



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.
13/617,299	09/14/2012	Lee M. Amaitis	05-7186-C1	8267

63710 7590 12/26/2018  
INNOVATION DIVISION  
CANTOR FITZGERALD, L.P.  
110 EAST 59TH STREET (6TH FLOOR)  
NEW YORK, NY 10022

EXAMINER
----------

DEODHAR, OMKAR A

ART UNIT	PAPER NUMBER
----------	--------------

3714

NOTIFICATION DATE	DELIVERY MODE
-------------------	---------------

12/26/2018

ELECTRONIC

**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):

patentdocketing@cantor.com  
lkorovich@cantor.com  
phowe@cantor.com

UNITED STATES PATENT AND TRADEMARK OFFICE

---

BEFORE THE PATENT TRIAL AND APPEAL BOARD

---

*Ex parte* LEE M. AMAITIS and JOSEPH M. ASHER

---

Appeal 2017-002037  
Application 13/617,299<sup>1</sup>  
Technology Center 3700

---

Before MICHAEL C. ASTORINO, CYNTHIA L. MURPHY, and  
ALYSSA A. FINAMORE, *Administrative Patent Judges*.

ASTORINO, *Administrative Patent Judge*.

DECISION ON APPEAL

The Appellants appeal under 35 U.S.C. § 134 from the Examiner’s decision rejecting claims 1–10 under 35 U.S.C. § 101 because the claimed invention is directed to patent-ineligible subject matter. We have jurisdiction over the appeal under 35 U.S.C. § 6(b).

We AFFIRM.

---

<sup>1</sup> According to the Appellants, “[t]he real party in interest of the present application is CFPH, LLC.” Appeal Br. 3 (Because the pages of the Appeal Brief are not numbered, we regard the page bearing the title “**APPEAL BRIEF UNDER 37 C.F.R. § 41.37**” as the first page and the pages that follow as being numbered sequentially thereafter.).

STATEMENT OF THE CASE

*Subject Matter on Appeal*

Claims 1, 2, 3, and 7 are the independent claims on appeal. Claim 1, reproduced below, is illustrative of the subject matter on appeal.

1. A method for betting, comprising:

establishing a first betting option that permits a bettor to place a bet that designates a participant of a race, one of a plurality of designable points within the course of the race, and a range of times, the race having a plurality of participants, the bet to pay if the designated participant arrives at a designated point within the designated range of times;

receiving a plurality of bets from bettors, each designating respective participants, points, and ranges of times, at least one bet designating the finish of the race as its designated point;

during running of the race, measuring actual times for the participants designated by the bets at the designated points; and

determining which of the plurality of bets are winning bets based at least in part upon the determination of the actual time and the corresponding bets;

wherein at least one bet comprises a plurality of bet components and at least one bet component is associated with a bet matrix, the matrix having a plurality of columns extending in a first direction and a plurality of rows extending in a second direction, each column of the bet matrix corresponding with an intermediate point in the race event; and for at least one of the plurality of columns in the bet matrix, populating that column with numbers identifying the one or more possible fractional times determined for the intermediate point corresponding with that column such that at least one fractional time is located in each row intersecting that column, a particular bet component is a winning bet component if the bet matrix includes a particular number of matched entries aligned consecutively in a particular direction in the bet matrix;

the bets being divided into a plurality of betting pools, wherein a at least two of the betting pools are associated with respective intermediate points of the race;  
the bets being received on a betting exchange.

#### ANALYSIS

In contesting the rejection, the Appellants emphasize certain limitations of claim 1, but otherwise present arguments without regard to any particular claim. Appeal Br. 6–10; Reply Br. 2–6. Thus, we focus our attention on independent claim 1, and we address limitations of other claims to the extent that they are argued separately.

Under 35 U.S.C. § 101, a patent may be obtained for “any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof.” The Supreme Court, however, has long interpreted § 101 to include an implicit exception: “[l]aws of nature, natural phenomena, and abstract ideas are not patentable.” *See, e.g., Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2354 (2014) (internal quotations and citation omitted).

