



UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

Ex parte PAUL J. FLETCHER and GARRY C. HEATH

Appeal 2009-007416
Application 11/002,930
Technology Center 3600

Decided: January 26, 2010

Before ANTON W. FETTING, JOSEPH A. FISCHETTI, and BIBHU R.
MOHANTY, *Administrative Patent Judges*.

MOHANTY, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

The Appellants seek our review under 35 U.S.C. § 134 (2002) of the final rejection of claims 1 and 3-4 which are all the claims pending in the application. We have jurisdiction under 35 U.S.C. § 6(b) (2002).

SUMMARY OF THE DECISION

We AFFIRM.

THE INVENTION

The Appellants' claimed invention is directed a method of conducting on-line business by providing a database that can be accessed by a seller to determine a set price for non-fungible good (Spec. 4-6). Claim 1, reproduced below, is representative of the subject matter of appeal.

1. A method of conducting on-line business, comprising:

providing a database that associates set prices with values of parameters relating to specific classes of non-fungible used goods;

providing an interface through which a seller accesses data from the database to determine a set price at which an on-line reseller will purchase a particular non-fungible good; and

the reseller operating an automated purchaser that issues a firm offer to purchase the non-fungible good at the set price, before physically examining the good wherein the firm offer needs nothing further than acceptance to create a binding contract.

THE REJECTIONS

The Examiner relies upon the following as evidence in support of the rejections:

Kocher US 2003/0061150 A1 Mar. 27, 2003

The following rejections are before us for review:

1. Claims 1 and 3-4 are rejected under 35 U.S.C. § 103(a) as unpatentable over Kocher and Official Notice.

THE ISSUE

At issue is whether the Appellants have shown that the Examiner erred in making the aforementioned rejections.

This issue turns on whether it would have been obvious to modify Kocher in view of Official Notice to meet the argued claim limitations from claim 1.

FINDINGS OF FACT

We find the following enumerated findings of fact (FF) are supported at least by a preponderance of the evidence:¹

FF1. The Specification states that a non-fungible good is not: a new good in new condition; a used good that has a standard price by virtue of a rating system (e.g. a rated coin, diamond, or collectible); a share of stock or other good where the value is not in the good itself. The Specification provides as

¹ See *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1427 (Fed. Cir. 1988) (explaining the general evidentiary standard for proceedings before the Patent Office).

example of non-fungible goods: used cameras, used PDA's, used cell phones and used cars (Spec. 3:8-14).

FF2. The Specification states that the "words 'firm offer' and 'fixed price quote' are intended to create a contractually binding offer if accepted. Thus a seller can indicate his acceptance of a set price thereby creating a binding contract for the sale of the good at the selling price" (Spec. 4:26-28).

FF3. Kocher had disclosed an electronic transaction system (Title) which provides a method of electronic value determination and pawn brokering (Abstract).

FF4. Kocher in paragraphs [0101-0103] describes a process where a customer is connected to a reselling website. A value determination site provides a price that the web site will pay for the item or thing. Appraisers are then used to determine how close that estimate was to the reselling price, and the value determination site updates its database.

FF5. Kocher in paragraph [0104] describes an alternative embodiment using a basic expert system and/or artificial intelligence algorithms to extrapolate the value and then the value determination site provides a price estimate. Kocher states "This would be similar to a 'Blue Book' price for a large spectrum of things and the price is backed by an instant offer to sell for that price."

FF6. Kocher states in paragraph [0105] that Fig. 5 depicts a detailed operation of the warehouse site. A message included with the item or thing is sent which includes the price estimate generated by the web site "along with any special instructions." Once the item or thing arrives at the warehouse the receiver looks in the "special instructions" to see if the item or thing requires simple inspection or a specialized appraiser. The selling

customer is informed of the final price and the customer has the option to accept the value or request the thing be shipped back.

PRINCIPLES OF LAW

“Section 103 forbids issuance of a patent when ‘the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.’” *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 406 (2007). The question of obviousness is resolved on the basis of underlying factual determinations including (1) the scope and content of the prior art, (2) any differences between the claimed subject matter and the prior art, (3) the level of skill in the art, and (4) where in evidence, so-called secondary considerations. *Graham v. John Deere Co.*, 383 U.S. 1, 17-18 (1966). *See also KSR*, 550 U.S. at 407 (“While the sequence of these questions might be reordered in any particular case, the [*Graham*] factors continue to define the inquiry that controls.”)

In *KSR*, the Supreme Court emphasized “the need for caution in granting a patent based on the combination of elements found in the prior art,” *id.* at 415-16, and discussed circumstances in which a patent might be determined to be obvious. In particular, the Supreme Court emphasized that “the principles laid down in *Graham* reaffirmed the ‘functional approach’ of *Hotchkiss*, 11 How. 248.” *KSR*, 550 U.S. at 415, (citing *Graham*, 383 U.S. at 12), and reaffirmed principles based on its precedent that “[t]he combination of familiar elements according to known methods is likely to be obvious when it does no more than yield predictable results.” *Id.* at 416.

