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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte MICHAEL CASEY and
MICHAEL JASON WABSCHALL

Appeal 2018-005418
Application 14/866,922
Technology Center 3700

Before JOHN C. KERINS, ERIC C. JESCHKE, and
RICHARD H. MARSCHALL, *Administrative Patent Judges*.

JESCHKE, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Appellant¹ seeks review, under 35 U.S.C. § 134(a), of the Examiner's decision, as set forth in the Final Office Action dated April 13, 2017, rejecting claims 1–18. We have jurisdiction under 35 U.S.C. § 6(b).

We affirm.

¹ We use the word “Appellant” to refer to “applicant” as defined in 37 C.F.R. § 1.42. Appellant identifies Everi Games, Inc. as the real party in interest. Appeal Br. 3.

BACKGROUND

The disclosed subject matter “relates to wagering games, gaming devices, networked gaming systems, and associated methods including games with player selectable symbols.” Spec. 1:17–19. Claims 1, 7, and 13 are independent. Claim 1 is reproduced below:

1. A method including:
 - (a) receiving a player input from a card reader or bill acceptor/printer of a player tracking unit associated with a gaming machine, and in response activating player credits to be wagered, and receiving one or more play initiation inputs for a base wagering game through a player interface of a gaming machine and, in response to a respective one of the one or more play initiation inputs for the base wagering game, causing a display system of the gaming machine to, under control of a data processing system, display a respective result in the base wagering game for the respective play initiation input;
 - (b) under control of the data processing system, causing the display system to display a sequence of prize levels with one or more of the prize levels corresponding to a progressive prize;
 - (c) under control of the data processing system and in response to a triggering event, causing the display system to display a set of player selectable elements each corresponding a respective concealed award, at least one of the awards comprising a change in position along the sequence of prize levels;
 - (d) under control of the data processing system and in response to receiving a player selection of one of the player selectable elements corresponding to the change in position along the sequence of prize levels, causing the display system

to display a description of the respective change in position;

(e) under control of the data processing system, conducting the change in position corresponding to the selected player selectable element, the change in position resulting in a designation of one of the sequence of prize levels; and

(f) under control of the data processing system, making payment to the player by incrementing a credit meter by an amount corresponding to the designated prize level.

REJECTIONS

1. Claims 1–18 stand rejected under 35 U.S.C. § 101 as directed to patent-ineligible subject matter.

2. Claims 1, 7, and 13² stand rejected under 35 U.S.C. § 102(e) as anticipated by Causley (US 2012/0289322 A1, published Nov. 15, 2012).

3. Claims 3, 9, and 15 stand rejected under 35 U.S.C. § 103(a) as unpatentable over Causley, Gomez (US 2006/0068873 A1, published Mar. 30, 2006), and Baerlocher (US 2007/0155466 A1, published July 5, 2007).

4. Claims 4, 10, and 16 stand rejected under 35 U.S.C. § 103(a) as unpatentable over Causley and Cuddy (US 2003/0060254 A1, published Mar. 27, 2003).

5. Claims 6, 12, and 18 stand rejected under 35 U.S.C. § 103(a) as unpatentable over Causley and Noda (US 2011/0300950 A1, published Dec. 8, 2011).

² We agree with Appellant that this rejection applies to independent claims 1, 7, and **13** (*see* Appeal Br. 12 n.1) rather than claims 1, 7, and **12**, as listed by the Examiner in the lead paragraph (*see* Final Act. 6).

DISCUSSION

Rejection 1 – The rejection of claims 1–18 under 35 U.S.C. § 101

A. Principles of Law

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 U.S. 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 Court’s two-part framework, described in *Mayo* and *Alice*. *Alice*, 573 U.S. 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 id.* 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 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, 67 (1972)). Concepts determined to be patent eligible include physical and chemical processes,

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such as “molding rubber products” (*Diamond v. Diehr*, 450 U.S. 175, 191 (1981)); “tanning, dyeing, making water-proof cloth, vulcanizing India rubber, smelting ores” (*id.* at 182 n.7 (quoting *Corning v. Burden*, 56 U.S. 252, 267–68 (1853))); and manufacturing flour (*Benson*, 409 U.S. at 69 (citing *Cochrane v. Deener*, 94 U.S. 780, 785 (1876))).

