑167(1)

291 Patents

291IX Construction and Operation of Letters Patent

291IX(B) Limitation of Claims

291k167 Specifications, Drawings, and Models

291k167(1) k. In general. [Most Cited Cases](#)

It is necessary to consider the specification as a whole, and to read all portions of the written description, if possible, in a manner that renders a patent internally consistent.

[4] Patents 291 🔑165(4)

291 Patents

291IX Construction and Operation of Letters Patent

291IX(B) Limitation of Claims

291k165 Operation and Effect of Claims in

General

291k165(4) k. Reading limitations or elements into claims, or disregarding limitations or elements. [Most Cited Cases](#)

By specifically and separately claiming each of the disclosed routing schemes in different claims of patent directed to a computer-aided method for processing credit applications over electronic networks, and by using the term “selectively forwarding” in those claims, patentee made clear that he intended at least some of the claims to cover embodiments that implement only one of the routing schemes; thus, “selectively forwarding” limitation could not be construed as requiring that a user select between multiple different routing schemes.

[5] Patents 291 🔑167(1.1)

291 Patents

291IX Construction and Operation of Letters Patent

291IX(B) Limitation of Claims

291k167 Specifications, Drawings, and Models

291k167(1.1) k. Specification as limiting or enlarging claims. [Most Cited Cases](#)

As a general rule, it is improper to read limitations from a preferred embodiment described in the specification, even if it is the only embodiment, into the claims absent a clear indication in the intrinsic record that the patentee intended the claims to be so limited.

[6] Patents 291 🔑101(8)

291 Patents

291IV Applications and Proceedings Thereon

291k101 Claims

291k101(8) k. Functions, advantages or results of invention. [Most Cited Cases](#)

With respect to means-plus-function limitation, “central processing means, operably coupled to said communications medium, for executing a computer program which implements and controls credit application processing and routing,” as used in patent directed to a computer-aided method for processing credit applications over electronic networks, appropriate structure included the algorithms disclosed in the specification that implemented and controlled credit application processing and routing. [35 U.S.C.A. § 112.](#)

[7] Patents 291 🔑101(8)

291 Patents

291IV Applications and Proceedings Thereon

291k101 Claims

291k101(8) k. Functions, advantages or results of invention. [Most Cited Cases](#)

“Central processing means,” as used in means-plus-function limitation of claims of patent directed to a computer-aided method for processing credit applications over electronic networks was indefinite for failure to

674 F.3d 1315, 101 U.S.P.Q.2d 1325

(Cite as: **674 F.3d 1315**)

recite sufficient structure to perform its claimed functions.

[35 U.S.C.A. § 112.](#)


[8] Patents 291 

291 Patents

291I Subjects of Patents

291k4 Arts

291k5 k. In general. [Most Cited Cases](#)

Patents 291 

291 Patents

291I Subjects of Patents

291k4 Arts

291k6 k. Principles or laws of nature. [Most Cited Cases](#)

Any invention within the broad statutory categories of patent eligibility statute that is made by man, not directed to a law of nature or physical phenomenon, and not so manifestly abstract as to preempt a fundamental concept or idea is patent eligible. [35 U.S.C.A. § 101.](#)

[9] Patents 291 


291 Patents

291I Subjects of Patents

291k4 Arts

291k5 k. In general. [Most Cited Cases](#)

Claims of patent directed to a computer-aided system for processing credit applications over electronic networks were patent ineligible abstract ideas; the claims did not require a specific application, nor were they tied to a particular machine, and simply adding a “computer aided” limitation to claims covering an abstract concept, without more, was insufficient to render the claims patent eligible. [35 U.S.C.A. § 101.](#)

[10] Patents 291 

291 Patents


291XII Infringement

291XII(B) Actions

291k324 Appeal

291k324.5 k. Scope and extent of review in general. [Most Cited Cases](#)

Whether a patent claim is drawn to patent-eligible subject matter is an issue of law that is reviewed de novo. [35 U.S.C.A. § 101.](#)

Patents 291 


291 Patents

291XIII Decisions on the Validity, Construction, and Infringement of Particular Patents

291k328 Patents Enumerated

291k328(2) k. Original utility. [Most Cited Cases](#)

5,878,403. Cited.

