

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. 40

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE BOARD OF PATENT APPEALS  
AND INTERFERENCES

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**Ex parte** GREGORY J. PHILLIPS, REBECCA A. DEPORTE,  
JEFFREY A. NORWINE, and PENNY B. JOINES

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Appeal No. 2001-1862  
Application No. 09/102,044

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HEARD : September 19, 2002

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Before BARRETT, DIXON, and LEVY, **Administrative Patent Judges**.  
DIXON, **Administrative Patent Judge**.

**DECISION ON APPEAL**

This is a decision on appeal from the examiner's final rejection of claims 53-56, 58, 60-62, 64-75, 77, 79-82, 84, 86-88, 90-100, 103, and 104. Claims 1-52, 57, 59, 63, 76, 78, 83, 85, 89, 101, and 102 have been canceled.

We REVERSE.

## BACKGROUND

Appellants' invention relates to a debit purchasing of stored value card for use by and/or delivery to others. An understanding of the invention can be derived from a reading of exemplary claim 53, which is reproduced below.

53. A computer implemented method for issuing a stored value card affiliated with a predetermined credit network and an issuer, wherein the credit network and the issuer each have separate identification indicia, the method comprising:

presenting an individual purchaser with an opportunity to buy the stored value card;

determining with a computer processor whether the individual purchaser has sufficient funds to pay for the stored value card;

creating in a computer database an independent stored value card account for a recipient designated by the individual purchaser, the independent stored value card account only accessible by the recipient such that the individual purchaser is unable to add funds to the independent account beyond the initial issue amount, wherein the independent stored value card account comprises information about:

- a) the recipient's name;
- b) a stored value card account number; and
- c) a stored value card purchase amount;

issuing the stored value card, wherein the stored value card is marked with the designated recipient's name and at least one of the credit network identification indicia and the issuer identification indicia, and wherein the stored value card is accepted for purchases anywhere the predetermined credit network is accepted for purchases; and

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receiving notification from the recipient that the stored value card has been received.

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

“Boatmen’s Prepaid Cards for Worker-Incentive Firm” (Prepaid), American Banker, page 12, July 2, 1996.

“Maritz Gets MASTERCARD’s Stamp of Approval Has Signed a Marketing Deal with MasterCard Intl.” (Maritz), Business Travel News, Page A1, August 19, 1996.

“A Store Card Issuer Looks for Lift From Electronic Gift Certificates” (Store Card), Credit Card News, Page 4, February 1, 1995.

“Boatmen’s Floats Stored Value into the Employee Incentive Waters” (Floats), Debit Card News, Vol. 2, Issue 2, July 16, 1996.

“More Retailers Turn to Co-Branding” Chain Store Age Executive with Shopping Center Age, New York, Feb. 1995, Anonymous. (More Retailers)

Claims 53-56, 58, 60, 72-75, 77, 79-82, 84, 86, 98-100, 103, and 104 stand rejected under 35 U.S.C. § 103 as being unpatentable over Your Choice MasterCard prepaid card as described in Floats, Prepaid and Maritz. Claims 61, 62, 64-68, 87, 88, and 90-94 stand rejected under 35 U.S.C. § 103 as being unpatentable over More Retailers in view of Your Choice MasterCard prepaid card as described in Floats, Prepaid and Maritz. Claims 69-71 and 95-97 stand rejected under 35 U.S.C. § 103 as being unpatentable over Your Choice MasterCard prepaid card as described in Floats, Prepaid and Maritz in view of Store Card.

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Rather than reiterate the conflicting viewpoints advanced by the examiner and appellants regarding the above-noted rejections, we make reference to the examiner's answer (Paper No. 30, mailed Jan. 2, 2001) for the examiner's reasoning in support of the rejections, and to appellants' brief (Paper No. 28, filed Oct. 17, 2000) and reply brief (Paper No. 32, filed Feb. 26, 2001) for appellants' arguments thereagainst.