The Court also stated “[i]f a person of ordinary skill can implement a predictable variation, § 103 likely bars its patentability.” *Id.* at 417. The operative question in this “functional approach” is thus “whether the improvement is more than the predictable use of prior art elements according to their established functions.” *Id.*

The Court noted that “[t]o facilitate review, this analysis should be made explicit.” *Id.* at 418 (citing *In re Kahn*, 441 F.3d 977, 988 (Fed. Cir. 2006) (“[R]ejections 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”). However, “the analysis need not seek out precise teachings directed to the specific subject matter of the challenged claim, for a court can take account of the inferences and creative steps that a person of ordinary skill in the art would employ.” *Id.*

ANALYSIS

The Appellants argue that the rejection of claim 1 is improper because Kocher fails to disclose the limitation in the claim requiring that the automated purchaser “issues a firm offer to purchase the non-fungible good at the set price ...wherein the firm offer needs nothing further than acceptance to create a binding contract” (Reply Br. 1). The Appellants argue that Kocher’s paragraph [104] fails to disclose a “firm offer” that “needs nothing further than acceptance to create a binding contract” (Br. 7). The Appellants argue that having the price “backed” by a Blue Book price as recited in [104] is not the same as a firm offer (Br. 8). The Appellants also argue that Kocher in paragraphs [0038] and [0105] discloses that the price

can fluctuate until a simple inspection or appraisal is performed which sets the price (Br. 8). The Appellants further argue that Kocher instead teaches issuing a tentative offer to purchase a non-fungible good at a proposed price, then revalues the price after an appraisal, and then depending on the results of the appraisal facilitates a negotiation between the buyer and seller (Reply Br. 2). The Appellants additionally argue that they admitted that the Official Notice was correct with respect to the sale of fungible goods but incorrect when applied to non-fungible goods (Ans. 8-9).

In contrast, the Examiner has determined that Kocher does disclose the argued claim limitations (Ans. 6-7). The Examiner has also determined that the Appellants failed to traverse the taking of Official Notice properly (Ans. 7-10) and that the rejection is proper (Ans. 10).

We agree with the Examiner. The Appellants are correct that Kocher in paragraph [0103] describes a process where a customer is connected to a reselling website where Appraisers are then used to determine how close that estimate was to the reselling price, and then the value determination site updates its database (FF4). However, Kocher in paragraph [0104] also describes an *alternative embodiment* using a basic expert system and/or artificial intelligence algorithms to extrapolate the value and then have the value determination site provide the price estimate (FF5). Kocher also in [0104] states “[t]his would be similar to a ‘Blue Book’ price for a large spectrum of things and the price is *backed by an instant offer to sell for that price*” which is consistent with a “firm offer to sell” before physical examination of the goods meeting the cited claim limitation. The Appellants’ arguments as to Kocher’s paragraph [0105] disclosing physical appraisal before the price is set are also not taken. Note that Kocher in

paragraph [0105] states that a *message is sent which includes the price estimate* generated by the web site “*along with any special instructions*” (FF6) which shows that the message may not include special instructions and is not required to do so. Kocher discloses here that once the item or thing arrives at the warehouse *the receiver looks in the “special instructions” to see if the item or thing requires as simple inspection or specialized appraiser* (FF6). Kocher in [0105] shows that instructions for a physical appraisal are not required since the “special instructions” are optional, thus meeting the cited argued claim limitation.

The Appellants also argue that they did not admit the Official Notice to be prior art when applied to non-fungible goods (Br. 8). The Examiner has taken Official Notice that it was well known in e-commerce to inspect an item only after the purchase is complete in the Office Action of February 20, 2007. The Appellants provide no citation in their Appeal Brief to any specific traversal in the subsequent response filed on May 9, 2007 to show proper traversal of the Official Notice which was taken on February 20, 2007 by the Examiner. Regardless, a review of the Appellants’ May 9, 2007 response shows that no traversal was taken of the Official Notice by the Appellants in the proper time frame as required. Regardless, the Appellants have acknowledged that the Official Notice is correct when applied to fungible goods and we hold that it would have been obvious for one of ordinary skill in the art to also extend inspection until after purchase to non-fungible goods as well to increase the speed of completing a transaction with such goods. The modification of the process of Kocher to have inspection of the non-fungible goods occur after purchase is considered an obvious,

Appeal 2009-007416
Application 11/002,930

predictable modification to increase the speed of completing a transaction with such goods.

For these above reasons the rejection of claim 1 is sustained. The Appellants have not argued separately for dependent claims 3-4 and the rejection of these claims is sustained for these same reasons.

CONCLUSIONS OF LAW

We conclude that Appellants have not shown that the Examiner erred in rejecting claims 1 and 3-4 under 35 U.S.C. § 103(a) as unpatentable over Kocher and Official Notice.

DECISION

The Examiner's rejection of claims 1 and 3-4 is sustained.

AFFIRMED

MP

FISH & ASSOCIATES, PC
ROBERT D. FISH
2603 Main Street
Suite 1000
Irvine CA 92614-6232