Patents 291 


291 Patents

291XIII Decisions on the Validity, Construction, and Infringement of Particular Patents

291k328 Patents Enumerated

291k328(2) k. Original utility. [Most Cited Cases](#)

6,587,841. Invalid and Not Infringed.

Patents 291 

291 Patents

291XIII Decisions on the Validity, Construction, and Infringement of Particular Patents

291k328 Patents Enumerated

291k328(2) k. Original utility. [Most Cited Cases](#)

7,181,427. Invalid.

674 F.3d 1315, 101 U.S.P.Q.2d 1325

(Cite as: 674 F.3d 1315)

***1316** [Henry C. Dinger](#), Goodwin Procter, LLP, of Boston, MA, argued for the plaintiff-appellant. With him on the brief were Robert D. Carroll; and [Forrest A. Hainline](#), of San Francisco, CA.

[Lawrence M. Hadley](#), McKool Smith Hennigan, P.C., of Los Angeles, CA, argued for the defendants-appellees. With him on the brief were [Roderick G. Dorman](#), [Brian L. Yates](#) and [Mieke K. Malmberg](#).

[Laurence S. Rogers](#), Ropes & Gray, LLP, of New York, NY, argued for defendant-cross appellant. With him on the ***1317** brief were [Jesse J. Jenner](#), [Ching-Lee Fukuda](#) and [Brian P. Biddinger](#).

Before [LINN](#), [PLAGER](#), and [DYK](#), Circuit Judges.

Opinion for the court filed by Circuit Judge [LINN](#).

Opinion concurring in part and dissenting in part filed by Circuit Judge [PLAGER](#).

[LINN](#), Circuit Judge.

Dealertrack, Inc. (“Dealertrack”) appeals the grant of summary judgment of noninfringement of claims 7–9, 12, 14, 16, and 17 of [U.S. Patent No. 6,587,841](#) (“[841 Patent](#)”) and the grant of summary judgment of invalidity of claims 1, 3, and 4 of [U.S. Patent No. 7,181,427](#) (“[427 Patent](#)”) for failure to claim patentable subject matter under 35 U.S.C. § 101. *Dealertrack, Inc. v. Huber*, No. CV–06–2335, 2008 WL 5792509 (C.D.Cal. Sept. 27, 2008) (“*Claim Construction*”); *DealerTrack, Inc. v. Huber*, 657 F.Supp.2d 1152 (C.D.Cal.2009) (“*Invalidity*”). RouteOne, LLC (“RouteOne”) cross-appeals the district court's denial of

summary judgment of invalidity of claims 14, 16, and 17 of the [841 Patent](#) for indefiniteness. For the reasons set forth below, we affirm-in-part, vacate-in-part, reverse-in-part, and remand.

