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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte ALLON G. ENGLMAN, MARK B. GAGNER,
BENJAMIN T. GOMEZ, and WALTER E. SMOLUCHA¹

Appeal 2017-000191
Application 12/161,849
Technology Center 3700

Before BRADLEY W. BAUMEISTER, STACEY G. WHITE, and
SHARON FENICK, *Administrative Patent Judges*.

BAUMEISTER, *Administrative Patent Judge*.

DECISION ON APPEAL

Appellants appeal under 35 U.S.C. § 134(a) from the Examiner’s final rejection of claims 30, 32, 33, 35–39, 41–45, and 47–49. Br. 10. Claims 1–29, 31, 34, 40, and 46 previously have been cancelled. Final Action 2 (mailed Nov. 5, 2015) (“Final Act.”). We have jurisdiction under 35 U.S.C. § 6(b).

We affirm.

¹ Appellants list Bally Gaming, Inc. as the real party in interest. Appeal Brief 3, filed December 28, 2015 (“Br.”).

STATEMENT OF THE CASE

Appellants describe the present invention as follows:

A method is presented for offering a wagering game tournament to a plurality of players on a plurality of gaming machines, which are located on a gaming network. The method includes increasing a prize pool based on a group achievement of the plurality of players, and [distributing] the prize pool to at least some of the plurality of players.

Abstract.

Independent claim 30, reproduced below, illustrates the claimed invention:

30. A gaming system comprising:

a plurality of gaming machines on which a wagering game tournament is offered to a plurality of players, the wagering game tournament including a plurality of casino wagering games being conducted during an initial game-play portion and a next game-play portion, each game of the plurality of casino wagering games having an initial game play configuration and an initial volatility, each gaming machine including an electronic display device and one or more electronic input devices; and

one or more controllers configured to:

detect, via at least one of the one or more electronic input devices, a physical item associated with a monetary value that establishes a credit balance,

initiate each of the plurality of casino wagering games in response to an input indicative of a wager covered by the credit balance,

allow a first player and a second player of the plurality of players to participate in the wagering game tournament via respective ones of the plurality gaming machines,

during the initial game-play portion with the initial volatility, provide

- (a) a first score for the first player and a second score for the second player, the first score being greater than the second score, and
- (b) an initial opportunity to modify at least one of the first score and the second score such that the second score becomes greater than the first score,

provide a game-enhancement parameter of a plurality of game-enhancement parameters to at least one of the first player and the second player,

in response to receiving the game-enhancement parameter from the first player or the second player, the game-enhancement parameter being distinct from the wager input, change the initial game-play configuration to a next game-play configuration over the course of the wagering game tournament, the next game-play configuration including a next volatility that is greater than the initial volatility,

based on the next volatility and during the next game-play portion of the wagering game tournament, provide an increased opportunity to modify at least one of the first score and the second score such that the second score becomes greater than the first score, the increased opportunity being greater than the initial opportunity, and

receive, via at least one of the one or more electronic input devices, a cashout input that initiates a payout from the credit balance.

Claims 30, 32, 33, 35–39, 41–45, and 47–49 stand rejected under 35 U.S.C. § 101 as being directed to patent-ineligible subject matter. Final Act. 2–4.

Claims 30, 32, 33, 35–39, 41–45, and 47–49 stand rejected under 35 U.S.C. § 103(a) as unpatentable over Hughes et al. (US 2006/0178202

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A1; published Aug. 10, 2006) and Gilliland et al. (US 2005/0096121 A1; published May 5, 2005). Final Act. 5–18.

We review the appealed rejections for error based upon the issues identified by Appellants, and in light of the arguments and evidence produced thereon. *Ex parte Frye*, 94 USPQ2d 1072, 1075 (BPAI 2010) (precedential).

THE PATENT-INELIGIBILITY REJECTION

Findings

The Examiner finds that the claims are directed to the abstract idea of organizing a human activity through a plurality of steps for managing a game play, similar to managing a game of bingo, as well as being directed to the abstract idea of a method of organizing human activity including creating contractual relationships. Final Act. 2–3. The Examiner additionally concludes that the additionally recited elements, such as the gaming machines, input devices, displays, and controllers, perform generic computer functions that were well-understood, routine, and convention activities and, therefore, concludes that the components do not add significantly more to the abstract idea. *Id.* at 3.

