



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

Table with 5 columns: APPLICATION NO., FILING DATE, FIRST NAMED INVENTOR, ATTORNEY DOCKET NO., CONFIRMATION NO. Includes rows for application details, examiner name (MYHR, JUSTIN L), art unit (3714), and notification date (04/02/2018).

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.

Notice of the Office communication was sent electronically on above-indicated "Notification Date" to the following e-mail address(es):

doctetingchicago@nixonpeabody.com
ipairlink@nixonpeabody.com

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte WALTER E. SMOLUCHA

Appeal 2016-007053
Application 11/124,411
Technology Center 3700

Before JOHN C. KERINS, MICHAEL L. HOELTER, and
LISA M. GUIJT, *Administrative Patent Judges*.

GUIJT, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Appellant¹ seeks our review under 35 U.S.C. § 134(a) of the Examiner's decision² rejecting claims 1, 2, and 4–25 as being directed to patent ineligible subject matter under the judicial exception to 35 U.S.C. § 101. Final Act. 2. We have jurisdiction over the appeal under 35 U.S.C. § 6(b).

We AFFIRM.

¹ Appellant identifies the real party in interest as Bally Gaming, Inc., a wholly owned subsidiary of Scientific Games Corp. Br. 2.

² Appeal is taken from the Final Office Action dated July 9, 2015.

THE CLAIMED SUBJECT MATTER

Claims 1, 12, 19, 21, and 24 are the independent claims on appeal.
Claim 21, reproduced below, is illustrative of the subject matter on appeal.

21. A method for using non-monetary chattel to play a wagering game on a gaming machine including an electronic display device and one or more input devices, the gaming machine being configured to initiate the casino wagering game responsive to a wager input of non-monetary chattel received by at least one of the one or more input devices and to display on the electronic display device a randomly determined outcome of the casino wagering game, comprising:

providing access to a computer readable storage medium storing non-monetary chattel information to a gaming establishment;

creating a balance of non-monetary chattel;

setting a balance limit for the non-monetary chattel so that play on a gaming machine is stopped when the balance limit is met;

converting the non-monetary chattel to a single point system used in the gaming machine, wherein converting includes receiving conversion data from one or more clearing house dealing in non-monetary chattel; and

transferring non-monetary chattel from a player to the gaming establishment upon loss of the non-monetary chattel by the player responsive to a random outcome of the wagering game on the gaming machine that corresponds to a predetermined losing outcome; and

transferring non-monetary chattel from the gaming establishment to the player responsive to a random outcome of

the wagering game on the gaming machine that corresponds to a predetermined winning outcome.

ANALYSIS

Appellant argues claims 1, 2, and 4–25 as a group. Br. 9–23. We select independent claim 21 as representative, with claims 1, 2, 4–20, and 22–25 standing or falling with claim 21. *See* 37 C.F.R. § 41.37(c)(1)(iv).

The Supreme Court has set forth a two-step framework for determining whether claimed subject matter is judicially-excepted from patent eligibility under 35 U.S.C. § 101. *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2355 (2014) (citing *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289, 1294 (2012)). Accordingly, we must first “determine whether the claims at issue are directed to one of those patent-ineligible concepts”—i.e., a law of nature, a natural phenomenon, or an abstract idea. *Id.* If so, we secondly “consider the elements of each claim both individually and ‘as an ordered combination’ to determine whether the additional elements ‘transform the nature of the claim’ into a patent-eligible application.” *Id.* (quoting *Mayo*, 132 S. Ct. at 1298, 1297). The Supreme Court has described the second part of the analysis as “a search for an ‘inventive concept’—i.e., an element or combination of elements that is ‘sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the [ineligible concept] itself.’” *Id.* (alteration in original) (quoting *Mayo*, 132 S. Ct. at 1294). The Court acknowledged in *Mayo*, that “all inventions at some level embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas.” *Mayo*, 132 S. Ct. at 1293.

Appeal 2016-007053
Application 11/124,411

Therefore, we look to whether the claims focus on a specific means or method that improves the relevant technology or are instead directed to a result or effect that itself is the abstract idea and merely invoke generic processes and machinery. *See Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1336 (Fed. Cir. 2016).

Step One of the Alice/Mayo Framework

Regarding step one of the *Alice/Mayo* framework, the Examiner determines that the pending claims, including independent claim 21, are “directed to” the abstract idea of “performing a financial transaction involving a gaming network with the transfer of value and converting of value,” including non-monetary value. Final Act. 4; Ans. 2–6. The Examiner also determines that wagering something of value in a wagering game is an abstract idea. Ans. 3. The Examiner notes that our reviewing court has held claims directed to managing and controlling certain wagering games patent ineligible as abstract ideas. Final Act. 5 (citing *Planet Bingo, LLC VKGS LLC*, 576 App’x. 1005 (Fed. Cir. 2014)).

