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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte DAVID A. FELICE

Appeal 2016-007230¹
Application 13/530,702²
Technology Center 3700

Before MURRIEL E. CRAWFORD, ANTON W. FETTING, and
KENNETH G. SCHOPFER, *Administrative Patent Judges*.

SCHOPFER, *Administrative Patent Judge*.

DECISION ON APPEAL

This is an appeal under 35 U.S.C. § 134 from the final rejection of claims 1–10 and 12–18. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

BACKGROUND

According to Appellant, “[t]he present invention relates . . . to a system and method to permit interstate or foreign wagering from remote

¹ Our decision references the Appeal Brief (“Appeal Br.,” filed Dec. 3, 2015) and Reply Brief (“Reply Br.,” filed July 18, 2016), and the Examiner’s Answer (“Ans.,” mailed May 18, 2016) and Final Office Action (“Final Act.,” mailed Mar. 3, 2015).

² According to Appellant, the real party in interest is David A. Felice. Appeal Br. 2.

locations where the player is enabled to establish, join and/or maintain a business entity bestowing an intra-forum presence to the foreign or interstate player.” Spec. 1, ll. 11–14.

REPRESENTATIVE CLAIM

Claim 1 is the only independent claim on appeal and recites:

1. An automated player system adapted to enable each of the one or more players to establish, join, or maintain a business entity, in accordance with applicable legal authority, that will allow wagering from any location, comprising:

a host computer associated with a local forum, wherein said host computer will: (1) receive requests from one or more players to become a legally recognized member of the business entity previously organized in the local forum; (2) authenticate each of the one or more players as a legally recognized member of the business entity; (3) manage betting activities of the one or more players as individual members of the business entity, accounting for wagers, debts, liabilities, obligations or expenses of each of the one or more players; and (4) collect taxes or information relating to taxable events, generate an audit-trail, and track betting activities of each of the one or more players; and

a gaming computer operably connected with said host computer, wherein the host computer generates at least one authenticatable message with a token to be provided to the gaming computer indicating that at least one of the one or more players is deemed qualified to participate in a gaming activity for purposes of the local forum's rules and, wherein the gaming computer allows the at least one of the one or more players to participate in a gaming activity; and wherein upon expiration of the token, the gaming computer generates an inquiry notice to the host computer requesting a status of the at least one of the one or more players.

Appeal Br., Claims App. 1.

REJECTION

The Examiner rejects claims 1–10 and 12–18 under 35 U.S.C. § 101 as directed to ineligible subject matter.

DISCUSSION

Appellant argues all claims as a single group. *See* Appeal Br. 6–17. We select claim 1 as representative and claims 2–10 and 12–18 stand or fall with claim 1. *See* 37 C.F.R. § 41.37(c)(1)(iv).

Alice Corp. Pty. Ltd. v. CLS Bank International, 134 S. Ct. 2347 (2014) identifies a two-step framework for determining whether claimed subject matter is judicially-excepted from patent eligibility under § 101.

According to *Alice* step one, “[w]e must first determine whether the claims at issue are directed to a patent-ineligible concept,” such as an abstract idea. *Alice*, 134 S. Ct. at 2355.

The “directed to” inquiry . . . cannot simply ask whether the claims *involve* a patent-ineligible concept, because essentially every routinely patent-eligible claim involving physical products and actions *involves* a law of nature and/or natural phenomenon—after all, they take place in the physical world. *See Mayo*, 132 S.Ct. at 1293 (“For all inventions at some level embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas.”) Rather, the “directed to” inquiry applies a stage-one filter to claims, considered in light of the specification, based on whether “their character as a whole is directed to excluded subject matter.” *Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1346 (Fed. Cir. 2015); *see Genetic Techs. Ltd. v. Merial L.L.C.*, 818 F.3d 1369, 1375, 2016 WL 1393573, at *5 (Fed. Cir. 2016) (inquiring into “the focus of the claimed advance over the prior art”).