### **OPINION**

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

At the outset we note that appellants have grouped the claims into three groupings. Group One includes claims 53-56, 58, 60, 72-75, 77, 79-82, 84, 86, 98-100, 103, and 104 and is directed to the gift card by itself. We select independent claim 53 as the representative claim. While we address the limitations of independent claim 53, we do not reach the limitations of the corresponding apparatus claims (e.g., claim 79) which appellants have drafted in "mean plus function" format. In our original review of these claims we found great difficulty in determining the corresponding structure, acts and materials disclosed in the specification for the claimed "means" yet it does not

appear the examiner has addressed this issue as it relates to a “computer implemented system.” Group Two includes claims 61, 62, 64-68, 87, 88, and 90-94 directed to the sponsor promoted gift card with a rebate. We select independent claim 61 as the representative claim. Group Three includes claims 69-71 and 95-97 directed to a gift card which the recipient can convert into a credit card. We select independent claim 69 as the representative claim.

In rejecting claims under 35 U.S.C. § 103, the examiner bears the initial burden of presenting a *prima facie* case of obviousness. **See In re Rijckaert**, 9 F.3d 1531, 1532, 28 USPQ2d 1955, 1956 (Fed. Cir. 1993). A *prima facie* case of obviousness is established by presenting evidence that the reference teachings would appear to be sufficient for one of ordinary skill in the relevant art having the references before him to make the proposed combination or other modification. **See In re Lintner**, 9 F.2d 1013, 1016, 173 USPQ 560, 562 (CCPA 1972). Furthermore, the conclusion that the claimed subject matter is *prima facie* obvious must be supported by evidence, as shown by some objective teaching in the prior art or by knowledge generally available to one of ordinary skill in the art that would have led that individual to combine the relevant teachings of the references to arrive at the claimed invention. **See In re Fine**, 837 F.2d 1071, 1074, 5 USPQ2d 1596, 1598 (Fed. Cir. 1988). Rejections based on

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§ 103 must rest on a factual basis with these facts being interpreted without hindsight reconstruction of the invention from the prior art. The examiner may not, because of doubt that the invention is patentable, resort to speculation, unfounded assumption or hindsight reconstruction to supply deficiencies in the factual basis for the rejection. **See In re Warner**, 379 F.2d 1011, 1017, 154 USPQ 173, 177 (CCPA 1967), **cert. denied**, 389 U.S. 1057 (1968). Our reviewing court has repeatedly cautioned against employing hindsight by using the appellant's disclosure as a blueprint to reconstruct the claimed invention from the isolated teachings of the prior art. **See, e.g., Grain Processing Corp. v. American Maize-Products Co.**, 840 F.2d 902, 907, 5 USPQ2d 1788, 1792 (Fed. Cir. 1988).

The test for obviousness is what the combined teachings of the references would have suggested to one of ordinary skill in the art. **See In re Young**, 927 F.2d 588, 591, 18 USPQ2d 1089, 1091 (Fed. Cir. 1991) and **In re Keller**, 642 F.2d 413, 425, 208 USPQ 871, 881 (CCPA 1981). Moreover, in evaluating such references it is proper to take into account not only the specific teachings of the references but also the inferences which one skilled in the art would reasonably be expected to draw therefrom. **In re Preda**, 401 F.2d 825, 826, 159 USPQ 342, 344 (CCPA 1968).

With this as background, we analyze the prior art applied by the examiner in the rejection of the claims on appeal.

### **GROUP ONE**

The examiner maintains that the claimed invention is obvious in view of the broad teachings of the Your Choice MasterCard prepaid card. (See answer at pages 4-9.) The examiner goes to great length to explain her position concerning all the claimed features as they are taught or deemed obvious in view of “old and well-known” facts in the prior art. In the discussion of the claimed elements the examiner relies upon “old and well-known” facts no less than six times in the discussion of independent claim 53. While there is no limitation on the number of times an examiner relies upon “old and well-known” facts and Official Notice nor the number of references that may be relied upon to reject a claim, there is ultimately a point in the prosecution when appellants may demand that the examiner provide evidence to support those facts maintained as “old and well-known.” Here, appellants have not specifically rebutted that the individual facts maintained by the examiner as “old and well-known” are indeed “old and well-known.” (See brief at pages 6-12.) Rather, appellants argue that the examiner has not addressed the subject matter as a whole. (See brief at page 8.) We

agree with appellants that the examiner's rejection tends to dissect the claims into individual elements and show that those elementary building blocks were "old and well-known" and that they may be used to build an invention. We disagree with the examiner's treatment of the claimed invention in the rejection. As the examiner addresses each of the elements of the claims, the examiner provides a conclusion that it would have been obvious to one of ordinary skill in the art to provide the card with the "old and well-known" feature. While in a general sense each individual modification may be obvious by itself, this is not the correct test for obviousness. The examiner does not address the motivation for the skilled artisan to modify the broad teachings of Your Choice, and the examiner does not support each of the modifications with a convincing line of reasoning to modify Your Choice as it has been previously modified by the other modifications. While we agree with the examiner that each of the individual modifications of Your Choice does not seem to significantly change the prior art prepaid card, there comes a point when even the skilled artisan must stop and ask the question "are all the individual modifications in the combination obvious?" Here, we do not find that the examiner has addressed the totality of the modifications.

