Wegner's Top Ten Patent Cases*

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(1)/(2) *Quanta – McFarling* – Patent Exhaustion

(1) *Quanta Computer, Inc. v. LG Electronics, Inc.*, No. 06-937, *opinion below, LG Electronics, Inc. v. Bizcom Electronics, Inc.*, 453 F.3d 1364 (Fed. Cir. 2006)(Mayer, J.)

(2) *McFarling v. Monsanto Co*., No. 07-241, *opinion below, Monsanto Co. v. McFarling*, 488 F.3d 973 (Fed. Cir. 2007)(Bryson, J.).

Issues:

(1) Quanta*: "* Whether the Federal Circuit erred by holding, in conflict with decisions of this Court and other courts of appeals, that [Respondent LG]'s patent rights were not exhausted by its license agreement with Intel Corporation, and Intel's subsequent sale of product under the license to petitioners.

(2) McFarling (**second Question Presented)**: "Do the doctrines of patent exhaustion and patent misuse permit the purchaser of a patented good to use that good and dispose of its products as it sees fit, absent a valid contract?"

Quanta Status*: Quanta* is in the briefing stage (*certiorari* was granted September 25, 2007).

McFarling Status*: McFarling* is in the petition stage (Monsanto's Opposition is due October 22, 2007). However, it is unlikely that a vote on *certiorari* will be taken until after the decision in *Quanta*. To the extent that Petitioner prevails in *Quanta*, it is possible that the Court in *McFarling* will almost immediately thereafter grant, vacate and remand (GVR) for a fresh reconsideration by the Federal Circuit to take into account the decision in *Quanta*.

In the *certiorari* petition in *McFarling* – filed before the Solicitor General's brief in *Quanta* – it was indeed suggested that *McFarling* should piggyback off the *Quanta* possible grant of *certiorari*: As the final passage of the petition in *McFarling*, Petitioner states that "this Court invited the Solicitor General to file a brief *amicus curiae* in *Quanta* …, expressing the views of the United States regarding whether certiorari should be granted on the issue of patent exhaustion. If the Court grants certiorari in *Quanta Computer*, it should do so here as well. Both cases raise the issue of whether a patentee may place post-sale conditions on the use of its patented invention. Here, as in *Quanta Computer*, no enforceable license binds the accused

infringer. Here, as in *Quanta Computer*, the patented invention was put to its only reasonable use. And here, as in *Quanta Computer*, the Federal Circuit's recent erosion of the exhaustion doctrine has led to a startling expansion in the patent holder's right to control the use of his invention after its first sale."

***McFarling Participation in Quanta*:** It is expected that the parties in *McFarling* may use the opportunity of the vehicle of *amici* filings to state their views on the issue of patent exhaustion in the merits phase of *Quanta.*

***The Law of Patent Exhaustion*:** The principle of patent exhaustion was established more than 150 years ago in *Bloomer v. McQuewan,* 55 U.S. (14 How.) 539 (1853), as refined in *Adams v. Burke,* 84 U.S. (17 Wall.) 453 (1873): Once a patentee sells a patented product, the patentee cannot use his patent right to sue a subsequent purchaser of that patented product under the patent law; the "first sale" of the patented product "exhausts" the patent right. The Court last visited patent exhaustion in *Univis Lens Co.,* 316 U.S. 241 (1942). Patent exhaustion has been bedrock patent law until the effective abrogation of *Univis* by a panel of the Federal Circuit fifteen years ago in *Mallinckrodt, Inc. v. Medipart, Inc.*, 976 F.2d 700, 708 (Fed. Cir. 1992)(Newman, J.).

Patent exhaustion principles are perhaps easiest understood from *Adams v. Burke,* which confirmed the principle of patent exhaustion in the context of mid-nineteenth century New England mortuary commerce. Whereas today a global business in a particular patented item may range many thousands of miles from Boston to Beijing to Barcelona, in a simpler era of mid-nineteenth century America, the business of premium coffins of Cambridge (Massachusetts) of territorial patent holder Lockhart & Seelye focused on Boston – and for good measure what is today essentially an area inside Route 128 Beltway – then simply contractually defined in its assignment as "a circle whose radius is ten miles, having the city of Boston as a centre."