Enfish, LLC v. Microsoft Corp., 822 F.3d 1327, 1335 (Fed. Cir. 2016). “The ‘abstract idea’ step of the inquiry calls upon us to look at the ‘focus of the claimed advance over the prior art’ to determine if the claim’s ‘character as a

whole’ is directed to excluded subject matter.” *Affinity Labs of Texas, LLC v. DIRECTV, LLC*, 838 F.3d 1253, 1257 (Fed. Cir. 2016) (citing *Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1353 (Fed. Cir. 2016)); *Enfish*, 822 F.3d at 1335.

In rejecting claim 1, the Examiner finds that claim 1 is “directed to allowing people to gamble online through legal entity formation, which is a method of organizing human behavior and thus an abstract idea.” Final Act. 2. The Examiner also finds that the claims are more generally directed to “the use of the legal entity as a vehicle for wagering in a jurisdiction in which they would not normally be able to gamble.” Adv. Act. 3.

We agree with the Examiner’s characterization of the claim and are not persuaded by Appellant’s arguments, as discussed below.

Appellant argues that the Examiner has defined the abstract idea too broadly. Appeal Br. 6. Appellant asserts that the Examiner erred in defining the abstract idea to include legal entity formation and “that the definition of the abstract idea [should] be focused on the automated player system.” *Id.* at 7. Appellant also argues that the claims are not directed to legal entity formation and that a tangible tool, e.g., a business entity, cannot be included as part of an abstract idea’s definition. *Id.* at 8–12.

We are not persuaded of error.

Under part one of the *Alice* framework, we “look at the ‘focus of the claimed advance over the prior art’ to determine if the claim’s ‘character as a whole’ is directed to excluded subject matter.” *Affinity Labs*, 838 F.3d at 1257 (quoting *Elec. Power Grp.*, 830 F.3d at 1353). Thus, while we consider the claim as a whole, the “directed to” inquiry focuses on the claim’s “character as a whole.” The Specification describes that the intent of

the invention is to provide “a system and method to permit interstate or foreign wagering from remote locations where the player is enabled to establish, join and/or maintain a business entity bestowing an intra-forum presence to the foreign interstate player.” Spec. 1, ll. 12–14. Claim 1 recites a host computer and a gaming computer that perform steps to allow a user to join a business entity, manage betting activities, collect taxes, and to authentic users for the purpose of participating in a gaming activity. We agree that the Examiner’s characterization of the claim is accurate and describes the claim’s character as a whole in light of the description of the invention in the Specification and the specific limitations of the claims. Thus, we find that the claim is directed the use of a legal entity as a vehicle for wagering in a jurisdiction in which the user would not normally be able to gamble, which is a method of organizing human behavior and an abstract idea. And more broadly, removing any reference to the legal entity, the claims are directed to managing a user’s interstate gambling activities.

Step two of the *Alice* framework is “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.’” *Alice*, 134 S. Ct. at 2355 (citing *Mayo*, 566 U.S. at 72–73).

Here, the Examiner finds that claim 1 does “not include additional elements that are sufficient to amount to significantly more than the judicial exception because the claims are drawn to a system that uses generic computers to implement the abstract idea.” Final Act. 2. Additionally, the Examiner finds that “the claims are . . . drawn to an abstract idea with little more than an adjuration to ‘implement it’.” *Id.*

We agree with the Examiner and are not persuaded of error by Appellant's arguments, as discussed below.

Appellant argues that there are four categories of additional elements that show the claim is directed to significantly more than the abstract idea. Appeal Br. 12. Specifically, Appellant identifies, "(i) the existing business entity; (ii) management of betting activities of one or more players as individual members of the business entity; and (iii) an association with the local forum under which laws the business entity exists[; and] (iv) the combination of the host computer, gaming computer and business entity." *Id.*

Regarding the business entity, Appellant relies on the discussion of business entities with respect to step-one of the *Alice* framework. *See* Appeal Br. 13. As an initial matter, regarding this argument, it is not precisely clear how Appellant's arguments regarding the claimed business entity are relevant to our analysis under *Alice* step two. As best we understand, Appellant is arguing that the business entity claimed "places a meaningful limit on the scope of the claims" and "is analogous to the computers in *Alice*, the hyperlink in *DDR Holdings* and the markers in *Jimick* to the extent that it is not part of the abstract idea." *Id.* at 10. Appellant may also be arguing that the business entity amounts to "significantly more" because it is a tangible tool. *See id.* at 8–9. Regardless, we are not persuaded that the recitation of a business entity amounts to significantly more than the abstract idea. Even if we were to agree with Appellant that the business entity should not and cannot be included in the definition of the abstract idea, we are not persuaded that the use of a business entity, either already existing or formed for the claimed purpose,

amounts to significantly more than the abstract idea. Rather, the use of business entities to organize human behavior is a practice long prevalent in our system of commerce.

