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INNOVATION DIVISION  
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EXAMINER
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UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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*Ex parte* JOSEPH M. ASHER and HOWARD W. LUTNICK

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Appeal 2017-004597  
Application 11/968,390<sup>1</sup>  
Technology Center 3700

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Before ANTON W. FETTING, JOSEPH A. FISCHETTI, and  
PHILIP J. HOFFMANN, *Administrative Patent Judges*.

HOFFMANN, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Pursuant to 35 U.S.C. § 134(a), Appellants appeal from the Examiner's rejection of claims 1–8, 17–20, and 22–33. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

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<sup>1</sup> According to Appellants, “[t]he real party in interest . . . is CFPH, L.P.”  
Appeal Br. 3.

According to Appellants, the invention is directed “to a system and method for . . . wagering.” Spec. ¶ 1. Claims 1, 17, and 29 are the independent claims on appeal. We reproduce claim 1, below, as illustrative of the appealed claims.

1. An apparatus comprising:
  - at least one processing device; and
  - at least one non-transitory medium having stored thereon a plurality of instructions that when executed by the at least one processing device cause the apparatus:
    - receive a first bet on a wagering event;
    - after receiving the first bet, receive a second bet on the wagering event;
    - determine that the second bet is received during a predetermined period of time after the first bet is received;
    - based at least in part on determining that the second bet is received during the predetermined period of time, recalculate betting odds for the wagering event based at least in part on the first bet and the second bet; and
    - cause the recalculated betting odds to be conveyed to at least one bettor.

#### REJECTION

The Examiner rejects claims 1–8, 17–20, and 22–33 under 35 U.S.C. § 101 as ineligible subject matter.

#### ANALYSIS

An invention is patent-eligible if it claims a “new and useful process, machine, manufacture, or composition of matter.” 35 U.S.C. § 101. The Supreme Court, however, has long interpreted § 101 to include an implicit

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exception: “[l]aws of nature, natural phenomena, and abstract ideas” are not eligible for patenting. *See, e.g., Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2354 (2014).

The Supreme Court, in *Alice*, reiterated the two-step analysis previously set forth in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 566 U.S. 66 (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.* If the claims are not directed to a patent-ineligible concept, e.g., an abstract idea, 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.” *Alice Corp.*, 134 S. Ct. at 2355 (quoting *Mayo*, 566 U.S. at 79, 78).

Regarding the first step of the analysis, the Supreme 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, we look to whether the claims focus on a specific means or method that improves the relevant technology, or instead whether the claims are 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).

Initially, we note that Appellants argue all of the claims as a group. *See* Appeal Br. 6–10. We choose independent claim 1 for our analysis, and

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each of the remaining claims stands or falls with claim 1. *See* 37 C.F.R. § 41.37(c)(1)(iv).

With respect to the Examiner’s rejection of the claims under § 101, the Examiner determines that “[t]he claimed abstract idea may be viewed, for example, as . . . a fundamental economic practice (e.g., rules for calculating wagering odds based on submitted wagers) [,] . . . a method of managing a game (e.g., wagering events) [,] . . . and/or . . . a method of organizing human activities.” Answer 4 (citations omitted); *see also id.* at 4–5. The Examiner also determines that the claims fails to recite additional elements that transform the claim into a patent-eligible application, stating that although the claims recite “numerous” “additional features” (*id.* at 5), “[t]hese features merely recite generic and conventional features of virtually all electronic wagering environments” (*id.* at 6).

Based on our review, we agree with the Examiner’s findings and conclusions regarding the claims, as set forth above. Conversely, we are not persuaded of Examiner error by any of Appellants’ arguments. *See* Appeal Br. 6–10. Thus, we sustain the Examiner’s § 101 rejection of claims 1–8, 17–20, and 22–33.

Specifically, Appellants argue that the rejection is in error because the Examiner makes a factual finding [that the claims are directed to an abstract idea] without any evidence[,] in clear violation of the [A]dministrative [P]rocedure [A]ct[']s requirement for substantial evidence to make such factual findings. Even the Supreme Court in . . . *Alice* . . . provided evidence of abstractness in the form of the text book from 1986. Here, the Examiner provides no evidence at all. No evidence cannot possibly meet the requirements of substantial evidence.

