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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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*Ex parte* KISSEI MASUMOTO

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Appeal 2013-009627  
Application 11/272,334<sup>1</sup>  
Technology Center 3600

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Before ST. JOHN COURTENAY III, DAVID M. KOHUT, and  
MELISSA A. HAAPALA, *Administrative Patent Judges*.

Opinion for the Board filed by *Administrative Patent Judge*  
DAVID M. KOHUT.

Opinion dissenting filed by *Administrative Patent Judge*  
ST. JOHN COURTENAY III.

KOHUT, *Administrative Patent Judge*.

DECISION ON APPEAL

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<sup>1</sup> According to Appellant, the real party in interest is Sony Corporation. Br.  
1.

## STATEMENT OF CASE

This is a decision on appeal under 35 U.S.C. § 134(a) of the Final Rejection of claims 63–90 and 93–95.<sup>2</sup> We have jurisdiction under 35 U.S.C. § 6(b).

We REVERSE the Examiner’s rejection of these claims.

## INVENTION

The invention is directed to a data sending and/or receiving apparatus and method. Spec. 1. The independent claims on appeal are claims 63, 69, 73, 76, 82, 87, and 93. All independent claims recite limitations that are similar to the contested limitations in representative claim 63, which is reproduced below (emphasis added).

63. A data receiving apparatus, comprising:
- a memory configured to store data;
  - a communications interface configured to communicate with an external device; and
  - a controller operative to manage data storage to the memory, identify selected data for storage in the memory based upon a comparison of a current content data of the memory to content data designated by request information designating plural data, the selected data for storage in the memory including only data designated by the request information and not being currently stored in the memory, the controller receiving the selected data from the external device via the communications interface, the request information including new music designation information which designates requested content to be content that is new such that the controller identifies only new content as the selected data, the request information further including user ID information, genre

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<sup>2</sup> Claims 1–62, 91, 92, and 96 were cancelled previously.

designation information, and payment information indicating whether or not a user of the data receiving apparatus will pay for the selected data, and ***the controller receives data of a first quality when the payment information indicates that the user of the data receiving apparatus will pay for the selected data and receives data of a second quality when the payment information indicates that the user will not pay for the selected data, where the first quality is higher than the second quality.***

#### REFERENCES

Kato	US 5,808,224	Sept. 15, 1998
Schulhof et al.	US 5,841,979	Nov. 24, 1998
Sato et al.	US 5,848,422	Dec. 8, 1998

#### REJECTION AT ISSUE<sup>3</sup>

Claims 63–90 and 93–95 are rejected under 35 U.S.C. § 103(a) as unpatentable over the combination of Schulhof, Kato, and Sato.

#### ISSUE

Did the Examiner err in finding that the combination of Schulhof, Kato, and Sato teaches a controller that receives data of a first, higher

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<sup>3</sup> Appellant indicates the rejection at issue is the rejection of claims 63–90 and 93–95 as obvious over the combination of Schulhof, Kaplan, and Sato. Br. 8–9. However, the Examiner changed the rejection of the claims as obvious over the combination of Schulhof, Kato, and Sato in the Final Rejection, based on Appellant’s amended claims submitted after the Non-Final Rejection. Final Act. 4. We note the correct rejection here, but find Appellant’s indication of the wrong reference to be harmless error as Appellant’s arguments focus only on the error in the Examiner’s finding with respect to Schulhof. Br. 8–9.

quality, or a second, lower quality, depending upon whether or not payment information indicates that a user will pay for the selected data (respectively), as recited in independent claim 63, and similarly recited in independent claims 69, 73, 76, 82, 87, and 93?

#### ANALYSIS

Independent claim 63 recites “the controller receives data of a first quality when the payment information indicates that the user of the data receiving apparatus will pay for the selected data and receives data of a second quality when the payment information indicates that the user will not pay for the selected data, where the first quality is higher than the second quality.” Independent claims 69, 73, 76, 82, 87, and 93 contain similar limitations. Dependent claims 64–68, 70–72, 74, 75, 77–81, 83–86, 88–90, 94, and 95 are dependent upon one of the independent claims.

