

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

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

Ex parte SHARAD NISHITH and GULSHAN GARG

Appeal No. 2006-2286
Application No. 09/165,352
Technology Center 3600

ON BRIEF

Decided: November 27, 2006

Before CRAWFORD, HORNER, and FETTING, *Administrative Patent Judges*.
FETTING, *Administrative Patent Judge*.

DECISION ON APPEAL

This is a decision on appeal under 35 U.S.C. §134 from the examiner's final rejection of claims 77 through 87 and 93, claims 88 through 92 having been withdrawn which are all of the claims pending in this application.

We REVERSE and ENTER A NEW GROUND OF REJECTION UNDER 37 CFR § 41.50(b).

BACKGROUND

The appellants' invention relates to a loan processing system (Specification, p. 1). An understanding of the invention can be derived from a reading of exemplary claim 77, which is reproduced below.

77. A method for electronically processing loan data for a loan received from a user, the method comprising:

- importing loan data from a loan origination software system into a computer system;
- automatically notifying the user of a need to fulfill suspense conditions; and upon satisfaction of suspense conditions,
- generating at the computer system a credit score based on the imported loan data;
- performing at the computer system an automated underwriting procedure using the generated credit score and the imported loan data;
- performing at the computer system a risk-based pricing operation using loan conditions established by the automated underwriting procedure; and
- providing the user with an automated rate lock opportunity from the computer system over a network.

PRIOR ART

The prior art references of record relied upon by the examiner in rejecting the appealed claims are:

Norris 5,870,721 February 9, 1999

Staff, *Interest Rate Locks Not Hedges*, Mortgage Marketplace,, Bethesda, vol. 20, iss. 47, p. 1, December 8, 1997 (Mortgage Marketplace)

In addition, we make the following art of record:

Rothenberg, *Subject:Mortgage Loan*, Personal Finance Digest, Vol. 5, No. 33, July 15, 1998

REJECTION

Claims 77 through 87 and 93 stand rejected under 35 U.S.C. § 103(a) as obvious over Norris and Mortgage Marketplace.

Rather than reiterate the conflicting viewpoints advanced by the examiner and the appellants regarding the above-noted rejection, we make reference to the examiner's answer (mailed February 6, 2006) for the reasoning in support of the rejection, and to appellants' brief (filed November 21, 2005) and reply brief (filed March 28, 2006) for the arguments thereagainst.

OPINION

In reaching our decision in this appeal, we have given careful consideration to the appellants' specification and claims, to the applied prior art references, and to the respective positions articulated by the appellants and the examiner. As a consequence of our review, we make the determinations that follow.

Claims 77 through 87 and 93 rejected under 35 U.S.C. § 103(a) as obvious over Norris and Mortgage Marketplace.

As to independent claims 77, 81 and 93, the appellants argue that there is no motivation to combine interest rate locks with Norris, because Norris describes immediate approval of mortgages, which inherently would not require any locks (Br. P. 8), and because the terms and conditions of the loan are established only after the approval of the loan (Br. p. 9-10), and argue that Norris does not teach using risk in determining the terms of the loan, but only in approving the loan (Br. Pp. 12-13) and that Norris fails to describe automatic notification (Br. P. 14).

The examiner responds that as to motivation, Norris teaches that a loan may be delayed a day, which would thus require locks (Answer p. 4), and as to use of risk, Norris describes its use in pricing at col. 8 lines 29-47 and as to automated notification, Norris describes this col. 7 lines 55-65 and col. 8 lines 23-28 (Answer, p. 6).

We first note that regarding the motivation, the examiner is correct in that Norris at col. 8, line 23 to 28, states

Not every loan decision will be clear. In the event the analysis by neural network 17 is inconclusive, the borrower will be called back by communications processor 30 and asked for an additional business day to qualify the loan application and, if the request if granted, the time for the return call will be arranged.

Thus, in such a case motivation to lock in interest rates as described in Mortgage Marketplace would be present. Therefore, we find the appellant's arguments to be unpersuasive.

As to automated notification, we again find the examiner is correct in that Norris states at col. 7 lines 55 to 65, Norris states

In an alternate embodiment, borrowers can apply for a loan using a personal computer 34 and a modem 36 by contacting controller 10 via telephone 12 through a communications link. Controller 10 will interact using the monitor of computer 34 to prompt the borrower who can type in the information needed and indicate responses to controller 10 for the latter to obtain the credit report and process the loan. The document can be received via modem 36 into computer 34, printed using printer 37. The documentation can be returned to controller 10 by facsimile 18 when the borrower is so equipped.

Such automated interaction is noted as being exemplary of notifying a user to fulfill suspense conditions as claimed. Therefore, we find the appellants' arguments to be unpersuasive.

However, at this point we must part company with the examiner. As to the use of risk in pricing, the portion of Norris cited by the examiner at col. 8, lines 29-47, states

If the loan can be granted, communications processor 30 (or controller 10 if the borrower is using a personal computer) will confirm the amount that can be loaned, the monthly payment and the term of the loan. The disclosures required under applicable consumer lending laws and other documentation can be signed in ink or, in a kiosk, using an electronic pen and then returned by facsimile, by electronic data file transmission, or by overnight mail.