We find that appellants finally argue, in the Reply Brief at pages 2-3, that the examiner has not provided any objective or extrinsic evidence of these Official Notices

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and that the Official Notices are considered to consist of merely subjective statements by the examiner. We disagree with appellants' position and further find that the Reply Brief is not an appropriate time to controvert Official Notices which have been in the statement of the rejection for an extended time and when the examiner has no opportunity to reply to this argument without formally reopening prosecution on the merits. 37 CFR 1.193(b)(1).

With respect to the individual modifications to the Your Choice prepaid card system, we generally agree with each of the examiner's conclusions, but we find that the examiner lacks factual support or convincing lines of reasoning for the combination of these facts.

Specifically, some of the examiner's findings relate to the interpretation of the claim language, such as what or who an "individual purchaser" would be. The examiner maintains that the corporation would have been an individual purchaser. (See answer at page 26.) We agree with the examiner. Appellants argue that Your Choice teaches away from the selling of cards to individual purchasers. (See brief at page 8.) We disagree with appellants that Your Choice teaches away given the broad interpretation of the individual purchaser.

We note that the Office Action, Paper No. 18, mailed Dec. 11, 1999 and the Final Rejection, Paper No. 23, mailed Apr. 17, 2000, contains essentially the same text of the rejection of the claims and includes the same statements/findings by the

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examiner concerning the “Official Notice” and the “old and well-known facts.” In a response to the Final Rejection, Paper No. 22, filed Mar. 23, 2000 and in the principal Appeal Brief, appellants did not contest those facts as being old and well-known. Rather, appellants elected to argue that the examiner has addressed each claim limitation in isolation rather treating the claimed invention as a whole and that the examiner has not addressed the collective motivations to modify the teachings of Your Choice for the combination of modifications. (See brief at pages 8 et seq.) We agree with appellants.

Contrary to the combination argument, appellants argue in the Reply Brief and at the Oral Hearing, by appellants’ representative, that there was no evidence of these facts which the examiner maintained as being “old and well-known.” (See reply brief at page 2.) For instance, at the Oral Hearing, appellants’ representative argued that there is no evidence in Your Choice whether there is a determination that an individual purchaser has sufficient funds to pay for the stored value card(s). We find that appellants’ arguments are not timely made and furthermore, we disagree with appellants that the basic building blocks of the business of credit and debit card issuance and processing are not old and well-known facts known to those skilled in the art. We agree with the examiner that these well-known facts would have been readily apparent to skilled artisans.

Appellants argue at page 8 of the brief that there is not disclosure that the issuer receives notification from the recipient that the stored value card had been received. We agree with appellants. While the examiner maintains in the statement of the rejection at pages 7-8 of the answer that security is an issue to motivate notification to activate the cards, in general, the examiner has not addressed why a set value prepaid card as taught by Your Choice without a name designated at issue need be activated by the recipient rather than by the purchaser. While we agree with the examiner that fraud and security issues would have been matters clearly within the level of skill in the art, the examiner has not addressed these with respect to Your Choice and the other modifications thereto.

At the Oral hearing appellants' representative disputed that the name of the recipient is not in the computer database for the stored value card account. We disagree with appellants. We find that the language of the claim merely requires "information about . . ." The examiner maintains that it would have been obvious to one of ordinary skill in the art at the time of the invention to have the recipient's name on the card and that the required signature would have been on the card, but it is not embossed. (See answer at page 28.) Again, we agree with the examiner, that the card when signed would have been marked with a designated recipient's name/signature.

Additionally, the claim merely recites “issuing the stored value card, wherein the stored value card is marked . . .” without a limitation as to at the time of issuance. Appellants argue that Your Choice does not have a recipient’s name embossed on the card. (See brief at page 9.) We do not find support for appellants’ argument in the language of claim 53, and the argument is not commensurate with the language of independent claim 53.

