

The opinion in support of the decision being entered today was not written for publication and is not binding precedent of the Board.

Paper No. 26

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

Ex parte BARBARA S. JOHNSON

Appeal No. 2001-0280
Application No. 08/890,398

ON BRIEF

Before THOMAS, JERRY SMITH, and RUGGIERO, Administrative Patent Judges.

RUGGIERO, Administrative Patent Judge.

DECISION ON APPEAL

This is a decision on the appeal from the final rejection of claims 1-19, which are all of the claims pending in the present application.

The claimed invention relates to a method and system for automated loan repayment in which payment to a merchant is accepted from a customer through a customer identifier. Information related to the payment is directed for processing to a merchant processor which forwards at least a portion of the payment to a loan repayment receiver. The loan payment receiver

Appeal No. 2001-0280
Application No. 08/890,398

applies the forwarded portion of the payment to an outstanding loan amount owed by the merchant to reduce the outstanding loan amount.

Claim 1 is illustrative of the invention and reads as follows:

1. A method for automated loan repayment, comprising:
 - at a merchant, accepting a customer identifier as payment from the customer and electronically forwarding information related to the payment to a computerized merchant processor;
 - at the computerized merchant processor, acquiring the information related to the payment from the merchant, authorizing and settling the payment, and forwarding at least a portion of the payment to a computerized loan repayment receiver as repayment of at least a portion of an outstanding loan amount owed by the merchant; and
 - at the computerized loan repayment receiver, receiving the portion of the payment forwarded by the computerized merchant processor and applying that portion to the outstanding loan amount owed by the merchant to reduce that outstanding loan amount.

The Examiner relies on the following prior art:

Cohen et al. (Cohen)	4,750,119	Jun. 07, 1988
Hilt et al. (Hilt)	5,465,206	Nov. 07, 1995

Claims 1-19 stand finally rejected under 35 U.S.C. § 103(a). As evidence of obviousness, the Examiner offers Cohen alone with respect to claims 1-6, 8-15, and 17-19, and adds Hilt to Cohen with respect to claims 7 and 16.

Appeal No. 2001-0280
Application No. 08/890,398

Rather than reiterate the arguments of Appellant and the Examiner, reference is made to the Brief (Paper No. 18) and Answer (Paper No. 19) for the respective details.

OPINION

We have carefully considered the subject matter on appeal, the rejection advanced by the Examiner and the evidence of obviousness relied upon by the Examiner as support for the rejection. We have, likewise, reviewed and taken into consideration, in reaching our decision, Appellant's arguments set forth in the Brief along with the Examiner's rationale in support of the rejection and arguments in rebuttal set forth in the Examiner's Answer.

It is our view, after consideration of the record before us, that the evidence relied upon and the level of skill in the particular art would not have suggested to one of ordinary skill in the art the obviousness of the invention as set forth in claims 1-19. Accordingly, we reverse.

In rejecting claims under 35 U.S.C. § 103, it is incumbent upon the Examiner to establish a factual basis to support the legal conclusion of obviousness. See In re Fine, 837 F.2d 1071, 1073, 5 USPQ2d 1596, 1598 (Fed. Cir. 1988). In so doing, the Examiner is expected to make the factual

Appeal No. 2001-0280
Application No. 08/890,398

determinations set forth in Graham v. John Deere Co., 383 U.S. 1, 17, 148 USPQ 459, 467 (1966), and to provide a reason why one having ordinary skill in the pertinent art would have been led to modify the prior art or to combine prior art references to arrive at the claimed invention. Such reason must stem from some teaching, suggestion or implication in the prior art as a whole or knowledge generally available to one having ordinary skill in the art. Uniroyal Inc. v. Rudkin-Wiley Corp., 837 F.2d 1044, 1051, 5 USPQ2d 1434, 1438 (Fed. Cir.), cert. denied, 488 U.S. 825 (1988); Ashland Oil, Inc. v. Delta Resins & Refractories, Inc., 776 F.2d 281, 293, 227 USPQ 657, 664 (Fed. Cir. 1985), cert. denied, 475 U.S. 1017 (1986); ACS Hosp. Sys., Inc. v. Montefiore Hosp., 732 F.2d 1572, 1577, 221 USPQ 929, 933 (Fed. Cir. 1984). These showings by the Examiner are an essential part of complying with the burden of presenting a prima facie case of obviousness. Note In re Oetiker, 977 F.2d 1443, 1445, 24 USPQ2d 1443, 1444 (Fed. Cir. 1992).

