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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
14/257,066	04/21/2014	Masumi FUJISAWA	LUP20140015US	4591
66390	7590	03/26/2019	EXAMINER	
LEX IP MEISTER, PLLC 5180 PARKSTONE DRIVE, SUITE 175 CHANTILLY, VA 20151			COBURN, CORBETT B	
			ART UNIT	PAPER NUMBER
			3714	
			MAIL DATE	DELIVERY MODE
			03/26/2019	PAPER

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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte MASUMI FUJISAWA, HIROKI NAKAMURA, TAKESHI
NARITA and HIROMOTO YAMAUCHI

Appeal 2018-003650
Application 14/257,066
Technology Center 3700

Before ANTON W. FETTING, CYNTHIA L. MURPHY, and
AMEE A. SHAH, *Administrative Patent Judges*.

MURPHY, *Administrative Patent Judge*.

DECISION ON APPEAL

The Appellants¹ appeal under 35 U.S.C. § 134 from the Examiner's rejection of claims 1–4, 6, and 13–15 under 35 U.S.C. § 101. We have jurisdiction over this appeal under 35 U.S.C. § 6(b).

We REVERSE.

¹ “The real parties in interest are Universal Entertainment Corporation and Aruze Gaming America, Inc.” (Appeal Br. 3.)

BACKGROUND

The Appellants' invention "relates to a gaming machine." (Spec. ¶ 2.)

ILLUSTRATIVE CLAIM

(annotated version with bolding and/or italicizing added)

15. A **gaming machine** comprising:
a **game medium acceptor** that *accepts a physical game medium with a first monetary value*;
a **bet input device** that *receives a bet from the player based on the credit balance*;
an **input device** that is **operated by a player**;
a **display** including a **symbol display region** that *variably display symbols and then stops the second symbols when the input device is operated by the player*; and
a controller which *accepts the game medium via the game medium acceptor, establishes a credit balance for a player based at least in part on the game medium, receives via the bet input device a bet from the player based on the credit balance, and is programmed to, as a result of the player's bet, in a case where the input device is operated by the player at a timing when a predetermined symbol is not displayed in the symbol display region, replace a symbol in the symbol display region with the predetermined symbol outside the symbol display region while the symbols are variably displayed, thereby allowing the predetermined symbol to be stopped in the symbol display region.*

REJECTION

Claims 1–4, 6, and 13–15 are rejected under 35 U.S.C. 101 as being directed to a judicial exception (i.e., an abstract idea) without significantly more. (Final Action 2.)

JUDICIAL EXCEPTIONS

The Patent Act defines subject matter eligible for patent protection as "any new and useful process, machine, manufacture, or composition of

matter, or any new and useful improvement thereof.” 35 U.S.C. § 101. But the Supreme Court has “long held” that this provision contains an important implicit exception: “Laws of nature, natural phenomena, and abstract ideas are not patentable.” *Association for Molecular Pathology v. Myriad Genetics, Inc.*, 569 U. S. 576, 589 (2013). These three listed categories are “judicially created exceptions to [section] 101,” or more concisely, “judicial exceptions.” *McRO, Inc. v. Bandai Namco Games Am. Inc.*, 837 F.3d 1299, 1311 (Fed. Cir. 2016). Thus, an “abstract idea” is a judicial exception to 35 U.S.C. § 101.

THE ALICE TEST

In *Alice Corp.Pty. Ltd. v. CLS Bank International*, 573 U.S. 208 (2014), the Supreme Court provided a two-step test to guard against an attempt to patent purely an abstract idea. (*Id.* at 217–18.) In *Alice* step one, a determination is made as to whether the claim at issue is “directed to” an abstract idea. (*Id.* at 218.) If not, it can be concluded that no attempt is being made to patent an abstract idea, and the *Alice* Test is complete. If the claim at issue is “directed to” an abstract idea, *Alice* step two must be performed. (*Id.*) In this second step of the *Alice* Test, attention is given to whether additional elements in the claim are “well-understood,” “routine,” and/or “conventional.” (*Id.*)

2019 GUIDANCE

The 2019 Revised Patent Subject Matter Eligibility Guidance (“2019 Guidance”) provides guidance for USPTO personnel when determining whether a claim is “directed to” an abstract idea so as to satisfy *Alice* step one. (*See* Federal Register Vol. 84, No. 4, 50–57.) The 2019 Guidance lists

the following subject matter groupings of abstract ideas: “[m]ental processes,” “[m]athematical concepts,” and “[c]ertain methods of organizing human activity.” (*Id.* at 52.) If a claim does not recite an abstract idea that falls within one of these three groupings, this is redolent of the claim not being “directed to” an abstract idea. (*Id.* at 54). But even if a claim recites an enumerated abstract idea, this, alone, is not enough to establish that the claim is “directed to” the abstract idea. Rather, it must be also established that additional elements in the claim (i.e., “features, limitations, and/or steps that are recited in the claims beyond the identified [abstract idea]”) do not “integrate” the abstract idea “into a practical application.” (*Id.* at 55, n. 4.)

ANALYSIS

The Examiner determines that independent claim 15 satisfies *Alice* step one because it is “directed to a method of playing a game by game rules outlined [in the claim].” (Final Action 2.) We are persuaded by the Appellants’ position that the Examiner’s *Alice*-step-one determination is not supported sufficiently by the record. (*See* Appeal Br. 10–17.)