Additionally, appellants argue that your Choice is not personalized.<sup>1</sup> (See brief at page 9.) We do not find support for appellants’ argument in the language of claim 53. Therefore, we agree with the examiner that Your Choice teaches the marking of the name thereon by the recipient to have the card accepted by merchants. With the storage of a scanned image of each transaction for archival purposes including the signature, rather than the retention of the paper copy, we find that the database would have the recipient’s name and the account number stored therein. Similarly, at the time of purchase, the seller would have input the purchaser’s information into a database and purchase amount. Additionally, the examiner maintains that the embossing of a card with a recipient’s name was common practice in issuing rebates and gift certificates. (See answer at page 31.) Again, we agree with the examiner, but we find

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<sup>1</sup> We note appellants argue that “independent claim 1 recites . . .” but we interpret this argument to be directed to independent claim 53 since claim 1 has been canceled.

that the language of independent claim 53 does not require embossing or other marking at the time of issuance as discussed above.

Similarly, appellants' representative disputed that there is no evidence of the card being accepted for purchase anywhere the predetermined credit network is accepted for purchase. (See also brief at page 9.) Here, we find the language of independent claim 53 to be broader than appellants may have intended since the use of a credit card or prepaid gift card at a single department store would have been sufficient as a credit network, in our view. Additionally, the examiner maintains that the determination of which merchants will accept the card is "purely contractual" and that it would have been obvious to maximize the number of participating merchants. (See answer at page 31.) We agree with the examiner. Additionally, Maritz teaches that "[s]election of merchants is carefully calculated to reflect provision of 'trophy' merchandise . . . the card may not be used at all MasterCard merchants." Here, we view the teaching of Maritz to be a teaching of alternatives may be solely in a "selection" from the set of all merchants. In our view, "all merchants" is an equally feasible option which may be chosen as to limit the selection to a smaller set. Furthermore, if the employees provided feedback desiring more selection, it would have been obvious to one of ordinary skill in the art at the time of the invention that "all merchants" may then be selected to meet the desires of the employees. Therefore, we disagree with appellants that Your Choice teaches away from the use of all merchants.

Appellants argue at page 9 of the brief and appellants' representative argued at the Oral Hearing that Your Choice permits additional funds to be added to the card. We find no support for this argument in the express teachings of Your Choice. Appellants rely upon the teaching of Floats at page 1, line 24 and lines 29-32. Appellants argue that it is a fair reading of Your Choice that the employer maintains control over the card account, including whether to add funds to the card. (See brief at page 11.) We disagree with appellants "fair reading." First, the portions of Floats cited do not explicitly support appellants' interpretation. Second, Prepaid discusses the prior "Exclusively Yours MasterCard" and the "Your Choice MasterCard." At lines 22-23, Prepaid states that "[o]nce the value is used up, the card [Your Choice MasterCard] can be thrown away." We interpret this to teach that value may not be added to the card. At lines 30-36, Prepaid states:

[t]he first card, he said was designed for long term programs; with it, incentive-program participants accrue points based on achieving performance goals. Each point equals a dollar, and total points are held in participants' cardholder accounts at **Boatmen's** Bank. Employees can use their cards with accrued value to buy goods and services from participating MasterCard merchants. Value can be added to the card.

We interpret this teaching to be directed to the card prior to the Your Choice MasterCard, namely the "Exclusively Yours MasterCard" since it was the first card and

used points. Therefore, appellants' argument that Your Choice teaches away since the employer maintains control over the card is not persuasive. (See brief at page 11.) With this said, we also do not find support for the examiner's position with respect to the employee adding funds to the Your Choice card. (See answer at pages 32-34.) Turning to the language of independent claim 53, we find that the claim merely sets forth a positive limitation that the account is only accessible to the recipient and a negative limitation that the purchaser is unable to add funds to the account beyond the initial issue amount. Here, we find that Your Choice teaches both limitations. It teaches the values are set at the time of issue and the recipient can check the available funds thereby having access to the account. Therefore, appellants' argument is not persuasive.