The Supreme Court, in *Alice*, reiterated the two-step framework previously set forth in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 566 U.S. 66, 77–80 (2012), “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.*, 134 S. Ct. at 2355. The first step in that analysis is to “determine whether the claims at issue are directed to one of those patent-ineligible concepts” (*id.*), e.g., to an abstract idea. If the claims are not directed to a patent-ineligible concept, the inquiry ends. Otherwise, the inquiry proceeds to the second step where the elements of the claims are considered “individually and ‘as

an ordered combination” to determine whether there are additional elements that “transform the nature of the claim’ into a patent-eligible application.” *Id.* (quoting *Mayo*, 566 U.S. at 79, 78). This is a search for an “inventive concept,” i.e., an element or combination of elements sufficient to ensure that the claim amounts to “significantly more” than the abstract idea itself. *Id.*

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*, 566 U.S. at 71. Therefore, the Federal Circuit has instructed that claims are to be considered in their entirety to determine “whether their character as a whole is directed to excluded subject matter.” *McRO, Inc. v. Bandai Namco Games Am. Inc.*, 837 F.3d 1299, 1312 (Fed. Cir. 2016) (quoting *Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1346 (Fed. Cir. 2015)).

Turning to Appellants’ arguments, the Appellants assert that the Examiner failed to establish a prima facie case due to a lack of evidence, and because placing a wager “does not fall into any of the categories of abstract idea identified by the courts.” Appeal Br. 7; *see id.* at 8; Reply Br. 2. The Appellants also argue that the Examiner failed to make a prima facie showing that the claims do not add something significantly more than the abstract idea. Appeal Br. 7–9; Reply Br. 4–5. The Appellants’ arguments are not persuasive of Examiner error.

The Federal Circuit has repeatedly observed that “the prima facie case is merely a procedural device that enables an appropriate shift of the burden of production.” *Hyatt v. Dudas*, 492 F.3d 1365, 1369 (Fed. Cir. 2007) (citing *In re Oetiker*, 977 F.2d 1443, 1445 (Fed. Cir. 1992)). The court has,

thus, held that the USPTO carries its procedural burden of establishing a prima facie case when its rejection satisfies the requirements of 35 U.S.C. § 132 by notifying the applicant of the reasons for the rejection, “together with such information and references as may be useful in judging of the propriety of continuing the prosecution of [the] application.” *See In re Jung*, 637 F.3d 1356, 1362 (Fed. Cir. 2011) (alteration in original). Thus, the Office must set forth the statutory basis of the rejection in a sufficiently articulate and informative manner as to meet the notice requirement of § 132. *Id.*; *see also Chester v. Miller*, 906 F.2d 1574, 1578 (Fed. Cir. 1990) (“Section 132 is violated when a rejection is so uninformative that it prevents the applicant from recognizing and seeking to counter the grounds for rejection.”).

In rejecting the claims under § 101, the Examiner analyzes claim 1 using the *Mayo/Alice* two-step framework. Under the first step of the *Alice* framework, the Examiner determined that “[t]he claims are directed to the abstract idea of placing wagers.” Final Act. 3. Also, the Examiner determined that

the claims are directed to the abstract ideas of *rules for betting on a race and a table for recording the bets and outcomes*. Collectively, these rules define options for placing bets and receiving payouts on a race. When viewed together therefore, these rules also represent the management of a game, i.e. the construct of accepting wagers, resolving conditions and paying out money.

Ans. 3 (emphasis added).<sup>2</sup> The Examiner further explained that rules for betting on a race and a table for recording the bets and outcomes is similar to

---

<sup>2</sup> The Appellants assert that the Examiner introduced a new ground of rejection in the Answer due to the change identification of the alleged

other concepts the courts have held to be abstract ideas, such as the concept of a wagering game in *In re Smith*, 815 F.3d 816 (Fed. Cir. 2016). *See* Ans. 3–9; *see also* Final Act. 2–3; *see also Amdocs (Isr.) Ltd. v. Openet Telecom, Inc.*, 841 F.3d 1288, 1294 (Fed. Cir. 2016) (“[T]he decisional mechanism courts now apply is to examine earlier cases in which a similar or parallel descriptive nature can be seen—what prior cases were about, and which way they were decided.”). Under the second step, the Examiner explained the claim does not include additional elements that are sufficient to amount to significantly more than the abstract idea because they amount to mere instructions for implementing the abstract idea on a generic computing device. *See* Final Act. 3.

Accordingly, the Examiner sufficiently informs the Appellants that the claim is patent ineligible. Furthermore, there is no indication that the Appellants do not recognize or understand the Examiner’s rejection, as the Appellants’ understanding is manifested in the arguments traversing it. The Examiner’s rejection, therefore, satisfies the notice requirement of § 132 and sets forth a prima facie case of patent-ineligible subject matter.

