UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

Ex parte JAMES G. MATHE, CHRISTINE R. RICHARDS, and
CHRISTINE A. MAUTHE

Appeal 2008-3790
Application 10/746,123
Technology Center 3600

Decided: January 16, 2009

Before MURRIEL E. CRAWFORD, ANTON W. FETTING, and
BIBHU R. MOHANTY, *Administrative Patent Judges.*
FETTING, *Administrative Patent Judge.*

DECISION ON APPEAL

STATEMENT OF THE CASE

James G. Mathe, Christine R. Richards, and Christine A. Mauthe (Appellants) seek review under 35 U.S.C. § 134 of a final rejection of claims 1-15, the only claims pending in the application on appeal.

We have jurisdiction over the appeal pursuant to 35 U.S.C. § 6(b) (2002).

We AFFIRM-IN-PART and ENTER A NEW GROUND OF REJECTION PURSUANT TO 37 C.F.R. § 41.50(b).

The Appellants invented a way of sourcing orders for groups of products by organizing a plurality of products into a plurality of distinct groups of products and assigning the order to a distribution center based on various criteria (Specification 1:25-28).

An understanding of the invention can be derived from a reading of exemplary claims 1 and 11, which are reproduced below [bracketed matter and some paragraphing added].

> 1. A method of sourcing orders for groups of products, the method comprising:
>
> [1] organizing a plurality of products into a plurality of distinct groups of products;
>
> [2] determining a capacity for each distribution center in a plurality of distribution centers to ship each of the distinct groups of products; and
>
> [3] assigning an order for one of the groups of products to a first distribution center
>
> based on the capacity of each distribution center to ship the order.
>
> 11. A method of sourcing orders for groups of products, the method comprising:
>
> [1] organizing a plurality of products into a plurality of distinct groups of products;

[2] determining a storage capacity range for each one of a plurality of containers relative to each distinct group of products;

[3] assigning an order for at least one distinct group of products onto one of the containers

if the order fits in the storage capacity range of the container.

This appeal arises from the Examiner's Final Rejection, mailed September 23, 2005. The Appellants filed an Appeal Brief in support of the appeal on June 26, 2006. An Examiner's Answer to the Appeal Brief was mailed on September 13, 2007. A Reply Brief was filed on November 13, 2007.

PRIOR ART

The Examiner relies upon the following prior art:

Kooy	US 3,705,410	Dec. 5, 1972
Bernard	US 5,472,309	Dec. 5, 1995
Onozaki	US 6,026,378	Feb. 15, 2000
Huang	US 6,151,582	Nov. 21, 2000
Braun	US 6,341,266 B1	Jan. 22, 2002
Klots	US 6,622,127 B1	Sep. 16, 2003

REJECTIONS

Claims 11, 14, and 15 stand rejected under 35 U.S.C. § 102(b) as anticipated by Bernard.

Claims 1, 5, 8, and 10 stand rejected under 35 U.S.C. § 103(a) as unpatentable over Huang, Bernard, and Klots.

Claims 6 and 7 stand rejected under 35 U.S.C. § 103(a) as unpatentable over Huang, Bernard, Klots, and Onozaki.[1]

Claims 2-4 and 9 stand rejected under 35 U.S.C. § 103(a) as unpatentable over Huang, Bernard, Klots, and Braun.[2]

Claims 11, 14, and 15 stand rejected under 35 U.S.C. § 103(a) as unpatentable over Bernard and Kooy.

Claims 12 and 13 stand rejected under 35 U.S.C. § 103(a) as unpatentable over Bernard, Kooy, and Onozaki.[3]

ISSUES

The issues pertinent to this appeal are

- Whether the Appellants have sustained their burden of showing that the Examiner erred in rejecting claims 11, 14, and 15 under 35 U.S.C. § 102(b) as anticipated by Bernard.

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[1] The Examiner had applied this rejection to claims 1, 6, and 7 in the Final Rejection at 4, and the Appellants respond as such in the Brief at 13. The Examiner withdrew the rejection as to claim 1 in the Answer at 3.

[2] The Examiner had applied this rejection to claims 1-4 and 8-9 in the Final Rejection at 4, and the Appellants respond as such in the Brief at 16. The Examiner withdrew the rejection as to claims 1 and 8 in the Answer at 3.