Appellants present multiple arguments in relation to the 101 rejection. App. Br. 10–22. The arguments are addressed below *seriatim*.

Principles of Law

The Supreme Court has set forth an analytical “framework for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts.” *Alice Corp. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2355 (2014)

(citing *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 71–73 (2012)). In the first step of the analysis, we determine whether the claims at issue are “directed to” a judicial exception, such as an abstract idea. *Id.* at 2355. If not, the inquiry ends. *Thales Visionix Inc. v. U.S.*, 850 F.3d 1343, 1346 (Fed. Cir. 2017); *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1339 (Fed. Cir. 2016). If the claims are determined to be directed to an abstract idea, then we consider under step two whether the claims contain an “inventive concept” sufficient to “transform the nature of the claim into a patent-eligible application.” *Alice*, 134 S. Ct. at 2355 (quotations and citation omitted).

In considering whether a claim is directed to an abstract idea, we acknowledge, as did the Supreme Court, that “all inventions at some level embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas.” *Mayo*, 566 U.S. at 71. We therefore look to whether the claim focuses on a specific means or method that improves the relevant technology or is instead directed to a result or effect that, itself, is the abstract idea and merely invokes generic processes and machinery. *See Enfish*, 822 F.3d at 1336.

In the second step of the *Alice* analysis, if applicable, we then must consider whether the claim contains an element or a combination of elements that is sufficient to transform the nature of the claim into a patent-eligible application. *Ulramercial, Inc. v. Hulu LLC*, 772 F.3d 709, 714 (Fed. Cir. 2014); *Alice*, 134 S. Ct. at 2355.

In applying step two of the *Alice* analysis, we must “determine whether the claim[] do[es] significantly more than simply describe [the] abstract method” and thus transform the abstract idea into patentable subject matter. We look to see

whether there are any “additional features” in the claim[] that constitute an “inventive concept,” thereby rendering the claim[] eligible for patenting even if [it is] directed to an abstract idea. Those “additional features” must be more than “well-understood, routine, conventional activity.”

Intellectual Ventures I LLC v. Erie Indem. Co., 850 F.3d 1315, 1328 (Fed. Cir. 2017) (citations omitted).

A claim that “merely require[s] generic computer implementation[] fail[s] to transform [an] abstract idea into a patent-eligible invention.” *Alice*, 134 S. Ct. at 2357.

Contentions and Analysis

I.

Appellants first take issue with the Examiner’s reliance on *Planet Bingo*² as evidence that the claims are directed to an abstract idea. Br. 11–12. Appellants argue that it is improper to make a “blanket statement that *any* system of managing a game (even a bingo game) is categorically deemed to be directed to an abstract idea.” *Id.* Appellants also attempt to distinguish the claims of *Planet Bingo* from the present claims, asserting that the former claims were directed to “the abstract idea of ‘solv[ing a] tampering problem and also minimiz[ing] other security risks’ during bingo ticket purchases”—not to managing a bingo game. *Id.* at 11 (citing *Planet Bingo*, 576 F. App’x. at 1007).

Appellants’ arguments are unpersuasive. Although the *Planet Bingo* court did characterize that abstract idea as “solv[ing a] tampering problem and also minimiz[ing] other security risks” (*id.*), the characterization of the claims as being directed to an abstract idea was not limited to such a narrow

² *Planet Bingo, LLC. v. VKFS LLC*, 576 F. App’x 1005 (Fed. Cir. 2014).

basis. The court also stated more generally that managing/playing the game of bingo can constitute an abstract idea. *Id.* at 1006–07.