---

abstract idea. *See* Reply Br. 2. And, the Appellants assert “[t]o consider this new ground of rejection now would violate Applicants due process rights,” but the Appellants “nonetheless provide a response to the new grounds.” *Id.* We note that the issue of whether an Examiner’s Answer includes a new ground of rejection is a petitionable matter that does not fall within the Board’s jurisdiction, and, therefore, we do not address this issue. *See* 37 C.F.R. § 41.40(a) (“Any request to seek review of the primary examiner’s failure to designate a rejection as a new ground of rejection in an examiner’s answer must be by way of a petition to the Director under § 1.181” and “[f]ailure of appellant to timely file such a petition will constitute waiver of any arguments that a rejection must be designated as a new ground of rejection.”); Manual of Patent Examining Procedure (MPEP) § 1002.02(c).

Under the first step of the *Alice* framework, the Appellants argue that “the claims are clearly not directed to placing a wager” and that “[l]imitations include language such as establishing a first betting option, receiving a plurality of bets and so on.” Appeal Br. 8. The Appellants’ argument is not persuasive of Examiner error.

The record reflects that the Examiner looks to the intrinsic evidence of the claim language and the elements thereof as factors in determining that the claim, as a whole, is directed to rules for betting on a race and a table for recording the bets and outcomes. *See* Ans. 3–9; *see also* Final Act. 2–3. We note for emphasis that the preamble of claim 1 provides for “[a] method of betting” that comprises among other things the steps of “establishing a first betting option,” “receiving a plurality of bets,” “measuring actual times for the participants designated by the bets,” “determining which of the plurality of bets are winning bets.” Appeal Br., Claims App. And, the Specification further supports the Examiner’s determination, for example: the Title page provides for a “BETS REGARDING INTERMEDIATE POINTS IN A RACE EVENT USING FRACTIONAL TIMING”; “[t]his invention relates in general to betting on events and, more particularly, to a system and method for providing bets regarding intermediate points in a race event using fractional timing” (Spec. ¶ 2); and that embodiments include “method[s] of providing and managing bets” (Spec. ¶¶ 5–7).

Further, the Examiner determined that the concept of rules for betting on a race and a table for recording the bets and outcomes, or, more broadly, placing wagers (*see Apple, Inc. v. Ameranth, Inc.*, 842 F.3d 1229, 1240 (Fed. Cir. 2016) (“An abstract idea can generally be described at different levels of abstraction.”)) is similar to concepts the courts have held to be

abstract ideas. Here, the Examiner cites to *In re Smith*, among others, to support the determination that the claims are directed to an abstract idea. Ans. 4–5. We agree with the Examiner’s determination. As the court explained, a wagering game is a method of exchanging and resolving financial obligations, comparable to “other ‘fundamental economic practice[s]’” and a “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.” *Smith*, 815 F.3d at 818–19 (Fed. Cir. 2016); *see id.* at 819 (concluding that “claims [] describing a set of rules for a game[] are drawn to an abstract idea”).

The Appellants acknowledge the Examiner’s reliance on *Smith*, but suggest that *Smith* does not apply for reasons that pertain to step two of the *Mayo/Alice* two-step framework, i.e., whether an element or combination of elements is sufficient to ensure that the claim amounts to “significantly more” than the abstract idea itself. *See* Reply Br. 2–3. The Appellants do not argue the relevance of *Smith* as to step one of the *Mayo/Alice* two-step framework, i.e., whether the claims are directed to an abstract idea. *See id.*

The Appellants also argue that the claims are like the claims in *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327 (Fed. Cir. 2016), “are directed to the added functionality of a computer that is not an abstract idea at all.” Reply Br. 3 (quoting *Enfish*, 822 F.3d at 1335 (“Software can make non-abstract improvements to computer technology just as hardware improvements can, and sometimes the improvements can be accomplished through either route.”)). The Appellants’ argument is not persuasive. First, the Appellants fail to explain how the claims are directed to added functionality of a computer like those in *Enfish*. Second, we fail to understand how the claims