In *Diehr*, the claim at issue recited a mathematical formula, but the Court held that “a claim drawn to subject matter otherwise statutory does not become nonstatutory simply because it uses a mathematical formula.” *Diehr*, 450 U.S. at 187; *see also id.* at 191 (“We view respondents’ claims as nothing more than a process for molding rubber products and not as an attempt to patent a mathematical formula.”). Having said that, the Court also indicated that a claim “seeking patent protection for that formula in the abstract . . . is not accorded the protection of our patent laws, and this principle cannot be circumvented by attempting to limit the use of the formula to a particular technological environment.” *Id.* (citation omitted) (citing *Benson* and *Flook*); *see, e.g., id.* at 187 (“It is now commonplace that an *application* of a law of nature or mathematical formula to a known structure or process may well be deserving of patent protection.”).

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.* (alterations in original) (quoting *Mayo*,

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566 U.S. at 77). “[M]erely requir[ing] generic computer implementation[] fail[s] to transform that abstract idea into a patent-eligible invention.” *Id.*

In January 2019, the U.S. Patent and Trademark Office (USPTO) published revised guidance on the application of § 101. 2019 Revised Patent Subject Matter Eligibility Guidance, 84 Fed. Reg. 50 (Jan. 7, 2019) (“2019 Revised Guidance”).³ “All USPTO personnel are, as a matter of internal agency management, expected to follow the guidance.” *Id.* at 51; *see also* October 2019 Update at 1.

Under the 2019 Revised Guidance and the October 2019 Update, 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) (“Step 2A, Prong One”); and
- (2) additional elements that integrate the judicial exception into a practical application (*see* MPEP § 2106.05(a)–(c), (e)–(h) (9th ed. Rev. 08.2017, Jan. 2018)) (“Step 2A, Prong Two”).⁴

2019 Revised Guidance, 84 Fed. Reg. at 52–55.

³ In response to received public comments, the Office issued further guidance on October 17, 2019, clarifying the 2019 Revised Guidance. USPTO, *October 2019 Update: Subject Matter Eligibility* (the “October 2019 Update”), https://www.uspto.gov/sites/default/files/documents/peg_oct_2019_update.pdf.

⁴ This evaluation is performed by (a) identifying whether there are any additional elements recited in the claim beyond the judicial exception, and (b) evaluating those additional elements individually and in combination to determine whether the claim as a whole integrates the exception into a practical application. *See* 2019 Revised Guidance, 84 Fed. Reg. at 54–55 (§ III(A)(2)).

Only if a claim (1) recites a judicial exception and (2) does not integrate that exception into a practical application, do we then look, under Step 2B, 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.

2019 Revised Guidance, 84 Fed. Reg. at 52–56.

B. The Examiner’s Rejection

The Examiner rejects representative⁵ claim 1 under 35 U.S.C. § 101 because the claim is directed to an abstract idea and does not recite additional elements that amount to significantly more than the judicial exception itself. Final Act. 2–6. For the reasons below, we are not persuaded that the Examiner erred.

C. Does Claim 1 Recite a Judicial Exception?

The claimed subject matter relates to a method for a wagering game with player selectable symbols. Spec. 1:17–19. Specifically, claim 1 recites, among other steps, (in clause a) “receiving a player input . . . and in

⁵ Appellant argues claims 1–18 as a group, with only one statement addressing independent claims 7 and 13. *See* Appeal Br. 6–11; Reply Br. 2–5; *see also* Appeal Br. 7:16–17 (discussing claims 7 and 13). We select claim 1 as representative, with the remaining claims standing or falling with claim 1. 37 C.F.R. § 41.37(c)(1)(iv) (2017). We address the statement regarding claims 7 and 13 on pages 15–16 below.

response activating player credits to be wagered” and “receiving one or more play initiation inputs for a base wagering game . . . and, in response . . . display[ing] a respective result in the base wagering game for the respective play initiation input.” In addition, claim 1 recites additional aspects for display “under control of a data processing system”: (in clause b) “a sequence of prize levels with one or more of the prize levels corresponding to a progressive prize;” (in clause c) “a set of player selectable elements each corresponding [to] a respective concealed award, at least one of the awards comprising a change in position along the sequence of prize levels”; and (in clause d) “a description of the . . . change in position” “along the sequence of prize levels” “in response to receiving a player selection of one of the player selectable elements corresponding to the change in position.” Further, claim 1 recites additional steps performed “under control of the data processing system”: (in clause e) “conducting the change in position corresponding to the selected player selectable element, the change in position resulting in a designation of one of the sequence of prize levels” and (in clause f) “making payment to the player by incrementing a credit meter by an amount corresponding to the designated prize level.” Appeal Br. 15–16 (Claims App.).