With respect to independent claims 1 and 10, the Examiner, as the basis for the obviousness rejection, proposes to modify the purchasing transaction system disclosure of Cohen. The purchasing transaction system described by Cohen involves the transfer of a portion of a customer-to-merchant transaction

Appeal No. 2001-0280
Application No. 08/890,398

payment to an entity such as an insurance company to pay a premium for funding an annuity which is ultimately payable to the customer. Apparently recognizing Cohen's lack of explicit disclosure of purchasing transactions involving automatic loan repayment as claimed, the Examiner takes Official Notice of such a feature (Answer, page 4) by asserting ". . . it is well known within the finance arts that automatic deductions can be made to pay outstanding debts, such as loans, mortgages, insurance, etc." The Examiner's line of reasoning combines the automatic loan repayment feature asserted to be well known in the art with the teachings of Cohen. According to the Examiner (id.), the skilled artisan ". . . would have been motivated to transfer a portion of the transaction to a loan payment receiver in view of Cohen disclosure of transferring the portion to an insurance company and in view of the widespread use of automatic payments for paying mortgages (which are one type of loan)."

A review of the arguments in the Brief reveals that Appellant has not specifically contested the Examiner's taking of Official Notice of the asserted well known aspects of automatic loan repayment features in purchasing transactions. Despite this fact, we are constrained to reverse the outstanding rejection before us since there is no evidence of this feature among the

Appeal No. 2001-0280
Application No. 08/890,398

references relied on by the Examiner in formulating the rejection. We conclude, therefore, based upon the reasoning provided by recent cases from our reviewing court, that the Examiner has not established a prima facie case of obviousness. "[T]he Board cannot simply reach conclusions based on its own understanding or experience - or on its assessment of what would be basic knowledge or common sense. Rather, the Board must point to some concrete evidence in the record in support of these findings." In re Zurko, 258 F.3d 1379, 1386, 59 USPQ2d 1693, 1697 (Fed. Cir. 2001). See also In re Lee, 277 F.3d 1338, 1344-45, 61 USPQ2d 1430, 1434-35 (Fed. Cir. 2002), in which the court required evidence for the determination of unpatentability by clarifying that the principles of "common knowledge" and "common sense" may only be applied to analysis of evidence, rather than be a substitute for evidence. The court has also recently expanded their reasoning on this topic in In re Thrift, 298 F.3d 1357, 1363, 63 USPQ2d 2002, 2008 (Fed. Cir. 2002).

We are further of the view that even assuming, arguendo, that the Examiner's asserted well known aspects of automatic loan repayment features were supported by evidence, there is no indication from the Examiner as to how and in what manner the disclosure of Cohen would be modified to arrive at the claimed

Appeal No. 2001-0280
Application No. 08/890,398

invention. The purchasing system described by Cohen involves the direction to an entity such as an insurance company of a portion of a payment made by a customer to a merchant to purchase an aggregate annuity policy which in turn is individualized to a particular customer-subscriber. (Cohen, column 4, lines 17-35). Appellant's claimed invention, on the other hand, is directed to a purchasing system in which a loan repayment feature is individualized to a particular merchant who is the recipient of a payment from a customer as part of a purchasing transaction. In our opinion, the approach taken by Cohen is so fundamentally different from that of Appellant that any suggestion to modify Cohen to arrive at the invention set forth in the appealed claims could only come from Appellant's own disclosure.

In view of the above discussion, since we are of the opinion that the Examiner has not established a prima facie case of obviousness, we do not sustain the rejection of independent claims 1 and 10, nor of claims 2-6, 8, 9, 11-15, and 17-19 dependent thereon.

Turning to a consideration of the Examiner's 35 U.S.C. § 103(a) rejection of dependent claims 7 and 16 based on the combination of Cohen and Hilt, we do not sustain this rejection as well. It is apparent from the line of reasoning expressed at

Appeal No. 2001-0280
Application No. 08/890,398

page 6 of the Answer that the Hilt reference has been applied by the Examiner solely to address the customer identifier electronic acceptance feature of these claims. We find nothing in the disclosure of Hilt that would overcome the innate deficiencies in the Examiner's obviousness rejection of independent claims 1 and 10 discussed supra.

Appeal No. 2001-0280
Application No. 08/890,398

In summary, we have not sustained the Examiner's 35 U.S.C. § 103(a) rejection of any of the claims on appeal. Therefore, the decision of the Examiner rejecting claims 1-19 is reversed.

REVERSED

JAMES D. THOMAS)	
Administrative Patent Judge)	
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)	
)	BOARD OF PATENT
JERRY SMITH)	APPEALS
Administrative Patent Judge)	AND
)	INTERFERENCES
)	
)	
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JOSEPH F. RUGGIERO)	
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Appeal No. 2001-0280
Application No. 08/890,398

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