



UNITED STATES PATENT AND TRADEMARK OFFICE

UNITED STATES DEPARTMENT OF COMMERCE
United States Patent and Trademark Office
Address: COMMISSIONER FOR PATENTS
P.O. Box 1450
Alexandria, Virginia 22313-1450
www.uspto.gov

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
13/272,416	10/13/2011	Ray Smith	321.013US1	8583
97462	7590	08/26/2016	EXAMINER	
Mark A. Litman & Associates, P.A. 7001 Cahill Road, Ste. 15A Edina, MN 55439			LIDDLE, JAY TRENT	
			ART UNIT	PAPER NUMBER
			3716	
			MAIL DATE	DELIVERY MODE
			08/26/2016	PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte RAY SMITH and AMANDA TEARS SMITH

Appeal 2013-008893
Application 13/272,416
Technology Center 3700

Before: JOHN C. KERINS, EDWARD A. BROWN, and
RICHARD H. MARSCHALL, *Administrative Patent Judges*.

KERINS, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF CASE

Appellants appeal under 35 U.S.C. § 134 from a rejection of claims 1–19 and 22. The Examiner indicates that claims 20 and 21 are allowed.¹ We have jurisdiction under 35 U.S.C. § 6(b).

¹ Should there be further prosecution of this application (including any review for allowance), the Examiner may wish to review claims 20 and 21 for compliance under 35 U.S.C. § 101 in light of the USPTO’s guidance on patent eligible subject matter. *See* 2014 Interim Guidance on Patent Subject Matter Eligibility, 79 Fed. Reg. 74,618 (Dec. 16, 2014); “Preliminary Examination Instructions in view of the Supreme Court Decision in *Alice Corporation Pty. Ltd. v. CLS Bank International, et al.*” Memorandum to the Patent Examining Corps, June 25, 2014; *see also* July 2015 Update on

We affirm and designate this affirmance as a NEW GROUND OF REJECTION.

CLAIMED SUBJECT MATTER

The claims are directed to a method of playing a wagering card game.

Claim 1, reproduced below, is illustrative of the claimed subject matter:

1. A method of playing a wagering card game comprising:

a dealer controlling a set of physical playing cards within an electromechanical shuffling device comprising a processor that controls randomization of playing cards within the electromechanical shuffler;

the dealer accepting at least one wager at a player position on an underlying playing card game;

the electromechanical shuffling device randomizing the set of physical playing cards;

the dealer providing a first subset of exactly three random physical playing cards from the randomized set of physical playing cards to a player position;

the dealer providing a second subset of exactly three random physical playing cards from the randomized physical set of playing cards to a dealer position;

the dealer accepting continuation of the underlying playing card game at each player position having made the at least one wager by accepting an additional raise wager or receiving no raise wager at a player position;

Subject Matter Eligibility, 80 Fed. Reg. 45,429 (July 30, 2015), and May 2016 Subject Matter Eligibility Update, 81 Fed. Reg. 27,381 (May 6, 2016).

the dealer then reveals all physical playing cards at the player positions and all cards at the dealer position and the dealer evaluates each player hand against the dealer hand as follows:

player position hand having all three cards with a rank below a predetermined rank automatically loses;

a highest rank card from each player hand and the dealer hand play a game of war as a first sub-game, with the highest rank winning;

a second highest rank card from each player hand and the dealer hand play a game of war as a second sub-game, with the highest rank winning;

any ties void a sub-game;

if the dealer determines that a player position's two sub-games provide more wins against the dealer, the dealer resolves the at least one wager and any additional raise wager in favor of the player position based on the qualification of the dealer's hand;

if the dealer determines that a dealer position's two sub-games provide more wins against the player, the dealer resolves the at least one wager and any additional raise wager in favor of the dealer position; and

if the dealer determines that a player position's two sub-games provide a same number of wins against the dealer, the dealer will resolve the at least one wager and any additional raise wager on the basis of an unused third card in the player position hand and the dealer position hand as follows:

the dealer position's third card or the player position's third card with a predetermined relative rank of either the highest rank or the lowest rank is declared a winner;

ties between the dealer position's third card and the player position's third card are determined by a preset rule of at least

one result selected from the group consisting of a) the at least one bet and any additional raise bet are a push; b) the at least one bet and any additional raise bet are won at the player position; c) the at least one bet and any additional raise bet are won at the dealer position; e) the at least one bet is a push and any additional raise bet is won by the dealer position; f) the at least one bet is a push and any additional raise bet is won at the player position; g) the at least one bet is won at the dealer position and any additional raise bet is a push; and h) the at least one bet is won at the player position and any additional raise bet is a push.