The limitations above, under their broadest reasonable interpretation, recite steps for practicing (i.e., the rules for) a wagering game. For example, claim 1 requires “activating player credits to be wagered” (in clause a), displaying various features of the wagering game (in clauses b, c, and e), including (in clause c) “a set of player selectable elements” and then, based on a “player selection of one of the player selectable elements” (in clause d), “making payment to the player” (in clause f). Appeal Br. 15–16 (Claims App.). In this way, claim 1 recites a method for managing personal behavior

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or relationships or interactions between people, which is one of the certain methods of organizing human activity identified in the 2019 Revised Guidance, and thus an abstract idea. *See In re Marco Guldenaar Holding B.V.*, 911 F.3d 1157, 1160 (Fed. Cir. 2018) (“[W]here the Patent Office further articulates a more refined characterization of the abstract idea (e.g., ‘rules for playing games’), there is no error in also observing that the claimed abstract idea is one type of method of organizing human activity.”); 2019 Revised Guidance, 84 Fed. Reg. at 52; *see also* October 2019 Update at 6 (listing “a set of rules for playing a dice game, *In re Marco Guldenaar Holding B.V.*” as an example of the sub-grouping “managing personal behavior or relationships or interactions between people”); Final Act. 2–3 (“The claims is/are directed to the abstract idea of rules of playing a wagering game, which is similar to . . . certain methods of organizing human activity.”).

In the alternative, claim 1 can also be viewed as reciting a fundamental economic principle or practice, which is *another* of the certain methods of organizing human activity identified in the 2019 Revised Guidance, and thus an abstract idea. *See In re Smith*, 815 F.3d 816, 818, 819 (Fed. Cir. 2016) (concluding 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 are “drawn to an abstract idea”); 2019 Revised Guidance, 84 Fed. Reg. at 52; *see also* October 2019 Update at 5 n.24 (citing *In re Smith* in a discussion of the sub-grouping “fundamental economic practices or principles”); Final Act. 2–3 (“The claims is/are directed to the abstract idea of rules of playing a wagering game, which is similar to concepts of fundamental economic

practices . . .”), 3–4 (discussing how various limitations “are similar to the concept(s) of rules for playing a wagering game in *In re Ray Smith*”).

Appellant contends that “the claims are clearly not directed to the rules of a game” because “[t]he actual rules of the game, that is, how the game defines a win or loss and what events and results qualify for a prize, are not specifically addressed in the claim.” Reply Br. 2. According to Appellant, “the claim concerns novel steps for interacting with a player through the gaming machine to provide interactive game steps.” *Id.* Even assuming the correctness of the alternative characterization proposed by Appellant—i.e., that claim 1 recites “interactive game steps” rather than “rules of a game” (*id.*)—claim 1 is still properly viewed as reciting either a method for managing personal behavior or relationships or interactions between people or a fundamental economic principle or practice. Thus, for the reasons discussed above, claim 1 recites at least one of the subgroupings of the certain methods of organizing human activity identified in the 2019 Revised Guidance, and thus an abstract idea.

D. Is Claim 1 “Directed To” the Recited Judicial Exception?

Because claim 1 recites an abstract idea, we now determine whether the claim recites “additional elements” that integrate the judicial exception into a practical application. 2019 Revised Guidance, 84 Fed. Reg. at 51, 54; *see also id.* at 55 n.24 (defining “additional elements” as “claim features, limitations, and/or steps that are recited in the claim beyond the identified judicial exception” and noting that “whether an additional element or combination of elements integrate the exception into a practical application should be evaluated on the claim as a whole”). If a claim recites a judicial

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exception and fails to integrate the exception into a practical application, the claim is “directed to” the judicial exception. *Id.* at 51, 54.

Here, the additional elements recited in claim 1 include “a card reader or bill acceptor/printer of a player tracking unit associated with a gaming machine,” “a player interface of a gaming machine,” “a display system of the gaming machine,” and “a data processing system.” *See* Appeal Br. 15 (Claims App.) (claim 1 – clause a); *see also* Final Act. 4–5 (discussing these features). We turn now to certain relevant considerations indicative of whether the additional elements may have integrated the judicial exception into a practical application. *See* 2019 Revised Guidance, 84 Fed. Reg. at 55 (listing “exemplary considerations”).

