<u>REMARKS</u>

This Amendment is made in response to the Final Office Action dated February 23, 2003.

A Request for an Extension of Time is submitted herewith to permit the filing of this

Amendment in the third month. In the following, the undersigned will respond to each rejection

and objection by paragraph number as appears in the outstanding Office Action.

With regard to paragraph 2, Applicants appreciate the Examiner's indication that the

claim rejection regarding withdrawn claims, the rejection under 35 U.S.C. § 101 of claims 1-4

and 13-14 as being non-statutory subject matter, the IDS objection and the Section 112 rejection

have been withdrawn.

With regard to Paragraph 3, at page 2 of the previous Amendment, Applicant has

cancelled "1-65 Cancelled as requested by the Examiner.

With regard to paragraph 4, Applicants respectfully traverse and request reconsideration

of the rejection of claims 1-4 and 13-14 as being anticipated under **35 U.S.C. § 102(e)** in view of

U.S. Patent No. 6,594,640 of Postrel (herein "the Postrel Patent").

CLAIM 1

Applicants traverse the Examiner's holding that the passages below **of Postrel teach**

Claim 1:

1. A method of exchanging first points held by a customer for second points, the

first points that are issued by a first point issuer differing from the second points that are issued

by a second point issuer, said point exchange method is implemented by a computer

programmed to effect the following steps of:

(a) the customer setting a first number of first points to be exchanged

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(see column 4, lines 3-45) "A system and method are disclosed where the system allows the user to redeem the accumulated reward points from a plurality of reward entities for exchange with a merchant. The user requests process for redemption of the pre-accumulated reward points comprises the steps of the user requesting, via a user computer, a trading server computer to obtain reward points from a reward server associated with a rewarding entity with which the use has reward points. The reward server computer decreases the user's reward point account by the requested number of reward points. The reward server computer conveys consideration to the trading server computer, where the consideration corresponds to the number of reward points decreased in the account of the reward server. The trading server computer increases the reward exchange account on the trading server associated with the user by the requested number of points. The trading server receives the consideration from the reward server computer. Following or anticipating this conversion into the trading server, the user requests a purchase of an item from an associated merchant computer by selecting the item to be purchased from a plurality of available items. The trading server computer confirms that the user's reward exchange account contains sufficient points to purchase the selected item. The user may purchase additional points in the event that his account does not contain the requisite number of points for making the purchase transaction. The trading server computer requests the merchant computer to deliver the item to the user. The trading server decreases the user exchange account by the number of points corresponding to the purchased item and the trading server computer conveys consideration to the merchant computer equivalent to the required points. In another embodiment, the user may redeem rewards at the reward server following the selection of an item to be acquired. Policies may be established to automatically contact each of the reward servers according to a user procurement profile to transact the required payment. This profile may indicate the order of redemption and method of providing funds sufficient to cover the purchase after redeemable points are exhausted. After redemption the consideration is transferred to the respective merchant."

(b)   the first and second point issuers setting the point withdrawal and deposit rates of

their first and second points respectively

(see column 4, lines 3-45) "A system and method are disclosed where the system allows the user to redeem the accumulated reward points from a plurality of reward entities for exchange with a merchant. The user requests process for redemption of the pre-accumulated reward points comprises the steps of the user requesting, via a user computer, a trading server computer to obtain reward points from a reward server associated with a rewarding entity with which the use has reward points. The reward server computer decreases the user's reward point account by the requested number of reward points. The reward server computer conveys consideration to the trading server computer, where the consideration corresponds to the number of reward points decreased in the account of the reward server. The trading server computer increases the reward exchange

account on the trading server associated with the user by the requested number of points. The trading server receives the consideration from the reward server computer. Following or anticipating this conversion into the trading server, the user requests a purchase of an item from an associated merchant computer by selecting the item to be purchased from a plurality of available items. The trading server computer confirms that the user's reward exchange account contains sufficient points to purchase the selected item. The user may purchase additional points in the event that his account does not contain the requisite number of points for making the purchase transaction. The trading server computer requests the merchant computer to deliver the item to the user. The trading server decreases the user exchange account by the number of points corresponding to the purchased item and the trading server computer conveys consideration to the merchant computer equivalent to the required points. In another embodiment, the user may redeem rewards at the reward server following the selection of an item to be acquired. Policies may be established to automatically contact each of the reward servers according to a user procurement profile to transact the required payment. This profile may indicate the order of redemption and method of providing funds sufficient to cover the purchase after redeemable points are exhausted. After redemption the consideration is transferred to the respective merchant."