REJECTION

Claims 1–19 and 22 are rejected under 35 U.S.C. § 101 as being directed to non-statutory subject matter. Final Act. 3.

OPINION

The issues joined between the Examiner and Appellants in this appeal involve whether the claimed subject matter is eligible or not under the “machine-or-transformation test,” which is “a useful and important clue, an investigative tool, for determining whether some claimed inventions are processes under § 101.” *Bilski v. Kappos*, 130 S.Ct. 3218, 3227 (2010); see Final Act. 3–5; Appeal Br. 12–43; Ans. 2–4; Reply Br. 4–8. The Examiner determined that the claims do not meet the machine-or-transformation test, and rejected claims 1–19 and 22 as being directed to patent-ineligible subject matter. Appellants argue to the contrary, maintaining that the claims are not directed to abstract ideas, and further meet the machine-or-transformation test.

Since the time of the briefing in this appeal, additional pertinent precedential decisions have issued from the United States Supreme Court

and the United States Court of Appeals for the Federal Circuit. In particular, the Supreme Court decision in *Alice Corp. Pty. Ltd. v. CLS Bank Int'l*, 134 S.Ct. 2347 (2014) announced that a two-step test for determining whether claimed subject matter is or is not eligible for patent protection. In short, and for the purposes of the subject matter of the claims on appeal, the two-step test may be described as first determining whether a claim is directed to a patent-ineligible concept (such as an abstract idea) and, if so, then determining whether there is something else in the claim that ensures that it is directed to significantly more than a patent-ineligible concept.

The Federal Circuit, in a de novo review of an earlier decision by the Board affirming a rejection of game play claims as being patent ineligible, affirmed that Board decision. *In re Smith*, 815 F.3d 816 (Fed. Cir. 2016).² In so doing, the Federal Circuit concluded that claims directed to “rules for conducting a wagering game, compare to other ‘fundamental economic practice[s]’ found abstract by the Supreme Court,” and the claimed “‘method of conducting a wagering game’ is drawn to an abstract idea much like *Alice’s* method of exchanging financial obligations and *Bilski’s* method of hedging risk.” *Id.* at 818–819. Ultimately, the Federal Circuit held that claims describing a set of rules for a game are to be regarded as an abstract idea. *Id.* at 819.

The Federal Circuit, following the *Alice* precedent, noted that claims drawn to abstract ideas such as a set of rules for a game, may be patent eligible if the claims involve an inventive concept sufficient to transform the claimed abstract idea into patent-eligible subject matter. *Id.* The Court

² The appellants in the Federal Circuit appeal are the same individuals named as inventors and Appellants in the present appeal.

cautioned that “appending purely conventional steps to an abstract idea does not supply a sufficiently inventive concept.” *Id.* Taking its lead from an argument that claim limitations requiring the shuffling and dealing of physical playing cards render the claims patent-eligible, the Court found such steps to be “‘purely conventional’ activities,” much like the computer implementation aspects of the claims in *Alice*. *Id.* As a result, the Court held that “the rejected claims do not have an ‘inventive concept’ sufficient to ‘transform’ the claimed subject matter into a patent-eligible application of the abstract idea.” *Id.*

The claims involved in the present appeal are similarly directed to “a method of playing a wagering card game,” and largely involve recitations of sets of playing rules for a game, which the Federal Circuit, as discussed above, regards as abstract ideas. In accord with this precedent, we find the claims on appeal to be directed to patent-ineligible abstract ideas.

Turning to the issue as to whether the claims include a transformative inventive concept, we note that Appellants point to elements in each of claims 1 (and 22), 2, 3, and 4 that are argued to be non-abstract concepts.³ Appeal Br. 12; Reply Br. 5–6. These elements differ at least to some degree from the basic shuffling and dealing of physical playing cards found in the

³ Appellants’ arguments with respect to these claim limitations are made in the context of whether the claims meet the machine-or-transformation test, and/or consideration of the limitations in view of USPTO guidelines promulgated after the *Bilski* decision. *Bilski v. Kappos*, 130 S.Ct. 3218 (2010). They additionally are presented in an attempt to refute the Examiner’s position that “how the cards are shuffled is ancillary to the claimed method,” and whether the shuffling is done by a person or an electromechanical device is of little importance. Ans. 3.