First, Appellant argues that “managing a game” is not a judicially recognized abstract idea. Br. 11–12 (citing *Planet Bingo*, 576 App’x. 1005 (Fed. Cir. 2014)). However, the Examiner did not determine that claim 21 is directed to a patent-ineligible concept (i.e., an abstract idea) solely because claim 21 involves managing a game; rather, as set forth *supra*, the Examiner determines that claim 21 is directed to a patent-ineligible concept (i.e., an abstract idea) because claim 21 is directed to a fundamental economic practice long prevalent in our system of commerce, namely, transferring and

converting something of value (including non-monetary chattel), depending on wagering game outcomes. We agree with the Examiner's determination, noting that claim 21 is more similar to claims directed to the abstract idea of intermediated settlements (*see Alice Corp.*, 134 S. Ct. 2347 (2014)) than to managing a bingo game (*see Planet Bingo*, 576 App'x. 1005 (Fed. Cir. 2014)). In this respect, we agree with Appellant that claim 21 is "unlike the claims at issue in *Planet Bingo*." Br. 12; *see also id.* at 12–13. Appellant's argument does not address the Examiner's determination that the claims are directed to a fundamental economic practice within the context of a wagering game.

Step Two of the Alice/Mayo Framework

The Examiner determines that the limitations of the claims (i.e., claim 21) "are well-known and routine to the financial system," including converting the value of something into another value system, which involves "picking a standardized point system" to which the value is converted. Final Act. 6. The Examiner also determines that "the act of allowing non-monetary value to be exchanged, based on vendor input, to a single point value which is useable by [a wagering game system] . . . is simply the basic fundamental economic activity of exchanging one value for another that is useful for the desired activity." Ans. 6. In support, the Examiner explains "[t]his is the same concept as exchanging one nation's currency for another so that an individual can carry[]out economic activity" and that "[t]he act of setting up rates for exchange, carrying out exchange, and identifying [to] what to exchange . . . are well-known and basic economic activit[ies] that

Appeal 2016-007053
Application 11/124,411

have existed well before the creation of computer art.” *Id.* The Examiner further determines that such currency conversion “is also well-known in the gaming art.” Final Act. 6. The Examiner concludes that these activities are insufficient to ensure that the patent in practice amounts to significantly more than a patent on the abstract idea itself. *Id.*

The Examiner also determines that the claims recite “generic gaming machines and systems” (including network connections and servers) that are “well-known components within the gaming art,” and which fail to transform the nature of the claim into a patent-eligible application. Final Act. 6–7; *see also* Ans. 6–7 (determining that the claims employ “basic network language well-known in the computer art for the purpose of either gaming or financial transactions,” which (“being generic”) does not add significantly more to the abstract idea itself.).

Appellant argues that “[the] claimed subject matter is inextricably linked to—and in fact, defines—*unconventional* features acknowledged by the Examiner to constitute wagering game systems and methods that are both novel and non-obvious,” whereby “the claims do not seek merely to ‘manage’ or ‘administer’ a known game, nor to administer mere abstract ideas (e.g., fundamental concepts, building blocks, or basic tools of the gaming industry).” Br. 13; *see also* Final Act. 6 (referencing the Decision by the Patent Trial & Appeal Board in Appeal No. 2012-005841, which reversed the Examiner’s rejection of the claims under 35 U.S.C. § 103(a) over certain prior art).

To the extent Appellant argues that the claims necessarily contain an “inventive concept” based on their alleged novelty and non-obviousness over the prior art, this argument is unpersuasive. Although the second step in the *Alice/Mayo* framework is termed a search for an “inventive concept,” the analysis is not an evaluation of novelty or non-obviousness, but rather, a search for “an element or combination of elements that is ‘sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the [ineligible concept] itself.’” *Alice*, 134 S. Ct. at 2355. A novel and nonobvious claim directed to a purely abstract idea is, nonetheless, patent-ineligible. *See Mayo*, 132 S. Ct. at 1304.

Appellant also argues that the Examiner failed to consider the claims “as a whole” and erroneously applied the Examiner’s “own generalized abstraction of the claims.” Br. 14. Appellant further argues that the Examiner failed to “analyze[] the actual limitations recited in the claims.” *Id.* at 15 (emphasis omitted).

Indeed, as set forth *supra*, the second step of the *Alice/Mayo* framework requires consideration of the elements of each claim, *both individually and as an ordered* combination (or as a whole), to determine whether the additional elements transform the nature of the claim into a patent-eligible application. However, we disagree with Appellant that the Examiner failed to properly apply this analysis.

The ordered combination of the elements of claim 21 require (in relevant part): (i) providing a gaming establishment access to stored information regarding non-monetary chattel; (ii) creating a balance of, and

Appeal 2016-007053
Application 11/124,411

setting a balance limit for, the non-monetary chattel to stop play on a gaming machine when the balance is met; (iii) converting the non-monetary chattel to a single point system used in the gaming machine, wherein converting includes receiving conversion data from one or more clearing house dealing in non-monetary chattel; and (iv) transferring non-monetary chattel from a player to the gaming establishment, or vice versa, responsive to a random outcome of the wagering game on the gaming machine.