The mortician Burke purchased Lockhart & Seelye patented coffins which he then used in his business situated in Natick in the area of Lake Cochituate – seventeen miles outside the Boston center. Sued for patent infringement by Adams – now owner of the patent right other than the territorial right sold to Lockhart & Seelye – sued for patent infringement. In defense, Burke argued that he had used "no coffin [in Natick] containing the invention…, except such coffins containing said invention as have been manufactured by said Lockhart & Seelye, within a circle, whose radius is ten miles, having the city of Boston as its centre, and sold within said circle by said Lockhart & Seelye, without condition or restriction."

The Court in *Adams v. Burke* found that the patent right was exhausted upon the first sale of the patented coffins. Thus, the mortician Burke who purchased the patented coffin in Boston had a free and clear right to use and resell that coffin independent of the patent right. As stated by the Court nearly a century later "it is fundamental that sale of a patented article by the patentee or under his authority carries with it an 'implied license to use.'" *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 377 U.S. 476, 484 (1964)(citing *Adams v. Burke*, 84 U.S. (17 Wall.) at 456; *United States v. Univis Lens Co.*, 316 U.S. 241, 249 (1942)).

More than 150 years after *Bloomer v. McQuewan*, a panel of the Federal Circuit in *Mallinckrodt v. Medipart* in essence abrogated that case to the extent that it gave free rein to patentees to create contractual restrictions to vitiate exhaustion. Five years later, a second panel summarized the demise of *Adams v. Burke* in *B. Braun Medical, Inc. v. Abbott Laboratories*, 124 F. 3d 1419 (Fed. Cir. 1997)(Clevenger, J.):

"In [*Mallinckrodt, Inc. v. Medipart, Inc.*, 976 F.2d 700 (Fed.Cir.1992)], we canvassed precedent concerning the legality of restrictions placed upon the post-sale use of patented goods. As a general matter, we explained that an unconditional sale of a patented device exhausts the patentee's right to control the purchaser's use of the device thereafter. 976 F.2d at 706. The theory behind this rule is that in such a transaction, the patentee has bargained for, and received, an amount equal to the full value of the goods. *See Adams v. Burke*, 84 U.S. (17 Wall.) 453, 456-57 (1873); *Keeler v. Standard Folding Bed Co.*, 157 U.S. 659, 663 (1895). *This exhaustion doctrine, however, does not apply to an expressly conditional sale or license*. In such a transaction, it is more reasonable to infer that the parties negotiated a price that reflects only the value of the 'use' rights conferred by the patentee. As a result, express conditions accompanying the sale or license of a patented product are generally upheld. *See Mallinckrodt*, 976 F.2d at 708; *cf. General Talking Pictures Corp. v. Western Elec. Co.*, 305 U.S. 124, 127 (1938) ('That a restrictive license is legal seems clear.'). …[V]iolation of valid conditions entitles the patentee to a remedy for either patent infringement or breach of contract. *See Mallinckrodt*, 976 F.2d at 707 n. 6."

B. Braun, 124 F. 3d at 1426 (emphasis added) (The panel did allow that "express conditions, however, are contractual in nature and are subject to antitrust, patent, contract, and any other applicable law, as well as equitable considerations such as patent misuse." *Id.*)

In the decade since *B. Braun* not even one Federal Circuit case has ever considered or cited *Bloomer* nor *Adams v. Burke* in connection with patent exhaustion.

The United States as *amicus curiae* in response to a call for the views of the Solicitor General (CVSG), advised in favor of grant of *certiorari.* The government explained the historic role of *Adams v. Burke* exhaustion:
"Since *Bloomer v. McQuewan,* 55 U.S. (14 How.) 539 (1853), this Court repeatedly has made clear that the exclusive rights to use or to sell are exhausted, as to a given article embodying the invention, upon the first valid sale of the article in commerce, whether by the patentee itself or by an authorized licensee. *Id.* at 549-550; see, *e.g., Aro Mfg. Co. v. Convertible Top Replacement Co.*, 377 U.S. 476, 497 (1964) (plurality opinion); *Univis Lens,* 316 U.S. at 251-252; *Motion Picture Patents Co. v. Universal Film Mfg. Co.*, 243 U.S. 502, 508-518 (1917); *Keeler v. Standard Folding Bed Co.*, 157 U.S. 659, 666 (1895); *Hobbie v. Jennison,* 149 U.S. 355, 361-363 (1893); *Adams v. Burke,* 84 U.S. (17 Wall.) 453, 456 (1873). Thus, under this Court's cases, a patentee who sells a machine embodying the invention (either directly or through an authorized licensee) cannot bring a patent infringement suit against the purchasers for using the machine for its only reasonable use or for reselling the machine to others. See, *e.g., Univis Lens,* 316 U.S. at 250-252; *Motion Picture Patents,* 243 U.S. at 515-518; *Keeler,* 157 U.S. at 666; *McQuewan,* 55 U.S. (14 How.) at 549-550; *Adams,* 84 U.S. (17 Wall.) at 456. Instead, the enforceability of downstream limitations after an authorized sale would arise "as a question of contract, and not as one under the inherent meaning and effect of the patent laws." *Keeler,* 157 U.S. at 666; accord, *e.g., Motion Picture Patents*, 243 U.S. at 509, 513; *McQuewan,* 55 U.S. (14 How.) at 549-550."
Quanta, Government's CVSG *amicus curiae* brief, pp. 6-7.

