BEFORE THE BOARD OF PATENT APPEALS AND INTERFERENCES

Ex parte PAUL FU,
ERIK BECK HANSEN,
GEORGE LIANG,
DEBORAH LIU,
NGAN-HA D. NGUYEN, and
ANDREW LEIGH SANDLER

Appeal 2009-007405
Application 10/882,633
Technology Center 3600

Decided: November 4, 2009


LORIN, Administrative Patent Judge.

DECISION ON APPEAL
STATEMENT OF THE CASE


SUMMARY OF DECISION

We REVERSE.¹

THE INVENTION

The invention relates to commerce automation and, “in particular, to methods and systems to facilitate generation of invoices combining multiple transactions established utilizing a multi-seller network-based marketplace.” Specification [0002].

Claims 16-24 are directed to a method, claim 16 being the independent claim. Independent claim 28 is directed to a machine-readable medium. Claim 16, reproduced below, is illustrative of the subject matter on appeal.

16. A method to facilitate invoicing for transactions established between a plurality of buyers and a plurality of sellers in a network-based marketplace, the method including:

   identifying a plurality of transactions to which a first user is a party;

¹ Our decision will make reference to the Appellants’ Appeal Brief (“App. Br.,” filed May 17, 2007) and Reply Brief (“Reply Br.,” filed Feb. 10, 2009), and the Examiner’s Answer (“Answer,” mailed Dec. 9, 2008).
identifying one or more subsets of the plurality of transactions that satisfy combinable criteria relating to combining transactions into a single invoice; and

providing to the first user an indication of the combinability of transactions of the one or more subsets;

wherein the identification of the one or more subsets includes identifying each of the transactions of the one or more subsets as being between a common buyer and a common seller of the plurality of buyers and the plurality of sellers in the network-based marketplace.

THE REJECTIONS

The Examiner relies upon the following as evidence of unpatentability:

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The Examiner took Official Notice that “[i]t was old and well known in the art at the time of the invention to provide functionality to a user to easily make decisions/selections by use of an icon.” Answer 7.

The following rejections are before us for review:

1. Claims 16-24 are rejected under § 101 as being directed to nonstatutory subject matter.

2. Claims 16, 19, 21-24 and 28 are rejected under 35 U.S.C. §103(a) as being unpatentable over Rotman and Hartman.

3. Claims 17, 18, and 20 are rejected under 35 U.S.C. §103(a) as being unpatentable over Rotman, Hartman, and Official Notice.
ISSUES

The issue of whether the Appellants have sustained their burden of showing that the Examiner erred in rejecting claims 16-24 under 35 U.S.C. § 101 as directed to non-statutory subject matter turns on whether the claims cover non-statutory subject matter, and specifically whether the process claimed is tied to a particular apparatus.

The issue of whether the Appellants have sustained their burden of showing that the Examiner erred in rejecting claims 16, 19, 21-24 and 28 and claims 17, 18, and 20 under 35 U.S.C. § 103(a) as unpatentable over Rotman and Hartman, and Rotman, Hartman, and Official Notice, respectively, turns on whether the cited prior art discloses or renders obvious the claimed invention having the step of “identifying one or more subsets of the plurality of transactions that satisfy combinable criteria relating to combining transactions into a single invoice.”

FINDINGS OF FACT

We find that the following enumerated findings of fact (FF) are supported by at least a preponderance of the evidence. *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1427 (Fed. Cir. 1988) (explaining the general evidentiary standard for proceedings before the Office).

1. Rotman relates to Rotman is directed to a method and system for improved online auctions. [0002]

2. In particular, Rotman seeks to improve communication between buyers and sellers about the real shipping costs for items being bid upon. [0006]-[0007]
3. To that end, Rotman describes a shipping calculator which can be included in a display of the item in auction. [0036]

4. Various features of the calculator to help give a buyer a more accurate estimate of the shipping cost are described. E.g., [0038]

5. At [0063], referring to Fig. 14, Rotman describes steps by which a system applies a shipping rate to multiple items a buyer has purchased. Specifically, [0063] describes combining the multiple into a single shipment to which the shipping rate is applied.