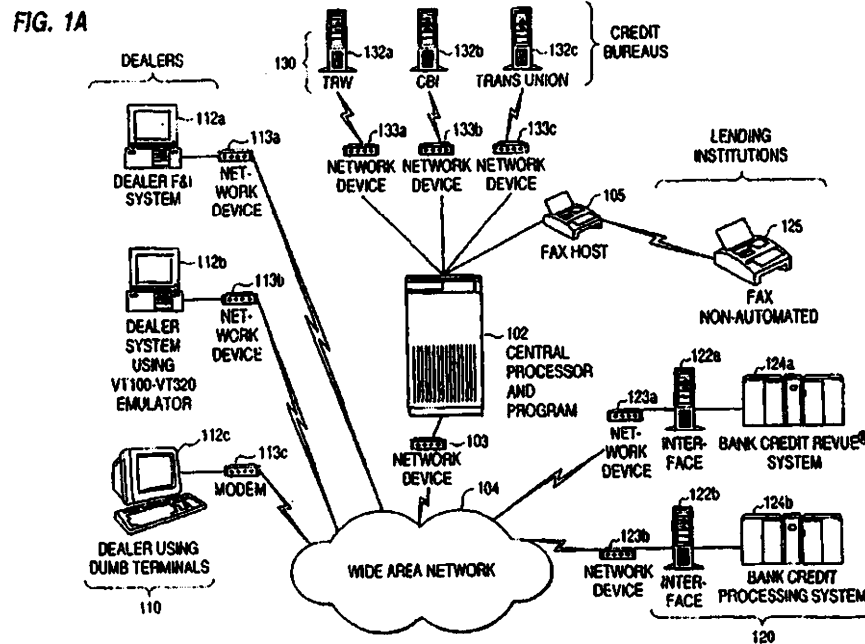
BACKGROUND

I. The Patents in Suit

Dealertrack is the owner of the [841](#) and [427 Patents](#), directed to a computer-aided method and system, respectively, for processing credit applications over electronic networks. The [841 Patent](#) claims priority to and incorporates by reference [U.S. Patent No. 5,878,403](#) (“[403 Patent](#)”) and uses the following incorporation language: “This is a division of application Ser. No. 08/526,776, filed Sep. 12, 1995, hereby incorporated by reference. Now [U.S. Pat. No. 5,878,403](#).” [841 Patent](#) col.1 ll.5–7. The [427 Patent](#) also claims priority to the [403 Patent](#), of which it is a continuation-in-part.

Prior to Dealertrack's invention, car dealers, in seeking car loans on behalf of their customers, would apply to funding sources (i.e. banks) by: filling out application forms particular to each bank; faxing or transmitting the application to the respective banks; waiting for bank personnel to enter the application information into their internal computer systems; and eventually receiving responses from each bank. Dealertrack proposed to automate the process through the use of a “central processor,” which receives credit application data from dealers, processes the data to conform to the individual application forms of different banks, forwards the completed applications to banks selected by the dealer, receives answers from the banks, and forwards those answers back to the dealer. Figure 1A of the [841 Patent](#), below, displays a preferred embodiment of the system:

674 F.3d 1315, 101 U.S.P.Q.2d 1325
(Cite as: 674 F.3d 1315)



*1318 '841 Patent, fig. 1A. An important feature of the invention was to allow the dealer to fill out a single application, to control which banks would receive the application, and to control the order and timing in which the applications were sent to the banks.

II. District Court Proceedings

Dealertrack sued appellees David L. Huber and Finance Express, LLC (“Finance Express”) for infringement of the '841, '427, and '403 Patents by their FEX system, and sued appellee RouteOne for infringement by its Credit Aggregation System (“CAS”) and its Messenger system. The validity of the '403 Patent and infringement of any of the patents by RouteOne's Messenger system are not in dispute on appeal. All of the accused products offer automobile dealers loan management services that pass all communications between dealers and lenders through the Internet.

Appellees Finance Express, John Doe Dealers, and RouteOne (collectively, “Appellees”) filed four summary judgment motions ^{FN1}: (1) non-infringement of all asserted claims of the '841 Patent based on the absence of a “communications medium,” as construed by the district

court, in the accused devices and based on several other proposed claim constructions; (2) invalidity of claims 14, 16, and 17 of the '841 Patent for indefiniteness under 35 U.S.C. § 112, ¶¶ 2, 6 for failure to disclose adequate structure corresponding to the purported means-plus-function “tracking” limitation; (3) invalidity of all asserted claims of the '427 Patent for failure to claim patent-eligible subject matter under 35 U.S.C. § 101; (4) invalidity of all asserted claims of the '427 Patent for failure to claim priority to the '403 Patent.

FN1. Because the procedural history specific to each of the Appellees substantially mirrors that of RouteOne, we do not separately describe the motions and dispositions filed by each of them.

The district court agreed with Appellees' proposed claim construction of the phrase “communications medium” in the '841 Patent*1319 as “a ‘network for transferring data,’ not including the internet.” *Claim Construction*, at 19. Because “communications medium” was a limitation in all claims of the '841 Patent, and because it was undisputed that the accused products transferred data only over the Internet, the district court granted summary judgment of non-infringement of all asserted claims of the

Explore Litigation Insights

Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

Real-Time Litigation Alerts



Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

Advanced Docket Research



With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

Analytics At Your Fingertips



Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

LAW FIRMS

Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

FINANCIAL INSTITUTIONS

Litigation and bankruptcy checks for companies and debtors.

E-DISCOVERY AND LEGAL VENDORS

Sync your system to PACER to automate legal marketing.