[3] The Examiner had applied this rejection to claims 11-15 in the Final Rejection at 7, and the Appellants respond as such in the Brief at 21. The Examiner withdrew the rejection as to claims 11, 14, and 15 in the Answer at 3.

- Whether the Appellants have sustained their burden of showing that the Examiner erred in rejecting claims 1, 5, 8, and 10 under 35 U.S.C. § 103(a) as unpatentable over Huang, Bernard, and Klots.
- Whether the Appellants have sustained their burden of showing that the Examiner erred in rejecting claims 6 and 7 under 35 U.S.C. § 103(a) as unpatentable over Huang, Bernard, Klots, and Onozaki.
- Whether the Appellants have sustained their burden of showing that the Examiner erred in rejecting claims 2-4 and 9 under 35 U.S.C. § 103(a) as unpatentable over Huang, Bernard, Klots, and Braun.
- Whether the Appellants have sustained their burden of showing that the Examiner erred in rejecting claims 11, 14, and 15 under 35 U.S.C. § 103(a) as unpatentable over Bernard and Kooy.
- Whether the Appellants have sustained their burden of showing that the Examiner erred in rejecting claims 12 and 13 under 35 U.S.C. § 103(a) as unpatentable over Bernard, Kooy, and Onozaki.

The pertinent issues turn on whether the art applied describes or suggests organizing a plurality of products into a plurality of distinct groups of products and assigning an order for at least one distinct group of products onto a container based on some criterion.

FACTS PERTINENT TO THE ISSUES

The following enumerated Findings of Fact (FF) are believed to be supported by a preponderance of the evidence.

Bernard

01. Bernard is directed to an automated warehousing system for receipt, storage and disposition of a wide variety of material items. The warehousing system includes containers for receiving different quantities and varieties of the material items. Container storage includes a rotational storage carousel having connected container support rack arrays that move about a horizontal continuous track. The support rack arrays are arranged in side by side fashion with each array including a vertically spaced container racks. Each rack is suitable for carrying a container (Bernard 3:12-25).

02. When material goods are received by Bernard's warehousing system they are placed in containers. After the operator has indicated the identity and quantity of the received goods, the controller calculates the space that will be required by the goods and directs the operator to place the goods in a particular container compartment. In order to minimize the total space required by Bernard's warehousing system, any time a compartment within a container is filled, any other empty compartment within that

container should be filled as well if at all possible (Bernard 15:5-30).

03. Bernard's issue station functions to consolidate orders and contains a consolidation queue holding a large number of tote drawers. A particular customer order may request several items. Thus, when the operator receives the first one of the ordered goods, he would place those goods in a tote drawer associated with the order. As the remaining goods are received, they would be placed in the same tote drawer until the order is filled. The goods may be shipped directly in the tote drawers (Bernard 8:24-41).

04. When an order is received by Bernard, it is entered into a computer which searches the inventory record to determine whether the ordered goods are in inventory. A master computer would be used to organize the orders into related batches, with each batch corresponding to a family of related goods. By way of example, related families might include: hair care products; first aid products; RX; and sporting goods. When an operator is ready to begin filling orders, one of the containers that carries ordered items is delivered to a work station. Each tote drawer is adapted to receive a specific order. An instructional video terminal instructs the operator which items are to be distributed next and the quantity of units that are to be deposited into an open tote drawer. After depositing the appropriate amount of aspirin in the first drawer, the operator shuts the first drawer and another

automatically opens with the video monitor displaying the number of units to be placed in the next drawer. (Bernard 15: 48 – 16: 22).

Huang

05. Huang is directed to a decision support system for the management of agile supply chains. The server side includes a decision support system database that interfaces with one or more model engines that perform analytical processes on the data to determine requirements and make projections. The client side includes Decision Support Frames that present the various view points available in the system to the users (Huang 2:30-40).

06. In Huang, products are the end items that are produced and, based on their various attributes, can be grouped into various product groups. These products are stocked at various stock locations (Huang 7:12-17).

07. In Huang, the Supply Data Space that characterizes product supply has the following three dimensions: Production Resource; Product/Component; and Time. Production resource can be at a resolution of production resource, production resource group, or production node. Product/Component can be at the resolution of component, product or product group (Huang 8:7-15).