are directed to improvements in computer hardware or software. Instead, as discussed above, the record supports the Examiner’s determination that the claims are directed to rules for betting on a race and a table for recording the bets and outcomes. *See Enfish*, 822 F.3d at 1336 (focusing on whether the claim is “an improvement to [the] computer functionality itself, not on economic or other tasks for which a computer is used in its ordinary capacity”). Additionally, claim 1 fails to recite or require the use of a computer at all. And other claims that call for a “computer device,” or the like, are directed to generic computing equipment; for example, claim 7 calls for a “computing device” to perform the steps of receiving a bet from a bettor, determining whether the bet is a winning bet, and transmitting an indication of whether the bet is a winning bet to the bettor. *See, e.g.*, Spec. ¶ 36 (“Processor 70 may comprise any suitable processor that executes betting system software application 74 or other computer instructions, such as a central processing unit (CPU) or other microprocessor, and may include any suitable number of processors working together.”), ¶ 41 (“Processor 70 may determine payouts 80 for each winning bets 12.”).

Accordingly, the Appellants do not apprise us of error in the Examiner’s determination that claim 1 is directed to an abstract idea under the first step of the *Alice* analysis. We, therefore, turn to Appellants’ arguments under the second step.

The Appellants point to the lack of discussion about the limitations of the pending claims, evidence, and a prior art rejection (e.g., novelty), indicates that the claims contain significantly more than the alleged abstract idea of rules for betting on a race and a table for recording the bets and

outcomes. *See* Appeal Br. 8–9; Reply Br. 4–5. We find these arguments unpersuasive of error.

Initially, we note that the limitations the Appellants assert amount to significantly more — e.g., the body of claim 1 (Reply Br. 4–5) — actually describe the abstract idea. Claim limitations describing the ineligible subject matter, e.g., the abstract idea, cannot satisfy the second step of the *Alice* analysis. *See BSG Tech. LLC v. BuySeasons, Inc.*, 899 F.3d 1281, 1290 (Fed. Cir. 2018) (“It has been clear since *Alice* that a claimed invention’s use of the ineligible concept to which it is directed cannot supply the inventive concept that renders the invention ‘significantly more’ than that ineligible concept.”); *Berkheimer v. HP Inc.*, 890 F.3d 1369, 1374 (Fed. Cir. 2018) (Moore, J., concurring) (“[A]nd *Berkheimer* . . . leave[s] untouched the numerous cases from [the Federal Circuit] which have held claims ineligible because the only alleged ‘inventive concept’ is the abstract idea.”)

Moreover, the Examiner correctly identified the additional elements as the computer components — e.g., “computing device” in claim 7 (Ans. 6) — and correctly determines that the recited components are generic. In doing so, the Examiner determined that the claim limitations, individually and as an ordered combination, “amount to merely applying the abstract idea using conventional computing devices, much like the claims in *Alice*.” *Id.* We agree and adopt the Examiner’s analysis as our own. *Id.* at 6–7. Further, we note that the Specification explains that the claimed “computing system,” “computing device,” and “non-transitory medium” refer to generic elements. For example, the Specification is clear that:

Processor 70 may comprise any suitable processor that executes betting system software application 74 or other computer instructions, such as a central processing unit (CPU)

or other microprocessor, and may include any suitable number of processors working together. Memory 72 may comprise one or more memory devices suitable to facilitate execution of the computer instructions, such as one or more random access memories (RAMs), read-only memories (ROMs), dynamic random access memories (DRAMs), fast cycle RAMs (FCRAMs), static RAM (SRAMs), field-programmable gate arrays (FPGAs), erasable programmable read-only memories (EPROMs), electrically erasable programmable read-only memories (EEPROMs), or any other suitable volatile or non-volatile memory devices.

Spec. ¶ 36; *see also id.* ¶ 31 (“[C]ustomers 20 may use a computer, a personal digital assistant (PDA), a cell-phone, a remote paging device, an electronic mail communication device, a handheld betting device, or any other suitable mobile device.”), ¶ 47 (“In general, each communication network 18 may include any interconnection found on any communication network, such as a local area network (LAN), metropolitan area network (MAN), wide area network (WAN), the Internet, portions of the Internet, or any other data exchange system.”). Additionally, the Specification is clear that “[i]ntermediate point recording devices 102 and finish line recording devices 106 may comprise any devices suitable for recording the actual positions and/or fractional times of race participants”; e.g., “a teletimer, a camera and/or other suitable timing and recording devices.” Spec. ¶ 49.

