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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte LEE AMAITIS and PHILLIP FLAHERTY

Appeal 2018-001286
Application 13/086,624
Technology Center 3700

Before STEVEN D.A. McCARTHY, JEREMY M. PLENZLER, and
JEFFREY A. STEPHENS, *Administrative Patent Judges*.

PLENZLER, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Appellants seek our review under 35 U.S.C. § 134 of the Examiner's Final Decision rejecting claims 26–36 under 35 U.S.C. § 101 as directed to ineligible subject matter and under § 102 as anticipated by Cannon (US 2003/0125107 A1, published July 3, 2003). We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

CLAIMED SUBJECT MATTER

Claim 26 is the sole independent claim, with claims 27–36 depending therefrom. Claim 26 is representative of the claims on appeal, and is reproduced below:

26. A method comprising:

facilitating, by a processor, play of a first round of a luck-based game by a first player, in which outcomes of the luck-based game are based on a random event determination;

facilitating, by the processor, play of a second round of the luck-based game by a second player;

allocating to a jackpot, by the processor, at least one of:

a portion of each of a first wager by the first player in the first round,

a second wager by the second player in the second round,

winnings of the first player from the first round, and

winnings of the second player from the second round;

determining, by the processor, an outcome of the first round and an outcome of the second round based on respective random event determinations;

determining, by the processor, that the outcome of the first round qualifies the first player to play a skill-based game;

determining, by the processor, that the outcome of the second round qualifies the second player to play the skill-based game, in which outcomes of the skill-based game are based on skill of players playing the skill-based game;

facilitating, by the processor, play of a round of the skill-based game by the first player and the second player in response to the determination that the outcome of the first round qualifies the first player to play the skill-based game and the determination that the outcome of the second round qualifies the second player

to play the skill-based game, in which the round includes a round played by the first player against the second player;

determining, by the processor, a winner of the round of the skill-based game from among the first player and second player based on skill of each of the first player and the second player exercised in play of the round of the skill-based game; and

transmitting, by the processor, to a remote device an indication of an award comprising at least a part of the jackpot to the winner in response to determining the winner, in which the processor and the remote device are in electronic communication over a network.

OPINION

Patent Eligibility

The Examiner rejects claims 26–36 as directed to ineligible subject matter. Final Act. 3–9. Appellants argue claims 26–36 as a group. Appeal Br. 12–21. We select claim 26 as representative. Claims 27–36 stand or fall with claim 26. *See* 37 C.F.R. § 41.37(c)(1)(iv).

Under 35 U.S.C. § 101, we must first identify whether an invention fits within one of the four statutorily provided categories of patent-eligibility: “processes, machines, manufactures, and compositions of matter.” *Ulramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 713–714 (Fed. Cir. 2014). Here, the claims each fall within one of those categories. Section 101, however, “contains an important implicit exception [to subject matter eligibility]: Laws of nature, natural phenomena, and abstract ideas are not patentable.” *Alice Corp. Pty. Ltd. v. CLS Bank Int’l.*, 134 S. Ct. 2347, 2354 (2014) (citing *Assoc. for Molecular Pathology v. Myriad Genetics, Inc.*, 133 S. Ct. 2107, 2116 (2013) (internal quotation marks and brackets omitted)). In *Alice*, the Supreme Court reiterated the framework set forth previously 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 these concepts.” *Alice*, 134 S. Ct. at 2355. We first “determine whether the claims at issue are directed to one of those patent-ineligible concepts.” *Id.* If so, we “consider the elements of each claim both individually and ‘as an ordered combination’ to determine whether the additional elements ‘transform the nature of the claim’ into a patent-eligible application.” *Id.* (quoting *Mayo*, 566 U.S. 66 at 79, 78).

The Examiner finds, for example, that the “the claimed invention is directed to an abstract idea of organizing a human activity (i.e., a method for managing/playing a wager-based and skill-based game).” Final Act. 5.