The Examiner finds that Schulhof teaches the controller and the functions performed by the controller, as required by claim 63. Final Act. 2–3. Specifically, the Examiner finds that Schulhof teaches different audio files, i.e., different qualities, and also teaches whether or not the subscriber wants to pay for the audio files. Ans. 4.

However, Appellant argues that there is nothing in Schulhof that teaches receiving a higher quality audio file when the user pays for the data, as opposed to a lower quality audio file when the user does not pay for the data. Br. 9. Thus, Appellant contends that the Examiner erred in finding that the combination of Schulhof, Kato, and Sato teaches claim 63. Br. 8–9. We agree with Appellant.

The sections of the Schulhof reference cited by the Examiner describe a scheduling and transmitting control module and the processing of the files received with no mention of payment in connection with the quality of the data received. Schulhof does disclose a billing module, but we find no correlation between the billing and the quality of the file received. Nothing in the cited portions, or otherwise, in Schulhof lead us to a conclusion that the reference teaches the disputed limitation. The additional references were not cited to teach or suggest this limitation and we will not engage in any inquiry as to whether the additional references cure the noted deficiencies. Therefore, for the reasons stated supra, we cannot sustain the Examiner's rejection of claims 63–90 and 93–95.

#### CONCLUSION

The Examiner erred in finding that the combination of Schulhof, Kato, and Sato teaches a controller that receives data of a first, higher quality, or a second, lower quality, depending upon whether or not payment information indicates that a user will pay for the selected data (respectively), as recited in independent claim 63, and similarly recited in independent claims 69, 73, 76, 82, 87, and 93.

#### SUMMARY

The Examiner's decision to reject claims 63–90 and 93–95 under 35 U.S.C. § 103(a) as unpatentable over the combination of Schulhof, Kato, and Sato is reversed.

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DECISION

The Examiner's rejection of claims 63–90 and 93–95 under 35 U.S.C. § 103(a) is REVERSED.

REVERSED

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Appeal 2013-009627  
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Before ST. JOHN COURTENAY III, DAVID M. KOHUT, and  
MELISSA A. HAAPALA, *Administrative Patent Judges*.

COURTENAY, *Administrative Patent Judge* dissenting.

I respectfully dissent regarding the reversal of the rejection of independent claim 63. I would affirm the Examiner's rejection under 35 U.S.C. § 103(a), in accordance with the reasoning and findings of the Examiner, as set forth in the Final Action (2–4) and the Answer (3–5), and for the reasons discussed *infra*.

Independent claim 63 recites, *inter alia*:

the controller receives data of a first quality when the payment information indicates that the user of the data receiving apparatus will pay for the selected data and receives data of a second quality when the payment information indicates that the user will not pay for the selected data, where the first quality is higher than the second quality.

Regarding the contested limitations recited in claim 63, Schulhof teaches an audio data *subscription service* requiring *payment for programs* delivered by the distribution service:

The audio data distribution system 10 allows *a subscriber/user to select desired programs, utilizing a user order entry module 21 that may include a wired or wireless telecommunications or other radiowave channel, and to be charged only for programs delivered by the distribution service. . . . The selected audio data files are delivered through a transmission and/or downloading channel . . . .*

Col. 4, ll. 39–55 (emphasis added).

Schulhof additionally teaches that different levels of audio compression are available to the subscriber (i.e., data of first and second qualities — “lossless” and “lossy”):

One advantage to compression and digitization of an audio data file is that lossy, as opposed to lossless, compression techniques can be utilized to obtain effective compression ratios of between 2:1 and 100:1 or higher in the compressed audio data file.

Col. 9, ll. 35–39.

Our reviewing court guides that the question of obviousness is “based on underlying factual determinations including . . . the level of ordinary skill in the prior art.” *In re Zurko*, 258 F.3d 1379, 1383–84 (Fed. Cir. 2001) (citing *Graham v. John Deere Co.*, 383 U.S. 1, 17–18 (1966); *In re Dembiczak*, 175 F.3d 994, 998 (Fed. Cir. 1999); *In re Napier*, 55 F.3d 610, 613 (Fed. Cir. 1995)).

