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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte JOHN N. GROSS

Appeal 2010-012197
Application 10/770,937
Technology Center 3600

Before MURRIEL E. CRAWFORD, ANTON W. FETTING, and
JOSEPH A. FISCHETTI, *Administrative Patent Judges*.

FISCHETTI, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF CASE

Appellant seeks our review under 35 U.S.C. § 134 of the Examiner's final rejection of claims 1-36. We affirm.

THE CLAIMED INVENTION

Appellant claims a method of monitoring purchase orders and/or rental selections made by consumers, and providing automatic selections, notifications, shipments and exchanges of new items (Spec. 1, ll. 11-13). Claims 1 and 35 are illustrative of the claimed subject matter:

1. A method of distributing playable media items over an electronic network from a first computer maintained by a provider of a media distribution service to a second computer used by a subscriber of such service, the playable media items corresponding to machine readable media readable by a subscriber machine player, the method comprising the steps of:

(a) setting up a subscriber selection queue for the subscriber to be controlled by the first computer, said subscriber selection queue consisting of an ordered list of one or more playable media items to be delivered to the subscriber in a subscriber-defined priority;

wherein said subscriber selection queue is set up at least in part in response to item selection directions provided by the subscriber over the network using the second computer;

(b) setting up queue replenishment control rules for the subscriber selection queue including an automatic queue refill option; and

(c) monitoring said subscriber selection queue in accordance with said queue replenishment control rules to automatically determine with said first computer if an additional playable media item should be added to said subscriber selection queue; and

(d) automatically modifying said subscriber selection queue with said first computer to generate a new ordered list of one or more playable media items in response to the subscriber

confirming that said additional playable media item can be included in said subscriber selection queue;

wherein steps (c) and (d) are repeated as needed when said automatic queue refill option is enabled so that said subscriber selection queue is maintained automatically for the subscriber so as to include at least one playable media item which is accepted for delivery by such subscriber.

35. A method of distributing playable media items comprising the steps of:

(a) setting up a subscriber selection queue for the subscriber, said subscriber selection queue consisting of a list of one or more playable media items to be viewed by the subscriber;

wherein said subscriber selection queue is set up at least in part in response to item selection directions provided by the subscriber;

(b) setting up queue replenishment control rules for the subscriber selection queue including an automatic queue refill option; and

(c) automatically monitoring said subscriber selection queue in accordance with said queue replenishment control rules to automatically determine with a first computing system if changes should be made to said subscriber selection queue;

wherein said monitoring includes analyzing the content and/or characteristics of other playable media items within said subscriber selection queue to determine said changes; and

(d) automatically modifying said subscriber selection queue with said first computing system to generate a new list of one or more playable media items based on a confirmation from the subscriber;

wherein steps (c) and (d) are repeated as needed when said automatic queue refill option is enabled so that said subscriber selection queue is maintained automatically for the subscriber so as to include at least one playable media item which is accepted for delivery by such subscriber.

REFERENCES

The prior art relied upon by the Examiner in rejecting the claims on appeal is:

Davis	US 6,105,006	Aug. 15, 2000
Berstis	US 6,105,021	Aug. 15, 2000
Jacobi	US 6,317,722 B1	Nov. 13, 2001
Hastings	US 6,584,450 B1	Jun. 24, 2003
Kamel	US 2001/0014145 A1	Aug. 16, 2001
Nakagawa	US 2002/0046129 A1	Apr. 18, 2002
Raphel	US 2003/0023743 A1	Jan. 30, 2003
Postelnik	US 2006/0218054 A1	Sep. 28, 2006

Ostrom, *With newer releases, Netflix users can anticipate a 'very Long Wait'*, Mercury News (2002) (hereafter "Ostrom").

Official Notice.

REJECTIONS

The following rejections are before us for review:

The Examiner rejected claims 1-4, 7, 8, 15, 17-19, 22-24, 28-30, 31, and 35 under 35 U.S.C. § 103(a) over Hastings and Ostrom.

The Examiner rejected claim 5 under 35 U.S.C. § 103(a) over Hastings, Ostrom, and Raphel.

The Examiner rejected claim 6 under 35 U.S.C. § 103(a) over Hastings, Ostrom and Berstis.

The Examiner rejected claim 9 under 35 U.S.C. § 103(a) over Hastings, Ostrom and Postelnik.

The Examiner rejected claims 10 and 11 under 35 U.S.C. § 103(a) over Hastings, Ostrom, Postelnik and Official Notice.

The Examiner rejected claim 12 under 35 U.S.C. § 103(a) over Hastings, Ostrom, Postelnik, and Jacobi.

