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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte PAUL J. MATSUDA,
SARAH E. PERRY, and TRACY L. WILK

Appeal 2014-005559¹
Application 13/450,153²
Technology Center 3600

Before MICHAEL W. KIM, MATTHEW S. MEYERS, and
ROBERT J. SILVERMAN, *Administrative Patent Judges*.

MEYERS, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

¹ Our decision references Appellants' Appeal Brief ("Appeal Br.," filed December 23, 2013) and Reply Brief ("Reply Br.," filed March 11, 2014), the Examiner's First Answer ("Ans. 1," mailed February 12, 2014) and Second Answer ("Ans. 2," mailed March 21, 2014), and Final Office Action ("Final Act.," mailed May 21, 2013). We note that the Examiner's Second Answer appears to have been mailed to correct a typographical error, on page 2 of the Examiner's First Answer, related to the filing date of Appellants' Appeal Brief (*cf.* Ans. 1; Ans. 2). Other than this difference, the Examiner's First and Second Answers are identical.

² Appellants identify Visa International Service Association as the real party in interest (Appeal Br. 3).

Appellants appeal under 35 U.S.C. § 134(a) from the Examiner's final rejection of claims 40, 41, 43–47, 49–51, 53–57, and 59–61. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM-IN-PART.

CLAIMED INVENTION

Appellants' claimed invention relates generally "to systems and methods for conducting electronic commerce between individuals" (Spec. 1, ll. 9–10).

Claims 40 and 50 are the independent claims on appeal. Claim 40, reproduced below with added bracketed notations, is illustrative of the subject matter on appeal:

40. A method of integrating the shipping of goods with the purchase of the goods on an auction site, the method comprising:

[a] facilitating a transaction between an individual seller and an individual buyer on a transaction server connected to a network, the transaction server recording a purchase price of the goods, a first account for the buyer and a second account for the seller, wherein the individual buyer and the individual seller participate in an online auction;

[b] receiving an indication of a chosen shipping method by which to ship the goods from the seller to the buyer;

[c] receiving information regarding the goods to be shipped;

[d] calculating a shipping price for the goods based on the chosen shipping method and the received information regarding the goods to be shipped; and

[e] debiting the first account of the buyer and crediting the second account of the seller to complete the purchase transaction.

REJECTIONS

Claims 40, 41, 43–47, 49–51, 53–57, and 59 are rejected under 35 U.S.C. § 103(a) as unpatentable over Walker (US 6,240,396 B1, iss. May 29, 2001) and Reistad (US 2009/0307143 A1, Dec. 10, 2009).

Claims 60 and 61 are rejected under 35 U.S.C. § 103(a) as unpatentable over Walker, Reistad, and Official Notice.

ANALYSIS

Independent claims 40 and 50, and dependent claims 41, 43–46, 49, 51, 53–56, and 59 rejected as obvious over Walker and Reistad

In rejecting independent claims 40 and 50 under 35 U.S.C. § 103(a), the Examiner finds that Walker discloses substantially all of the limitations of the claim except that

Walker fails to explicitly disclose a system and method comprising receiving an indication of a chosen shipping method by which to ship the goods from the seller to the buyer; calculating a shipping price for the goods based on the chosen shipping method and the received information regarding the goods to be shipped; and wherein receiving information about the goods to be shipped comprises receiving information regarding a shipper to be used to ship the goods and a mode of shipment for the goods.

(Final Act. 3–4). The Examiner, however, finds that

Reistad discloses a system and method comprising receiving an indication of a chosen shipping method by which to ship the goods from the seller to the buyer (see at least Figure 5, Paragraphs [0050, 0067-0068]); calculating a shipping price for the goods based on the chosen shipping method and the received information regarding the goods to be shipped (see at least Figure 5, Paragraphs [0035, 0050, 0067-0068]); and wherein receiving information about the goods to be shipped comprises receiving information regarding a shipper to be used to ship the goods and

a mode of shipment for the goods (see at least Figure 5, Paragraphs [0035, 0050, 0067-0068]).

(*Id.* at 4). The Examiner, thus, concludes that

it would have been obvious to one of ordinary skill in the art at the time the invention was made to combine the teachings of Reistad with that of Walker . . . in order to increase buyer confidence and improve customer satisfaction by providing buyers with the choice to select the preferred shipping method (Reistad, paragraph [0034]).

(*Id.* at 4–5).

Appellants argue the Examiner erred in rejecting independent claims 40 and 50 as obvious because

the Examiner’s proposed modification of Walker et al. creates the problems that Walker et al. is actually trying to solve and defeats the principle of operation of Walker et al. Consequently, Walker et al. cannot be modified in the manner proposed by the Examiner, and obviousness has not been established.

