Paper No. 22

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

Ex parte JOSEPH C. KAWAN

Appeal No. 2004-0013
Application No. 09/234,889

ON BRIEF

Before THOMAS, LEVY, and MACDONALD, Administrative Patent Judges.

LEVY, 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 1-5, 8, 9, 12-14, 19-25, 27, 31-35, 38-40, 43, 48-57, 60, 68, 72 and 76-79, which are all of the claims pending in this application.

BACKGROUND

Appellants' invention relates to a method and system for tracking smart card loyalty points. An understanding of the invention can be derived from a reading of exemplary claim 1, which is reproduced as follows:

1. A method of tracking smart card merchant loyalty program information for a customer, comprising:

storing loyalty program information in a loyalty register of a loyalty program application on a purchase log part of a transaction log on a smart card microcomputer, wherein the loyalty program application is capable of storing loyalty program information for a plurality of merchants, each identified by a unique merchant identifier, in a plurality of loyalty registers and wherein the loyalty program information includes information related to transactions with at least one merchant for the customer and the loyalty register is identified by the unique merchant identifier associated with the merchant to enable transactions with the merchant to be matched with the loyalty register for the merchant;

storing transaction information on the purchase log part of the transaction log on the smart card microcomputer about transactions with the merchant for the customer at a merchant terminal, wherein the transaction information includes the unique merchant identifier and a unique transaction number associated with each transaction with the merchant in ascending numerical order;

comparing the stored transaction information with the stored loyalty program information at a stand-alone terminal that is independent of the merchant terminal;

automatically identifying transaction information stored on the purchase log part of the transaction log at the stand-alone terminal about at least one transaction with the merchant for which an associated transaction number is numerically greater

than any transaction number for a transaction with the merchant stored in the stored loyalty program information; and

automatically adding the identified transaction information to the stored loyalty program information at the stand-alone terminal.

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

Deo et al. (Deo)	5,721,781	Feb. 24, 1998
Shinjo et al. (Shinjo) (European Patent)	0,253,240	Mar. 25, 1992
Willmore (Great Britain Patent)	2,274,349	Jul. 20, 1994

Carson, College Accounting, Pages 294 and 295, © 1967.

Microsoft Press Computer Dictionary, Third Edition, Page 302 and 439, © 1997.

Claims 1-5, 8, 9, 12-14, 19-25, 27, 31-35, 38-40, 43, 48-57, 60, 68, 72 and 76-79 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over Willmore in view of Shinjo, and further in view of Deo, Carson and Microsoft[1].

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[1] Although the examiner only lists Willmore, Shinjo and Deo in the statement of the rejection, the examiner additionally relies upon the Carson textbook and Microsoft Dictionary in the body of the rejection. References not listed in the statement of the rejection are not routinely considered by the Board. "Where a reference is relied on to support a rejection, whether or not in a 'minor capacity,' there would appear to be no excuse for not positively including the reference in the statement of rejection." In re Hoch, 428 F.2d 1341, 1342 n.3, 166 USPQ 406, 407 n.3 (CCPA 1970). However, because both additional references were also relied upon by the examiner in the final rejection, and have been argued by appellant in the brief (pages 10-12 and 14), we shall consider the additional references to Carson and Microsoft

Rather than reiterate the conflicting viewpoints advanced by the examiner and appellant regarding the above-noted rejection, we make reference to the examiner's answer (Paper No. 20, mailed April 18, 2003) for the examiner's complete reasoning in support of the rejection, and to appellant's brief (Paper No. 19, filed February 18, 2003) for appellant's arguments thereagainst. Only those arguments actually made by appellant have been considered in this decision. Arguments which appellant could have made but chose not to make in the brief have not been considered. See 37 CFR 1.192(a).

OPINION

In reaching our decision in this appeal, 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.

Upon consideration of the record before us, we affirm-in-part. We note at the outset that appellants (brief, page 6) set

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Dictionary.

forth 4 groupings of claims. Consistent with appellants groupings, one claim from each group has been separately argued. Accordingly, we will follow the groupings as set for by appellant. We turn first to claim 1 which is representative of the group consisting of claims 1-5, 8, 9, 12-14, 19-25, 27, 31-35, 38-40, 43, 48-57, 60, 68 and 72. 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 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. 1988); Ashland Oil, Inc. v. Delta Resins & Refractories, Inc., 776 F.2d 281, 293, 227 USPQ 657, 664 (Fed. Cir. 1985); 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). If that burden is met, the burden then shifts to the applicant to overcome the prima facie case with argument and/or evidence. Obviousness is then determined on the basis of the evidence as a whole. See id.; In re Hedges, 783 F.2d 1038, 1039, 228 USPQ 685, 686 (Fed. Cir. 1986); In re Piasecki, 745 F.2d 1468, 1472, 223 USPQ 785, 788 (Fed. Cir. 1984); and In re Rinehart, 531 F.2d 1048, 1052, 189 USPQ 143, 147 (CCPA 1976).