Next, Appellant argues that “(ii) management of betting activities of one or more players as individual members of the business entity; and (iii) an association with the local forum under which laws the business entity exists” show that the claims are directed to significantly more than the abstract idea. Appeal Br. 12–13. We are not persuaded regarding these elements at least because Appellant does not provide any persuasive reasoning as to why this is the case. *See id.* Appellant essentially states only that the Examiner does not agree that these elements show that the claim is directed to significantly more without an explanation as to why they do show that.

Next, we are not persuaded by Appellant’s argument that the combination of a host computer, gaming computer, and business entity represent additional elements that show the claim is directed to significantly more than the abstract idea. These elements separately do no more than perform “purely conventional” functions. *See Alice*, 134 S. Ct. at 2359 (citing *Mayo*, 566 U.S. at 79) (internal quotations and bracketed alteration omitted). For example, the claim does not purport to create a new type of business entity and the host computer and gaming computer do no more than perform basic computing functions. And considered as an ordered combination, there is nothing added that is not already present when the steps are considered separately. The claims do not, for example, purport to improve the functioning of the computer processor itself. Nor do they effect an improvement in any other technology or technical field. Instead, the

claims at issue amount to nothing significantly more than an instruction to apply the abstract idea using a generic computer. That is not enough to transform an abstract idea into a patent-eligible invention. *Alice*, 134 S. Ct. at 2360. Further, even if we do not include in the statement of the abstract idea, as Appellant argues, the use of a business entity does not provide “significantly more than the abstract idea” because we find it is as much a generic tool for implementing the idea as the generic computer equipment.

With respect to Appellant’s argument that the claims “resolve[] a challenge involving the inability of interstate or foreign players to remotely participate in betting activities within a chosen forum,” we are not persuaded that this elevates the claims to eligibility. Appeal Br. 14. Appellant asserts that “the claimed solution is rooted in the connection of a host computer, gaming computer and a business entity within a chosen local forum to allow the interstate or foreign player to engage in betting activities.” *Id.* However, we disagree that the problem addressed is rooted in technology or that the claimed computers are improved in the processes claimed. Rather, the limitations on interstate gambling that are allegedly solved by the claims exist outside of the computing environment, as noted by the Examiner. Final Act. 3.

Finally, we find that the claims here are reasonably analogous to several found ineligible previously by the Federal Circuit. *See, e.g., buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350 (Fed. Cir. 2014) (creating a contractual relationship); *Planet Bingo, LLC v. VKGS LLC*, 576 Fed. Appx. 1005 (Fed. Cir. 2014) (managing a bingo game); *Priceplay.com Inc. v. AOL Advertising, Inc.*, 627 Fed. Appx. 925 (Fed. Cir. 2016) (performing a sales contract over the internet). Similar to the claims here, the claims in the cases

cited relate to the management of human activities through generic computing equipment.

Based on the foregoing, we are not persuaded of reversible error with respect to the Examiner's findings under step two of the *Alice* framework.

Finally, to the extent Appellant argues that the Examiner erred in not allowing an amendment to claim 1 (*see* Reply Br. 11), the Appellant should have filed a timely petition with the Director under 37 C.F.R. § 1.181. This is a petitionable matter and not an issue for the Board to decide. *See In re Schneider*, 481 F.2d 1350, 1356–57 (CCPA 1973); *In re Mindick*, 371 F.2d 892, 894 (CCPA 1967). *See also* MPEP § 1002.02(c)(3).

For the reasons set forth above, we are not persuaded of error with respect to the rejection of claim 1. Accordingly, we sustain the rejection. We also sustain the rejection of claims 2–10 and 12–18, which fall with claim 1.

CONCLUSION

We AFFIRM the rejection of claims 1–10 and 12–18 for the reasons set forth above.

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