(Appeal Br. 6–8; *see also* Reply Br. 2–5). More particularly, Appellants argue that “Walker et al. deliberately seeks to avoid shipping tickets directly from the buyer to the seller. Walker et al.’s system must use the central controller to void the seller’s tickets and reissue them to the buyer,” and as such, “[u]nder the Examiner’s proposed modification of Walker et al., Walker et al.’s central controller would no longer be needed, the risk of the seller not sending the tickets to the buyer would be present, and the efficient consummation of an offer to purchase or sell tickets would not occur”

(Appeal Br. 7–8). Appellants’ argument is not persuasive.

The test for obviousness is not whether the features of one reference may be bodily incorporated into the structure of a second reference. Instead, the test is what the combined teachings of those “references would have suggested to those of ordinary skill in the art.” *In re Keller*, 642 F.2d 413,

425 (CCPA 1981). *See also In re Sneed*, 710 F.2d 1544, 1550 (Fed. Cir. 1983) (“[I]t is not necessary that the inventions of the references be physically combinable to render obvious the invention under review.”).

Here, the Examiner does not propose any bodily incorporation of Walker into Reistad or vice versa. Nor does the Examiner’s proposed combination suggest doing away with Walker’s “central controller,” as Appellants contend (*see* Appeal Br. 8). Instead, the Examiner states that “the proposed modification do[es] not change the princip[le] of operation of Walker because the tickets sold in [W]alker can still be shipped as modified by Reistad above after they undergo the principal teaching of Walker” (Ans. 2, p. 4). We agree with the Examiner.

In this regard, we note that Walker is directed “to a method and system for electronically facilitating buying and selling tickets for an event, such as the ballet, theater or a sporting event” (Walker, col. 1, ll. 38–40).

Walker discloses that its

invention allows a buyer to present a guaranteed purchase offer for a ticket to a certain event, such as a hockey game, to a number of potential sellers. The sellers may review the offer, and accept the offer if the terms are agreeable. Thus, a buyer may quickly submit an offer to purchase tickets which are guaranteed to be delivered in a safe, convenient manner.

(*Id.* at col. 3, ll. 56–63). Walker discloses after seller’s acceptance, “[t]he seller is then **20** required to surrender the voided tickets. This may be accomplished by returning them to the venue, or the seller may mail the tickets to the operator of central controller **200**” (*id.* at col. 8, ll. 19–23; *see also id.* at Fig. 7d, step 748 (emphasis added)). Walker further discloses

[s]urrender of the ticket is preferably accomplished by delivery of the ticket to a will call window of the venue, however other surrender arrangements are possible, such as through the postal

service or Federal Express. Once the ticket has been surrendered and the transaction is complete, central controller **200** updates status field **557** of the offer table **550** to “completed” for tracking purposes. Upon receipt of the surrendered tickets, central controller **200** credits the account of the user selling the tickets.

(*Id.* at col. 14, ll. 48–56 (emphasis added)). Walker still further discloses

the central controller transmits replacement ticket number **692** and a message to the user buying the ticket indicating that his guaranteed offer has been accepted. The user buying the ticket may then print the replacement ticket number, take it to the venue and use it to gain access to the desired event, at step **796**.

(*Id.* at col. 14, ll. 13–19). We also note that Walker discloses that “central controller **200** includes . . . data storage device **250** . . . containing an event table **500**, a venue table **520**, a customer table **530**, an offer table **550**, and a transaction table **580**” (*id.* at col. 4, ll. 18–24) wherein “[c]ustomer table **530** stores a unique customer identifier for each customer in field **532** and name and address information” (*id.* at col. 5, ll. 1–4).

Reistad is directed to “an electronic commerce system that includes a client computer and a server computer” (Reistad ¶ 5). Reistad discloses that its “client computer is programmed to transmit to the server computer an order acceptance request that includes a plurality of terms or conditions of a proposed offer for a purchase, including multiple options of at least one of the terms or conditions of the offer” (*id.*). More particularly, Reistad discloses “[s]uch terms or conditions may include intended means of payment, time of payment, payment guarantee conditions, shipping methods, time and place of delivery, insurance coverage, risk-of-loss provisions, cancellation policies, goods acceptance criteria, and other terms” (*id.* ¶ 22; *see also id.* ¶¶ 66–68). Reistad further discloses

[a] plug-in 34 after the predetermined shipping computations can be used either to add or to subtract shipping choices, or to change the calculation of the shipping cost, or to place a call to a shipping company to obtain a tracking number to be included in the order acceptance controller's response to the client computer along with the date of shipment so as to allow the client to make inquiries to the shipping company.

(*Id.* ¶ 50).