Appellants argue that the Office cannot shift the burden to appellants to prove that the many modifications would have not been obvious. (See brief at pages 11 et seq.) We agree with appellants. While the examiner has set forth many old and well-known facts in the credit, debit and prepaid card relevant arts and taken Official Notice thereof, appellants did not controvert these individual facts until the Reply brief. Therefore, we will accept them as admitted. With this said, appellants have continually traversed the combination of these teachings and facts. We agree with appellants that

the express teachings of Your Choice do not suggest the individual modifications in combination with all of the other modifications. Similarly, the examiner has not provided a convincing line of reasoning for the combination of all the modifications together as a whole. While the examiner has addressed why each modification by itself may be obvious, the examiner has not addressed the combination as a whole.

Appellants argue that the Office impermissibly used appellants' application as a blueprint to modify Your Choice to arrive at the claimed invention. (See brief at page 12.) While we would not characterize the examiner's rejection as rising to the level of impermissible hindsight reconstruction, we agree with appellants that the examiner has not presented a *prima facie* case for the combination of all the well-known facts which the examiner relied upon using Official Notice in the rejection. We find that the examiner has not provided a teaching or convincing line of reasoning to suggest the combination of all the well-known facts which the examiner relied upon Official Notices in the rejection. Therefore, the examiner has not established a *prima facie* case of obviousness, and we cannot sustain the rejection of independent claim 53 and its dependent claims 54-58, 60 and 62. Therefore, for us to find that the computer implemented method for issuing stored value cards affiliated with predetermined credit network, as claimed by appellants, is taught or suggested by the combination of the

three broad teaching of the Your Choice MasterCard prepaid card would require us to resort to speculation. Deficiencies in the factual basis cannot be supplied by resorting to speculation or unsupported generalizations. **In re Freed**, 425 F.2d 785, 787, 165 USPQ 570, 571 (CCPA 1970); **In re Warner**, 379 F.2d 1011, 1017, 154 USPQ 173, 178 (CCPA 1967). The examiner's individual modifications to the teachings of Your Choice leaves us with uncertainty as to the combination of all of the modifications. Therefore, we cannot sustain the rejection of independent claim 53 and its dependent claims 54-58, 60 and 62. Similarly, we will not sustain the rejection of claims 72-75, 77, 79-82, 84, 86, 98-100, 103, and 104 which have been similarly rejected.

#### **GROUP TWO**

With respect to independent claim 61<sup>2</sup>, Group Two is directed to a gift card sponsor promoted gift card with a rebate. Appellants argue that the Office has failed to provide a **prima facie** case of obviousness and that there is no evidence to establish that one of ordinary skill in the art would modify Your Choice according to all of the Official Notices in the Office action. (See brief at page 14.) We agree with appellants as discussed above. We find that the examiner's additional reliance upon More Retailer's does not remedy the noted deficiency in the Your Choice combination.

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<sup>2</sup> We note that claim 62 depends from claim 60 which depends on dependent claim 54 and independent claim 53, but which has the same limitation as claim 62.

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Therefore, we cannot sustain the rejection of independent claims 61 and 87 and their respective dependent claims.

### **GROUP THREE**

With respect to independent claims 69 and 95, Group Three is directed to a gift card to a recipient which can be converted into a credit card by the recipient.

Appellants argue that the Office has failed to provide a *prima facie* case of obviousness and that there is no evidence to establish that one of ordinary skill in the art would modify Your Choice according to all of the Official Notices in the Office action. (See brief at page 15.) We agree with appellants as discussed above. Appellants argue that Store Card at best encourages recipients to sign up for a new and separate credit card rather than converting a stored value card into a credit card. (See brief at page 15.) We agree with appellants. Additionally, we find that the examiner's additional reliance upon Store Card does not remedy the noted deficiency in the Your Choice combination. Therefore, we cannot sustain the rejection of independent claims 69 and 95 and their respective dependent claims.

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**CONCLUSION**

To summarize, the decision of the examiner to reject claims 53-56, 58, 60-62, 64-75, 77, 79-82, 84, 86-88, 90-100, 103, and 104 under 35 U.S.C. § 103 is reversed.

**REVERSED**

LEE E. BARRETT	)	
Administrative Patent Judge	)	
	)	
	)	
	)	
	)	BOARD OF PATENT
JOSEPH L. DIXON	)	APPEALS
Administrative Patent Judge	)	AND
	)	INTERFERENCES
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STUART S. LEVY	)	
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