Furthermore, our reviewing court subsequently reaffirmed that *Planet Bingo* stood for the broader proposition that “methods of managing a game of bingo were abstract ideas.” *In re Smith*, 815 F.3d 816, 819 (Fed. Cir. 2016). The *Smith* court additionally held that “rules for conducting a wagering game compare to other ‘fundamental economic practice[s]’ found abstract by the Supreme Court. . . . [A] wagering game is, effectively a method of exchanging and resolving financial obligations based on probabilities created during the distribution of the cards.” *Id.* at 818–19 (comparing *Smith*’s claimed method of playing blackjack to the method of exchanging financial obligations that the *Alice* Court found to be drawn to an abstract idea).

II.

Appellants argue that the claims of *Planet Bingo* are so distinguishable from the present claims “that any reasonable analysis must recognize their fundamental dissimilarity and forego any shortcut that automatically applies the logic . . . of the *Planet Bingo* case to the current claims.” Br. 12. Specifically, Appellants assert that “bingo is thought to have been invented in 1929,” and “the basic character of the subject matter claimed in *Planet Bingo* involved conventional bingo, with the supposedly innovative aspects being the way in which that conventional bingo game was managed.” *Id.* According to Appellants, the present invention is distinguishable because

Appellants’ claimed subject matter is inextricably linked to—and, in fact, defines—a novel and unique new wagering game, which further includes innovative and original game rules. The

underlying game is itself *unconventional*. That is, 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). The current claims include elements that detect a physical item establishing a credit balance on the gaming system and initiate a wagering game on the gaming system in response to a wager commitment.

Id. at 13.

Appellants' arguments are unpersuasive. "The 'novelty' of any element or steps in a process, or even of the process itself, is of no relevance in determining whether the subject matter of a claim falls within the § 101 categories of possibly patentable subject matter." *Diamond v. Diehr*, 450 U.S. 175, 188–89 (1981). A novel and nonobvious claim directed to a purely abstract idea is, nonetheless, patent-ineligible. *See Mayo*, 566 U.S. at 90.

III.

Appellants argue that the claims are not directed to a method of organizing human activities. Br. 13–15. Appellants' arguments are unpersuasive. As noted above, our reviewing court has characterized wagering games as methods of exchanging and resolving financial obligations, similar to *Alice's* method of exchanging financial obligation. *Smith*, 815 F.3d at 819. The fact that the present claims additionally recite the machines on which the present methods of organizing human activity are carried out does not negate the fact that the claims reasonably can be characterized as being directed to an abstract idea. *See Alice*, 134 S. Ct. at 2358 ("[T]he mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention."). Rather, that

fact indicates that further analysis is required to determine whether those claimed gaming components add significantly more to the abstract idea.

IV.

Appellants argue that the current rejection provides no evidence that the Examiner performed the requisite analysis of the claims as a whole. Br. 15–17. This argument is unpersuasive. Appellants acknowledge that their invention is directed to “a novel and unique new wagering game, which further includes innovative and original game rules.” Br. 13. That is, Appellants acknowledge that their claims are directed to subject matter that the courts have found to constitute an abstract idea.

The fact that the claims additionally recite computer components does not change the propriety of the characterization of the invention. Rather, those additional claim limitations are addressed in the second step of the *Alice* framework.

V.

Appellants argue that various claim limitations do not result in the pre-emption of any cash register or automatic teller machine, and that the lack of pre-emption provides evidence that the claims, as a whole, are directed to patent eligible subject matter. Br. 17–18. This argument is unpersuasive.

To be sure, the Supreme Court has described “the concern that drives this exclusionary principle [i.e., the exclusion of abstract ideas from patent eligible subject matter] as one of pre-emption.” *See Alice*, 134 S. Ct. at 2354. However, characterizing preemption as a driving concern for patent eligibility is not the same as characterizing preemption as the sole test for patent eligibility. As our reviewing court has explained: “The 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.*

VI.

Appellants argue that the Examiner has not established

a *prima facie* case of patent ineligibility . . . at least because (i) the “abstract idea” has not been **identified by clear articulation**, (ii) the alleged “abstract idea” in the rejection does not take into consideration the **basic character** of the subject matter involved, (iii) the rejection is silent as to how the claims are **directed to**, rather than merely involving, the alleged “abstract idea,” and (iv) the “abstract idea” to which the claims are allegedly directed is not within the realm of **abstract ideas**, in light of precedential court opinions.