Appellants dispute the Examiner’s determination that claim 26 is directed to an abstract idea, arguing that “the Examiner unlawfully over simplifies the claim and merely looks at the gist of the claims.” Appeal Br. 7. Appellants contend that “[t]he Examiner ignores meaningful claim limitations to find an abstract idea that is divorced from the claim and that completely misses the point of the claim.” *Id.* at 8. Rather than identifying any particular one of those “meaningful limitations,” however, Appellants simply reproduce the entire claim. *Id.* at 7–8.

There is no definitive rule to determine what constitutes an “abstract idea.” Rather, the Federal Circuit has explained that “both [it] and the Supreme Court have found it sufficient to compare claims at issue to those claims already found to be directed to an abstract idea in previous cases.” *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1334 (Fed. Cir. 2016); *see also Amdocs (Israel) Ltd. v. Openet Telecom, Inc.*, 841 F.3d 1288, 1294

(Fed. Cir. 2016) (explaining that, in determining whether claims are patent-eligible under § 101, “the 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”).

The Examiner explains, for example, that claim 26 is similar to those at issue in *In re Smith*, 815 F.3d 816 (Fed. Cir. 2016) and *Planet Bingo, LLC v. VKGS LLC*, 576 Fed. App’x 1005 (Fed. Cir. 2014). Final Act. 8.

Appellants’ only response to the Examiner’s comparison of claim 26 to those at issue in *In re Smith* and *Planet Bingo* is that “Smith involved a blackjack game” and “Planet Bingo involved a bingo game and is non-precedential”¹ followed by the general allegation that “[n]one of these are even remotely close to Applicants[’] claims.” Appeal Br. 6. Regardless of the exact characterization of the abstract idea at issue in the pending claims, we agree with the Examiner that claim 26 is like those at issue in *In re Smith* and *Planet Bingo*.

We are not apprised of error in the Examiner’s determination that claim 26 is directed to an abstract idea because, as noted above, Appellants do not address in any meaningful way, the Examiner’s comparison of claim 26 to those found to be directed to an abstract idea in *In re Smith* and *Planet*

¹ To the extent Appellants contend we should not consider *Planet Bingo* because of its non-precedential designation, we note that it is appropriate to rely on such decisions for guidance. Indeed, the Federal Circuit, our reviewing court, may rely on such decisions for guidance. *See* Fed. Cir. R. 32.1(d) (“The court may refer to nonprecedential disposition in an opinion or order and may look to nonprecedential disposition for guidance or persuasive reasoning, but will not give one of its own nonprecedential dispositions the effect of binding precedent.”).

Bingo. Moreover, we determine that claim 26 is like those at issue in *In re Smith* and *Planet Bingo*.

The claims at issue in *In re Smith* were “directed to a set of rules for conducting a wagering game.” *In re Smith*, 815 F.3d at 818. Claim 26 is like those at issue in *In re Smith* because it recites rules determining the winner of a game in a first round based on a random outcome and in a second round based on some sort of generic skill-based game. Also similar to the claims in *In re Smith* where the dealer resolves wagers (*see id.*), claim 26 then transmits an award to the winner.

In *Planet Bingo*, “[t]he claims at issue recite[d] computer-aided methods and systems for managing the game of bingo” and included “storing a player’s preferred sets of bingo numbers; retrieving one such set upon demand, and playing that set; while simultaneously tracking the player’s sets, tracking player payments, and verifying winning numbers.” *Planet Bingo*, 576 Fed. App’x at 1006. Claim 26 similarly manages a tournament game, including facilitating various rounds of play, determining winners, and facilitating payout.

Appellants argue that organizing a human activity (i.e., a method for managing/playing a wager-based and skill-based game) is not a fundamental economic practice long settled in our system of commerce. Appeal Br. 8. The court’s holdings in *In re Smith* and *Planet Bingo* settle in the affirmative the question whether a set of rules for conducting a wagering game, or methods and systems for managing the game of bingo, are sufficiently fundamental and long settled to fall within the abstract idea exception to patentability. Appellants’ method for conducting a first round including wagering games, followed by a second round including a skill-based game

whose award is determined by a jackpot allocated from wagers and winnings from the first round of wagering games, is sufficiently similar to either managing a game of bingo, in particular, or conducting wagering games, in general, that the court's holdings extend to the subject matter of claim 26.