The Examiner rejected claim 13 under 35 U.S.C. § 103(a) over Hastings, Ostrom, Postelnik, Jacobi, and Davis.

The Examiner rejected claim 14 under 35 U.S.C. § 103(a) over Hastings, Ostrom, Postelnik, and Nakagawa.

The Examiner rejected claim 16 under 35 U.S.C. § 103(a) over Hastings, Ostrom, and Kamel.

The Examiner rejected claims 20, 21, 25-27, 32-34, and 36 under 35 U.S.C. § 103(a) over Hastings, Ostrom, and Official Notice.

ISSUES

At issue with respect to claims 1-4, 7, 8, 15, 17-19, 22-24, and 28-31 is whether Hastings discloses an automatic queue refill process.

At issue with respect to claim 35 is whether Hastings or Ostrom disclose or suggest analyzing the content or characteristics of items within a subscriber's selection queue to determine if changes to that queue should occur.

FINDINGS OF FACT

We find the following facts by a preponderance of the evidence.

1. Hastings discloses the automatic selection of titles for customers:

Instead of identifying particular movie titles, the movie selection criteria may specify movie preferences for customer **502**, e.g., types of movies, directors, actors, or any other movie preferences or attributes. In this situation, provider **504** automatically selects particular titles that satisfy the movie selection criteria. For example, the movie selection criteria may

specify a preference for action movies starring a particular actor, with a preference for “new release” movies. Provider **504** attempt to provide movies to customer **502** that best satisfy the preferences indicated by the movie selection criteria.

(Col. 10, ll. 3-14).

- Hastings discloses a flowchart with a continuous process of renting movies to customers. Figure 6 of Hastings is reproduced below:

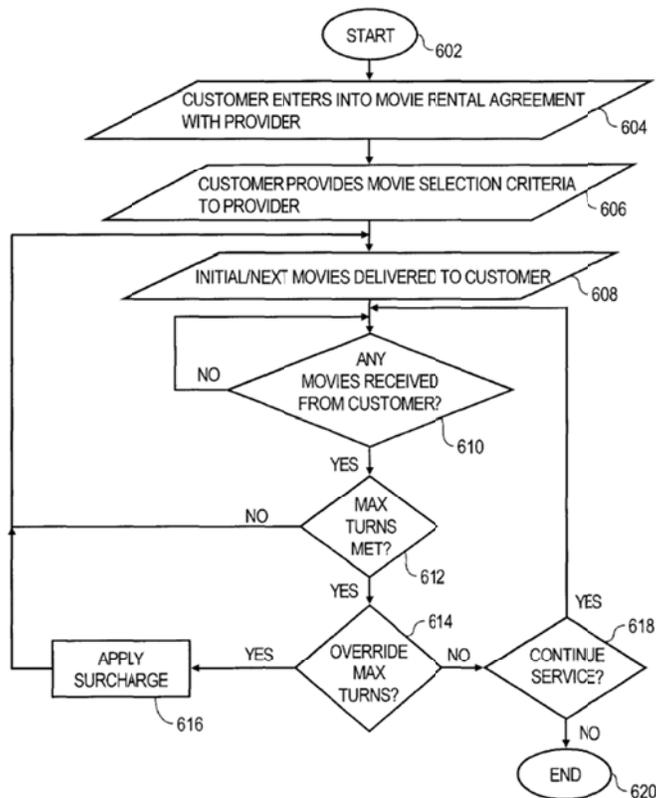


Figure 6 of Hastings shows a flowchart for a process to rent movies to customers.

- Hastings does not disclose the situation of an empty subscriber queue.
- Hastings discloses an advantage of “allowing the greatest number of items to be rented at any given time.” (Col. 11, ll. 14-16).
- Hastings discloses a goal of allowing “provider **504** to maximize the number of items rented” (Col. 11, ll. 34-37).

6. Hastings discloses an automatic selection of movies for customers using customer-supplied attributes, stating,

Customers **502** may identify specific movies or music by the item selection criteria, or may provide various attributes and allow provider **504** to automatically select particular movies and music that satisfy the attributes specified. For example, customers **502** may specify item selection criteria that include horror movies released in 1999 and let provider **504** automatically select horror movies that were release[d] in 1999.

(Col. 8, ll. 50-57).

7. Hastings discloses customer-defined order priority, stating “[c]ustomers **502** may also specify an order or priority for the specified item selection criteria.” (Col 8, ll. 60-65).

8. The Specification describes in the Background that:

...where subscribers can search, review and select movie titles (in DVD media format). If a particular title is available, the subscriber's choice is then placed into a rental selection "queue." During an interactive online session, a subscriber can select a number of titles, and then prioritize them in a desired order for shipment within the selection queue.

