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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte JEFFREY HWANG

Appeal 2017-007367
Application 14/586,535
Technology Center 3700

Before MICHELLE R. OSINSKI, JEREMY M. PLENZLER, and
GEORGE R. HOSKINS, *Administrative Patent Judges*.

PLENZLER, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Appellant seeks our review under 35 U.S.C. § 134(a) of the Examiner's Decision rejecting claims 1–18 under 35 U.S.C. § 101. An oral hearing was held on February 14, 2019, and a transcript of that hearing is included in the record ("Transcript"). We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

CLAIMED SUBJECT MATTER

Claim 1 is independent, with claims 2–18 depending therefrom.

Claim 1 is reproduced below (reformatted for clarity):

1. A method of performing a wagering event comprises:
 - providing a randomized set of a single deck of at least 52 physical playing cards;
 - a player position posting a blind game wager;
 - the player position and a dealer position receive five down physical playing cards from the randomized set;
 - a three-card community physical playing card flop from the randomized set of at least 52 physical playing cards is placed face up;
 - the player position must make a play wager of at least 1X of the game wager, or folds to end the wagering event;
 - after making the play wager, the dealer position hand is turned over and a turn card and a river card are dealt from the randomized set of at least 52 physical playing card to form a set of five community physical playing cards;
 - two physical playing cards from the player position five-card physical playing card hand are positioned at a designated location on a gaming table; and
 - wagers are resolved with at least the blind game wager or the play wager against a paytable, wherein the player position, using the two physical playing cards from the player position five-card physical playing card hand and three physical playing cards from the set of physical playing card community cards:
 - a) must make a five-card poker hand rank with a straight or better, and beat the dealer hand of physical playing cards according to 5-card poker ranks to win,
 - b) ties in 5-card ranks of physical playing card hands push all wagers, and

c) a player position hand 5-card poker rank lower than the dealer position 5-card poker hand loses both the game wager and play wager.

Appeal Br. Claims Appendix dated Jan. 18, 2017.

OPINION¹

The Examiner rejects claims 1–18 under 35 U.S.C. § 101 as directed to ineligible subject matter. Final Act. 2–3; Ans. 2–3. Appellant argues claims 1–18 as a group. Appeal Br. dated Oct. 5, 2016 (“Appeal Br.”), 10–29. We select claim 1 as representative. Claims 2–18 stand or fall with claim 1. *See* 37 C.F.R. § 41.37(c)(1)(iv).

An invention is patent-eligible if it claims a “new and useful process, machine, manufacture, or composition of matter.” 35 U.S.C. § 101. However, the Supreme Court has long interpreted 35 U.S.C. § 101 to include implicit exceptions: “[l]aws of nature, natural phenomena, and abstract ideas” are not patentable. *E.g., Alice Corp. v. CLS Bank Int’l*, 573 U.S. 208, 216 (2014).

In determining whether a claim falls within an excluded category, we are guided by the Supreme Court’s two-step framework, described in *Mayo* and *Alice*. *Id.* at 217–18 (citing *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 75–77 (2012)). In accordance with that framework, we first determine what concept the claim is “directed to.” *See Alice*, 573 U.S. at 219 (“On their face, the claims before us are drawn to the concept of intermediated settlement, *i.e.*, the use of a third party to mitigate settlement risk.”); *see also Bilski v. Kappos*, 561 U.S. 593, 611 (2010) (“Claims 1 and 4

¹ We decline to comment on Appellant’s general allegations regarding constitutional issues. *See* Appeal Br. 26–29.

in petitioners’ application explain the basic concept of hedging, or protecting against risk.”).

Concepts determined to be abstract ideas, and thus patent ineligible, include certain methods of organizing human activity, such as fundamental economic practices (*Alice*, 573 U.S. at 219–20; *Bilski*, 561 U.S. at 611); mathematical formulas (*Parker v. Flook*, 437 U.S. 584, 594–95 (1978)); and mental processes (*Gottschalk v. Benson*, 409 U.S. 63, 69 (1972)). Concepts determined to be patent eligible include physical and chemical processes, such as “molding rubber products” (*Diamond v. Diehr*, 450 U.S. 175, 192 (1981)); “tanning, dyeing, making waterproof cloth, vulcanizing India rubber, smelting ores” (*id.* at 184 n.7 (quoting *Corning v. Burden*, 56 U.S. 252, 267–68 (1854))); and manufacturing flour (*Benson*, 409 U.S. at 69 (citing *Cochrane v. Deener*, 94 U.S. 780, 785 (1876))).

If the claim is “directed to” an abstract idea, we turn to the second step of the *Alice* and *Mayo* framework, where “we must examine the elements of the claim to determine whether it contains an ‘inventive concept’ sufficient to ‘transform’ the claimed abstract idea into a patent-eligible application.” *Alice*, 573 U.S. at 221 (quotation marks omitted). “A claim that recites an abstract idea must include ‘additional features’ to ensure ‘that the [claim] is more than a drafting effort designed to monopolize the [abstract idea].’” *Id.* (quoting *Mayo*, 566 U.S. at 77).