In advising the Court that it should grant *certiorari* in *Quanta,* the Solicitor General stated that "[t]he doctrine of patent exhaustion, also known as the first-sale doctrine, implicates fundamental questions concerning the scope of the exclusive rights conferred under the patent laws. Since this Court last squarely addressed the doctrine in *United States v. Univis Lens Co.*, 316 U.S. 241 (1942), the doctrine has evolved in the Federal Circuit in a manner that appears to conflict with this Court's patent-exhaustion cases, thereby creating uncertainty as to when a patentee may enforce, through federal-court actions for patent infringement (as opposed to state-law contract actions), downstream limitations on purchasers following an authorized sale. Whatever rights a patentee may have to enforce such limitations as a matter of contract, the question whether a patentee may invoke federal patent law to enforce such limitations against authorized purchasers is one of considerable practical

importance, and this case presents an adequate vehicle for addressing that question." *Id.* at p. 6.

The Factual Setting of *Quanta*: Respondent LG purchased a Wang patent portfolio of key patents necessary to use integrated circuits which it licensed to Intel – but where it expressly, contractually denied Intel's chip purchasers from effectively using Intel chips without its *own* license from LG. The Federal Circuit in essence held that its case law effectively putting contract law on a status above patent exhaustion blocks reliance on that doctrine.

The Factual Setting of *McFarling*: Mississippi soybean farmer Homan McFarling was found to be an infringer where he created second generation seeds by growing soybeans from patented seeds obtained from the patentee. He argues that the subsequent harvesting and use of second generation seeds cannot be patent infringement because the patent right has been exhausted. As stated in the Petition, "[i]t defies both common sense and the patent-exhaustion doctrine to hold, as the Federal Circuit did here, that a farmer who bays seeds from Monsanto in order to plant them, and actually does plant them, infringes Monsanto's patent because the plants naturally produce new copies of the seeds as they grow. This Court's precedents have long held that one who purchases a good from the patent owner or from a licensee is free to make the ordinary and expected use of that good, at least unless restricted by a valid contract. This Court has applied that principle even where, as here, the defendant buys precursor materials and makes the patented invention from those materials. [The instant case] completes the Federal Circuit's decades-long effort to circumscribe this Court's exhaustion precedent. Once the proper boundaries of the patent right are understood, it becomes evident that Monsanto has transgressed those boundaries and therefore must answer for its misuse of the patent.

"McFarling put the invention he bought to its only reasonable use. He purchased seeds; he planted them in the ground; and they grew into soybean plants, which naturally produce new seeds. The Federal Circuit held that, merely by planting the seeds he purchased, McFarling has made infringing copies of its patented invention, since planting the seeds generated new seeds. But the new seeds cannot be infringing under this Court's long-established principle of patent exhaustion because they are - literally - the natural result of putting the purchased invention to its only reasonable use. As a result, the Federal Circuit erred in rejecting McFarling's patent-misuse claim on the basis that [patentee] Monsanto was merely acting within the scope of its patent rights. It was not."

(3) *Classen v. Biogen* – "Metabolite déjà vu" Medical Diagnosis

Classen Immunotherapies, Inc. v. Biogen IDEC, Fed. Cir. 2006-1634, *opinion below,* unreported (D. Md. 2006)(Quarles, J.), *earlier opinion,* 381 F.Supp.2d 452 (2005).

***Issue*:** The Federal Circuit is faced with *Metabolite déjà vu,* an invention very close to the type of claim in *LabCorp v. Metabolite Labs., Inc.,* 126 S. Ct. 2921 (2006) (dissent from dismissal for improvident grant of certiorari). Unlike *Metabolite* where the issue was not phrased under 35 USC § 101, here, the claims in question were held invalid under that section.

