

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

Ex parte COLLEEN GEORGE and
JOHN CAWTHORNE

Appeal 2008-0790
Application 10/740,378
Technology Center 3600

Decided: March 6, 2008

Before MURRIEL E. CRAWFORD, HUBERT C. LORIN, and
JOSEPH A. FISCHETTI, *Administrative Patent Judges*.

LORIN, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

George, et al. (Appellants) seek our review under 35 U.S.C. § 134 of the final rejection of claims 1-6, 10, 11, 13, 18-23, 25, 26, and 28. Claims 7-9, 12, 14-17, 24, 27, and 29-32 have been cancelled. We have jurisdiction under 35 U.S.C. § 6(b) (2002).

SUMMARY OF DECISION

We AFFIRM.¹

THE INVENTION

The invention relates to loyalty programs. The claimed invention employs two different computers, one a loyalty host computer and, the other, a stored-value host computer. The loyalty host computer receives from a point-of-sale terminal (which are well known, see Specification 8:25-28) an identifier defining the transaction. The loyalty host computer determines qualifying aspects of the transaction for the loyalty program and a customer reward. Information defining the reward is transmitted to the stored-value computer. There a set of stored-value parameters from the reward information are stored. “These stored-value parameters may, for example, hold information related directly to aspects of a purchasing history by customers, with the actual currency value being correlated to the stored-value parameters by a particular algorithm.” (Specification 11:27-30.) According to the claimed invention, the stored-value host computer also receives information about a second transaction from a second point-of-sale terminal, including the identifier. The stored-value computer identifies the stored-value parameters from the identifier, applies a value amount to the second transaction amount, and transmits a modified amount to the second terminal as the amount to be charged.

¹ Our decision will make reference to Appellant’s Appeal Brief (“Appeal Br.,” filed Sep. 22, 2006), the Examiner’s Answer (“Answer,” mailed Dec. 22, 2006) and to the Reply Brief (“Reply Br.,” filed Feb. 22, 2007).

Claims 1 and 18 are illustrative of the invention.

1. A method for operating an integrated stored-value and loyalty program within a financial infrastructure, the method comprising:
 - receiving, at a loyalty host computer from a first point-of-sale terminal, an identifier and a packet of transaction information defining a first transaction between a first merchant and a customer;
 - identifying, with the loyalty host computer, qualifying aspects of the first transaction from the packet of transaction information;
 - determining, with the loyalty host computer, a customer reward from the identified qualifying aspects and a history of information defined by the identifier;
 - transmitting information defining the reward from the loyalty host computer to a stored-value host computer different from the loyalty host computer;
 - determining a set of stored-value parameters with the stored-value host computer from the information defining the reward;
 - storing the set of stored-value parameters as a record at the stored-value host computer;
 - receiving, at the stored-value host computer from a second point-of-sale terminal, the identifier and a transaction amount for a second transaction between a second merchant and the customer, wherein the second transaction is different from the first transaction and is initiated at a point in time later than the first transaction is initiated;
 - identifying, with the stored-value host computer, the set of stored-value parameters from the identifier;
 - translating, with the stored-value host computer, the set of stored-value parameters into a value amount;
 - applying, with the stored-value host computer, at least a portion of the value amount to the transaction amount; and
 - transmitting, from the stored-value host computer to the second point-of-sale terminal, a modified transaction amount as an amount to be used in effecting the second transaction.

18. A system for operating an integrated stored-value and loyalty program within a financial infrastructure, the system comprising:

a loyalty host including a loyalty-host communications system, a loyalty-host processor, a loyalty-host storage device, and a loyalty-host computer-readable storage medium having a loyalty-host computer-readable program embodied therein; and

a stored-value host including a stored-value-host communications system,

a stored-value-host processor, a stored-value-host storage device, and a stored-value-host computer-readable storage medium having a stored-value host computer-readable program embodied therein,

wherein the loyalty-host computer-readable program includes:

instructions for receiving, with the loyalty-host communications system from a first point-of-sale terminal, an identifier and a packet of transaction information defining a first transaction between a first merchant and a customer;

instructions for identifying, with the loyalty-host processor, qualifying aspects of the first transaction from the packet of transaction information;

instructions for determining, with the loyalty-host processor, a customer reward from the identified qualifying aspects and a history of information defined by the identifier and stored on the storage device; and

