

### REMARKS

This Amendment is made in response to the Office Action dated September 05, 2007. A Request for an Extension of Time is submitted herewith to permit the filing of this Amendment in the third month.

The undersigned directs the Examiner's attention to pages 55 to 61 of the Amendment of May 25, 2007, which the undersigned believes to fully respond to the rejections based upon Lee.

#### **1. Description of Applicants' Points Managing System**

Applicants invention relates as shown in Figures 8-12 of the subject application to a method of managing a points withdrawing loyalty program which comprises a plurality of withdrawing points, and a points depositing loyalty program which comprises a plurality of deposit points. The points withdrawing loyalty program independently sets a number of these withdrawing points, while the points withdrawing loyalty program sets a points withdrawing rate. Next, a user or a loyalty program sets a first number of the withdrawing points, before the number of withdrawing points is multiplied times the points withdrawing rate to provide a value of the number of the withdrawing points in terms of their common currency. Next, the depositing loyalty program or user independently sets a points deposit rate, which defines the value of the one point of the deposit rate in terms of its common currency. Finally, the number of withdrawing points is multiplied times the points deposit rate for the depositing loyalty program to output the number of the points to be deposited in the point deposit loyalty program.

#### **2. Postrel Fails to Disclose Applicants' System**

Applicants respectfully traverse and request reconsideration of the rejection of claims 1-4, 13-14 and 21-28 as being anticipated under 35 U.S.C. 102(e) by U.S. Patent No. 6,594,640 of

Postrel. The undersigned directs the Examiner's attention to pages 17-55 of Applicants' Amendment of May 25, 2007, which fully defeats the rejection based upon Postrel.

Applicants respectfully assert that Postrel fails to disclose significant parts of Applicants' invention. First, Postrel fails to disclose at least two loyalty programs, much less for exchanging loyalty points between these two programs. Further, Postrel does not disclose withdrawing and deposit rates, which define the value of the points associated with each of the loyalty programs. In particular, each rate defines the amount of a common currency of that rate. In an illustrative example, the common currency takes the form of Canadian dollars or US dollars. In such an illustrative embodiment, the value of the rate is expressed as %0.010 for one cent per point or \$0.020 for two cents per point of the common currency for the one point. See Figure 9. The advantage of such rates enables a program operator to set the withdrawing rate and the deposit rates, whereby the price of the first and second points can be controlled by the corresponding operator of the corresponding loyalty programs. In addition as defined in claim 32, the value of the rates may be set so that both of the loyalty programs are guaranteed a profit. Further, the claims 34 and 35 define the withdrawing liability rates and the depositing liability, whereby the liability as occurs in their respective loyalty points programs are removed or added dependent whether the number of points are being withdrawn (removed) or deposited (added).

### **3. Examiner's Response to Arguments Regarding Postrel**

In the outstanding Office Action of September 05, 2008, the Examiner (beginning at page 24) provides his analysis as to why the claims of Applicants were not patentably distinct from Postrel and Lee. In summary, the Examiner asserts, "that in Postrel, points are exchanged from one reward entity to another at a conversion rate, where points are withdrawn from a first reward entity and are transferred or deposited into another reward entity (i.e. partner or associated air

Carrier) using an exchanged rate.” See page 5 lines 5-8. The Examiner’s statement errs in at least two respects. First, Postrel does not comprise first and second point issuers. Second more particularly, Postrel does not teach the conversion rates that transfer points between the first and second points issuers or loyalty programs, much less the details of these rates.

Postrel discloses only the following three rates: 1) the “exchange rate” (col. 3, lines 33-39); 2) “limited conversion rate” (col. 8, lines 17-26),” and 3) “conversion rate,” (col. 9, lines 5-14). Applicants respectfully assert that Postrel fails to show that none of these rates as set out in Postrel are related to Applicants’ interchange of Applicants’ points issuers. In the above quote, the Examiner asserts that a “conversion rate” is used. In Postrel, the “conversion rate” is defined as follows:

The processor of the reward server may perform actions that may allow or refuse the requested action. In another embodiment, the trading server processor may be granted direct authorization to modify the user’s records in the reward server database without analysis by the processor of the reward server. A conversion rate may be applied to the transaction such that the reward server reduces the available rewards in the user’s account. The reward server then transfers consideration to the trading server that corresponds to the value reduced in the reward system.