08. Among Huang's processes in its manufacturing supply chain is a vendor managed replenishment (VMR) program. VMR is a process in which the supplier takes on the responsibility of managing the inventory at the customer site for the products it

supplies. This process operates on point-of-sales demand as opposed to demand forecasts provided by the customers. VMR involves formulating the contractual agreements between the enterprise and the retailers as well as determining the operating parameters such as shipment quantities and replenishment frequencies (Huang 14:5-12).

09. To use VMR, a user first needs to choose the product/product group and the distribution center of interest. For a given replenishment scenario (a given set of delivery frequency, target inventory level and customer service level), the system will estimate the total cost including customer distribution center inventory carrying cost, transportation cost and manufacturing plant inventory carrying cost (Huang 34:57-63).

10. Huang describes a process of sanity check that uses a capacity checking model to help determine the production requirements for the given set of the sales requirements and safety stock constraints. A user can scope the capacity checking model appropriately through modification of: Location(s), Products or product groups, Time horizon, Production lines, and Key components (Huang 29:20-27).

11. The generation of replenishment orders is the main functionality of Huang's replenishment planning (Huang 36: 30-31).

12. Huang's VMR will help the user set joint replenishment orders so that the total cost for the replenishment batch can be

minimized. The basic logic is to add or delete products included in a replenishment batch to optimally use the transportation means while maintaining satisfactory customer service level and inventory level (Huang 36:66 – 37: 5).

13. After the initial replenishment quantity has been generated for each product, the user may be interested in examining the entire or only a selected set of products to make sure that the soft information can be reflected in the actual replenishment orders. In addition, a number of constraints such as product availability and production capacity will also have to be taken into consideration.

Klots

14. Klots is directed to a warehouse management system that maximizes throughput and reduces carrying costs by reducing the number of stops that a container makes in the process of fulfilling a customer order. This is accomplished by allocating inventory to orders by selecting a pod in order to maximize throughput. If there are multiple locations within the pod that stock the same inventory item, then the method chooses one of those locations based upon the expiration date. Finally, if a subset of these locations have units that expire within the same expiration period (the soonest expiration period), the method chooses the location with the fewest units. In this manner, those inventory locations having the most idle space are rapidly cleared to make more complete use of the available space (Klots 2:41-56).

15. Klots describes how, to run a distribution center economically, at least three overarching concerns must be addressed: (1) minimizing carrying costs per unit of inventory, (2) minimizing spoilage, and (3) maximizing throughput (Klots 8:55-58).

Onozaki

16. Onozaki is directed to a warehouse managing system having a terminal which reads a location code, the location code being attached on a storage place and being representative of the storage place, and an article code attached to each of the articles, and is used for inputting article information including the quantity of the articles (Onozaki 3:3-8).

17. In Onozaki, after inputting the orders, the warehouse managing system prepares the picking list. The articles are loaded on the trucks with reference to the truck allocation management data, which shows article names, truck numbers, destinations or routes. In summary, allocating truck is defined as the operation of assigning the articles to the trucks, and preparing for the truck allocation management data if necessary (Onozaki 10:54-67).

18. With respect to articles, if respective quantity, routes, and customers are given, trucks can be assigned the articles according to respective capacity (Onozaki 12:37-39).

Kooy

19. Kooy is directed to a data processing system for optimizing warehouse storage. The system includes data representing (a)

production quantities of units produced in a selected time period, (b) expected shipping quantities, (c) an assumed bay depth, (d) stacking height, (e) safety stock period, and (f) base position area. The difference between (a) and (b) is determined for each of a series of successive time periods, e.g., one through thirty days. The number of units stored at the end of each time period is then compared with those in storage when the product was first shipped to establish the working storage cycle of period P in which the quantity of units in storage returns to its original value or close to its original value (Kooy 1:50-65).

Braun

20. Braun is directed to a maximization of the range of coverage profiles in the deployment problem which arises in industrial production planning systems. Braun proposes a new formulation of the network flow problem that takes into account different transport modes, calendar constraints, demand priorities, and fixed flows of production. The objective of the algorithm is to select the free variables of the range profile formulation such that, first, the range of coverage profile is maximized and second, the transportation costs are minimized. The proposed algorithm can use any minimum-cost flow algorithm as a basic building block (Braun 2:51-67).