Appellants' argument related to a lack of complete preemption is also unpersuasive of Examiner error. *See* Appeal Br. 9. "While preemption may signal patent ineligible subject matter, the absence of complete preemption does not demonstrate patent eligibility." *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015).

We also agree with the Examiner that there is nothing further in the claim that transforms the nature of the claim into a patent-eligible application of the abstract idea. *See* Final Act. 9. The Examiner explains that "the conventional and well-known device and its elements (e.g., a processor and a network) in the claims adds nothing of substance for improving a computer or another technology." *Id.*

Appellants respond that "[t]he Office Action identifies numerous limitations that are not considered part of the abstract idea including physical components" and "addresses all of them by saying they are simply conventional or well-known." Appeal Br. 10. Appellants contend that "[t]hese allegations amount to a factual finding of the state of the art made without evidentiary support." *Id.*

The Federal Circuit recently held that "[w]hether something is well-understood, routine, and conventional to a skilled artisan at the time of the patent is a factual determination." *Berkheimer v. HP Inc.*, 881 F.3d 1360, 1369 (Fed. Cir. 2018). Here, however, the Examiner's finding is supported by a number of Federal Circuit decisions. *See* Ans. 15–21. For example, as

stated in *Alice*, “if a patent’s recitation of a computer amounts to a mere instruction to ‘implemen[t]’ an abstract idea ‘on ... a computer,’ ... that addition cannot impart patent eligibility.” *Alice*, 134 S. Ct. at 2358 (internal citation omitted). Applying that reasoning to a wagering game in *Planet Bingo*, the court determined that “claims recit[ing] a generic computer implementation of the covered abstract idea,” such as “a program that is used for the generic functions of storing, retrieving, and verifying a chosen set of bingo numbers against a winning set of bingo numbers” is “purely conventional.” *Planet Bingo*, at 576 Fed. App’x 1008–9 (citing *Alice*, 134 S. Ct. at 2359).

Appellants further allege that “like in [*DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014)], the claims clearly recite improvements to technology and electronic gaming that are rooted in networking and computers” and “override the routine and conventional manner of operation of those technologies as is evidenced by the lack of a lawful prior art rejection as discussed elsewhere.” Appeal Br. 11. Notably, Appellants fail to identify with any degree of specificity what in the claim provides the alleged improvement or unconventionality. We determine claim 26 does no more than apply the abstract idea on a general purpose computer.

In *DDR Holdings*, our reviewing court reviewed the eligibility of claims reciting means by which a visitor to a web site who clicks on a merchant’s advertising on a host site is directed to a web page that is a composite of the host and merchant sites, rather than directing the visitor entirely away from the host site to the visitor site. *See id.* at 1248–49. Claim 19, which the court treated as representative, recited not only a

computer store containing data for each of a plurality of web pages; and a computer server programmed to generate the composite site, but also details as to the data stored in the computer store and the program steps performed by the computer server. *See id.* at 1249–50. The court expressly held that claim 19 recited neither a mathematical algorithm nor “a fundamental economic or longstanding commercial activity.” *See id.* at 1257. Instead, according to the court, claim 19 recited “a specific way to automate the creation of a composite web page by an ‘outsource provider’ that incorporates elements from multiple sources to solve a problem faced by websites on the Internet.” *See id.* at 1259.

Claim 26 of the present application is distinguishable. Unlike the claim at issue in *DDR Holdings*, claim 26 is directed to a fundamental economic or longstanding commercial activity, namely, a method for managing/playing a wager-based and skill-based game. Furthermore, claim 26 lacks the detail concerning data stored in computer memory or data processing steps to be performed by the processor that influenced the court in *DDR Holdings*. For example, several steps recited in claim 26 begin with the words, “determining, by the processor” Appellants define the verb “determining” in “an extremely broad sense,” Spec. ¶ 41, not limited to any particular method or algorithm. The recitation “by the processor” merely limits the “determining” steps to any method or algorithm that might be performed using a processor. The words “facilitating, by the processor,” although not formally defined, are no more specific or limiting in meaning. What detail the “facilitating” and “determining” steps provides relates to rules or procedures for playing the first and second round games rather than to the sort of details relating to stored data or processing steps on which the