In our view, modifying Walker in light of Reistad, as the Examiner proposes, would allow a user to purchase and receive a replacement ticket for a desired event that is printed, rather than the user printing the replacement ticket themselves, while still maintaining all of the benefits and safeguards provided by Walker's system (*see, e.g.*, Walker, col. 2, ll. 44–56). Moreover, we find that incorporating Reistad system with Walker's system, as the Examiner proposes, would still require Walker's central controller to perform its intended functionality, i.e., matching buyers with sellers, escrow and payment functions. We note that the claims are not so narrow as to prevent an intermediary, e.g., Walker's central controller 200, from participating in the shipping process from the seller to the buyer. We also note that there is nothing in Walker that teaches away or otherwise discourages Walker's system from physically shipping the tickets to a buyer using the name and address information stored in customer table 530 (*see* Walker, col. 5, ll. 1–4) in the same manner that a seller physically ships the tickets to Walker's central controller 200 (*see id.* at col. 14, ll. 48–56). Thus, Appellants' argument is not persuasive.

We also are not persuaded by Appellants' argument that the combination of Walker and Reistad fails to disclose or suggest “wherein the individual buyer and the individual seller participate in an online auction,”

as recited by limitation [a] of independent claim 40, and similarly recited by independent claim 50 (Appeal Br. 9–10; *see also* Reply Br. 2). Instead, we agree with the Examiner that Walker discloses the argued limitation (*see* Final Act. 3; *see also* Ans. 2, p. 3).

In making this determination, we note that Appellants have not directed us to any special definition in the Specification for the word “auction;” and, after reviewing Appellants’ Specification, we are unable to find any such clear and explicit definition for the word. Instead, we find the Specification broadly describes that its system “can be used to facilitate classified ad or auction-style purchases” (Spec. 23, ll. 26–28) and each instance of the word “auction,” in the Specification, appears in conjunction with “classified ad sites,” i.e., “auction and classified ad sites” (*see, e.g.*, Spec. 8, l. 32; 12, l. 5; 16, l. 25). Therefore, in the absence of an explicit definition, the Examiner may adopt the broadest reasonable interpretation of the term consistent with the Specification. *In re Morris*, 127 F.3d 1048, 1053–54 (Fed. Cir. 1997).

Here, we agree with the Examiner that Walker’s disclosure at column 8, line 26 through column 9, line 37 regarding its “ticket bidding process” constitutes an “auction” (*see* Ans. 2, p. 3), as recited by limitation [a] of exemplary independent claim 40, under a broad, but reasonable, interpretation. We also note that Walker discloses in the “case of linked offers to buy, the authorized amount is the highest transaction amount of the linked offers” and “[w]hen a linked offer is accepted, the system automatically considers all related offers to be withdrawn” (Walker, col. 10, ll. 59–63). Thus, Walker discloses an “auction,” as recited by independent claims 40 and 50.

We also are not persuaded of error by Appellants' argument that the Examiner's proposed combination of Walker and Reistad is improper because it is based on the impermissible use of hindsight (Appeal Br. 10–11). In this regard, we note the Examiner provides articulated reasoning with some rational underpinning to support the obviousness determination at pages 4–5 of the Final Office Action. *See KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 418 (2007) (citing *In re Kahn*, 441 F.3d 977, 988 (Fed. Cir. 2006)). We also note that Appellants' argument does not address whether the modification described by the Examiner is more than the predictable use of prior art elements according to their established functions, nor do Appellants specifically mention or contest the substance of the Examiner's rationale, i.e., “to increase buyer confidence and improve customer satisfaction by providing buyers with the choice to select the preferred shipping method” (Final Act. 5).

Appellants further argue that the Examiner's rejection is based on improper hindsight because the Examiner “looked to Walker et al., which discloses the sale of electronic tickets to overcome the problems relating to the delivery of physical tickets from a buyer to a seller” and the Examiner “decided to ignore the explicit desire of Walker et al.'s system to avoid shipping tickets and looked to a reference (e.g., Reistad et al.) which allegedly discusses shipping and has absolutely nothing to do with tickets” (Appeal Br. 10).

However, Appellants' argument mischaracterizes the scope and content of the Walker reference. In this regard, we acknowledge that although Walker is concerned with problems, *inter alia*, related to a seller “delivering [a] ticket immediately prior to [an] event” (Walker, col. 2, ll. 14–

19) and a seller “reselling tickets on the day of the event” (*id.* at col. 2, ll. 26–28), Walker also discloses that a “seller may mail the tickets to the operator of central controller **200**” (*id.* at col. 8, ll. 19–22) when reselling tickets. And, although Appellants are correct that Reistad “has absolutely nothing to do with tickets” (Appeal Br. 10), the Examiner does not rely on Reistad for such a teaching. Reistad is concerned with the sale and purchase of goods or services (*see, e.g.*, Reistad ¶ 21) and the tickets bid on by potential buyers in Walker are goods. Thus, Appellants’ argument is not persuasive.

