

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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WESTLAKE SERVICES, LLC d/b/a WESTLAKE  
FINANCIAL SERVICES, LLC,  
Petitioner,

v.

CREDIT ACCEPTANCE CORP.,  
Patent Owner.

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Case CBM2014-00008  
Patent 6,950,807 B2

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Before JUSTIN T. ARBES, DAVID C. McKONE, and  
GREGG I. ANDERSON, *Administrative Patent Judges*.

ANDERSON, *Administrative Patent Judge*.

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

## I. INTRODUCTION

Westlake Financial Services, LLC (“Petitioner”) filed a Corrected Petition (Paper 17, “Pet.”) to institute a covered business method review of claims 1–42 of U.S. Patent 6,950,807 B2 (“the ’807 patent”). On March 31, 2014, we granted the Petition and instituted trial for claims 1–9, 13, and 34–42 of the ’807 patent on one of the grounds of unpatentability alleged in the Petition. Paper 30 (“Decision on Institution” or “Dec. Inst.”).

After institution of trial, Credit Acceptance Corp. (“Patent Owner”) filed a Patent Owner Response. Paper 39 (“PO Resp.”). Petitioner filed a Reply. Paper 47 (“Pet. Reply”).

An oral hearing was held on November 5, 2014. The transcript of the hearing has been entered into the record. Paper 65 (“Tr.”).

We have jurisdiction under 35 U.S.C. § 6(c). This Final Written Decision is issued pursuant to 35 U.S.C. § 328(a).

### A. *Related Proceedings*

Petitioner has been sued for infringement of the ’807 patent in a district court case titled *Credit Acceptance Corp. v. Westlake Services LLC*, No. 2:13-cv-01523-SJO-MRW (C.D. Cal.). Pet. 8.

The Board instituted a covered business method patent review of claims 10–12 and 14–33 of the ’807 patent in *Westlake Services, LLC v. Credit Acceptance Corp.*, Case CBM2014-00176 (PTAB Feb. 9, 2015) (Paper 15) (“’176 Decision”). We previously declined to review those same claims in the present case. Dec. Inst. 20–22. Our rationale for granting covered business method review in the ’176 Decision was based on additional guidance received from the Supreme Court and the Federal Circuit. ’176 Decision 10–12. Case CBM2014-00176 is pending.

*B. The '807 Patent (Ex. 1001)*

The '807 patent relates to a method for facilitating the purchase of products on credit and a system for implementing such a method, as may be employed in the sale of automobiles and other vehicles, for example.

Ex. 1001, 1:5–9. The invention is not limited to vehicle sales and also may be applied to the sale of any products for which a customer desires to finance the transaction. *Id.* at 1:9–12.

The '807 patent describes a system and method for providing financing to the customers of a dealer to allow the customers to purchase products from the dealer's inventory. Ex. 1001, 3:27–30. The system, implementing the method, generates prospective financing packages for every item in the dealer's inventory. *Id.* at 3:30–32.

Figure 6 is reproduced below:

Figure 6 is a screenshot of a web application interface for displaying financing packages. The interface includes a table with columns for vehicle details and financing terms, and a control panel at the bottom for filtering and sorting the data.

302	304	306	308	310	312	314	316	318	320	322	324	326	330
CAV	16	1996	Cavalier	Blue	\$5625.00	53.3%	\$1820.81	\$3200.00	\$1569.31	\$180.77	\$211.17	24	<input type="radio"/>
A1202	13	1996	Cherokee	Red	\$8775.00	34.2%	\$4144.29	\$4250.00	\$2653.79	\$1088.59	\$267.60	39	<input type="radio"/>
B9895GT	57	1996	Cherokee	Blue	\$11950.00	25.1%	\$6775.74	\$7070.01	\$1274.73	\$1914.30	\$353.71	45	<input type="radio"/>
9454	97	1996	Cirrus	Beige	\$8925.00	33.6%	\$3021.66	\$6370.00	\$754.97	\$1839.77	\$289.04	36	<input type="radio"/>
AX2	55	1996	Continental	Black	\$12995.00	23.1%	\$4513.75	\$8500.00	\$1479.95	\$3646.09	\$408.15	42	<input type="radio"/>
9321	97	1996	Continental	Beige	\$11350.00	26.4%	\$4567.76	\$7600.00	\$427.24	\$2414.01	\$348.26	42	<input type="radio"/>