Appeal Br. 7 (emphasis added). This argument is not persuasive, however. First, we note that Appellants do not provide any citation to the

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Administrative Procedure Act, including a citation to anything indicating that the Examiner's conclusion that the claims are directed to an abstract idea must be supported by substantial evidence. Similarly, Appellants do not provide a citation to any case law indicating that the Examiner must provide evidentiary support before concluding that a claim is directed to an abstract idea. Although evidence may be helpful, for example, where facts are in dispute, evidence is not always needed. *See* USPTO's June 25, 2014 "Preliminary Examination Instructions in view of the Supreme Court Decision in *Alice Corporation Pty. Ltd. v. CLS Bank International, et al.*"; *see also, e.g.*, para. IV "July 2015 Update: Subject Matter Eligibility" to 2014 Interim Guidance on Subject Matter Eligibility (2014 IEG), 79 Fed. Reg. 74618 (Dec. 16, 2014) ("The courts consider the determination of whether a claim is eligible (which involves identifying whether an exception such as an abstract idea is being claimed) to be a *question of law*. Accordingly, courts do not rely on evidence that a claimed concept is a judicial exception, and in most cases resolve the ultimate legal conclusion on eligibility without making any factual findings." (emphasis added) (footnote omitted)).

In this case, as in *Alice*, we need not labor to delimit the precise contours of the "abstract ideas" category. It is enough to recognize that there is no meaningful distinction in the level of abstraction between the concept of risk hedging in *Bilski* and the concept of receiving bets on a wagering event and conveying recalculated odds resulting from the bets at issue here. Both are squarely within the realm of "abstract ideas" as the Court has used that term. *See Alice Corp.*, 134 S. Ct. at 2357.

Further, claims that essentially only recite steps directed to data collection, analysis, and display, such as recited in Appellants' claim 1, are

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directed to an abstract idea. *Elec. Power Grp. v. Alstom S.A.*, 830 F.3d 1350, 1353 (Fed. Cir. 2016) (holding that “collecting information, analyzing it, and displaying certain results of the collection and analysis” are “a familiar class of claims ‘directed to’ a patent ineligible concept”); *see also In re TLI Commc’ns LLC Patent Litig.*, 823 F.3d 607, 611 (Fed. Cir. 2016); *FairWarning IP, LLC v. Iatric Sys., Inc.*, 839 F.3d 1089, 1093–94 (Fed. Cir. 2016). Further, Appellants’ claim 1, unlike claims found patent eligible in prior cases, uses generic computer technology (i.e., “a processor” and “a non-transitory medium” (Appeal Br, Claims App. (Claim 1))) to receive bets and convey recalculated odds based on the bets, and does not recite an improvement to a particular computer technology. *See, e.g., McRO, Inc. v. Bandai Namco Games Am. Inc.*, 837 F.3d 1299, 1314–15 (Fed. Cir. 2016) (finding claims not abstract because they “focused on a specific asserted improvement in computer animation”). As such, Appellants’ claim 1 is “directed to” an abstract idea in accordance with the first step of the *Alice* analysis. *Alice Corp.*, 134 S. Ct. at 2355.

Appellants argue that the rejection is in error because “the Examiner presents no evidence” that the claim is directed to “a fundamental economic practice long prevalent in our system of commerce.” Appeal Br. 7.

Appellants’ argument is not persuasive. As set forth above, Appellants do not establish persuasively that the Examiner is required to provide evidence that a claim is directed to an abstract idea. Further, the Examiner provides other bases, other than that the claims are directed to a fundamental economic practice, for concluding the claims are directed to an abstract idea. *See, e.g.,* Answer 4–5. And, despite Appellants’ narrower characterization of claim 1 (*see* Appeal Br. 7), we determine that claim 1 is directed to receiving bets on a wagering event and conveying recalculated odds based

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on the bets, albeit in a particular manner, which is itself a fundamental economic practice long prevalent in our system of commerce, and, thus, is an abstract idea. In addition, as found above, we determine that the claims also are directed to the ineligible mental steps of collecting information, analyzing it, and displaying certain results of the collection and analysis.