6. [0063] of Rotman reads as follows:

   In embodiments, the system can recognize when a given buyer has purchased multiple items from a given seller 102, and it can prompt the seller 102 to combine the items into a single shipment. The system 1000 can then apply the rate calculation to the combined shipment, rather than making separate calculations for all shipments. Thus, at a step 1404, the system determines whether there are multiple items at the step 1404, then at a step 1405 the system retrieves data for the first item's auction, either previously stored in the data storage facility 1020 (if a buyer 104 has used the calculator for this auction before) or by accessing the data in the auction directly, such as by a spider or API. At a step 1406 the system determines whether the item for which the data was retrieved at the step 1405 is the last item. If not, then the system returns to the step 1405 repeatedly until data for all items has been retrieved for use by the system. If at the step 1404 it is determined that there is only one item, or if at the step 1406 it is determined that the item is the last item, then processing proceeds to a step 1407.

7. Hartman relates to an online ordering system.
8. Fig. 1C of Hartman depicts a page with ordering information with indications that certain ordered items will be shipped together.  

*Any differences between the claimed subject matter and the prior art*

9. The prior art does not show the claim step of “identifying one or more subsets of the plurality of transactions that satisfy combinable criteria relating to combining transactions into a single invoice.”

*The level of skill in the art*

10. Neither the Examiner nor the Appellants have addressed the level of ordinary skill in the pertinent art of facilitate invoicing for transactions. We will therefore consider the cited prior art as representative of the level of ordinary skill in the art. *See Okajima v. Bourdeau*, 261 F.3d 1350, 1355 (Fed. Cir. 2001) (“[T]he absence of specific findings on the level of skill in the art does not give rise to reversible error ‘where the prior art itself reflects an appropriate level and a need for testimony is not shown.’”) (quoting *Litton Indus. Prods., Inc. v. Solid State Sys. Corp.*, 755 F.2d 158, 163 (Fed. Cir. 1985)).

*Secondary considerations*

11. There is no evidence on record of secondary considerations of non-obviousness for our consideration.

**PRINCIPLES OF LAW**

§ 101 - Patentable Subject Matter - Process

[T]he proper inquiry under § 101 is not whether the process claim recites sufficient “physical steps,” but rather whether the claim meets the machine-or-transformation test.  [fn]25 As a
result, even a claim that recites “physical steps” but neither recites a particular machine or apparatus, nor transforms any article into a different state or thing, is not drawn to patent-eligible subject matter. Conversely, a claim that purportedly lacks any “physical steps” but is still tied to a machine or achieves an eligible transformation passes muster under § 101.

_In re Bilski_, 545 F.3d 943, 961 (Fed. Cir. 2008) (en banc).

*Obviousness*

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, and (3) the level of skill in the art. _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.”) The Court in _Graham_ further noted that evidence of secondary considerations “might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented.” _Graham_, 383 U.S. at 17-18.
ANALYSIS

The rejection of claims 16-24 under § 101 as being directed to nonstatutory subject matter.

According to the Examiner, the claims are directed to nonstatutory subject matter because the process claimed is neither (1) tied to another statutory class nor (2) transforms underlying subject matter to a different state of thing. Answer 6. The Appellants disagree, arguing that the claimed process is tied to a “network-based marketplace,” which the Appellants construe to be, for example, a machine - which is one of the statutory classes of subject matter. Reply Br. 1-2.

We will reverse the rejection because the Examiner has failed to present a prima facie case that the process claimed is nonstatutory under § 101. While the test the Examiner articulates generally follows the Bilski machine-or transformation test (see supra) for determining whether a claimed process is statutory under § 101, the Examiner simply concluded that the claims do not pass the test. No claim construction analysis has been performed to determine whether the claims in fact fail to pass the test. Cf. State St. Bank & Trust Co. v. Signature Fin. Group, 149 F.3d 1368, 1370 (Fed. Cir. 1998) (“[W]hether the ... patent is invalid for failure to claim statutory subject matter under § 101[ ] is a matter of both claim construction and statutory construction.”)

We would agree that the claimed process fails to pass the transformation prong of the Bilski machine-or transformation test. “A claimed process is patent-eligible if it transforms an article into a different state or thing. This transformation must be central to the purpose of the claimed process.” Bilski, 545 F.3d at 954. The claimed process does not transform an article into a different state or thing.
However, the claimed process could be statutory if it passes the machine prong of the *Bilski* test. It would be satisfied if the claimed process is “tied to a particular machine.” *Bilski*, 545 F.3d at 954.