court in *DDR Holdings* relied. The final “transmitting” step is merely a post-solution display step that does not transform an otherwise ineligible idea into an application. *See In re Abele*, 684 F.2d 902, 909 (CCPA 1982) (discussing claim 5 of the patent at issue there). Nothing in claim 26, considered as a whole, constitutes an application, computerized or otherwise, of the abstract idea of managing/playing a wager-based and skill-based game.

For at least these reasons, we are not apprised of Examiner error in the rejection of claims 26–36 under 35 U.S.C. § 101.

Anticipation

The Examiner rejects claims 26–36 as anticipated by Cannon. Final Act. 10–13. Appellants argue claims 26–36 as a group. Appeal Br. 12–14. We select claim 26 as representative. Claims 27–36 stand or fall with claim 26. Appellants do not dispute the Examiner’s findings related to claim 26, other than that directed to “determining, by the processor, an outcome of the first round and an outcome of the second round based on respective random event determinations.”

With respect to the disputed limitation, the Examiner cites Cannon’s paragraphs 18 and 39 (noting “qualifying entries”), as well as paragraph 27. Final Act. 10. Appellants respond that “[t]hese paragraph[s] do not mention any random event determination at all,” and although “[t]here is discussion of a player’s skill in a bonus game and funding of a bonus pool . . . no random determination is taught in these cited portions.” Appeal Br. 13.

In the Answer, the Examiner additionally cites paragraphs 4–6, 14, 19, and 20 from Cannon, explaining, for example, that

[o]ne popular way of keeping players['] interest was to add bonus games to slot machines (See Paragraph 6 of Cannon). Because bonus games are typically different than primary games, Cannon envisioned a primary game of chance, a game having a random outcome (See Paragraphs 19 and 20 of Cannon), coupled with a bonus game that is skill-based (e.g., a bonus game where an outcome, such as a predetermined goal, task, or objective, may be determined primarily by the level of skill of the player as defined in Paragraphs 14 and 26 of Cannon).

Ans. 25. The Examiner notes that “when describing a wager used to initiate a primary game, in cited Paragraphs 18, 27, and 39, wherein a specific outcome triggers the bonus skill game, Cannon is describing a primary game of chance, wherein a house operating a game of chance is regulated to ensure the game of chance is random and not skill-based.” *Id.* at 25–26. Appellants respond that the additional citations do not cure the deficiencies identified in the Appeal Brief. Reply Br. 5–8.

Paragraph 18 of Cannon describes a “more specific implementation” of the method of playing a game described in paragraph 17. Paragraph 17 describes “a method of conducting a game of chance. . . . The method includes play of a primary game and an associated, skill-based bonus game.” Cannon’s description of the overall game being a game of chance, and its description of the bonus game as being skill-based, implies that the primary game must be a game of chance. Thus, the “more specific implementation” of paragraph 18 must also include a primary game of chance and a skill-based, bonus game. It is reasonable to look to paragraph 17 of Cannon to explain the disclosure of paragraph 18, on which the Examiner expressly relies, since paragraph 18 immediately follows paragraph 17, and since

paragraph 18 describes its game as an implementation of the game of paragraph 17.

Appellants fail to identify Examiner error. Consistent with the Examiner's findings, Cannon discloses its primary game having a random outcome. *See, e.g.*, Cannon ¶ 6 (“the bonus game may be activated when the player receives . . . a specified combination of symbols (in the case of a reel-type game) as an outcome of the primary game being played”).

For at least these reasons, we are not apprised of Examiner error in the rejection of claims 26–36 as anticipated by Cannon.

DECISION

We AFFIRM the Examiner's decision to reject claims 26–36 under 35 U.S.C. § 101.

We AFFIRM the Examiner's decision to reject claims 26–36 under 35 U.S.C. § 102.

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