Appellants argue that the claims are not directed to the abstract idea itself. *See* Appeal Br. 8. We disagree. As we state above, claim 1 is directed to the abstract idea of receiving bets on a wagering event and conveying recalculated odds based on the bets, albeit in a specified manner, and merely invokes generic processes and machinery (i.e., the claimed “processing device” and “non-transitory medium” (*id.* at Claims App., Claim 1)), in accordance with *Enfish* (*see Enfish*, 822 F.3d at 1336).

Appellants argue that “accepting for the sake of this argument only that the claims are directed to [an] abstract idea[,] . . . the Examiner has failed to make a prima facie showing that the claims do not add something more to this abstract idea.” Appeal Br. 8; *see also id.* at 8–9. “The Examiner has provided no evidence that [the claim] limitations are not substantially more than the alleged abstract ideas. . . . To make a findings of fact, the Examiner must present substantial evidence showing that such limitations are well-understood, routine[,] and conventional activities previously known to the industry.” *Id.* at 9. The Examiner cites numerous cases, however, that include claims that are similar to Appellants’ claims (*see* Answer 4), and Appellants remarks (*see* Reply Br. 3) do not rebut the Examiner’s findings to establish persuasively that their claims are not well-understood, routine, and conventional in view of these cases. Appellants’ claim 1 also does not recite additional components that “transform . . . the claim’ into a patent-eligible application” in accordance with *Alice*’s second

step, inasmuch as Appellants' claim 1 recites a generic processor and non-transitory medium. *See Alice Corp.*, 134 S. Ct. at 2358 (“[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.”).

Appellants argue that “the Examiner does not allege that [the claim] limitations lack novelty or are obvious in view of the prior art. . . . To be novel and non-obvious, these claims must then add something significantly more to an abstract idea that the Examiner alleges is a fundamental economic practice.” We disagree—an abstract idea does not transform into an inventive concept just because the prior art does not disclose or suggest the idea. *See Mayo*, 132 S. Ct. at 1304. “Groundbreaking, innovative, or even brilliant discovery does not by itself satisfy the § 101 inquiry.” *Ass’n for Molecular Pathology*, 133 S. Ct. at 2117. 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); *see also Mayo*, 132 S. Ct. at 1304 (rejecting “the Government’s invitation to substitute §§ 102, 103, and 112 inquiries for the better established inquiry under § 101”).

Appellants argue that *DDR Holdings* establishes that the claims are patent eligible. Appeal Br. 9–10. We are not persuaded by Appellants’ argument. In *DDR Holdings (DDR Holdings, LLC v. Hotels.com, L.P.)*, 773 F.3d 1245 (Fed. Cir. 2014), the Federal Circuit determined that, although the patent claims at issue involved conventional computers and the Internet, the claims addressed a challenge particular to the Internet, i.e., retaining website visitors who, if adhering to the routine, conventional functioning of Internet hyperlink protocol, would be transported instantly away from a

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host's website after "clicking" on an advertisement and activating a hyperlink. *DDR Holdings*, 773 F.3d at 1257. The Court, thus, held that those claims were directed to statutory subject matter because they recite a solution "necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks." *Id.* No such technological advance is evident in the claimed invention. More specifically, unlike the situation in *DDR Holdings*, Appellants do not identify any problem particular to computer networks and/or the Internet that the claims allegedly overcome.

Further, with respect to Appellants' argument that "the claims do not attempt to preempt every application" of the claimed invention (Appeal Br. 9), although monopolization, i.e., preemption, "might tend to impede innovation more than it would tend to promote it, 'thereby thwarting the primary object of the patent laws'" (*Alice*, 134 S. Ct. at 2354 (quoting *Mayo*, 132 S. Ct. at 1293)), "the absence of complete preemption does not demonstrate patent eligibility" (*Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015), *cert. denied*, 136 S. Ct. 2511 (2016); *see also OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1362–63 (Fed. Cir.), *cert. denied*, 136 S. Ct. 701 (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.")).

## DECISION

We AFFIRM the Examiner's rejection of claims 1–8, 17–20, and 22–33.

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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