The controller/processor 10 via the communication processor 30 will review with the borrower the information relevant to the loan, such as the account number to which the direct deposit will be made and the name of the deposit institution, the account number and name of the automatic withdrawal institution, the date of the month and the first month the automatic withdrawal will begin, the address and payee if

the check is not intended for deposit into an account, late charges that could apply, the finance charge, the annual percentage rate, the total cost of all the payments, and the total amount financed.

We find no teaching or suggestion of using risk to price the loan in this portion. Indeed all references to risk in Norris refer to approving predefined terms rather than computing terms of the loan, as has been argued by the appellants. Therefore, we find the appellants' arguments to be persuasive that the applied references fail to describe all the elements in the independent claims, and by inference, all dependent claims as well, and the examiner has not made a *prima facie* case for unpatentability.

Accordingly we do not sustain the examiner's rejection of claims 77 through 87 and 93 rejected under 35 U.S.C. § 103(a) as obvious over Norris and Mortgage Marketplace.

New Grounds of Rejection Under 37 CFR § 41.50(b)

Pursuant to 37 CFR § 41.50(b), we enter the following new grounds of rejection:

Independent claims 77, 81 and 93 are rejected under 35 U.S.C. § 103 as unpatentable as obvious over Norris and Rothenberg.

In contrast with the lack of Norris describing use of risk in pricing loans, we note that Rothenberg, provided such a teaching that “[t]here are now lenders who again do true risk-based lending, and if your history is superb, they may lend at a lower rate.” Rothenberg also teaches that a lock may be placed on the rate as “you can hold a rate without extra cost for 60 days,” and that such loans may be provided automatically on line “if you’d like to try getting your loan online.”

As the examiner has pointed out, Norris also describes data importing (fig. 26), notification (col. 7 lines 55-65), scoring (col. 4 lines 43-53), and underwriting (col. 8 lines 29-47).

It would have been obvious to one of ordinary skill in the art to have applied Rothenberg's teachings of the attributes of good competitive loans to Norris' teachings of online loans because of Rothenberg's taught application of competitive loans to online access methods, for which a person of ordinary skill in the art would have read Norris for details on the design aspects of such systems.

Accordingly, we reject the three independent claims 77, 81 and 93 under 35 U.S.C. § 103 as obvious over Norris and Rothenberg. We leave the consideration of the applicability of these references to the remaining dependent claims to the examiner.

REMARKS

The examiner is advised to consult the following documents available online from the U.S. Comptroller of the Currency regarding details behind many of the loan practices that are pertinent to the claimed subject matter:

1998 Survey of Credit Underwriting Practices¹, September 1998

Loan Portfolio Management Comptroller's Handbook², April 1998

Also, the Comptroller of the Currency web site (www.occ.treas.gov) has many other publications pertinent to the financial aspects of loans and banking.

¹ <http://www.occ.treas.gov/cusurvey/scup98.pdf>

² <http://www.occ.treas.gov/handbook/lpm.pdf>

CONCLUSION

To summarize,

- The rejection of claims 77 through 87 and 93 rejected under 35 U.S.C. § 103(a) as obvious over Norris and Mortgage Marketplace is not sustained.
- A new ground of rejection of independent claims 77, 81 and 93 under 35 U.S.C. § 103 as obvious over Norris and Rothenberg is entered pursuant to 37 CFR § 41.50(b).

This decision contains a new ground of rejection pursuant to 37 CFR § 41.50(b) (effective September 13, 2004, 69 Fed. Reg. 49960 (August 12, 2004), 1286 Off. Gaz. Pat. Office 21 (September 7, 2004)). 37 CFR § 41.50(b) provides “[a] new ground of rejection pursuant to this paragraph shall not be considered final for judicial review.”

37 CFR § 41.50 (b) also provides that the appellants, WITHIN TWO MONTHS FROM THE DATE OF THE DECISION, must exercise one of the following two options with respect to the new ground of rejection to avoid termination of the appeal as to the rejected claims:

(1) Reopen prosecution. Submit an appropriate amendment of the claims so rejected or new evidence relating to the claims so rejected, or both, and have the matter reconsidered by the examiner, in which event the proceeding will be remanded to the examiner

(2) Request rehearing. Request that the proceeding be reheard under § 41.52 by the Board upon the same record

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

REVERSED AND NEW GROUND OF REJECTION UNDER 37 CFR § 41.50(b)

MURRIEL E. CRAWFORD)
Administrative Patent Judge)
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) BOARD OF PATENT
LINDA E. HORNER) APPEALS
Administrative Patent Judge) AND
) INTERFERENCES
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ANTON W. FETTING)
Administrative Patent Judge)

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FOLEY & LARDNER LLP
321 NORTH CLARK STREET
SUITE 2800
CHICAGO, IL 60610-4764

AWF/jrg