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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte MORDECHAI TEICHER

Appeal 2011-006681
Application 10/276,682
Technology Center 3600

Before JOSEPH A. FISCHETTI, BIBHU R. MOHANTY, and
NINA L. MEDLOCK, *Administrative Patent Judges*.

MEDLOCK, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Appellant appeals under 35 U.S.C. § 134(a) from the Examiner's final rejection of claims 1-18. We have jurisdiction under 35 U.S.C. § 6(b).

STATEMENT OF THE DECISION

We REVERSE.¹

BACKGROUND

Appellant's invention relates to customer loyalty programs, and, in particular, to such programs involving a customer card for receiving and redeeming loyalty incentives (Spec. 1, ll. 5-7).

Claim 1, reproduced below with added bracketed notations, is representative of the subject matter on appeal:

1. A system for managing loyalty incentives for a customer, comprising:
 - a. a personal loyalty account at a centralized server, assigned to the customer for storing a first amount of loyalty incentives for the customer,
 - b. a loyalty card carried with the customer for identifying and accessing the personal loyalty account and including a loyalty purse for storing a second amount of loyalty incentives, and
 - c. a first merchant terminal operable to interface with the loyalty card for granting the customer an awarded amount of loyalty incentives by selecting, in accordance with a first predefined amount of loyalty incentives that is independent of the awarded amount of loyalty incentives, whether:

¹ Our decision will make reference to the Appellant's Appeal Brief ("App. Br.," filed August 23, 2010) and Reply Brief ("Reply Br.," filed January 10, 2011) and the Examiner's Answer ("Ans.," mailed November 10, 2010).

[i] to add the awarded amount of loyalty incentives to the loyalty purse, or

[ii] to add said first predefined amount of loyalty incentives to the loyalty account and receive the difference between the first predefined amount of loyalty incentives and the awarded amount of loyalty incentives from the loyalty purse.

THE REJECTION

The following rejection is before us for review:

Claims 1-18 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over Postrel (US 6,594,640 B1, iss. Jul. 15, 2003) in view of Taylor (US 5,530,232, iss. Jun. 25, 1996) and further in view of Molano (US 6,330,978 B1, iss. Dec. 18, 2001).

ANALYSIS

Independent claim 1 and dependent claims 2-9

We are persuaded of error on the part of the Examiner by Appellant's argument that none of Postrel, Taylor, and Molano discloses or suggests

a first merchant terminal . . . selecting, in accordance with a first predefined amount of loyalty incentives . . . whether . . . to add said first predefined amount of loyalty incentives to the loyalty account and receive the difference between the first predefined amount of loyalty incentives and the awarded amount of loyalty incentives from the loyalty purse,

i.e., limitation c[ii], as recited in claim 1 (App. Br. 6-11 and Reply Br. 2-3).

The Examiner concedes that Postrel does not teach this feature (Ans. 4-5), and cites column 5, lines 25-35 of Taylor, as well as column 3, lines 15-20 and 25-40 and column 9, lines 5-15 of Molano to cure this deficiency (Ans. 5-7). However, we agree with Appellant that there is

nothing in the cited portions of Taylor and Molano that teaches or suggests limitation c[ii], as set forth in claim 1.

Taylor discloses a multi-application data card and a system for employing the card (Taylor, col. 1, ll. 5-10). Taylor describes that the system includes a memory for storing and updating data relating to an authorized holder of the card, and states that if the data card is a smart card, the memory is located at least in part on the card (Taylor, col. 4, lines 49-54). Taylor further describes at column 5, lines 25-35, on which the Examiner relies, that when a purchase transaction made using the card is linked to frequency points, e.g., the purchase of an airline ticket, “the point value is added to the current account balance and the card or [the] central database is updated.”

Molano discloses a system that loads and unloads data representative of cash value to and from an integrated circuit bearing card, e.g., a smart card, and describes at column 3, lines 15-20 and 25-40, cited by the Examiner, that the system enables a card holder to debit the cash value loaded onto the card from an associated bank account. Molano further describes that there is a maximum amount that may be loaded onto the card, and that the customer has the option of loading the maximum amount or entering a numerical amount, in which case the system verifies that the amount is valid, i.e., that the maximum amount will not be exceeded (Molano, col. 9, ll. 5-15).

The Specification at page 18, lines 5-15 describes in detail the method by which value is transferred between the loyalty purse, loyalty account, and the merchant terminal. The Examiner however takes the position that “Applicant’s claimed invention is simply transferring enough value from the

loyalty purse to the loyalty account which would allow the loyalty purse in the smart card to store an amount that would not exceed the maximum allow[ed] in the memory of the smart card” (Ans. 5). Therefore, the Examiner concludes that it would have been obvious to modify Postrel in accordance with Taylor and Molano to arrive at the claimed invention:

[I]t would have been obvious . . . at the time the application was made, to know that because smart cards have limits in the amount of value that can be stored in said smart cards, as taught by Molano, and because it is old and well known . . . to link a smart cards [sic] to loyalty bank accounts . . . , as taught by Taylor and Postrel (see Postrel col 10, lines 1-10) and also, because it is old and well known . . . to have smart cards that load and unload value between a smart card’s purse and remote accounts . . . , as taught by Molano, that Postrel would add an awarded amount to a current value stored in the loyalty purse of a smart card, where said awarded amount plus said current value exceed the maximum amount that a user is permitted to load to said loyalty purse . . . , by using the Taylor and Molano’s system . . . to transfer from said loyalty purse to a loyalty account . . . a predefined amount subtracted from said awarded amount plus said current value, which would . . . split the balance of said awarded amount + said current value between the smart card loyalty purse . . . and the . . . loyalty bank account Therefore, Postrel would store a predefined amount in the loyalty bank account and would store the ((additional value) plus (the current value) minus (predefined amount)) in the loyalty purse.

Ans. 6-7.

In the Examiner’s view, Appellant’s invention involves simply transferring enough value from the loyalty purse to the loyalty account which will allow the loyalty purse in the smart card to store an amount that does not exceed the maximum allowed in the memory of the smart card. But this falls short of the claim requirements. The claimed invention also

involves a determination by the merchant terminal, as recited in limitation c, regarding how the loyalty value should be distributed. The proposed combination of Taylor and Molano fails to disclose that the first merchant terminal receives the difference between the first predefined amount of loyalty incentives and the awarded amount of loyalty incentives from the loyalty purse, as set forth in limitation c[ii] of claim 1. And the Examiner provides no articulated reasoning with rational underpinning to modify the cited references to meet this claim limitation without impermissible hindsight. *See KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 418 (2007) (holding that “rejections on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness.”).

The Examiner has failed to establish a prima facie case of obviousness with respect to claim 1. Therefore, we will not sustain the Examiner’s rejection of claim 1 under 35 U.S.C. § 103(a). We also will not sustain the Examiner’s rejection of claims 2-9, which depend from claim 1. *Cf. In re Fritch*, 972 F.2d 1260, 1266 (Fed. Cir. 1992) (“[D]ependent claims are nonobvious if the independent claims from which they depend are nonobvious.”)

Independent claim 10 and dependent claims 11-18

Independent claim 10 includes language substantially similar to claim 1. Therefore, we will not sustain the Examiner’s rejection of claim 10 under 35 U.S.C. § 103(a) for the same reasons as set forth above with

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respect to claim 1. We also will not sustain the Examiner's rejection of dependent claims 11-18.

DECISION

The Examiner's rejection of claims 1-18 under 35 U.S.C. § 103(a) is reversed.

REVERSED

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