Facts Related To The Level Of Skill In The Art

21. Neither the Examiner nor the Appellants has addressed the level of ordinary skill in the pertinent arts of systems analysis and

programming, manufacturing and distribution system design, and order fulfilling and shipping logistics. We will therefore consider the cited prior art as representative of the level of ordinary skill in the art. *See Okajima v. Bourdeau*, 261 F.3d 1350, 1355 (Fed. Cir. 2001) ("[T]he absence of specific findings on the level of skill in the art does not give rise to reversible error 'where the prior art itself reflects an appropriate level and a need for testimony is not shown'") (quoting *Litton Indus. Prods., Inc. v. Solid State Sys. Corp.*, 755 F.2d 158, 163 (Fed. Cir. 1985).

Facts Related To Secondary Considerations

22. There is no evidence on record of secondary considerations of non-obviousness for our consideration.

PRINCIPLES OF LAW

Claim Construction

During examination of a patent application, pending claims are given their broadest reasonable construction consistent with the specification. *In re Prater*, 415 F.2d 1393, 1404-05 (CCPA 1969); *In re Am. Acad. of Sci. Tech Ctr.*, 367 F.3d 1359, 1364 (Fed. Cir. 2004).

Limitations appearing in the specification but not recited in the claim are not read into the claim. *E-Pass Techs., Inc. v. 3Com Corp.*, 343 F.3d 1364, 1369 (Fed. Cir. 2003) (claims must be interpreted "in view of the specification" without importing limitations from the specification into the claims unnecessarily)

Although a patent applicant is entitled to be his or her own lexicographer of patent claim terms, in *ex parte* prosecution it must be within limits. *In re Corr*, 347 F.2d 578, 580 (CCPA 1965). The applicant must do so by placing such definitions in the Specification with sufficient clarity to provide a person of ordinary skill in the art with clear and precise notice of the meaning that is to be construed. *See also In re Paulsen*, 30 F.3d 1475, 1480 (Fed. Cir. 1994) (although an inventor is free to define the specific terms used to describe the invention, this must be done with reasonable clarity, deliberateness, and precision; where an inventor chooses to give terms uncommon meanings, the inventor must set out any uncommon definition in some manner within the patent disclosure so as to give one of ordinary skill in the art notice of the change).

Anticipation

"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. v. Union Oil Co. of California*, 814 F.2d 628, 631 (Fed. Cir. 1987). "When a claim covers several structures or compositions, either generically or as alternatives, the claim is deemed anticipated if any of the structures or compositions within the scope of the claim is known in the prior art." *Brown v. 3M*, 265 F.3d 1349, 1351 (Fed. Cir. 2001). "The identical invention must be shown in as complete detail as is contained in the ... claim." *Richardson v. Suzuki Motor Co*., 868 F.2d 1226, 1236 (Fed. Cir. 1989). The elements must be arranged as required by the claim, but this is not an *ipsissimis verbis* test, i.e., identity of terminology is not required. *In re Bond*, 910 F.2d 831, 832 (Fed. Cir. 1990).

Obviousness

A claimed invention is unpatentable if the differences between it and the prior art are "such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art." 35 U.S.C. § 103(a) (2000); *KSR Int'l Co. v. Teleflex Inc*., 127 S.Ct. 1727, 1729-30 (2007); *Graham v. John Deere Co*., 383 U.S. 1, 13-14 (1966).

In *Graham*, the Court held that that the obviousness analysis is bottomed on several basic factual inquiries: "[(1)] the scope and content of the prior art are to be determined; [(2)] differences between the prior art and the claims at issue are to be ascertained; and [(3)] the level of ordinary skill in the pertinent art resolved." 383 U.S. at 17. *See also KSR*, 127 S.Ct. at 1734. "The combination of familiar elements according to known methods is likely to be obvious when it does no more than yield predictable results." *Id*. at 1739.

"When a work is available in one field of endeavor, design incentives and other market forces can prompt variations of it, either in the same field or a different one. If a person of ordinary skill can implement a predictable variation, § 103 likely bars its patentability." *Id*. at 1740.

"For the same reason, if a technique has been used to improve one device, and a person of ordinary skill in the art would recognize that it would improve similar devices in the same way, using the technique is obvious unless its actual application is beyond his or her skill." *Id.*

"Under the correct analysis, any need or problem known in the field of endeavor at the time of invention and addressed by the patent can provide a reason for combining the elements in the manner claimed." *Id.* at 1742.

ANALYSIS

Claims 11, 14, and 15 rejected under 35 U.S.C. § 102(b) as anticipated by Bernard.