Below the table, there is a control panel with the following elements:

- Select By:** A dropdown menu labeled 336 with "All Vehicles" selected.
- Sort By:** A dropdown menu labeled 338 with "Year/Model" selected.
- Order:** A dropdown menu labeled 340 with "Descending" selected.
- Go:** A button.
- Enter Preferred Vehicle:** A button.
- Add a Vehicle to Inventory:** A button.

FIG. 6

Figure 6 is an example of a screen displaying several financing packages. *Id.* at 5:1–2. According to this example, a financing package

includes a set price a customer would agree to pay for a particular vehicle (selling price in column 312), a down payment the customer would pay (column 314 shows down payment percentages), and an agreement by the customer to pay the rest of the sale price with interest in a series of monthly payments (column 324 shows monthly payment amounts and column 326 shows the number of months in the financing term). *Id.* at 8:40–45, 9:26–31. A party extending financing agrees to pay an “advance amount” when a sale is completed (column 316). “[T]he advance amount is determined by the party extending financing based on the customer’s credit score, the dealership’s past collection history, the particular vehicle being considered and other factors.” *Id.* at 9:21–24. As can be seen, the advance amount and the down payment together can be less than the sale price – in other words, the financier might not agree to loan the full purchase price to the customer. The dealer’s cost for each vehicle is shown in column 318 of Figure 6.

The patent describes two types of profit realized by the dealer. First, “[t]he front-end profit is the actual profit that the dealer realizes immediately upon closing a sale with the customer,” and “[p]ut simply . . . is equal to the down payment amount plus the advance amount minus the dealer’s costs.” *Id.* at 8:53–62. This is shown in column 320 of Figure 6. *Id.* at 9:29. Second, “[t]he back-end profits are generated by the monthly payments received from the customer in satisfaction for the outstanding obligation.” *Id.* at 8:63–65. As explained above, the purchase price might be higher than the down payment plus the advance amount. In this case, the dealer receives a share of the customer’s monthly payments. *Id.* at 8:65–67. According to the example in the patent, the dealer’s share of the monthly payments first is credited towards paying back the advance amount. *Id.* at 9:2–4. The

dealer's back-end profits can be estimated (column 322 of Figure 6) by "multiplying the total payment amount by the dealer's percentage share of collections and subtracting the advance amount" and, if a more realistic estimate is desired, by taking into account an expected payment collection rate. *Id.* at 9:11–17.

### *C. Illustrative Claim*

Claims 1, 34, and 41 are the independent method claims under review. Claims 2–9 and 13 all depend directly or indirectly from claim 1. Claims 35–40 all depend directly or indirectly from claim 34. Claim 1 is reproduced below:

1. A method for providing a financing source to a customer to purchase a product selected from an inventory of products, the method comprising the steps of:
  - receiving information related to a database of a dealer's inventory, wherein the dealer's inventory includes a plurality of products, each product having a dealer cost associated therewith and a sale price at which the dealer desires to sell the product;
  - receiving information from the customer including a down payment amount which the customer has available for a down payment towards the purchase of a product;
  - calculating a credit score for the customer based at least in part on the information gathered from the customer;
  - determining an advance amount to be paid to the dealer from the financing source for each individual product in the dealer inventory in the event that that particular product is sold to the customer;
  - calculating a front-end profit to be realized by the dealer for each individual product in the dealer inventory based on the dealer cost associated with each individual product, the advance amount determined for each individual product, and the down payment amount; and



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