The Appellants also argue that the claims of the present case are similar to those in *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014). *See* Appeal Br. 9–10; Reply Br. 5–6. In *DDR Holdings*, the Federal Circuit determined that the claims addressed the problem of retaining website visitors who, if adhering to the routine, conventional functioning of Internet hyperlink protocol, would be transported instantly

away from a host’s website after clicking on an advertisement and activating a hyperlink. *DDR Holdings*, 773 F.3d at 1257. The Federal Circuit, thus, held that the claims were directed to statutory subject matter because they claim a solution “necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks.” *Id.* The court cautioned that “not all claims purporting to address Internet-centric challenges are eligible for patent.” *Id.* at 1258. And the court contrasted the claims to those at issue in *Ultramerical Inc. v. Hulu, LLC*, 772 F.3d 709 (Fed. Cir. 2014), in that, in *DDR Holdings*, the computer network was not operating in its “normal, expected manner” and the claims did not “recite an invention that is . . . merely the routine or conventional use of the Internet.” *Id.* at 1258–59.

The Appellants assert that “claims solve a problem related to computer technology to improve the functionality of gaming providers that arise from the realm of computer systems by adding an ability to use intermediate point information.” Appeal Br. 9. In support of this argument, the Appellants compare “[t]raditional racing[, which] is tied to a single instance at a final physical location” (Reply Br. 5) with the claims, which “allow access to otherwise unplayable games options” (Appeal Br. 10) by measuring and using intermediate point information (*see* Reply Br. 5–6).

However, unlike *DDR Holdings*, the problems pertaining to improving betting or wagering existed prior to the Internet. *See* Spec. ¶ 12 (explaining that the invention has the advantage of providing “more betting events and types of bets . . . to customers for each race event”). Further, the purported solution is not necessarily rooted in computer technology as it does not require the use of a computer. *Supra.* And, the Appellants do not

direct attention to, and we do not see, where the claimed subject matter provides for an improvement in the technology or technical functioning of these systems. *See* Ans. 8 (“But for the mere appendage of a computing device, the claimed invention has nothing to do with computing technologies.”).

The Appellants argue that the claims presently on appeal are similar to the claims in *BASCOM Glob. Internet Servs., Inc. v. AT&T Mobility LLC*, 827 F.3d 1341, 1350 (Fed. Cir. 2016), because “the claims here apply ideas related to gaming in a more efficient manner creating an invention that improves the performance of computerized gaming technology.” Reply Br. 6. The Appellants’ argument is not persuasive. For reasons similar to those discussed above, the claimed invention does not improve the performance of computerized gaming technology. Instead, the claimed invention improves the fundamental economic practice of race betting by providing more betting options and applies this solution in a computer environment, which is not sufficient for patent eligibility. *See Alice Corp.*, 134 S. Ct. at 2358 (explaining that limiting the use of an abstract idea to a particular technological environment is not sufficient for patent eligibility).

Further, the Examiner correctly explains that “novelty does not equate to eligibility.” Ans. 8. Although the second step 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 Corp.*, 134 S. Ct. at 2355. An abstract idea does not transform into an inventive concept just because the prior art does not disclose or suggest it.

*See Mayo*, 566 U.S. at 90. “Groundbreaking, innovative, or even brilliant discovery does not by itself satisfy the § 101 inquiry.” *Ass’n for Molecular Pathology v. Myriad Genetics, Inc.*, 569 U.S. 576, 591 (2013). Indeed, “[t]he ‘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).

The Appellants argue that claims in the present case “are quite specific in the arrangement of the bet matrix and betting pools” and “there is no preemption of the ‘rules for betting on a race and a table for recording bets and outcomes’ because other arrangement of tables or pools may be used, for example.” Reply Br. 4. The Appellants’ argument is not persuasive. “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). For the reasons discussed above, the Appellants do not apprise us of error in the Examiner’s determination that the claimed subject matter is patent ineligible in accordance with the § 101 analysis set forth in *Alice*.

In view of the foregoing, we have considered all of the Appellants’ arguments, on pages 6–10 of the Appeal Brief and on pages 2–6 of the Reply Brief, but they do not apprise us of error in the rejection. Accordingly, we sustain the rejection of claims 1–10.

DECISION

We AFFIRM the Examiner's decision rejecting claims 1–10.

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