The PTO recently published revised guidance on the application of § 101. USPTO’s January 7, 2019 Memorandum, *2019 Revised Patent Subject Matter Eligibility Guidance* (“Memorandum”). Under that guidance, we first look to whether the claim recites:

(1) any judicial exceptions, including certain groupings of abstract ideas (i.e., mathematical concepts, certain methods of organizing human activity such as a fundamental economic practice, or mental processes); and

(2) additional elements that integrate the judicial exception into a practical application (*see* MPEP § 2106.05(a)–(c), (e)–(h)).

Only if a claim (1) recites a judicial exception and (2) does not integrate that exception into a practical application, do we then look to whether the claim:

(3) adds a specific limitation beyond the judicial exception that is not “well-understood, routine, conventional” in the field (*see* MPEP § 2106.05(d)); or

(4) simply appends well-understood, routine, conventional activities previously known to the industry, specified at a high level of generality, to the judicial exception.

See Memorandum.

The Examiner determines that claim 1 is directed to a judicial exception, namely a fundamental economic practice (i.e., a method of organizing human activity) and the additional elements are not sufficient to amount to significantly more than the judicial exception. Final Act. 2; Ans. 2. The Examiner explains that claim 1 is like those addressed by the Federal Circuit in *In re Smith*, 815 F.3d 816 (Fed Cir. 2016). Ans. 2.

Appellant’s contentions in response to the rejection are based on a disagreement with the state of the law concerning § 101.² *See, e.g.*, Appeal

² Appellant references Declarations in its Appeal Brief. *See* Appeal Br. 23–24. As Appellant acknowledges, those Declarations are not properly before us. *Id.* at 35; *see also* Advisory Action mailed Sept. 14, 2016.

Br. 19 (“the CAFC ha[s] asserted an absolute fact to the effect that wagering events using playing cards are abstract ideas. See also the CAFC decision of . . . *In re Smith*,” in which the Federal Circuit asserted this purportedly “unwarranted and illegal assertion of fact”). Appellant offers no explanation as to how claim 1 differs from those found ineligible in *In re Smith* for purposes of § 101. In fact, Appellant does not even allege the claims differ in any meaningful way. Indeed, at oral hearing, when asked how claim 1 differs from those at issue in *In re Smith*, rather than identifying any differences, Appellant expressed disagreement with the *In re Smith* decision. See Tr. 3:20–22 (“*In re Smith* misstated the law, they misstated the facts and they are in fact abusing *Bilski*, *Myriad*, *Prometheus* and *Alice* . . .”).

For at least these reasons, we are not apprised of error in the Examiner’s determination that claims 1–18 are directed to ineligible subject matter.

Moreover, we agree with the Examiner that claim 1 is directed to ineligible subject matter, as claim 1 from the pending application is virtually identical to claim 1 from *In re Smith*. *In re Smith* concerned a patent, titled “Blackjack Variation.” *In re Smith*, 815 F.3d at 817. The claim addressed in *In re Smith* related to “[a] method of conducting a wagering game” and recited various rules for a game played with “physical playing cards.” *Id.* The pending application is titled “Wagering Game Variation Based on Omaha Poker.” Spec. 1. Similar to *In re Smith*, claim 1 of the pending application relates to “[a] method of performing a wagering event” and recites various rules for a game played with “52 physical playing cards.” The court in *In re Smith* “conclude[d] that Applicants’ claims, directed to rules for conducting a wagering game, compare to other ‘fundamental

economic practice[s]’ found abstract by the Supreme Court” and ultimately determined that the claimed method “is drawn to an abstract idea much like *Alice*’s method of exchanging financial obligations and *Bilski*’s method of hedging risk.” *In re Smith*, 815 F.3d at 819. Based on the analysis from *In re Smith*, we determine that claim 1 is directed to a fundamental economic practice.

Following Office guidance, we are instructed next to determine whether the claim recites “additional elements that integrate the judicial exception into a practical application (*see* MPEP § 2106.05(a)–(c), (e)–(h))” and, if not, whether the claim adds a specific limitation beyond the judicial exception that is not “well-understood, routine, conventional” in the field or “simply appends well-understood, routine, conventional activities previously known to the industry, specified at a high level of generality, to the judicial exception.” *See* Memorandum. We know, from *In re Smith*, that claim 1 does not include any limitations sufficient to save it from ineligibility. As explained above, for purposes of the § 101 analysis, claim 1 in the pending application is virtually identical to that addressed by the court in *In re Smith*. There, the court explained that “the rejected claims do not have an ‘inventive concept’ sufficient to ‘transform’ the claimed subject matter into a patent-eligible application of the abstract idea.” *In re Smith*, 815 F.3d at 819. The court also explained that “shuffling and dealing a standard deck of cards are ‘purely conventional’ activities.” *Id.* We also determine, therefore, that claim 1 does not integrate the judicial exception into a practical application or add a specific limitation beyond the judicial exception that is not “well-understood, routine, conventional” in the field.

Appeal 2017-007367
Application 14/586,535

Accordingly, like *In re Smith*, we determine that claim 1 of the pending application is ineligible under § 101.

DECISION

We AFFIRM the Examiner's decision to reject claims 1–18 under 35 U.S.C. § 101.

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