During this same sessions, the system can also make recommendations for titles to a user using a well-known recommender algorithm. Such algorithms are commonplace in a number of Internet commerce environments, including at Amazon, CDNOW, and Netflix to name a few. While the details of such algorithms are often proprietary, the latter typically demographics, prior movie rentals, prior movie ratings, user navigation statistics, comparison with other users, etc.

(Specification 1:23-32; 2:1-2).

9. Postelnik discloses “notification of the change in the integrated order status is sent via the client system **105** to the customer **102.**” (para. [0074]).
10. Jacobi discloses “recommendations can automatically be generated periodically and sent to the user by e-mail, in which case the e-mail listing may contain hyperlinks to the product information pages of the recommended items.” (Col. 10, ll. 56-60).
11. Davis discloses using a delay before taking an action, stating, “the bank can wait for receipt of an acknowledgment **1618** comprising a returned secure financial transaction message that confirms execution of the financial transaction.” (Col. 23, ll. 16-19).
12. Kamel discloses a system for delivering advertising messages to individuals (para. [0029]).
13. Hastings discloses a method for renting and delivering items to customers (col. 1, ll. 49-56).
14. Kamel discloses the replenishment of queues using the concept of economic order quantity, stating, “the use of EOQ for replenishment ensures that messages are delivered only to those queues in need of additional messages ...” (para. [0162]).
15. The Specification describes an embodiment where an inducement is provided to a customer who has a long-wait item rented to return that item so that another customer will not become frustrated by waiting for that out-of-stock item, further stating “from a customer satisfaction perspective, it is desirable to always have at least one title of interest in the possession of the customer, and to reduce stock-out of particular titles for such customer. By identifying potential ‘weak points’ the

system can preempt and reduce customer defections by preventing stock-out.” (Spec. 33, ll. 1-5).

ANALYSIS

Claims 1-3, 5-11, 14, 15, 20-27, and 28-34

Appellant argues “Hastings does not teach a separate automatic queue refill option. When the user’s queue is emptied, as a result of seeing every movie that meets their criteria, there is nothing in Hastings that is described as refilling that selection queue automatically for him/her to maintain at least one title.” (Appeal Br. 15; *see also* Appeal Br. 11-14, 16, Reply Br. 2-4).

We are not persuaded by Appellant’s argument, because Hastings discloses automatic selection of titles for customers (FF 1) which places titles into the customer’s selection queue for mailing. Moreover, Hastings discloses, in Figure 6, a flowchart for the movie rental process that uses a repeating loop coming out of steps 612 and 614 back to the delivery of the next movie at step 608 (FF 2). We do not find any disclosure in Hastings of an empty subscriber queue (FF 3). Instead, we find Hastings discloses an advantage of allowing the greatest number of items to be rented (FF 4, 5) and that the provider can “automatically select particular movies and music that satisfy the attributes specified” (FF 6). Therefore, we find that Hastings teaches an automatic queue refill option through the repeating process to maximize the number of movies automatically selected and rented. Thus, we affirm the rejection of claim 1 and dependent claims 2, 3, 7, 8, 15, 22-24, and 28-31 that were not separately argued. In addition, we affirm the separate rejections of dependent claims 5, 6, 9-11, 14, 20, 21, 25-27, and 32-34 that were not separately argued (Appeal Br. 18, 19, 20, 21).

Claim 4

Dependent claim 4 recites, *inter alia*, “wherein said additional playable media item is automatically inserted in a subscriber-defined delivery order position in said new ordered list of one or more playable media items.”

Appellant argues Ostrom does not meet the claim requirement because it “is not referring to an *additional* playable item; it is referring to rearranging a *preexisting* item in the subscriber’s queue, or letting the subscriber add something manually.” (Appeal Br. 17, Reply Br. 6).

We are not persuaded by Appellant’s argument, because Hastings discloses customer-defined delivery order position for selected items. (FF 7). Therefore, when the automatic queue refill adds movie titles to the customer’s selection queue, it uses the customer-defined delivery order position for selected items, thus meeting the claim requirements. Therefore, Hastings meets the claim requirements and Ostrom is cumulative.

Claims 17-19

Dependent claim 17 recites, *inter alia*, “wherein said trigger event is associated with a determination by an item recommendation system that said additional playable media item should be added to said subscriber selection queue as a recommended playable media item.”

Appellant argues the “specification makes clear what a recommendation system is (see page 1, ll. 28+), and there is no such mention of this type of a system in Hastings.” (Appeal Br. 18).