The Appellants argue these claims as a group. Accordingly, we select claim 11 as representative of the group. 37 C.F.R. § 41.37(c)(1)(vii) (2007).

The Examiner found that Bernard's discussion of its system operation at column 15 described the limitations of claim 11 (Answer 4). The Appellants contend that there is no disclosure in Bernard relating to "determining a storage capacity range for each one of a plurality of containers relative to each distinct group of products" in combination with "assigning an order for at least one distinct group of products onto one of the containers if the order fits in the storage capacity range of the container" as recited in claim 11 (Brief 6:First full ¶).

We agree with the Appellants. The Examiner conflates Bernard's receiving and shipping procedures. The Examiner found Bernard's product organization into groups at Bernard 15:55-65, describing Bernard's order fulfillment operation (FF 04), but found Bernard's capacity evaluation and order assignment at Bernard 15:23+, describing Bernard's part receiving operation (FF 02). We find no suggestion in Bernard of assigning an order for at least one distinct group of products onto one of Bernard's containers (tote drawer in Bernard) if the order fits in the storage capacity range of the

container. Bernard assigns parts to containers in inventory based on capacity, but does not suggest a similar test for assigning product orders if the order fits a storage capacity range.

The Appellants have sustained their burden of showing that the Examiner erred in rejecting claims 11, 14, and 15 under 35 U.S.C. § 102(b) as anticipated by Bernard.

Claims 1, 5, 8, and 10 rejected under 35 U.S.C. § 103(a) as unpatentable over Huang, Bernard, and Klots.

The Appellants argue claims 1 and 5 as a group and 8 and 10 as a group. Accordingly, we select claims 1 and 8 as representatives of the groups. 37 C.F.R. § 41.37(c)(1)(vii) (2007). Claims 1 and 8 are similar except for the criteria applied for order assignment. Claim 1 applies the criteria of capacity and claim 8 applies the criteria of cost.

The Examiner found that Huang described capacity checking for product groups; Bernard described organizing products into batches; and Klots described determining a distribution center based on capacity and cost (Answer 5-7). The Appellants contend that Huang describes assigning an order to ship one type of product instead of to ship each of a plurality of distinct groups of products (Brief 8:Last full ¶); Bernard combines orders for different individual products into batches and has no reference to determining a capacity of a distribution center to ship distinct groups of products (Brief 8: Bottom ¶ - 9: Top ¶); and Klots places orders for different individual products into a pod instead of organizing products into groups and assigning an order based on capacity (Brief 9: Last full ¶).

We disagree with the Appellants. Huang's products are the end items that are produced and, based on their various attributes, can be grouped into various product groups. These products and groups are stocked at various stock locations (FF 06). Thus limitation [1] is met.

Huang's product supply is characterized by both product and the place where product comes from (resource) (FF 07). Huang performs a capacity check for meeting production requirements that depends on production requirements, product groups, and production lines (resources) (FF 10). Thus, Huang determines a capacity for each resource to ship each of the distinct groups of products. Since products are distributed from such production line resources, the resources function as distribution centers. Therefore limitation [2] is met.

Huang's vendor managed replenishment program (VMR) generates replenishment orders (FF 11) by which the supplier takes on the responsibility of managing the inventory at the customer site for the products it supplies and requires determining operating parameters for supplying those products (FF 08). To use VMR, a user first needs to choose the product/product group and the customer distribution center of interest, and the system will estimate the total cost including transportation cost (FF 09). Huang's VMR will help the user set joint replenishment orders so that the total cost for the replenishment batch can be minimized. The basic logic is to add or delete products included in a replenishment batch to optimally use the transportation means while maintaining satisfactory customer service level and inventory level (FF 12). After the initial replenishment quantity has been generated for each product, a number of constraints such as product

availability and production capacity will also have to be taken into consideration (FF 13). Thus, Huang assigns a replenishment order for one of the groups of products to a customer distribution center[4] and relies on the capacity of the production resources to fulfill the product group in assigning a resource to fulfill the order. As the Examiner found, Klots describes requiring the addressing of cost and throughput to run a distribution center in the process of fulfilling customer orders (Answer 6-7; FF 14 & 15). Thus, Klots shows that Huang's supplier distribution centers would have, as resources, similarly taken cost and capacity for throughput into account. As also found by the Examiner, Bernard shows that assigning product to orders may be done in batches with each batch corresponding to a family of related goods (Answer 6; FF 04). Thus, the combination of Huang, Bernard, and Klots suggests limitation [3] is met.