I.

An additional element may integrate the judicial exception into a practical application if it reflects an improvement in the functioning of a computer, or an improvement to another technology or technical field. 2019 Revised Guidance, 84 Fed. Reg. at 55; *see* MPEP § 2106.05(a) (providing further discussion of this consideration).

Appellant asserts that the claimed subject matter is similar to that in *Core Wireless Licensing S.A.R.L. v. LG Electronics, Inc.*, 880 F.3d 1356 (Fed. Cir. 2018), in which, according to Appellant, “novel user interface menu elements were held to be not abstract because the claim disclosed ‘a specific manner of displaying a limited set of information to the user, rather than using conventional user interface methods to display a generic index on a computer.’” Appeal Br. 8:21–9:5 (quoting *Core Wireless*, 880 F.3d at 1363). Appellant also quotes from the Federal Circuit’s decision in *Finjan, Inc. v. Blue Coat Systems, Inc.*, 879 F.3d 1299 (Fed. Cir. 2018), which states: “Our cases confirm that software-based innovations can make ‘non-

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abstract improvements to computer technology’ and be deemed patent-eligible subject matter at step 1.” *Finjan*, 879 F.3d at 1304 (quoting *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1335–36 (Fed. Cir. 2016)), *quoted at* Appeal Br. 9:5–8. Appellant contends that

[t]he present claims not only specify the apparatus for performing the method steps or functions, but also specify how the steps/functions are performed with a specific grid taking on varying display states, and a selection through those states, the revealing of actions and a description, and the movement on a sequence of prize levels.

Appeal Br. 9:8–11. In the Reply Brief, Appellant for the first time also cites the Federal Circuit’s decisions in *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014), and *BASCOM Global Internet Services, Inc. v. AT&T Mobility LLC*, 827 F.3d 1341 (Fed. Cir. 2016), as a basis for patent subject matter eligibility of claim 1. *See* Reply Br. 3.

We are not apprised of error by these arguments. Although the highlighted sentence in *Core Wireless* notes the “specific manner of displaying a limited set of information,” the claims were not deemed patent eligible merely due to their specificity. *Core Wireless*, 880 F.3d at 1363. Instead, the Federal Circuit’s determination turned on how the claims were “directed to an *improvement in the functioning of computers*, particularly those with small screens.” *Id.* (emphasis added); *see also id.* (“Like the improved systems claimed in *Enfish, Thales [Visionix Inc. v. United States]*, 850 F.3d 1343 (Fed. Cir. 2017), *Visual Memory [LLC v. NVIDIA Corp.]*, 867 F.3d 1253 (Fed. Cir. 2017), and *Finjan*, these claims recite a specific improvement over prior systems, resulting in an improved user interface for electronic devices.”). Similarly, the claims in *DDR Holdings* and *BASCOM* were determined to be patent eligible not merely because they were

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implemented in software or displayed information (*cf.* Reply Br. 3), but because they reflected an improvement in an underlying technology. *See DDR Holdings*, 773 F.3d at 1257 (stating that “the claimed solution is necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks”); *BASCOM*, 827 F.3d at 1350–51 (stating that the “claims may be read to ‘improve[] an existing technological process’” (quoting *Alice*, 573 U.S. at 223)).

Here, addressing the alleged improvement under the relevant Federal Circuit case law, Appellant contends that claim 1 “provide[s] a specific improvement over prior gaming systems by enhancing the player’s gaming experience.” Reply Br. 2:17–19. According to Appellant, “[t]his improvement . . . is no less technical and no less an improvement in the functioning of the underlying hardware than the user interface improvement found patent eligible under *Alice Corp.* Step 2A in *Core Wireless*.” *Id.* at 2:19–22.

The Examiner maintains the position that the claimed subject matter does not provide an “improvement” of the type required under Federal Circuit law. *See* Final Act. 5 (“There is no indication that the combination of elements improve the functioning of a computer or improves any other technology.”); Ans. 14–15 (stating that “the claimed invention merely displays various game element in accordance with the recited game rules” and “does not provide any improvement in the functioning of computers such as an improved user interface” as in *Core Wireless* and stating that “the claimed invention fails to improve any computer functionality” as in *Finjan*).