Patentee-appellant's states the issue in a bland phrase the questions whether "the Classen patents 5,723,283; 6,420,139 and 6,638,739 invalid under 35 U.S.C. § 101?" The second issue raised by Merck is "[w]hether the district court properly granted summary judgment of invalidity under 35 U.S.C. § 101 on grounds of nonpatentable subject matter, given that the patents' claims cover *thinking about* whether a particular immunization schedule for infectious disease, even a prior art schedule, may reduce (relative to other schedules) the risk of later chronic disease, and *immunizing* with that schedule, either before (as to one patent) or after (as to two patents) *thinking about* that risk." (original emphasis).

***Status*:** Awaiting decision (argument was held August 8, 2007)(Newman, Moore, Farnan, Jr., JJ.)

Discussion: Even though the claims 'include the active step of immunizing patients in accordance with a schedule determined to be low risk…', *Classen* at p. 12, the claims were nevertheless held invalid under 35 USC § 101: ''[I]nsignificant post-solution activity will not transform an unpatentable principle into a patentable process.' … [T]he … patents are an indirect attempt to patent the idea that there is a relationship between vaccine schedules and chronic immune mediated disorders[;] the Court finds they are an attempt to patent an unpatentable natural phenomenon.' Id. at p. 12 (quoting *Diamond v. Diehr,* 450 U.S. 175, 192 (1981)).

The Outcome … What AIPLA, BIO and IPO have said*:* Success on appeal should turn on the merits of a case, but where the legal team on one side has tremendous firepower unmatched by an appellee, the outcome is far less predictable. Successful mega-pharma accused infringer below has superbly briefed the case on appeal.

While there has been much discussion about the dangers of *Metabolite* in the various bar and industry groups over the past year, it is in the *amici* briefing where the rubber meets the road. Here, there has been no help from AIPLA, BIO and IPO or any other *amici*, they have been nonexistent in this case. The question must be raised as to precisely how the *amici* committees of the several biotech, university and patent bar groups allocate their resources and focus their interests.

Understanding the Controversy: As explained by appellee Merck: "'Classen …has sued Merck … for alleged direct and indirect infringement of Classen's patents relating to administering vaccines. Classen's patents stem from his (disputed) 'discovery' that early immunization against infectious disease protects against later development of chronic disease, although the claims of his patents are far broader and purport to cover the use of any immunization schedule, early or late, if the practitioner merely believes that the schedule used is better than some other. Yet all Merck has done that allegedly infringes is what it did well before Classen's 'discovery' - selling its vaccine against hepatitis B with the same recommended schedule for early immunization.

"What is critical both for Classen's assertions of infringement and to distinguish his alleged invention over the evident Merck prior art is a mental conclusion reached by a health practitioner about a secondary benefit when immunizing a patient. According to Classen, a health practitioner who immunizes against hepatitis B using the same long-standing schedule now becomes an infringer by mentally considering Classen's 'discovery' and concluding, in agreement with Classen, that this long-used schedule has a benefit of reducing a patient's risk for later development of chronic disease such as diabetes. To infringe the claims as Classen construes them, the practitioner need not undertake any new physical steps to assess that benefit or to administer the vaccine, or even make any changes to the existing immunization schedule. It is the thought process in determining the existence of an immunization schedule's benefit for risk of a chronic disease that is the claimed Classen invention.
* * *

"Under Classen's claim construction, a health practitioner who administers Merck's hepatitis B vaccine in precisely the same way as before becomes an infringer if he or she mentally concludes, based on information produced or collected by anyone (regardless of statistical or scientific validity), that doing so may reduce the patient's chances of developing a chronic disease such as diabetes. In short, to become an infringer, it is not necessary to change any physical act but only to reach a mental conclusion in accord with Classen that there is a secondary benefit from long-standing practice in reducing the risk of a chronic disease. Aside from the evident

invalidity issues of nonpatentable subject matter and of inherent anticipation, this raises the issue that infringement is possible only by those who believe in Classen's theory when immunizing, while those who perform the same physical acts uninformed of Classen's theory or who do not believe it do not infringe.

"Classen has not shown that any possible infringer, let alone Merck, has reached a mental conclusion that Classen is correct. All Merck has done is continue to sell its hepatitis B vaccine with a recommended early schedule for immunization, just as before Classen's 'discovery.' In fact, the only evidence of record that might be construed as reflecting Merck's mental conclusions rejects Classen's view. Thus, the district court was correct in concluding that Merck has not infringed.