Br. 20.

This argument is unpersuasive. As explained above, the abstract idea has been identified by Appellants, as well as by the Examiner. Furthermore, legal precedent such as *Smith*, *Planet Bingo*, and *Alice* provide evidence that the claimed invention is within the realm of abstract ideas, even as characterized by Appellants.

VII.

Appellants lastly argue (Br. 20–22) that the Examiner misinterprets the Office’s 2014 Guidance to the Examiners on how examiners are to undertake the “significantly more” analysis for step two of the *Alice* framework:

The Appellants respectfully submit that a careful reading of the specific instructions of the 2014 [Interim Examiner Guidance] indicates that claims may be deemed significantly more than a judicial exception if: 1) they are applied with or by use of a particular machine; or 2) they include limitations that are *not just* “well-known, routine and conventional” in the field of the subject matter. It is further respectfully submitted that the current rejection conflates these two separate criterion by requiring structure qualifying as a “particular machine” to be also new and unique (i.e., “other than what is well-known, routine and conventional”).

Br. 20.

Appellants’ arguments are unpersuasive. In *Ultramercial*, our reviewing court held that a claim is not tied to any particular novel machine or apparatus when it merely recites a general purpose computer. *Ultramercial*, 772 F.3d at 716. This holding is reiterated in the Office’s official guidance to the Examining Corps. MPEP § 2106.05(b)(I) “THE PARTICULARITY OR GENERALITY OF THE ELEMENTS OF THE MACHINE OR APPARATUS” (citing, *inter alia*, *Ultramercial*). As such, Appellants have not demonstrated the Examiner erred when inquiring whether a given claim element was well-known, routine, and conventional in order to determine whether the claim element was directed to a particular machine.

Conclusion

For the foregoing reasons, Appellants have not demonstrated that the Examiner erred in determining claim 30 is directed to patent-ineligible subject matter. We, therefore, sustain the Examiner’s rejection of the claim under 35 U.S.C. § 101, as well as that of claims 32, 33, 35–39, 41–45, and 47–49, which Appellants do not argue separately. *See* Br. 10–22.

THE OBVIOUSNESS REJECTION

Findings and Contentions

The Examiner finds that Hughes, which is directed to a virtual tournament establishment in a wagering game environment (Hughes, Title), discloses all of the limitations of independent claim 30 except for the requirement that

the controller is programmed to “in response to receiving a game-enhancement parameter, from the first player or second player, the game-enhancement parameter being distinct from the wager input[,] change the initial gameplay configuration to a next game-play configuration while conducting the game, the next game-play configuration including at least the next volatility”, and explicitly presenting that [“]the opportunity to modify at least one of the first score and the second score” is an “increased opportunity” wherein “the increased opportunity being greater than the initial opportunity.”

Final Act. 7–8.

The Examiner further finds, though, that two features from different embodiments of Gilliland teach these limitations. *Id.* at 8–9. The Examiner additionally finds that motivation existed to modify Hughes with the two features of Gilliland. Final Act. 9.

More particularly, Gilliland is directed towards a method for providing multiple display interfaces for gaming devices, such as slot machines and other wagering games. Gilliland ¶ 5. The goal is “to provide new, fun and exciting ways to display a primary or base game or a secondary or bonus game of a gaming device, to entertain the players and to hold a player’s interest.” *Id.* ¶ 4.

In one embodiment, the gaming device enables the player to select which interface to play. The player can play the game for a while using one interface and then switch interfaces to

provide a fresh display or to try to change the player's luck. The player can then switch back to the original interface or select a brand new interface depending upon how many interfaces the gaming device is adapted to provide.

Id. ¶ 5. The player can change the interface via a mechanical button or a touch screen. *Id.* ¶ 8; *see also id.* FIG. 3A (depicting “CHANGE INTERFACE” input 64).

“In an alternative embodiment, the gaming device automatically changes display interfaces without the player's input. Such automatic change can occur” based upon random events and events relating to the game. *Id.* ¶ 9. “In another alternative embodiment, a component of the game varies from interface to interface. That is, the game changes in one or more ways based on the interface chosen and played. For example, a change in interfaces can lead to a change in [] payable volatility.” *Id.* ¶ 10.