As an initial matter, we note that Appellant has not provided any evidence to support its assertion as to an enhanced gaming experience. *See*,

e.g., October 2019 Update at 13 (“If the examiner concludes the disclosed invention does not improve technology, the burden shifts to applicant to provide persuasive arguments supported by any necessary evidence to demonstrate that one of ordinary skill in the art would understand that the disclosed invention improves technology.”). Moreover, even assuming that the claimed subject matter *does* enhance the gaming experience, that would indicate an improvement in *the abstract idea itself*, rather than an improvement *in the relevant technology*. See *McRO, Inc. v. Bandai Namco Games Am., Inc.*, 837 F.3d 1299, 1314 (Fed. Cir. 2016) (“We therefore look to whether the claims in these patents focus on a specific means or method that improves the relevant technology or are instead directed to a result or effect that itself is the abstract idea and merely invoke generic processes and machinery.” (citing *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1336 (Fed. Cir. 2016))); *see also* Spec. 2:5–7 (“There continues to be a need for wagering games which maintain the player’s interest and generate excitement to enhance the player’s gaming experience.”).

Indeed, in a discussion citing a USPTO memorandum on patent eligibility, Appellant relies on “[t]he selectable element tied to a change in position in the sequence of prize levels” as allegedly indicating an “improvement in computer-related technology.” Reply Br. 4:9–16 (citing Memorandum from Robert W. Bahr, Deputy Commissioner for Patent Examination Policy to the Patent Examiner Corps at 3 (Nov. 2, 2016), <https://www.uspto.gov/sites/default/files/documents/McRo-Bascom-Memo.pdf> (“Bahr Memo”)). That limitation (e.g., in clause c of claim 1), however, is merely one aspect of the recited abstract idea. And, Appellant concludes, but has not adequately explained *how*, this aspect—when considering the claim as a whole—actually provides “an improvement in

computer-related technology.” *See* Bahr Memo at 2 (“An ‘improvement in computer-related technology’ is not limited to improvements in the operation of a computer or a computer network *per se*, but may also be claimed as a set of ‘rules’ (basically mathematical relationships) that improve computer-related technology by allowing computer performance of a function not previously performable by a computer.”).

For these reasons, the record supports that the claimed subject matter, as a whole, does not reflect an improvement in the functioning of a computer, or an improvement to another technology or technical field.

2.

An additional element may integrate the judicial exception into a practical application if it implements the judicial exception with, or uses the judicial exception in conjunction with, a particular machine or manufacture that is integral to the claim. 2019 Revised Guidance, 84 Fed. Reg. at 55; *see* MPEP § 2106.05(b) (providing further discussion of this consideration).

Appellant argues that the “[t]he claims include a card reader or bill acceptor/printer arrangement of a special purpose gaming machine” and that these limitations “require hardware elements and qualify the claims (at least for system and machine claims 7 and 13) under the ‘machine or transformation’ test, because they include special purpose hardware for receiving and processing currency or vouchers.” Appeal Br. 7:12–18. According to Appellant, these “claimed hardware limitations are . . . ‘central’ to the claimed invention’s ability to receive wagers and pay winnings, an integral purpose of providing a wagering game.” *Id.* at 7:21–22.

Although the machine-or-transformation test remains a “useful and important clue . . . for determining whether some claimed inventions are

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processes under § 101,” *Bilski*, 130 S. Ct. at 3227, the “machine” prong requires the process to be “tied to a *particular* machine or apparatus.” *Id.* at 3225 (emphasis added); *see also* MPEP § 2106.05(b) (titled “Particular Machine”). Here, Appellant has not shown error in the Examiner’s position that the recited “card-reader or bill acceptor/printer” “merely provide[s] a *generic environment* in which to carry out the abstract idea of rules for playing a wagering game.” Final Act. 5 (emphasis added); Ans. 13 (same).

This position by the Examiner is supported by the Specification, which describes this feature briefly and in general terms. *See* Spec. 18:1–3 (“Generally, activity at gaming machine 200 is initiated by a player inserting currency and/or a player card into an appropriate receiving device such as a bill acceptor for currency and card reader for the player card. Upon insertion, a signal is sent to game processor 301.”), 23:14–16 (“In one or more embodiments, the player menu may be programmed to display after a player inserts a player card into the card reader. When the card is inserted, an identification code may be read from the card and transmitted to player account server 409.”). Moreover, the Specification identifies a “commercially available player tracking interface unit” that “may include a card reader [and] bill acceptor/printer,” but the claims do not require the presence of that *particular* unit. *Compare* Spec. 12:1–9, *with* Appeal Br. 15:3–9 (clause a in claim 1).