Smith decision to be purely conventional activities,⁴ and we thus address them in turn and as a whole.

Appellants maintain that the inclusion in claims 1 and 22 of an electromechanical shuffling device comprising a processor that controls randomization of playing cards is “far more specific than merely generic electronic apparatus.” Appeal Br. 24. Notwithstanding, Appellants Specification evidences that such devices are conventional in the art, and are not seen as adding anything transformative. Spec. 15. As noted by the Examiner, “it is only important that the cards are indeed randomized.” Ans. 3.

Appellants further assert that the recitation in claim 2 that the electromechanical shuffler includes a card reading system to inform a processor of card content is not an abstract concept. Appeal Br. 12. Again, such an aspect of an electromechanical shuffler appears to be conventional. Spec. 15.

For claim 3, Appellants argue that the provision by the card shuffler of exactly three cards to each player position is not an abstract concept. Appeal Br. 12. Appellants, in responding to the position taken by the Examiner, further argue that this is “not part of incidental shuffling.” Reply Br. 5 (erroneously referring to claim 3 as claim 2). Appellants acknowledge that “a few machines are available on the commercial market that can be programmed to effect this step,” and that the dealing of the three cards to each player is a “step[] required for providing hands specific to the recited

⁴ The claims on appeal in the Federal Circuit *Smith* case included dependent claims that called for the shuffling to be “automated shuffling.” See Appeal Brief, Claims Appendix, claims 4 and 10, in Application Serial Number 12/912,410.

card game.” *Id.* This evidences that any necessary equipment is conventional, and the step of providing three cards to each position is nothing more than a step involved in executing the abstract set of rules claimed.

Appellants argue that claim 4 includes randomly withdrawing playing cards to form hands in a delivery tray, and seemingly argue that the random withdrawal is not conventional. Reply Br. 5–6 (erroneously referring to claim 4 as claim 3). However, that step, not unlike the step discussed above with respect to claim 3, is performed to effectuate an aspect of the set of rules that the claims are directed to. Further, Appellants acknowledge that the “shufflers wherein random cards are taken from the set and distributed in compartments from which they are later distributed,” are “disclosed in the specification and known in the art.” *Id.* at 5. As such, the subject matter of claim 4 also falls in the category of being conventional.

As a whole, these limitations in respective claims 1 (and 22), 2, 3, and 4 do not rise to the level of “hav[ing] an ‘inventive concept’ sufficient to ‘transform’ the claimed subject matter into a patent-eligible application of the abstract idea.” *In re Smith*, 815 F.3d at 819. They simply invoke known and conventional equipment to effect necessary steps for playing a wagering card game.

In view of the foregoing, we agree with the Examiner that claims 1–19 and 22 are directed to non-statutory subject matter. As we have employed reasoning different from that advanced by the Examiner, due to more recent precedential case law, we designate our affirmance of the Examiner’s rejection as a new ground of rejection pursuant to 37 C.F.R.

§ 41.50(b) so as to afford Appellants the procedural options associated therewith, and to ensure Appellants have a fair opportunity to respond.

DECISION

The Examiner's rejection is affirmed. We designate our affirmance as entering a new ground of rejection pursuant to 37 C.F.R. § 41.50(b).

37 C.F.R. § 41.50(b) also provides that Appellants, WITHIN TWO MONTHS FROM THE DATE OF THE DECISION, must exercise one of the following two options with respect to the new grounds of rejection to avoid termination of the appeal as to the rejected claims:

(1) *Reopen prosecution*. Submit an appropriate amendment of the claims so rejected or new evidence relating to the claims so rejected, or both, and have the matter reconsidered by the Examiner, in which event the proceeding will be remanded to the Examiner. . . .

(2) *Request rehearing*. Request that the proceeding be reheard under § 41.52 by the Board upon the same record. . . .

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a). *See* 37 C.F.R. § 1.136(a)(1)(iv).

AFFIRMED; 37 C.F.R. § 41.50(b)