The Appellants' arguments regarding Huang, Bernard, and Klots responds to the rejection by attacking the references separately, even though the rejection is based on the combined teachings of the references. Nonobviousness cannot be established by attacking the references individually when the rejection is predicated upon a combination of prior art disclosures. *See In re Merck & Co. Inc.*, 800 F.2d 1091, 1097 (Fed. Cir. 1986).

The Appellants also argue the lack of motivation to combine the references (Br. 12-13). The Examiner found that the motivation was to

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[4] Huang's terminology is somewhat confusing. Huang's customer distribution center is a destination, and does not correspond to the distribution center in claim 1.

increase efficiency based on capacity and grouping (Answer 5-7). The Appellants contend this is not sufficiently specific and objective (Br. 12-13). We find that since Bernard and Klots each describe an automated warehousing system for production control such as that in Huang, they are doing no more than describing functions that one of ordinary skill would have seen as directly applying to Huang. "The combination of familiar elements according to known methods is likely to be obvious when it does no more than yield predictable results." *KSR*, 127 S. Ct. at 1739.

As claim 8 differs from claim 1 only in basing the order assignment on cost rather than capacity, and both Huang and Klots describe using both capacity and cost in assigning product shipments, i.e. orders, to production sources and distribution centers, the combination of Huang, Bernard, and Klots similarly suggests claim 8.

The Appellants have not sustained their burden of showing that the Examiner erred in rejecting claims 1, 5, 8, and 10 under 35 U.S.C. § 103(a) as unpatentable over Huang, Bernard, and Klots.

Claims 6 and 7 rejected under 35 U.S.C. § 103(a) as unpatentable over Huang, Bernard, Klots, and Onozaki.

The Appellants again argue the absence of placing products into groups (Br. 14: Last full ¶) and the lack of motivation (Br. 15). We find these arguments to be unpersuasive here for the same reasons we found them so *supra*. As to adding Onozaki to the combination, we find that Onozaki simply provides a warehousing data entry implementation that would be suggested for use by warehousing of Bernard, Huang, and Klots. The Appellants have not sustained their burden of showing that the Examiner

erred in rejecting claims 6 and 7 under 35 U.S.C. § 103(a) as unpatentable over Huang, Bernard, Klots, and Onozaki.

Claims 2-4 and 9 rejected under 35 U.S.C. § 103(a) as unpatentable over Huang, Bernard, Klots, and Braun.

The Appellants contend that because the parent claims fail to describe orders for distinct groups of products, the references do not describe the limitation in each of claims 2-4 and 9. The Appellants do not provide any other reason for contending the limitations are unmet (Br. 17-18). The Appellants also again argue lack of motivation to combine the references. We found these arguments unpersuasive in the rejections of the parent claims 1 and 8, *supra*, and we find them equally unpersuasive here. As to adding Braun to the combination, we find that Braun simply provides a different and presumptively improved cost algorithm that would be suggested for use by the cost determinations of both Huang and Klots. The Appellants have not sustained their burden of showing that the Examiner erred in rejecting claims 2-4 and 9 under 35 U.S.C. § 103(a) as unpatentable over Huang, Bernard, Klots, and Braun.

Claims 11, 14, and 15 rejected under 35 U.S.C. § 103(a) as unpatentable over Bernard and Kooy.

The Examiner repeated his findings from the anticipation rejection against these claims supra, and further found that Kooy suggested organizing products into groups (Answer 8). The Appellants repeated their arguments from the anticipation rejection (Br. 19-20). We agree with the Appellants for the same reasons we found in the anticipation rejection *supra*. Kooy

does not remedy the deficiency of Bernard failing to assign product orders to containers if the order fits a storage capacity range. The Appellants have sustained their burden of showing that the Examiner erred in rejecting claims 11, 14, and 15 under 35 U.S.C. § 103(a) as unpatentable over Bernard and Kooy.

Claims 12 and 13 rejected under 35 U.S.C. § 103(a) as unpatentable over Bernard, Kooy, and Onozaki.