Appellant argues that “the claims in *Smith* were directed purely to the rules and did not contain any of the concrete machine, display, or data processing steps as recited in the claims.” Appeal Br. 8:16–17. Appellant has not shown error, however, in the Examiner’s position that the “player interface,” “display system,” and “data processing system” are “generic computer components performing generic computer functions at a high level

of generality such as displaying, transmitting, storing, retrieving and processing data through the program that enables the operation of managing a wagering game.” Final Act. 4; Ans. 13–14 (“Here, the recitation of a gaming machine, a display, or a data processing is not enough by itself to transform the exception into a patentable invention, because these limitations are generic computer components performing generic computer functions at a high level of generality.”); *see also Alice*, 573 U.S. at 223 (“[T]he mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention.”). The generic (rather than “particular”) nature of the “player interface,” “display system,” and “data processing system” is supported by the Specification. *See* Spec. 6:19–7:5, 10:15–11:11 (discussing, e.g., how “display device 100 may be a conventional video display device . . . with a touch-sensitive user interface”), 13:19–14:10, 16:18–17:3 (discussing, e.g., how, “[i]n one or more embodiments, the game processor operating the wagering game . . . as a microprocessor, such as an Intel Pentium® or Core® microprocessor”).

For these reasons, the record supports that the claimed subject matter, as a whole, does not implement the judicial exception with, or use the judicial exception in conjunction with, a particular machine or manufacture that is integral to the claim.

3.

An additional element has *not* integrated the judicial exception into a practical application if it adds insignificant extra-solution activity to the judicial exception. 2019 Revised Guidance, 84 Fed. Reg. at 55; *see* MPEP § 2106.05(g) (providing further discussion of this consideration). The Examiner found that the “card reader or bill acceptor/printer” (also discussed in the prior subsection) “appear[s] to [provide] extra-solution activity in that

these limitations are in no way tied [to] what appears to be Applicant’s invention.” Final Act. 5.

Appellant argues that, “under MPEP [§] 2106[,] the standard for insignificant extra-solution activity is explicitly defined as ‘activity that is not central to the purpose of the method invented by the Appellant.’”

Appeal Br. 7.⁶ According to Appellant, “[t]he claimed hardware limitations are indeed ‘central’ to the claimed invention’s ability to receive wagers and pay winnings, an integral purpose of providing a wagering game.” *Id.*

We are not persuaded of error based on this argument. Although Appellant appears correct to the extent that the player credit information provided by the recited “card reader or bill acceptor/printer” is necessary⁷, the recited step of “receiving a player input from a card reader or bill acceptor/printer” is merely necessary data gathering for use in the claimed process. *See, e.g., In re Grams*, 888 F.2d 835, 840 (Fed. Cir. 1989) (“The presence of a physical step in the claim to derive data for the algorithm will not render the claim statutory.”); *OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1363 (Fed. Cir. 2015) (presenting offers and gathering statistics amounted to mere data gathering); *see also* 2019 Revised Guidance at 55 n.31 (“For example, a mere data gathering such as a step of obtaining

⁶ Appellant appears to quote from the Eighth Edition, Revision 9, which issued in August 2012.

⁷ For example, to increment the “credit meter” recited in clause f, the system would need an initial value. *See, e.g., Spec.* 18:12–15 (“Concurrently, the bill acceptor sends a signal to game processor 301 which may include an identification of the currency that has been read, and game processor 301 in accordance with its coding may convert the currency amount to credits and transmit a store and display signal to a credit meter and its associated display (‘Credits’, in Figure 1 for example).”).

information about credit card transactions so that the information can be analyzed in order to detect whether the transactions were fraudulent.” (citing MPEP § 2106.05(g)). For these reasons, when considering the claimed subject matter as a whole, the identified aspects merely add insignificant extra-solution activity to the judicial exception.

4.

The Guidance also discusses other considerations indicative of whether the additional elements may have integrated the judicial exception into a practical application—e.g., effecting a transformation, linking the use of the judicial exception to a particular technological environment, etc. *See* 2019 Revised Guidance, 84 Fed. Reg. at 55. Appellant does not raise any such considerations.

5.