Insofar as the Examiner is saying that simply providing specific “rules” for “playing a game” might be symptomatic of abstractness (Final Action 2); we do not necessarily disagree. Indeed, the Federal Circuit has found that “rules for conducting a wagering game” are abstract. *In re Smith*, 815 F.3d 816, 818 (Fed. Cir. 2016). And rules for conducting a wagering game fall within the grouping of “[c]ertain methods of organizing human activity,” and, more particularly, under the subgrouping involving “following rules.” (Federal Register Vol. 84, No. 4 at 52.)

Insofar as the Examiner is saying that independent claim 15 contains limitations reciting rules for conducting a wagering game (*see* Final

Action 2–3); we agree. Rules for conducting a wagering game would include *accepting a game medium with a first monetary value; establishing a credit balance for a player based on the accepted medium; receiving a bet from the player based on the credit balance; receiving input from the player, and presenting (i.e., displaying, stopping, replacing) symbols in a specified manner, as the result of the player’s bet and based on the timing of the player’s input.* Independent claim 15 contains limitations (italicized in our above annotated version of this claim) reciting these rules for conducting a wagering game.

Thus, the record does sufficiently establish that independent claim 15 recites an identified abstract idea, as it recites rules for conducting a wagering game.² But this, alone, does not establish that independent claim 15 is “directed to” the identified abstract idea so as to satisfy *Alice* step one. Rather, in order to establish that independent claim 15 is “directed to” the identified abstract idea, and satisfies *Alice* step one, the record must also sufficiently establish that this abstract idea has not been integrated into a practical application.³ We discern that, here, the record does not do so.

Tellingly, or at least interestingly, independent claim 15 is drawn to a **gaming machine**, not a method of playing a game. More importantly, independent claim 15 requires this **gaming machine** to comprise a **game medium acceptor** that accepts a **physical** game medium, a **bet input device** that receives the player’s bet, an **input device** that is **operated by the**

² This is Revised Step 2A “Prong One” in the 2019 Guidance. (Federal Register Vol. 84 at 54.)

³ This is Revised Step 2A “Prong Two” in the 2019 Guidance. (Federal Register Vol. 84 at 54.)

player, and a **display** including a **symbol display region**. These limitations in independent claim 15 (bolded in our above annotated version of this claim) create additional elements that could integrate the identified abstract idea into a practical application.

The Examiner associates these additional elements in independent claim 15 with the components of a conventional slot machine. (*See* Answer 9.) The Examiner explains, for example, that “[s]lot machines have had acceptors that accept a physical game medium for well over a hundred years.” (*Id.*) The Examiner also explains that a “bet input device” is “standard equipment on slot machines and [has] been decades.” (*Id.*) Thus, according to the Examiner, “at best,” the Appellants say “take my abstract idea and ‘implement it’ on a conventional slot machine.” (*Id.*)

The problem with this approach is that the structure of a conventional slot machine is patent eligible under 35 U.S.C. § 101; and operating such a conventional slot machine with a new set of wagering rules does not suddenly strip this structure of its patent-eligible status. If the Appellants have indeed implemented their rules for conducting a wagering game onto a conventional slot machine, this would constitute an integration of the identified abstract idea into a practical application. The record does not reflect that this scenario was taken into consideration during the *Alice* step one determination.

The Examiner alternatively maintains that independent claim 15 need not be a slot machine, as it can “read on a computer with a scanner and a printer.” (Answer 4.) The Examiner seems to imply that, if the additional elements in independent claim 15 are part of a computer’s hardware and/or a computer’s software, it is impossible for them to integrate the identified

abstract idea into a practical application. However, such an implication gainsays the 2019 Guidance⁴ and contradicts controlling case law.⁵ As such, it is possible that, even if the **game medium acceptor**, the **bet input device**, the **player-operated input device**, and/or the **symbol-displaying display** are parts of a computer's hardware/software, they could still integrate the identified abstract idea into a practical application. The record does not reflect that this possibility was taken into consideration during the *Alice*-step-one determination.

Consequently, we are persuaded by the Appellants' position that the Examiner does not establish sufficiently that independent claim 15 satisfies *Alice* step one. As such, we need not proceed to *Alice* step two⁶ in order to conclude that, on the record before us, it has not been established that independent claim 15 fails the *Alice* test for patent eligibility.

Independent claim 1, like independent claim 15, is drawn to a **gaming machine** that comprises a **game medium acceptor** that accepts a **physical** game medium, a **bet input device** that receives the player's bet, an **input**

⁴ The 2019 Guidance "uses the term 'additional elements' to refer to claim features, limitations, and/or steps that are recited in the claim beyond the identified judicial exception." (Federal Register Vol. 84, No. 4 at 55 n. 24.) The 2019 Guidance does not automatically disqualify computer hardware and/or computer software from creating additional elements that integrate an abstract idea into a practical application.

⁵ See *McRo* 837 F.3d at 1315 ("While [a] result may not be tangible," there is no requirement that a claimed invention must "be tied to a machine or transform an article' to be patentable"); *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1335 (Fed. Cir. 2016) ("Nor do we think that claims directed to software," are "inherently abstract and therefore only properly analyzed at the second step of the *Alice* analysis").

⁶ This is Step 2B in the 2019 Guidance. (Federal Register Vol. 84 at 56.)

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device that is operated by the player, and a display with a symbol display region. (See Appeal Br. 22–23, Claims App.) As such, we reach the same conclusion with respect to independent claim 1, and claims 2–4, 6, 13, and 14 depending therefrom.

Thus, we do not sustain the Examiner’s rejection of claims 1–4, 6, and 13–15 under 35 U.S.C. 101.

DECISION

We REVERSE the Examiner’s rejection of claims 1–4, 6, and 13–15.

REVERSED