Here, the question is whether a network-based marketplace is a particular machine. It is recited in two places in independent claim 16 and the process is tied to it. The Specification illustrates the network-based marketplace in Fig. 1 and both in that Figure and the associated description (Specification [0021]), it is depicted and described in terms of a concrete thing comprising a combination of devices. It thus appears to be a machine. “The Supreme Court has defined the term “machine” as “a concrete thing, consisting of parts, or of certain devices and combination of devices.” *Burr v. Duryee*, 68 U.S. (1 Wall.) 531, 570 (1863). This “includes every mechanical device or combination of mechanical powers and devices to perform some function and produce a certain effect or result.” *Corning v. Burden*, 56 U.S. 252, 267 (1853).” *In re Nuijten*, 500 F.3d 1346, 1355 (Fed. Cir. 2007).

The Examiner has not explained why the claimed process, which is tied to a network-based marketplace and appears to be a machine, does not meet the machine prong of the *Bilski* test. Because that has not been done, the Examiner has failed to make out a prima facie case that the claimed process is not a statutory process under § 101.

*The rejection of claims 16, 19, 21-24 and 28 under 35 U.S.C. §103(a) as being unpatentable over Rotman and Hartman.*

The issue is whether the cited prior art discloses or renders obvious the claimed subject matter comprising the step of “identifying one or more
subsets of the plurality of transactions that satisfy combinable criteria relating to combining transactions into a single invoice.”

The Examiner states that this step is disclosed at [0063] of Rotman. Answer 6.

We do not see in Rotman (FF 1-5) and in disclosure at [0063] (FF 6) in particular the claim step of, “identifying one or more subsets of the plurality of transactions that satisfy combinable criteria relating to combining transactions into a single invoice.” Rotman does not disclose or make obvious the claim requirement of satisfying combinable criteria relating to combining transactions into a single invoice. The disclosure at [0063] while it describes combining multiple items into a single shipment, it does so in order to apply a shipping rate to that single shipment without mention of combining the transactions into a single invoice and we do not find an explanation in the record accounting for this difference. We thus do not find that one of ordinary skill would arrive at the claimed subject matter given this information.

In response to the Appellants argument that the Rotman disclosure at [0063] does not disclose an invoice (App. Br. 11), the Examiner directs attention to Fig. 7 of Rotman which the Examiner characterizes as a summary of a bill and argues that a bill can be defined as an invoice. Whether Fig. 7 in fact depicts a bill is arguable. According to the associated description, Fig. 7 is a depiction of a page that displays a shipping calculator and shipping information and shipping cost/location choices a buyer can select. [0038]-[0039]. Nevertheless, even if we assume arguendo that this is a bill and the claim term “invoice” is reasonably broadly construed to cover a “bill” such as the one depicted in Fig. 7, the step at issue is still not
disclosed. There is no disclosure of and the Examiner does not explain how one of ordinary skill would arrive at employing the claim step of, “identifying one or more subsets of the plurality of transactions that satisfy combinable criteria relating to combining transactions into a single invoice.” There is nothing in Fig. 7 or the associated description about, for instance, “identifying,” “subsets of the plurality of transactions,” “subsets of the plurality of transactions that satisfy combinable criteria,” or “subsets of the plurality of transactions that satisfy combinable criteria relating to combining transactions into a single invoice.”

We note that the Examiner cited Hartman as showing “providing an indication of the combinability of transactions of the one or more subsets (FIG 1C).” Answer 6. But the Examiner does not explain and we have been unable to determine from Fig. 1C (FF 8) that aspect of what is depicted are “subsets of the plurality of transactions that satisfy combinable criteria” (claim 16).

Accordingly, a prima facie case of obviousness for the claimed subject matter has not been established.

Claims 17, 18, and 20 depend from claim 16 whose rejection we reverse for the reasons stated above. For the same reasons, we will not sustain the rejections of claims 17, 18, and 20 over the cited prior art. 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.”).
CONCLUSIONS

We conclude that the Appellants have shown that the Examiner erred in rejecting claims 16-24 under § 101 as being directed to nonstatutory subject matter; claims 16, 19, 21-24 and 28 under 35 U.S.C. §103(a) as being unpatentable over Rotman and Hartman; and, claims 17, 18, and 20 under 35 U.S.C. §103(a) as being unpatentable over Rotman, Hartman, and Official Notice.

DECISION

The decision of the Examiner to reject claims 16-24 and 28 is reversed.

REVERSED

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