In conclusion, for the reasons above, the relevant considerations show that the additional elements—when considering claim 1 as a whole—do not integrate the abstract idea into a practical application. *See* 2019 Revised Guidance, 84 Fed. Reg. at 55 nn.25 & 27–32 (citing MPEP §§ 2106.05(a)–(c), (e)–(h)). Thus, claim 1 is directed to the recited abstract idea.

E. Does Claim 1 Provide an Inventive Concept?

To determine whether a claim provides an inventive concept, the additional elements are considered—individually and in combination—to determine whether they (1) add a specific limitation beyond the judicial exception that is not “well-understood, routine, conventional” in the field or (2) simply append well-understood, routine, conventional activities previously known to the industry, specified at a high level of generality, to the judicial exception. 2019 Revised Guidance, 84 Fed. Reg. at 56. Also,

we reevaluate our conclusions about the additional elements discussed in the previous step. *Id.*

The Examiner found that “the addition of limitations such as ‘a player interface of a gaming machine, a display system, a data processing system . . . amount(s) to no more than . . . recitation of generic computer structure that serves to perform generic computer functions that are well-understood, routine, and conventional activities previously known to the pertinent industry.’” Final Act. 4 (emphasis omitted).

Appellant argues that

the present claims include many and significant limitations in addition[] to the abstract idea of rules for playing a wagering game. Specifically, the claims provide a specific process which includes displaying a set of player selectable elements, displaying a sequence of prize levels, and taking certain specific actions with regard to the player selectable elements and the sequence of prize levels in response to player selections of the selectable elements, including displaying a description of a respective change in position, and making a payment based on the results thereof.

Appeal Br. 10:14–20. According to Appellant, “[t]hese limitations are more than simply linking the wagering game to a particular technological environment, they are limitations that go to the novelty of the invention as discussed below with regard to the Section 102 rejections.” *Id.* at 10:20–22.

Even assuming that the claims at issue recite *novel* and *nonobvious* subject matter (under sections 102 and 103), that does not show that the claims are directed to *patent-eligible* subject matter (under section 101). See *SAP Am., Inc. v. InvestPic, LLC*, 898 F.3d 1161, 1163 (Fed. Cir. 2018) (“We may assume that the techniques claimed are [g]roundbreaking, innovative, or even brilliant, but that is not enough for eligibility. Nor is it enough for subject-matter eligibility that claimed techniques be novel and nonobvious in

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light of prior art, passing muster under 35 U.S.C. §§ 102 and 103.” (citations and quotations omitted)). Rather, to determine whether claim 1 provides an inventive concept, we consider the additional elements, individually and in combination, to determine whether they (1) add a specific limitation beyond the judicial exception that is not “well-understood, routine, conventional” activity in the field or (2) simply append well-understood, routine, conventional activities previously known to the industry, specified at a high level of generality, to the judicial exception. 2019 Revised Guidance, 84 Fed. Reg. at. 56.

Here, as noted by the Examiner, the limitations highlighted by Appellant merely provide further detail as to the abstract idea identified above. *See* Ans. 16 (stating that a “specific abstract idea is still an abstract idea” and that the “Examiner finds that despite being specific, the claims are still drawn to an abstract idea”); *see also* Reply Br. 4 (“The selectable element tied to a change in position in the sequence of prize levels is not a conventional, well understood, or routine technique in the gaming industry.”). Moreover, the Specification supports that the additional elements are well-understood, routine, and conventional. *See. e.g.*, Spec. 10:15–11:11 (discussing, e.g., how “display device 100 may be a conventional video display device . . . with a touch-sensitive user interface”), 12:1–9 (identifying a “commercially available player tracking interface unit” that “may include a card reader [and] bill acceptor/printer”), 16:18–17:3 (discussing, e.g., how, “[i]n one or more embodiments, the game processor operating the wagering game . . . as a microprocessor, such as an Intel Pentium® or Core® microprocessor”). Because these elements add nothing more than well-understood, routine, conventional activities, when reevaluating our conclusions about whether these elements integrate the

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judicial exception into a practical application (*see supra* Rejection 1 § D), our prior conclusions stand.

Appellant contends that the Examiner erroneously “identifies certain claim limitations as game rules and then leaves those limitations out of the Step 2B analysis.” Reply Br. 3:1–3. According to Appellant, “[a] proper analysis recognizes the limitations involving computer-performed steps *that include displaying, receiving player inputs, and the like*” and, “[a]s such, these steps should be part of the ‘inventive concept’ analysis of Step 2B.” *Id.* at 3:3–5 (emphasis added). As discussed above, however, the Examiner expressly addressed the identified aspects of claim 1 in the Step 2B analysis, determining that they did not lead to subject matter eligibility. *See* Final Act. 4–5; Ans. 13–14. For the reasons above, the record supports the Examiner’s determination on those issues.