The Appellants argue claims 12 and 13 as a group. Claim 12 further requires that determining a storage capacity range for each of the containers includes determining a storage capacity range for a truck. The Examiner found that Onozaki described this (Answer 9). The Appellants repeated their arguments from the anticipation rejection (Br. 21-23). These arguments also contend that none of the references describe organizing products into distinct groups (Br. 21: Bottom ¶).

We disagree with the Appellants. Onozaki remedies the deficiency of Bernard failing to assign product orders to containers if the order fits a storage capacity range. In claim 12, the containers are trucks. If respective quantity, routes, and customers are given, Onozaki's trucks can be assigned the articles according to respective capacity (FF 18). Such articles have at that point already been picked and therefore grouped into an assigned order (FF 17). Claim 12 requires organizing a plurality of products into a plurality of distinct groups of products, but does not limit the criteria upon which such organization occurs. Picking articles to an order as in Onozaki inherently organizes the picked products into a plurality of distinct groups of products based on the criteria of the contents of the various orders. Thus,

Onozaki organizes a plurality of products into a plurality of distinct groups of products during its pick process.

The Appellants have not sustained their burden of showing that the Examiner erred in rejecting claims 12 and 13 under 35 U.S.C. § 103(a) as unpatentable over Bernard, Kooy, and Onozaki.

CONCLUSIONS OF LAW

The Appellants have sustained their burden of showing that the Examiner erred in rejecting claims 11, 14, and 15, but have not sustained their burden of showing that the Examiner erred in rejecting claims 1-10, 12, and 13,under 35 U.S.C. § 103(a) as unpatentable over the prior art.

NEW GROUND OF REJECTION

The following new ground of rejection is entered pursuant to 37 C.F.R. § 41.50(b). Claim 11 is rejected under 35 U.S.C. § 103(a) as unpatentable over Bernard, Kooy, and Onozaki for the same reasons as claim 12 which depends from claim 11, because claim 11 incorporates all of the claimed subject matter of claim 12.

DECISION

To summarize, our decision is as follows:

- The rejection of claims 11, 14, and 15 under 35 U.S.C. § 102(b) as anticipated by Bernard is not sustained.
- The rejection of claims 1, 5, 8, and 10 under 35 U.S.C. § 103(a) as unpatentable over Huang, Bernard, and Klots is sustained.

- The rejection of claims 6 and 7 under 35 U.S.C. § 103(a) as unpatentable over Huang, Bernard, Klots, and Onozaki is sustained.
- The rejection of claims 2-4 and 9 under 35 U.S.C. § 103(a) as unpatentable over Huang, Bernard, Klots, and Braun is sustained.
- The rejection of claims 11, 14, and 15 under 35 U.S.C. § 103(a) as unpatentable over Bernard and Kooy is sustained.
- The rejection of claims 12 and 13 under 35 U.S.C. § 103(a) as unpatentable over Bernard, Kooy, and Onozaki is sustained.
- A new ground of rejection is entered pursuant to 37 C.F.R. § 41.50(b).
    - Claim 11 is rejected under 35 U.S.C. § 103(a) as unpatentable over Bernard, Kooy, and Onozaki.

Our decision is not a final agency action.

In addition to affirming the Examiner's rejection(s) of one or more claims, this decision contains new grounds of rejection pursuant to 37 CFR § 41.50(b). 37 CFR § 41.50(b) provides "[a] new ground of rejection pursuant to this paragraph shall not be considered final for judicial review."

This Decision contains a new rejection within the meaning of 37 C.F.R. § 41.50(b) (2007).

37 C.F.R. § 41.50(b) also provides that Appellants, WITHIN TWO MONTHS FROM THE DATE OF THE DECISION, must exercise one of the following two options with respect to the new rejection:

> (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. . . .

Should the Appellants elect to prosecute further before the examiner pursuant to 37 CFR § 41.50(b)(1), in order to preserve the right to seek review under 35 U.S.C. §§ 141 or 145 with respect to the affirmed rejection, the effective date of the affirmance is deferred until conclusion of the prosecution before the Examiner unless, as a mere incident to the limited prosecution, the affirmed rejection is overcome.

If the Appellants elect prosecution before the Examiner and this does not result in allowance of the application, abandonment or a second appeal, this case should be returned to the Board of Patent Appeals and Interferences for final action on the affirmed rejection, including any timely request for rehearing thereof.

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a). See 37 C.F.R. § 1.136(a)(1)(iv) (2007).

AFFIRMED-IN-PART

41.50(b)

vsh

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