From our review of the prior art, we find that Willmore is directed to a loyalty program used in conjunction with an electronic point-of-sale (EPOS) system. The retailing system rewards purchasers for loyalty by providing discounts or other benefits, based on a customer's purchases. Willmore discloses that the accumulated data relating to a plurality of purchases, that is stored on the magnetic card or token, is modified by the terminal (page 2). From this disclosure of Willmore, we find that the information stored will be in a transaction log, which will include the accumulated data from a plurality of purchases. Willmore further discloses that the terminal may have a history store which records details of all transactions identified to the

terminal means (page 4). From this disclosure of Willmore, we find that the transaction log will include a purchase log. In addition, we find that although Willmore discloses that a smart card may be used instead of a magnetic card (pages 2, 5, and 8) we find that Willmore refers to the smart card as a card having data which can be written or read (page 8). From this disclosure of Willmore, we find that although Willmore discloses a smart card, that the smart card is used as a magnetic card would be used, and that Willmore does not make use of the capabilities of the smart card. In addition, we find that Willmore is silent as to how the purchase history is recorded, and does not disclose that the transactions are recorded in ascending numerical order.

We further find that in Willmore, the loyalty program information is stored on the magnetic card or token (pages 2 and 4). From this disclosure, we find that loyalty program information is stored on the magnetic card, and that the loyalty program information is stored in a register. However, Willmore does not disclose that the loyalty program application itself is stored on the smart card. In addition, although Willmore discloses the use of the loyalty program for the products of different manufacturers, Willmore only discloses use of the loyalty program with a single merchant, and therefore does not

disclose the system being used with a plurality of merchants, each having a unique merchant identifier.

Turning to Shinjo, we find that Shinjo is also directed to a loyalty program used in conjunction with a POS system (col. 1, lines 1-10). From Shinjo's disclosure of store codes and store names (figures 3 and 5) we agree with the examiner (answer, page 5) that the disclosure of a store code represents a merchant identifier. In addition, from the disclosure of Shinjo that a loyalty program used in conjunction with a POS terminal can be used with different stores (col. 1, lines 1-10) we find that an artisan would have been motivated to utilize the loyalty program of Willmore with plural merchants, each of which has a merchant identifier, as taught by Shinjo.

Turning to Deo, we find that Deo is directed to an authentication system for smart card transactions (col. 1, lines 1 and 2). Deo discloses that in conventional smart card systems, the cards have been designed to hold just one application, such as a banking/financial application (col. 2, lines 12-14). Due to little or no standardization in the smart card arena, many different non-compatible systems are in existence today. This lack of standardization has impeded efforts to produce a smart card capable of handling multiple applications (col. 2, lines 21-

25). It is an object of Deo's invention to provide an authentication system for ensuring the security of the smart card and the applications contained thereon (col. 2, lines 41-43). As stated by the examiner (answer, page 6) Deo discloses (col. 12, lines 12-22) that each application may be capable of maintaining data in multiple files. Although we do not agree with the examiner, (id.) that Deo discloses storing data relating to a plurality of loyalty programs, we find that in view of the disclosure of Deo, an artisan would have been motivated to utilize the capabilities of the smart card of Willmore to store multiple loyalty applications on the smart card, relating to different merchants. In view of Deo's disclosure that a standardized authentication system would allow the capabilities of smart cards to be used, the use of the authentication system of Deo in the smart card of Willmore would utilize Willmore's smart card for handling loyalty programs for multiple merchants.

Turning to the Carson textbook, we agree with the examiner (answer, page 5) that Carson discloses providing a series of transactions that are sequentially listed as 151-158. Willmore is silent as to how the transactions are recorded. From the disclosure of Carson, we agree with the examiner (id.) that an artisan would have been taught to record transactions in

ascending numerical order, to ensure that a user was only awarded loyalty points one time for a transaction.

Turning to the dictionary definition of a smart card, provided by the Microsoft Dictionary, we find that the dictionary definition is cumulative of the teachings of Deo, and consider the dictionary definition to be surplusage. From our review of the entire record, we find that the teachings of the prior art are combinable, as advanced by the examiner. However, for the reasons which follow, we find that the combined teachings of the prior art are insufficient to meet the limitations of claim 1. Claim 1 additionally requires that the stored program information is compared with the stored transaction information at a stand-alone terminal, identifying transaction information stored at the stand alone terminal when the transaction number is numerically greater that the transaction number of a stored transaction, and adding the identified transaction to the stored loyalty program information at the stand alone terminal. The examiner's position (answer, page 5) is that the purchase transaction can be stored on the stand-alone terminal. From our review of Willmore, we find that although Willmore discloses the use of a stand-alone terminal 14a, Willmore discloses that the stand-alone terminal is provided for use by the user, for example when first entering the