We are not persuaded by Appellant’s argument. We look to Appellant’s Specification and find that the Specification describes in the Background that the Netflix website can “make recommendations for titles

to a user using a well-known recommender algorithm.” (FF 8). We find Hastings discloses an automatic selection of movies for customers using customer-defined attributes (FF 6), thus meeting the claim requirement.

Appellant also argues the “prior art relies solely on a manual interaction with the system to derive such recommendations.” (Appeal Br. 18).

We are not persuaded by Appellant’s argument because we find Hastings discloses an automatic selection of movies for customers using customer-defined attributes (FF 6), thus meeting the claim requirement.

Dependent claim 18 recites, *inter alia*, “wherein said recommended playable media item is designated as the next to be delivered from said subscriber selection queue.”

Appellant argues “neither Ostrom nor Hastings says anything about bumping a recommended title to the top of the queue, as set out in claim 18.” (Appeal Br. 18).

However, the Appellant’s arguments fail from the outset because they are not based on a limitation appearing in the claims and are not commensurate with the broader scope of the claim, which merely recites that an item is designated as the next to be delivered, but says nothing of moving items within a queue. *In re Self*, 671 F.2d 1344, 1348 (CCPA 1982). In addition, in Hastings an item would become next to be delivered if it matches the customer-defined attributes that make it a top priority selection (FF 6), thus meeting the claim requirement.

Appellant further argues that unlike the claimed system, Hastings does not disclose “suggesting other actors” with its recommender system. (Reply Br. 6).

Appellant's argument fails from the outset because it is not based on limitations appearing in the claim, and is not commensurate with the broader scope of claims 17-19 which do not recite "suggesting other actors." *In re Self*, 671 F.2d 1344, 1348 (CCPA 1982).

Claim 12

Dependent claim 12 recites, *inter alia*,

wherein said notification specifies that said subscriber selection queue will be automatically modified in accordance with said queue replenishment control rules and includes an embedded uniform resource links (URL) or an electronic response field in said electronic notification so as to allow the subscriber to review playable media title recommendations from said recommender system.

Appellant argues Hastings teaches away from using an embedded URL in a notification of a change in the subscriber selection queue, because Hastings cannot profit from additional rentals since it charges a fixed rate for any quantity of rentals. (Appeal Br. 19).

We are not persuaded by Appellant's argument, because Hastings does not discourage notifying the consumer of changes in the selection queue, or providing information about those changes. "A reference may be said to teach away when a person of ordinary skill, upon reading the reference, would be discouraged from following the path set out in the reference, or would be led in a direction divergent from the path that was taken by the applicant." *In re Kahn*, 441 F.3d 977, 990 (Fed. Cir. 2006) (citations and internal quotation marks omitted). We further find Postelnik discloses informing customers of changes in order status (FF 9), which corresponds to changing the claimed subscriber selection queue, and Jacobi

discloses that an e-mail notification can include URL links to convey additional information about products (FF 10). We find including URL references corresponding to additional information about titles added to the selection queue in a notifying e-mail is reasonable and would help provide information to a subscriber to keep them informed of changes to their queue.

Appellant also argues hindsight in the motivation for combination, because the stated motivation of “for the obvious advantage of profiting from selling (or renting) items to the subscriber that the subscriber is likely to be interested in” (Ans. 12) does not makes sense if there is no additional financial profit based on a fixed-fee rental system independent of the number of rentals (Reply Br. 6-7). In response, the Examiner further argues the “profit” is in the form of “customer satisfaction.” (Ans. 30).

We are not persuaded by Appellant’s argument, because we agree that notifying a customer of a change in their selection queue, and including a link to more information about the change, would be something customers would value, making the subscription more profitable by keeping happy customers. Therefore, we find the motivation to combine is reasonable and not drawn from the Appellant’s own disclosure, but instead would be recognized by one of ordinary skill.

Claim 13

Dependent claim 13 recites, *inter alia*, “wherein said subscriber selection queue is automatically modified in accordance with said queue replenishment control rules after a predefined time delay.”

Appellant argues there is no motivation to combine a teaching of a delay with the prior art, except in Appellant’s own Specification. (Appeal Br. 20).

We disagree, because we find one of ordinary skill in the art would understand from Davis' disclosure the motivation to offer a customer an opportunity to respond to a proposed transaction, such as adding a title to the selection queue, but postpone implementing the transaction until after a delay, so that the consumer has an opportunity to override the transaction (FF 11).

The Appellant also argues, without citation, that the "Examiner acknowledges that the motivation is taken directly from Applicant's own disclosure." (Reply Br. 7).