instructions for transmitting, with the loyalty-host communications system, information defining the reward to the stored-value host; and

wherein the stored-value-host computer-readable program includes:

instructions for determining, with the stored-value-host processor, a set of stored-value parameters from the information defining the reward;

instructions for storing, on the stored-value-host storage device, the set of stored-value parameters as a record;

instructions for receiving, with the stored-value-host communications system from a second point-of-sale terminal, the identifier and a transaction amount for a second transaction between a second merchant and the customer, wherein the second

transaction is different from the first transaction and is initiated at a point in time later than the first transaction is initiated;
instructions for identifying, with the stored-value-host processor, the set of stored-value parameters from the identifier;
instructions for translating, with the stored-value-host processor, the set of stored-value parameters into a value amount;
instructions for applying, with the stored-value-host processor, at least a portion of the value amount to the transaction amount; and
instructions for transmitting, with the stored-value-host communications system to the second point-of-sale terminal, a modified transaction amount as an amount to be used in effecting the second transaction.

THE REJECTIONS

The Examiner relies upon the following as evidence of unpatentability:

Chien	US 2001/0054003 A1	Dec. 20, 2001
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The following rejection is before us for review:

- Claims 1-6, 10, 11, 13, 18-23, 25, 26, and 28 are rejected under 35 U.S.C. § 102(e) as being anticipated by Chien.

ISSUES

The issue is whether the Appellants have shown that the Examiner erred in rejecting claims 1-6, 10, 11, 13, 18-23, 25, 26, and 28 as being anticipated by Chien.

FINDINGS OF FACT

We find that the following enumerated findings are supported by at least a preponderance of the evidence. *Ethicon, Inc. v. Quigg*, 849 F.2d

1422, 1427 (Fed. Cir. 1988) (explaining the general evidentiary standard for proceedings before the Office). Only those arguments actually made by Appellants have been considered in this decision. Arguments which Appellants could have made but chose not to make in the Briefs have not been considered and are deemed to be waived. *See* 37 C.F.R. § 41.37(c)(1)(vii) (2007).

1. Chien describes a method of using loyalty points whereby loyalty points from a loyalty account are converted to a currency credit, which credit is posted to a second account, the second account being used to facilitate a transaction. (See [0002].)
2. Chien's loyalty conversion process occurs in a system middleware. (See [0011]; element 40 in Fig. 1). System middleware "is a processing system that is generally configured to facilitate communication between the loyalty program 30, existing transaction card processing systems, and/or shopping/redemption networks." (See [0034].)
3. The loyalty program (element 30 in Fig. 1) "may be any computer system for managing, tracking, and/or reporting loyalty program information." (See [0033].).
4. Chien's process of spending loyalty points is shown in Fig. 2 and involves a transaction phase (step 200), a transaction authorization phase (step 300), and an account reconciliation phase (step 400).
5. During the transaction phase,

[t]he participant 1 selects "pay with loyalty points" to initiate the process to convert loyalty points to the appropriate amount of currency to facilitate the transaction. As shown in Fig. 6, the loyalty program prompts the participant 1 to key in appropriate

transaction account and transaction information, e.g., merchant 51, transaction card type 52, number 53, expiration date 54, amount of purchase 55.

(See [0051].)

6. The middleware validates the transaction request and, if valid, interfaces with the loyalty program “to calculate the appropriate number of loyalty points necessary to pay for the transaction ... and to determine if sufficient loyalty points are available in the participant’s loyalty program account.” ([0052].)
7. After the conversion, the participant is provided the option to approve the request. (See [0054].)

PRINCIPLES OF LAW

Anticipation is a question of fact. *In re Schreiber*, 128 F.3d 1473, 1477 (Fed. Cir. 1997). “A claim is anticipated only if each and every element as set forth in the claim is found, either expressly or inherently described, in a single prior art reference.” *Verdegaal Bros., Inc. v. Union Oil Co.*, 814 F.2d 628, 631 (Fed. Cir. 1987). There must be no difference between the claimed invention and the reference disclosure, as viewed by a person of ordinary skill in the field of the invention. *Scripps Clinic & Research Found. v. Genentech Inc.*, 927 F.2d 1565, 1576 (Fed. Cir. 1991).

ANALYSIS

We will not sustain the rejection of the claims on appeal over Chien.