A comparison of Postrel’s description of the “conversion rate” and the Applicants’ system differs significantly. As described above, the first points issuer set independently the value of a points withdrawal rate in terms of the value in terms of the common currency. The points withdrawal rate is used as shown in Figure 9 and 10 to determine the value of a number of first point and then multiply that value of the number of withdrawal points times the points withdrawal rate to determine the value of common currency is available to purchase a number of the deposit points. The undersigned respectfully asserts that the points withdrawal rate is significantly different from the conversion rate as defined above. Applicants’ withdrawal points are patentably different from Postrel’s conversion rates.

The Examiner also uses the term, “exchange rate,” in the above quote. In Postrel, “exchange rate,” is defined as the following:

An exchange rate will be established for the relative consideration received by the companies involved in the transaction. A user should be able to pool the various earned rewards that may exist in currently separate server systems where the resulting combined value may be used by a user of the system to acquire items of equivalent value.

A comparison of Postrel’s description of the term, “exchange rate,” and the Applicants’ “deposit points rate” is also patently distinct from Postrel’s “exchange rate” as defined above.

The undersigned respectfully questions the relevance of the follow Examiner’s statement: “Postrel allows point issuers who originally sold reward point in their program for use an incentive by third parties to repurchase points at a substantial discount, thereby reducing their liability and allowing for a trading strategy that enables point to continually be sold and repurchased. Therefore, when in Postrel a user makes a redemption request to a reward server for available points or value, said reward server repurchased said points at a discount or withdrawal rate, where the value obtained from said repurchased is used to buy points from another point issuers at a conversion rate (i.e. deposit).”

The Examiner further asserts that a third party repurchases reward points thereby enabling a reward server 10, 12 or 14 which in turn is used to buy points from another point issuer at a conversion rate. First, the undersigned asserts that the redemption of previously repurchased points of Postrel does not infer that the repurchased points are input at a rate, much less than that at a conversion rate or at a deposit rate. The deposit rate as described in the above quote does not disclosed how the repurchased point would be introduced into a reward server 10, 12 or 14. Further, Postrel does not disclose Applicants’ withdrawal rate and, in particular, the step of converting first points into the second points by use of the points depositing rate.

Finally, Applicants respectfully traverses the Examiners following statement as set out in the Office Action dated September 5, 2007 at page 24, lines 16-20, “Postrel teaches a withdrawal and a deposit rate as Postrel withdraws point from a first point issuer at a withdrawal rate (i.e. point issuer buys the points at discounted rate) and uses conversion rate to transform said point from said first pint issuer to points that would be accepted (i.e, deposited) by another points issuer at a deposit rate.” Applicants have shown above the steps of their withdrawal rate and have demonstrated that their withdrawal rate is significantly from the rates of Postrel. Further, Postrel does not disclose Applicants’ points deposit rate, much less this rates functionality of converting the common currency into the corresponding number of second points. Further, this passage further mentions conversion rates a number of times and indicates that the Examiner believes that the conversion rate and the deposit rate are substantially similar. Applicants’ respectfully asserts that Postrel does not disclose either Applicants’ points deposit rates or their withdrawal rates; as shown above, Postrel does not disclose Applicant’s conversion rate.

The Examiner asserts in the September 5, 2007 Office Action at page 25, lines 3-8, “that Postrel teaches allowing issuers of reward points to take point off the book and eliminate them, if desired at a discount rate, an exchange rate will be established for the relative consideration received by the companies involved in the transaction and the reward server may refuse a redemption request. Therefore, in Postrel the points issuers indicate the consideration of the exchange rate that would accepted to perform a conversion from one point value to another.” The above passage does not involve the transfer of points from a first point issuer to a second point issuer. Rather, this passage deals with a system as shown in Fig. 4 of Postrel, where users submit award points or credits into various types of transactions resulting from the various reward servers 10, 12 and 14 for redemption of the points into a common pool from a trading

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