(column 3, lines 35-45) "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. In another embodiment, the award program looking to reduce frequent flyer liabilities may contact users and arrange for a transfer of the reward miles into a value (which may be predetermined) to be credited to the trading system reward. Alternatively, the points may be bid for in an auction environment where points may be used to bid for certain awards."

(column 5, lines 35-40) "The rewarding entities may be any type of entity that has a service for allocating points or consideration for user actions. The reward server computers 10, 12, 14 may be of any type of accessible server capable of holding data about a user along with a corresponding earned value that is negotiable for other goods, services, or points of another system."

(column 6, lines 25-50) "The trading server computer 20 'obtains' the reward points from a reward server 10, 12, 14 stored in the user's account 52 by contacting the appropriate reward server via communication flow 110 (step 608) according to the user's requirements, by using the connection parameters as defined in a database 54 on the trading server as shown in FIG. 5. In one embodiment, the trading server retrieves reward point account balance information via communications flow 114 (step 610) from the reward server for the user. In another embodiment, the trading server transfers as part of the communication 110, the requested reward mileage to be redeemed step 612). The

reward server computer **10** decreases the user's reward point account **52** by the requested number of reward points (step **614**). The term point is used to reference any earned value that has a cash equivalent or negotiable worth as in "frequent flyer" point or mile. The reward server computer **10** conveys consideration to the trading server computer **20** where the consideration corresponds to the number of reward points decreased in the user's account **52** on the reward server **10** (step **616**). For example, the consideration may be in the form of a monetary credit to an account that exists between the trading server and the reward server, that gets paid at the end of a predefined billing cycle (i.e. every month). The trading server computer **20** increases the reward exchange account **54** associated with the user by the received number of points (step **620**)."

(column 11, line 60 – column 12, line 8) "The interface would allow a user to login using the frequent flyer account information or preferably, the trading server account login id and password, where the user may use points awarded from another air carrier or point server to "pay" for the services accessed. The account balance from the trading server may be transferred to the local controller prior to takeoff for each user that logs in to the trading server. Once the plane has departed, depending on the linking or access capability afforded by the air carrier or service provider, the user's account may be modified in real time or upon reconnection following landing, based on services selected by the traveler. If a real time link is supported, the user's exchange account may be periodically debited according to the services selected and duration of use."

Applicants assert that the passages of Postrel upon which the Examiner has relied to reject paragraph (b) of Claim 1 are silent as to permitting its point issuers to set withdrawal and deposit exchange rates, much less to use such withdrawal rates and deposit rates to set the price at which points are sold and purchased respectively. Further, the undersigned has studied the above passages from Postrel that were relied upon by the Examiner for their alleged disclosure of paragraph (b) of Claim 1, without finding any indication or teaching of the use of point withdrawal and deposit rates. In the Amendment of December 5, 2005, Applicants requested that if the Examiner would persist that the above passages from Postrel disclose point withdrawal and deposit rates as recited in paragraph (b) of Claim 1, applicant respectfully requests the Examiner to identify that the specific language within these passages upon which he relies to support his rejection of paragraph (b) of Claim 1.

At a second interview of November 7, 2005, SPE Alvarez indicted that paragraph (a) of

Claim 1, as reproduced above, was met by the following passages from Postrel:

> **(column 3, lines 30-39)** "What is desired therefore, is a system where users may submit frequent flyer awards or credits accumulated for other types of transactions for redemption or translation into a form readily acceptable by a participating merchant. 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."

Applicants respectfully assert that the above quoted passage does not disclose first and second points that are different from each other and permit the respective point issuers to set respectively a first withdrawal rate and a second deposit rate, whereby each of the first and second issuers may control the selling and purchase prices of its respective points. By contrast, the object of Postrel is to accumulate points from different issuer servers 10, 13 or 14 and to "pool" them into a database 54, whereby the user is able to purchase a reward whose redemption requires more points. Consideration is given to companies (point issuers) who took part in the "transaction" (apparently pooling) of accumulating the points from the different companies (apparently the issuers/reward servers). Postrel identifies that a single exchange rate determines the consideration provided to the companies involved in the transaction of pooling. By contrast, applicants employ two exchange rates, i.e., the withdrawal rate for its first points and the depositing rate for a second, different points, whereby the first and second issuers may set the value of each of the withdrawal and deposit rates. Neither the above quoted passages nor the remainder of Postrel teach that at least two issuers may set the price of its respective withdrawal rates and its deposit rates.

> **(column 7, lines 62-66)** "If for instance, a frequent flyer program supports multiple classifications of miles that may be redeemed differently, the user may optionally define how those resources should be managed during redemption."

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