The Examiner concludes

[i]t would have been obvious . . . to modify Hughes to include the volatility adjustment feature of Gilliland, since adjusting the volatility may be viewed as a reward by the player, and/or make the game tournament more interesting (see Gilliland, ¶ 4), and therefore players will feel rewarded and more entertained as they continue to play.

Final Act. 9.

Appellants argue, *inter alia*, that the Examiner is improperly combining features of Gilliland's distinct embodiments. Br. 22–24. In support, Appellants argue that the manual embodiment merely discloses the player presses a button, but does not further teach that the player provides a game-enhancement parameter, such as a random multiplier. *Id.* at 23. Appellants also argue that the embodiments in which the interface changes

are automated, conversely fail to teach receipt of the game-enhancement specifically from a player. *Id.*

Appellants further argue that “the cited art fails to disclose that the change of configurations occurs ‘over the course of the wagering game tournament.’ In fact, the rejection ignores this aspect of the claim by broadly referring to ‘while conducting the game.’” *Id.* at 28. Appellants urge that

[t]he tournament is more than just a game and broadly interpreting a “game” to be the same as a “tournament” completely misses the point of the “tournament” concept. Consistent with the “catch-up” aspect [of Appellants’ disclosed invention], the term “tournament” loses its meaning if the tournament is just a game. The change of volatility over the course of the tournament requires the “tournament” for the catch-up aspect to work as intended.

Id.

Appellants argue

the timing aspect – “over the course of the wagering game tournament” – is required and missing from the combined teachings of Hughes and Gilliland. Hughes, in its teachings, does not teach anything about changes in volatility between an initial game-play portion and a next game-play portion (*e.g.*, changes between a first half and a second half of the soccer game [disclosed in Hughes]). Neither does Gilliland, which fails to disclose that a change of volatility must occur at a later point in time. The rejection interjects the missing disclosure from the present application speculating that a player of Gilliland will change the interfaces in a next game-play portion of Hughes. However, neither reference teaches the claimed timing aspect “over the course of the wagering game tournament.”

Id. 29.

In the Examiner’s Answer (mailed July 1, 2016) (“Ans.”), the Examiner dismisses Appellants’ arguments, explaining that the

references teach of all of the claim elements (*id.* at 10, 11, 13–15) and determining that Appellants’ arguments are based upon an improper theory of bodily incorporation (*id.* at 12–13).

Analysis

Appellants’ arguments are persuasive. The Examiner’s stated motivation for combining the references’ various teachings, which was to include a volatility adjustment feature to make the game tournament more interesting, at best demonstrates that one of ordinary skill may have been motivated to employ the cited features in some fashion. But the stated motivation does not provide sufficient evidence that one of ordinary skill would have envisioned achieving this desired goal by combining the references’ cited features specifically in the manner presently claimed. The rejection’s stated reasoning indicates that the only basis of record for combining the teachings in this manner (so as to change the initial game-play configuration to a next game-play configuration specifically over the course of a wagering game tournament) appears to be found in Appellants’ disclosure. That is, the rejection appears to be a product of impermissible hindsight reasoning.

For the foregoing reasons, Appellants have persuaded us of error in the Examiner’s obviousness rejection of independent claim 30. Accordingly, we do not sustain the Examiner’s rejection of that claim, as well as independent claims 39 and 45, which recite similar limitations. We likewise do not sustain the Examiner’s obviousness rejection of claims 32, 33, 35–38, 41–44, and 47–49, which depend from claim 30, 39, and 45.

CONCLUSIONS

Appellants have not shown that the Examiner erred in rejecting claims 30, 32, 33, 35–39, 41–45, and 47–49 under 35 U.S.C. § 101.

Appellants have shown that the Examiner erred in rejecting these same claims under 35 U.S.C. § 103.

DECISION

The Examiner’s decision rejecting claims 30, 32, 33, 35–39, 41–45, and 47–49 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). *See* 37 C.F.R. § 1.136(a)(1)(iv).

AFFIRMED