"The district court was also correct in concluding that Classen has patented a mental process of reaching a conclusion that his theory of risks and benefits associated with schedules for immunizations is correct. Such subject matter is not patentable. Alternatively, because Classen's patent claims would cover the practitioner's use of an existing immunization schedule simply because the practitioner now recognizes a previously unrecognized benefit 'discovered' by Classen, the claims are invalid for inherent anticipation."

***Dodging a Bullet – Avoiding the Metabolite Issue*:** It is entirely conceivable that the *Metabolite* issue could be ducked by the panel if one is selected that is less uninterested in establishing new law but instead more interested in a correct decision without creating further controversy. Thus, there are plural issues in *Classen* that could be basis to render the *Metabolite* issue moot.

(4) *Nuijten* v. *Dudas* "Signal" Patent-Eligibility

A *certiorari* petition is expected by the patent applicant from the decision below, *In re Nuijten*, __ F.3d __ (Fed. Cir. 2007)(Gajarsa, J.), *opinion from the Board*, 2006 Westlaw 3939192 (PTO Bd. Pt. App. & Int. 2006).

Status: A petition for *certiorari* is due December 20, 2007.

Issue: In a decision made obviously in the face of a perceived anti-patent attitude, the majority denied patent-eligibility under 35 USC § 101 to a claim to a "signal", *per se*.

The departure from precedent is manifested by the opinion of the third judge:

"I respectfully disagree with the majority's holding that the claims in suit are not directed to statutory subject matter under 35 U.S.C. § 101. … This case presents challenging questions that go beyond the single patent claim at issue. In determining the scope of patentable subject matter, we must reconcile cutting-edge technologies with a statute, the language of which dates back to the beginning of the Republic. Moreover, we decide this case against a backdrop of ongoing controversy regarding the wisdom of software patenting and our decision in *State Street Bank & Trust Co. v. Signature Financial Group, Inc.*, 149 F.3d 1368 (Fed.Cir. 1998). I appreciate the majority's desire to draw an exclusionary line. However, mindful of our duty to interpret the law as Congress wrote it rather than attempt "to preempt congressional action by judicially decreeing what accords with 'common sense and the public weal,'" *Tenn. Valley Auth. v. Hill*, 437 U.S. 153, 195 (1978), I respectfully disagree that the majority's holding is compelled by or consistent with precedent or the language of the statute. Indeed, I fear that it risks further confusing an already uncertain set of doctrines." *Nuijten*, __ F.3d at __ (Linn, J.), dissenting.

***Further Test Cases Bubbling Up from the PTO*:** The Board of Patent Appeals and Interferences is now routinely citing to the current controversy in the *Nuijten* case and creating future test cases. Examples of cases citing to the *Nuijten* appeal are *Ex parte Glenner*, 2007 Westlaw 1874818 (PTO Bd. Pat. App. & Int. 2007); *Ex parte Rising, III*, 2007 Westlaw 1033504 (PTO Bd. Pat. App. & Int. 2007); *Ex parte Keohane*, 2007 Westlaw 375026 (PTO Bd. Pat. App. & Int. 2007); *Ex parte Casazza*, 2006 Westlaw 2794039 (PTO Bd. Pat. App. & Int. 2006); *Ex parte Hartman*, 2006 Westlaw 2700810 (PTO Bd. Pat. App. & Int. 2006).

(5) *Bilski* – Patent-Eligibility under § 101

In re Bilski, Fed. Cir. App. No. 2007-1130

***Status*:** Argument October 1, 2007 (Bryson, Clevenger, Moore, JJ.)

***Discussion*:** This case may be considered "Comiskey II". It is difficult to create a line of distinction over *Comiskey* that will permit survival of the claims of this case.

(6) *Sanofi-Synthelabo* – The *Plavix* Case

Sanofi-Synthelabo v. Apotex, Inc., No. 2007-1438, *opinion below*, 492 F.Supp.2d 353 (S.D.N.Y. 2007), *earlier proceedings sustaining preliminary injunction*, 470 F.3d 1368 (Fed. Cir. 2006)(Lourie, Bryson, Clevenger, JJ.).