First, we find no evidence the Examiner made any such acknowledgement. (Ans. 12-13, 30-31). The Examiner did, however, recite a motivation to combine "of giving someone (the subscriber, or an administrator), time to make any manual modification which seem indicated." (Ans. 13). We find this motivation reasonable and not based on the Applicant's disclosure, because one of ordinary skill in the art would recognize from Davis the benefit of a delay to wait for a response in case one is appropriate before continuing the transaction.

Claim 16

Dependent claim 16 recites, *inter alia*, "wherein said trigger event is associated with a quantity of playable media items remaining in said subscriber selection queue."

Appellant first argues Kamel is not analogous art. (Appeal Br. 20-21). We are not persuaded by Appellant's argument because we find Kamel is concerned with delivery of messages to individuals (FF 12), and has common issues and problems in common with the Hastings system of distributing rentals to individuals (FF 13), each facing common problems

surrounding queues, such that their combination is reasonable. Moreover, we find one of ordinary skill in the art would recognize from Hastings' disclosure of a goal of maximizing the number of rentals (FF 5) that the number of items in a selection queue cannot become empty, such that a low queue size would trigger the addition of items to the queue, thus meeting the claim requirement.

Appellant also argues "however Kamel is not 'replenishing' anything in a queue as the claim calls for. Here the Examiner is confusing the act of replenishing a queue with increasing its size." (Reply Br. 8).

We are not persuaded by Appellant's argument, because Kamel discloses the use of economic order quantities is specifically for "replenishment" (FF 14), and thus is to add additional messages to queues which have depleted them, but based on the EOQ actually need the queue replenished.

Claim 35

Appellant argues that in Hastings there is "no mention of the system doing monitoring based on analyzing the content of other selections made by the subscriber." (Appeal Br. 16, Reply Br. 5).

The Examiner found it is "obvious for the monitoring to include analyzing the content and/or characteristics of other playable media items within the selection queue to determine the changes, so as to accomplish the disclosed purpose of providing the subscriber with movies according to his selected criteria, as taught by Hastings." (Ans. 17). The Examiner also found that Ostrom's program to provide recommendations based on customers' ratings, and applying the selection of movies in a queue as a

rating to generate recommendations, can be considered to be analyzing the content and/or characteristics of other playable media items. (Ans. 27).

We agree with the Examiner and find further support for the Examiner's finding of obviousness in Appellant's Specification where it explicitly discloses that it is known to use a Netflix program where a subscriber himself selects a number of titles (other playable items), and those titles which are not available are sent to the queue (FF 8). Further, that during this same session the system makes recommendations for titles based on a recommender algorithm, a characteristic of which is prior movie rentals. (FF8). We find by inference if the recommendation system is using prior movie rental to recommend new titles, and some of those titles are in the queue, then the recommendation engine could be analyzing the content of other playable media in the queue as required by the claims. *See KSR Int'l. Co. v. Teleflex Inc.*, 550 U.S. 398, 418 (2007). (In making the obviousness determination one "can take account of the inferences and creative steps that a person of ordinary skill in the art would employ.")

For these reasons, we affirm the rejection under 35 U.S.C. § 103(a) of claim 35.

Claim 36

Appellant first argues the Examiner's use of Official Notice that "it is well known for salespersons to repeatedly select items or information about items to be presented to potential customers" (Ans. 21) is inapplicable, because the claimed system "is not a situation where a salesman is presenting something to a 'potential' customer. In the present claims there is already a subscriber – not a potential customer – who is receiving content." (Appeal Br. 22).

We disagree with Appellant, because although an individual may be a subscriber to a service, that subscriber is a potential customer with respect to the rental of any individual title, which meets the claim requirements.

Appellant additionally argues that the Examiner's motivation of "making people more likely to see subscribing as worth the money" (Ans. 22) is hindsight because it is "taken directly from the applicant's own disclosure" (Appeal Br. 22, Reply Br. 9). Appellant directs us to page 33 of the Specification, which discusses "customer satisfaction" and "reduc[ing] customer defections by preventing stock-outs." (FF 15).

We are not persuaded by Appellant's argument, because we do not think incenting one customer to return a rented item to benefit another customer who is waiting for that item, to prevent the second customer from leaving the subscription service out of frustration, as stated in the Specification (FF 15), is the same thing as repeatedly suggesting items to rent so customers see the value in their subscriptions (Ans. 22). Therefore, we do not think the Examiner took the motivation from the Specification, and do not find hindsight in the combination.

CONCLUSIONS OF LAW

The Examiner did not err in rejecting claims 1-36 under 35 U.S.C. § 103(a).

DECISION

For the above reasons, the Examiner's rejections under 35 U.S.C. § 103(a) of claims 1-36 are AFFIRMED.

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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).

AFFIRMED

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