Considering these claim elements *as a whole*, we are not apprised of error in the Examiner's determination, as set forth *supra*, that the ordered combination fails to transform the nature of the claim into a patent-eligible application. Rather, we agree with the Examiner's determination that the claim elements, as a whole, recite the fundamental economic practices of transferring and converting things of value (i.e., non-monetary chattel) to a single currency (i.e., a currency based on points), which is utilized, and therefore, required for participation, by a system (i.e., a gaming system). The claims involve the well-known banking practices of providing account information, setting credit limits, converting currency, and distributing assets according to ownership, which, in this case, is determined by the outcome of a wagering game.

Further, the Examiner correctly analyzes the claim limitations *individually*, as set forth *supra*, by determining that the claim limitations reciting the transfer and conversion of non-monetary chattel are well-known financial transactions, and separately, that the claim limitations reciting the determination of ownership of the non-monetary chattel (or points) involves

generic gaming machines—neither of which amounts to significantly more than a patent upon the ineligible concept itself, as discussed *infra*.

Appellant further argues that the Examiner fails to set forth a *prima facie* case by unambiguously identifying the abstract idea to which the claims are allegedly directed. Br. 16. Specifically, Appellant contends that “a *prima facie* case of patent ineligibility has not yet been established because (i) the alleged ‘abstract idea’ in the rejection does not take into consideration the **basic character** of the subject matter involved and (ii) the rejection is silent as to how the claims are **directed to**, rather than merely involving, the alleged ‘abstract idea.’” *Id.* at 17. We disagree because the Examiner clearly articulates, as set forth *supra*, that the claims (i.e., claim 21) are directed to the abstract idea of “performing a financial transaction involving a gaming network with the transfer of value and converting of value.” *See also* Ans. 2 (“The Examiner points out that the identified abstract idea in the rejection was ‘performing a financial transaction involving a gaming network with the transfer of value and converting of value,’” noting that “methods which are directed to managing a game [have been] found as solely abstract and not adding significantly more.”).

Appellant further argues that the claims (i.e., claim 21) recite significantly more than an abstract idea because “the claims recite specific structural elements that clearly distinguish the machine operative in the claimed subject matter as a particular machine as opposed to a general-purpose computer.” Appeal Br. 19.

The Specification expressly defines the term “gaming machine” as

a machine into which a coin or token is deposited, or which is activated by a card or token associated with data regarding non-monetary chattel, to play a game that uses a video display or an electromechanical device with a spinning wheel. The gaming machines include slot machines and push button machines. The gaming machines include coin operated machines and machines have a serial interface. Gaming machines include gaming tables capable of being initiated by a card or token.

Spec. 4:11–17. We determine that the recitation of “a gaming machine” in the claims is insufficient to ensure that the patent in practice amounts to significantly more than a patent upon the ineligible concept itself, because the Specification defines “gaming machine” as conventional and well-known in the art.

Moreover, the introduction of a computer into the claims does not alter the analysis under step two of the *Alice/Mayo* framework. In other words, “the mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention.” *Alice Corp.*, 134 S. Ct. at 2358. Appellant’s claimed generic computing components (i.e., a computer readable storage medium) amount to a mere instruction to implement the abstract idea on a computer. *See id.* at 2359 (“[T]he relevant question is whether the claims here do more than simply instruct the practitioner to implement the abstract idea . . . on a generic computer.”).

Finally, Appellant argues that the present claims “do not seek to preempt the asserted abstract idea of ‘transfer and conversion of value’ such that others cannot practice it.” Br. 22. This argument is unpersuasive.

Merely because claims do not preempt all forms of the abstraction does not make them any less abstract. *See OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1362–63 (Fed. Cir. 2015) (“[T]hat the claims do not preempt all price optimization or may be limited to price optimization in the e-commerce setting do not make them any less abstract.”). Moreover, characterizing preemption as a driving concern for patent eligibility is not the same as characterizing preemption as the dispositive test for patent eligibility. Instead, “[t]he Supreme Court has made clear that the principle of preemption is the basis for the judicial exceptions to patentability” and “[f]or this reason, questions on preemption are inherent in and resolved by the § 101 analysis.” *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015) (citing *Alice*, 134 S. Ct. at 2354). Although “preemption may signal patent ineligible subject matter, the absence of complete preemption does not demonstrate patent eligibility.” *Id.* The Federal Circuit concluded that “[w]here a patent’s claims are deemed only to disclose patent ineligible subject matter under the *Mayo* framework, . . . preemption concerns are fully addressed and made moot.” *Id.*; *see also id.* (holding that “[i]n this case, Sequenom’s attempt to limit the breadth of the claims by showing alternative uses of cff DNA outside of the scope of the claims does not change the conclusion that the claims are directed to patent ineligible subject matter”). Given this direction from our reviewing court, we decline to apply a preemption standard in our analysis, and instead apply the steps set forth by the Supreme Court in *Alice* and *Mayo*.

Appeal 2016-007053
Application 11/124,411

Accordingly, we sustain the Examiner's rejection of independent claim 21, and claims 1, 2, 4–20, and 22–25 fall therewith.

DECISION

The Examiner's rejection of claims 1, 2, and 4–25 under 35 U.S.C. § 101 is affirmed.

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

AFFIRMED