Moreover, “[e]very patent application and reference relies to some extent upon knowledge of persons skilled in the art to complement that [which is] disclosed.” *In re Bode*, 550 F.2d 656, 660 (CCPA 1977) (quoting *In re Wiggins*, 488 F.2d 538, 543 (CCPA 1973)). Those persons “must be presumed to know something” about the art “apart from what the references disclose.” *In re Jacoby*, 309 F.2d 513, 516 (CCPA 1962). The prior art

must be evaluated for what the references would have fairly *suggested* to one of ordinary skill in the art at the time of the invention. *See Merck & Co. v. Biocraft Labs., Inc.*, 874 F.2d 804, 807 (Fed. Cir. 1989).

This reasoning is applicable here. Given that Schulhof teaches a paid audio subscription service which is capable of delivering audio content of a first and a second quality (“lossless” and “lossy”), I find that charging more for the higher quality audio data and charging less for the lower quality audio (e.g., a free low quality sample) would have been expected by a user, and would have done nothing more than realize a predictable result.<sup>4</sup> As a general rule, consumers expect to pay more for higher quality products and services (e.g., lossless *high quality* audio would be expected to cost more), and I find such knowledge and expectations would have been well within the level of ordinary skill in the art at the time of the invention. The Supreme Court guides: “If a person of ordinary skill can implement a predictable variation, § 103 likely bars its patentability.” *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 417 (2007).

Moreover, there would have been a limited set of options available to the artisan at the time of the invention: (1) to charge more for higher quality audio, or (2) to charge less (or nothing) for lower quality audio, because a reasonable consumer would not have been willing to pay a *higher* price for *lower* quality audio. Where “the problem is known, the possible approaches to solving the problem are known and finite, and the solution is predictable through use of a known option,” a solution that is *obvious to try* may indeed

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<sup>4</sup> “The combination of familiar elements according to known methods is likely to be obvious when it does no more than yield predictable results.” *KSR*, 550 U.S. at 416.

be obvious. *Abbott Labs. v. Sandoz, Inc.*, 544 F.3d 1341, 1351 (Fed. Cir. 2008) (citing *KSR*, 550 U.S. at 421); *see also Ortho-McNeil Pharm., Inc. v. Mylan Labs., Inc.*, 520 F.3d 1358, 1364 (Fed. Cir. 2008) (stating the number of options must be “small or easily traversed”).<sup>5</sup>

Following this guidance, on this record, and by a preponderance of the evidence, I am not persuaded of error regarding the Examiner’s legal conclusion of obviousness. For an artisan having knowledge of Schulhof’s teachings, it would not have been “uniquely challenging or difficult for one of ordinary skill in the art” to arrive at the invention claimed by Appellant. *Leapfrog Enters., Inc. v. Fisher-Price, Inc.*, 485 F.3d 1157, 1162 (Fed. Cir. 2007) (citing *KSR*, 550 U.S. at 418). Nor has Appellant provided objective evidence of secondary considerations (such as unexpected results) which our reviewing court guides “operates as a beneficial check on hindsight.” *Cheese Systems, Inc. v. Tetra Pak Cheese and Powder Systems, Inc.*, 725 F.3d 1341, 1352 (Fed. Cir. 2013).

Accordingly, I would *affirm* the Examiner’s rejection of claim 63 as being obvious over the cited combination of Schulhof, Kato, and Sato, for essentially the same reasons set forth by the Examiner in the Final Action and Answer, as further discussed above. Because Appellant has not advanced separate arguments for the remaining claims on appeal, all claims should fall with representative claim 63. *See* Br. 8–9. *See* 37 C.F.R.

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<sup>5</sup> “When there is a design need or market pressure to solve a problem and there are a finite number of identified, predictable solutions, a person of ordinary skill [in the art] has good reason to pursue the known options within his or her technical grasp. If this leads to the anticipated success, it is likely the product not of innovation but of ordinary skill and common sense.” *KSR*, 550 U.S. at 421.

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§ 41.37(c)(1)(iv). Therefore, on this record, I would affirm the Examiner's obviousness rejection of all claims on appeal.