In view of the foregoing, we sustain the Examiner’s rejection of independent claims 40 and 50 under 35 U.S.C. § 103(a). For the same reasons, we also sustain the Examiner’s rejection of claims 41, 43–46, 49, 51, 53–56, and 59, which were not separately argued.

Dependent claims 47 and 57

Appellants argue that Walker fails to disclose or suggest “sending, by the transaction server, a debit message debiting the first account of the individual buyer, wherein the debit message debits an amount equal to the purchase price and a price for shipping the goods,” as recited by claim 47, and similarly recited by claim 57 (Appeal Br. 11; *see also* Reply Br. 4–5). However, Appellants’ argument is not persuasive at least because the rejection of claims 47 and 57 is based on the combination of Walker and Reistad, and not over either of Walker or Reistad alone. *See In re Merck & Co.*, 800 F.2d 1091, 1097 (Fed. Cir. 1986) (“Non-obviousness cannot be established by attacking the references individually where the rejection is

based upon the teachings of a combination of references.”) (Citation omitted).

Here, the Examiner’s rejection relies on Reistad to disclose calculating shipping costs based on shipping choices (Ans. 6 (citing (Reistad ¶¶ 27, 50)) and relies on Walker as disclosing “debiting the first account of the buyer and crediting the second account of the seller to complete the purchase transaction” (Final Act. 4 (citing Walker, Abstract; Fig. 7). The Examiner further finds

the combination of Walker and Reistad discloses and teaches debit overall cost from the buyer’s credit card account, wherein the overall cost includes the price of the ticket and shipping cost, such as zero for issuing electronically or a price for mail the ticket physically, which is considered as “debit message debits an amount equal to the purchase price and a price for shipping the goods.”

(Ans. 6). Thus, Appellants’ argument directed to each of the references individually is not persuasive.

Equally unpersuasive is Appellants’ argument that the rejection of claims 47 and 57 is improper because the Examiner “fails to provide any reason or rational underpinning as to why one of ordinary skill in the art would have made the combination” (Reply Br. 3–4). However, Appellants offer no technical reasoning and/or arguments to explain why the motivation described by the Examiner (*see* Final Act. 4–5; *see also* Ans. 6) is insufficient and/or why the proposed modification is more than the predictable use of prior art elements according to their established functions.

In view of the foregoing, we sustain the Examiner’s rejection of claims 47 and 57 under 35 U.S.C. § 103(a).

Dependent claims 60 and 61 rejected as obvious over Walker, Reistad, and Official Notice

Claim 60 depends from independent claim 40, and recites “creating a transaction record for the transaction, the transaction record including a weight of the goods.”

In rejecting dependent claim 60, the Examiner took Official Notice “that creating a record including a weight of the goods is old and well known in the art at the time the invention was made” (Final Act. 7), and concludes that “[i]t would have been obvious to one of ordinary skill in the art at the time the invention was made to include method comprising creating a record including a weight of the goods in order to track and associate cost of shipping with the weight of the good” (*id.*).

Appellants argue that the Examiner erred in rejecting claim 60 under 35 U.S.C. § 103(a) as unpatentable over Walker, Reistad, and Official Notice, because

there is no reason to include a transaction record including a weight of goods in Walker et al., because Walker et al. is selling electronic tickets that are not shipped (as in claim 60). Even if Walker et al. taught shipping goods (which it does not), there would be no reason to record the weight of paper tickets, since the weight is essentially inconsequential to the cost of shipping paper tickets.

(Appeal Br. 11–12). We agree with Appellants.

In this regard, the Examiner has not shown that a person of ordinary skill in the art would have had an apparent reason to modify the combination of Walker and Reistad to create a “transaction record including a weight of the goods,” as required by claim 60. Walker is directed to a “system for electronically facilitating buying and selling tickets for an event” (Walker, col. 1, ll. 38–40). Reistad is directed to an electronic commerce system

which allows purchasers to select and calculate the cost associated with different shipping methods (Reistad ¶¶ 5, 22, 66–68). The Examiner proposes combining Reistad and Walker “in order to increase buyer confidence and improve customer satisfaction by providing buyers with the choice to select the preferred shipping method” (Final Act. 4). However, as Appellants point out, “there would be no reason to record the weight of paper tickets, since the weight is essentially inconsequential to the cost of shipping paper tickets” (Appeal Br. 12).

In view of the foregoing, we do not sustain the Examiner’s rejection of claim 60 under 35 U.S.C. § 103(a). For the same reasons, we also do not sustain the Examiner’s rejection of claim 61, which depends from claim 60.

DECISION

The Examiner’s rejection of claims 40, 41, 43–47, 49–51, 53–57, and 59 under 35 U.S.C. § 103(a) is affirmed.

The Examiner’s rejection of claims 60 and 61 under 35 U.S.C. § 103(a) is reversed.

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a)(1)(iv).

AFFIRMED-IN-PART