Sanofi-Synthelabo v. Teva Pharm. USA, Inc., No. 2007-1521

Status: An appeal was filed in No. 1438 on July 5, 2007; an appeal in No. 1521 was filed August 22, 2007. The appeals may be consolidated.

Discussion: Because of the high profile dollar volume value of this case, the *Plavix Case* will be one of the most watched cases for 2008. The case focuses upon a challenge to teh validity of the Plavix® patent. At the trial, the challenger had specifically relied upon *Pfizer v. Apotex*, but was rebuffed by the trial judge. Unless there is a resolution of the *Pfizer v. Apotex* deviation from *Papesch* before that time in an intervening case, it may be expected that the panel in the *Plavix* case will be confronted with the utterly inconsistent principles of the two cases. (This case is part of a paper, *Chemical Obviousness in a State of Flux* [June 22, 2007].)

(7) *Paice v. Toyota – Post-eBay Injunctive Relief*

Paice LLC v. Toyota Motor Corp., No. 2006-1610, *opinion below*, 2006 WL 2385139 (E.D.Tex. 2006)(Folsum, J.).

***Status*:** The appeal was argued on May 7, 2007 (Lourie, Rader, Prost, JJ.).

"Issue 5" (as phrased by Paice): Whether the district court committed reversible error by imposing a compulsory, prospective license of $25/car for the remaining life of the [ ] patent, where (a) neither statutory law nor judicial precedent provided the court the ability to impose prospective monetary relief, (b) the legal issue of damages under the compulsory license was not presented to a jury as required by the Seventh Amendment, and (c) the trial court's imposition of a compulsory license effectively curtails any exclusive rights Paice hoped to grant in the future.

(8) *John R. Sand & Gravel Co.* – Subject Matter Jurisdiction

John R. Sand & Gravel Co. v. U.S., Supreme Court No. 06-1164, *opinion below,* 457 F.3d 1345 (Fed. Cir. 2006)(Lourie, J.)(Newman, J., dissenting).

Question Presented: "Whether the statute of limitations in the Tucker Act limits the subject matter jurisdiction of the Court of Federal Claims."

***Status*:** The Court has scheduled this case for argument Monday, November 6, 2007.

(9) *Ferguson* – Method of Marketing a Product

In re Ferguson, Appeal No. 2007-1232

The opinion of the Board below is not available; neither is any brief available on Westlaw. The PTO in *Bilski, supra,* includes a reference to "*In re Ferguson,* Appeal No. 2007-1232, in which the Board rejected method claims of marketing a product under 35 U.S.C. § 101."

***Status*:** The case is in the briefing stage.

***Issue*:** Per appellants, "[a]re the claims … properly rejected as being under 35 USC § 101, based on the so called 'Abstract Idea' exception to patentability[?]

The claims are to a marketing method. From a request for reconsideration of a 2004 Board decision that entered a new ground of rejection under 35 USC § 101, an expanded eight member panel issued an expansive decision on reconsideration on July 27, 2006, that expands upon negative patent-eligibility decisions (J. Smith, J., with Barrett, J., and Dixon, J., each concurring in separate opinions), *subsequent proceeding*, Decision on Request for Rehearing (December 18, 2006)(J. Smith, J.).

(10) *Barnett* – Internet-driven Method

In re Barnett, Fed. Cir. 2007-1047

Issue: Whether it is proper to"[d]etermin[e] obviousness as to one claim element, use of the Internet as a communication channel, before comparing the prior art references to the claimed invention as a whole[.]"

Status: Argument is expected in late 2007.

Discussion: *Barnett* is one of a growing number of cases where a heretofore known process is driven by Internet control.

Appellee dismisses applicant's contribution in its brief on behalf of the Director: "The claimed invention is a coupon distribution method through which users view, select, and download coupons over the Internet to print them. Rejecting the claims as obvious, the Board relied on two references that disclosed distributing coupons to users electronically. The [primary reference] disclose[s] an interactive advertising system which allow[s] users to view, select, and request transmission of coupons for printing. [Its] system communicate[s] over a number of electronic communication network types, preferably a television broadcast signal. The second[ary] reference… disclose[s] a coupon distribution method that used the Internet to distribute coupons, because the Internet was designed specifically to improve the dissemination of information. The main issues on appeal are whether substantial evidence supports the Board's findings and ultimate conclusions that it would have been obvious to: i) modify [the primary reference]'s interactive coupon distribution system for use over the Internet and; ii) allow consumers to use personal computers to access [the primary reference]'s Internet-modified system to download coupons."

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