The Examiner found that Chien describes all the claimed limitations.
(Answer 3-5.)

Appellants argued that Chien does not describe (1) “determining a set of stored-value parameters with the stored-value host computer from the information defining the reward” (App. Br. 7); (2) “storing the set of stored-value parameters as a record at the stored-value host” (App. Br. 7) and (3) “identifying, with the stored-value host computer, the set of stored-value parameters from the identifier” (App. Br. 8). Appellants also argued that Chien fails to describe the claimed identifier, which the Appellants argued is used with respect to both the first and second transactions and must be the same. (App. Br. 7.)

We are persuaded that the claimed invention employs an identifier which Chien does not describe, either expressly or inherently.

There is no dispute that Chien fails to expressly describe the claimed identifier. The only question is whether Chien inherently describes it.

According to the Examiner, Chien describes a “loyalty program prompting user for information such as merchant transaction card type, card number amount purchase (page 7, ¶ 51 [referring to Chien]).” (Answer 3.) In responding to the Appellants’ argument that Chien fails to describe the claimed identifier, the Examiner emphasizes “*card number (identifier).*” (Answer 7, emphasis original.) We understand from this that the Examiner is submitting that Chien’s use of the card number during the transaction phase (FF 5) acts as an identifier.

The Examiner further stated that

Prior art also teaches the aspect of receiving at a POS [point-of-sale] a second transaction, different from the initial transaction with an identifier and transaction amount (Figures 12B, 11, par. 66) see appendix A). Inherently, for a user to use loyalty points from accumulated via previously purchased products/services, the user has to first make an initial (first) purchase(s) to start the accumulation of points. During subsequent (second or third ...) transactions, that user can use previously accumulated points to be applied against the purchase price.

(Answer 7.) We understand the Examiner to be arguing that Chien's description of converting loyalty points would apply to all transactions, thus rendering inherent the use of the identifier with each transaction.

The difficulty with this argument is that the claim requires *identifying* a set of stored-value parameters from the identifier received from the second transaction that was initially obtained during the first transaction. The passage at [0051] of Chien on which the Examiner relied discloses that a participant "selects 'pay with loyalty points' to initiate the process to convert loyalty points to the appropriate amount of currency to facilitate the transaction. ... the loyalty program prompts the participant 1 to key in appropriate ... information, e.g., merchant 51, transaction card type 52, number 53," The credit card number, even if viewed as an identifier, is used to *initiate* the process of converting loyalty points. It is not used for "identifying ... the set of stored-value parameters" as claim 1 requires. Furthermore, even if we assumed *arguendo* that initiating a loyalty program for converting loyalty points inherently requires identifying stored-value parameters (assuming Chien's conversion of loyalty points is synonymous with "stored-value parameters"), the claimed identifier received from the

second transaction must have been initially obtained during a previous first transaction. Chien fails to designate the credit card number used to initiate the loyalty program as the same number that was used to make a previous transaction. That possibility is a matter of speculation. It does not necessarily follow that the use of a credit card number to initiate a loyalty program must be the same credit card number used in both a first and second transaction. They could be different.

When relying upon the theory of inherency, the examiner must provide a basis in fact and/or technical reasoning to reasonably support the determination that the allegedly inherent characteristic necessarily flows from the teachings of the applied prior art. *See Ex parte Levy*, 17 USPQ2d 1461, 1464 (BPAI 1990). Under principles of inherency, when a reference is silent about an asserted inherent characteristic, it must be clear that the missing descriptive matter is necessarily present in the thing described in the reference, and that it would be so recognized by persons of ordinary skill. *Continental Can Co. v. Monsanto Co.*, 948 F.2d 1264, 1268 (Fed. Cir. 1991). We are not persuaded that one of ordinary skill in the art reading Chien would recognize that an identifier of the type claimed is necessarily present. Accordingly, we do not find that a prima facie case of anticipation of the claimed invention over Chien has been established.

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CONCLUSIONS OF LAW

The Appellants have shown that the Examiner erred in rejecting claims 1-6, 10, 11, 13, 18-23, 25, 26, and 28 as being anticipated by Chien.

DECISION

The decision of the Examiner rejecting claims 1-6, 10, 11, 13, 18-23, 25, 26, and 28 under 35 U.S.C. § 102(e) as being anticipated by Chien is reversed.

REVERSED

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