store. The terminal reads the accumulated data on the smart card 12, and allows the user to instruct the terminal to perform a selected function, such as printing out the purchaser's accumulated point value or details of promotional activities. A further alternative allows the terminal to modify the accumulated data by reducing the point value, in return for obtaining a discount on purchases made at that visit (pages 13 and 14). Although Willmore discloses that the stand-alone terminal is used when entering the store, we find that the teachings of Willmore suggest that the stand-alone terminal could also be used before leaving the store. Willmore further discloses (page 3) that the terminal compares identifying data with predetermined data to determine the required modification of the accumulated data, i.e., to determine whether loyalty points should be awarded for a particular purchase. However, we find no teaching or suggestion that Willmore, the only reference relied upon by the examiner having a stand-alone terminal, that would have taught or suggested adding the identified transaction information to the stored loyalty information at the stand-alone terminal, as recited in claim 1. Instead, Willmore discloses that the transaction data is added to the smart card by the terminal 14 or to the optional loyalty controller. Accordingly, we do not agree

with the examiner (answer, page 5) that this feature is disclosed by Willmore at page 14, lines 11-26. From our review of the portion of Willmore relied upon by the examiner we find that the passage refers to the operation of the alternative loyalty controller 40 storing the transaction information, and find no disclosure in this or any portion of Willmore of adding the transaction data to the smart card at the stand-alone terminal. Accordingly, we agree with appellants (brief, page 8) that this claimed feature is not taught by Willmore.

From all of the above, we find that the combined teachings of the prior art fails to teach all of the limitations of claim 1. Accordingly, we find that the examiner has failed to establish a prima facie case of obviousness of claim 1. The rejection of claim 1 under 35 U.S.C. § 103(a) is therefore reversed. Independent claim 57 also recites that the identified transaction is added to the stored loyalty program information at the stand-alone terminal. Accordingly, the rejection of claims 1, 57, and claims 2-5, 8, 9, 12-14, 19-25, 27, 31-35, 38-40, 43, 48-57, 60, 68 and 72, dependent therefrom, under 35 U.S.C. § 103(a) is reversed.

As independent claims 77 and 78 also recite that adding the transaction data to the smart card at the stand-alone terminal,

the rejection of claims 77 and 78 under 35 U.S.C. § 103(a) is reversed.

We turn next to claims 76 and 79. Although these claims have been listed in separate groups by appellant (brief, page 6), we observe that the claims have similar arguments. Appellants do not dispute the combinability of the references, but rather assert that the combined teachings of the references do not teach all of the limitations of the claims. From our review of claims 76 and 79, we find that these claims, unlike all of the other claims before us on appeal, do not recite the use of a stand-alone terminal at which the identified transaction information is added to the loyalty program information. Appellants sole argument with respect to claim 76 (brief, page 12) is that the combined teachings of the prior art does not describe that:

> transaction information is compared with the stored loyalty program information by an application program on the smart card microcomputer internally as a function of the smart card microcomputer independently of the merchant terminal, that transaction information stored on the purchase log part of the transaction log is identified by the application program on the smart card microcomputer about at least one transaction with the merchant for which an associated transaction number is numerically greater than any transaction number for a transaction with the merchant stored in the stored loyalty program information, and that the identified transaction information is added to the stored loyalty program information by the application program on the smart card.

With respect to claim 79, appellants sole argument (brief, page 14) is that the combined teachings of the prior art as a whole does not describe:

> that loyalty program information is stored in a loyalty register of a loyalty program application in programmable memory on a smart card microcomputer, that transaction information is stored on the purchase log part of the transaction log in programmable memory on the smart card microcomputer, that the stored transaction information is compared with the stored loyalty program information by an application program in programmable memory on the smart card microcomputer internally as a function of the smart card microcomputer independently of the merchant terminal, that transaction information stored on the purchase log part of the transaction log is identified by the application program in programmable memory on the smart card microcomputer about at least one transaction with an associated transaction number that is numerically greater than any transaction number for the merchant stored in the stored loyalty program information, and that the identified transaction information is added to the stored loyalty program information by the application program in programmable memory on the smart card microcomputer.

At the outset, we not that instead of reciting the stand-alone terminal, claims 76 and 79 recite, inter alia, that the transaction information is compared with the stored loyalty information on the smart card independently of the merchant terminal. We make reference to our findings, supra, with respect to claim 1. In addition, we find that upon storing the loyalty program application on the smart card as taught by Willmore, as

taught by Deo, the transaction information and the stored loyalty program information would be stored on the smart card, independently of the merchant terminal. Accordingly, we find that the combined teachings of the prior art suggest the limitations of independent claims 76 and 79. The rejection of claims 76 and 79 under 35 U.S.C. § 103(a) is therefore affirmed.

CONCLUSION

To summarize, the decision of the examiner to reject claims 1-5, 8, 9, 12-14, 19-25, 27, 31-35, 38-40, 43, 48-57, 60, 68, 72, 77 and 78 under 35 U.S.C. § 103(a) is reversed. The rejection of claims 76 and 79 under 35 U.S.C. § 103(a) is affirmed.

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

AFFIRMED-IN-PART

JAMES D. THOMAS Administrative Patent Judge	)	
STUART S. LEVY Administrative Patent Judge	)	BOARD OF PATENT APPEALS AND INTERFERENCES
ALLEN R. MACDONALD Administrative Patent Judge	)	

SSL/gjh

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