As to the combination, the Examiner stated: “Looking at the limitations as an ordered combination adds nothing that is not already present when looking at the elements taken individually.” Final Act. 4–5. Appellant does not identify any inventive concept in the recited combination of steps here or any specific arrangement of the recited hardware. And the record does not reflect any such inventive concept not raised by Appellant.

When considered as a whole, claim 1 is directed to an abstract idea performed on systems used in their ordinary capacity, performing well-understood, routine, and conventional activities. Thus, the limitations of claim 1, considered individually and in combination, do not provide an inventive concept. *See* 2019 Revised Guidance, 84 Fed. Reg. at 56.

F. Other Arguments

Appellant argues that “the issue of preemption is indeed a core to the analysis, and the claims here do not preempt even the abstract rules of the

technically implemented game employed in the claims.” Appeal Br. 9:18–19. According to Appellant, “[b]ecause the claims specify how and where the various steps or functions are performed and do not simply require that the various steps or functions are performed generically, Appellant maintains that the claims are not directed to any abstract idea, and are directed to patent eligible subject matter under the case law.” *Id.* at 9:20–23.

The Supreme Court has stated that “patents that . . . integrate the building blocks [of human ingenuity] into something more, []thereby transform[ing] them into a patent-eligible invention . . . pose no comparable risk of pre-emption, and therefore remain eligible for the monopoly granted under our patent laws.” *Alice*, 573 U.S. 217 (citations and quotations omitted). Although preemption “might tend to impede innovation more than it would tend to promote it, ‘thereby thwarting the primary object of the patent laws’” (*id.* at 216 (citing *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); *see also OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1362–63 (Fed. Cir. 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.”); Reply Br. 4 (arguing that “the cited pronouncement in *Ari[os]a Diagnostics* cannot be read consistently with *Alice Corp.* as *carte blanche* for simply ignoring the preemptive effect of the given claim in the analysis under Section 101”). Thus, that the claims here may “specify how and where the various steps or functions are performed and do not simply require that the various steps or functions are performed generically” (Appeal Br. 9:20–22)—i.e., possess a certain level of

specificity—does not demonstrate that the claims are directed to patent-eligible subject matter.

G. Conclusion

On the record here, Appellant has not persuaded us of error in the rejection of representative claim 1 under 35 U.S.C. § 101. Thus, we sustain the rejection of claims 1–18, which are argued as a group. *See supra* note 5.

Rejection 2 – The rejection of claims 1, 7, and 13 under 35 U.S.C. § 102(e)

Each of independent claims 1, 7, and 13 recites a display system to display a “sequence of prize levels” and recites, after “a designation of one of the sequence of prize levels,” paying a player “an amount corresponding to the designated prize level.” Appeal Br. 15:10–12, 15:23, 16:1–2, 17:14–15, 18:1–4, 19:19–20, 20:6–9.

As the “sequence of prize levels,” the Examiner identified levels 409, 414–418, and 420 shown in the pyramid in, for example, Figure 4D of Causley. *See* Final Act. 7 (addressing the independent claims together, stating, for clause b of claim 1, “Fig 4C-4E, ¶¶0047; the bonus game has seven levels where the top level is the jackpot award level”). As to the “amount corresponding to [a] designated prize level,” the Examiner highlighted Causley’s teaching: “If an award is selected at a specific level, credits are accumulated and added to the total number of credits won to that point in the bonus game. The total credits won are displayed on the gaming machine monitor.” Causley ¶¶ 47, *cited at* Final Act. 14; *see also* Final Act. 8 (citing, for clause f in claim 1, Causley Figs. 4A–4E, ¶¶ 37, 47).

Appellant argues “that the Causley pyramid layers do not directly correspond to prize levels, which are claimed to be awarded if the level is reached at [clause] (f) of present claim 1, for example.” Appeal Br. 11:8–10.

According to Appellant, Causley “does not designate ‘one of the sequence of prize levels’ which then has a corresponding prize awarded of ‘*an amount corresponding to the designated prize level*’ as claimed” because, instead, “Caus[le]y teaches a game in which a level is achieved and within that level prizes may be uncovered by player selection.” *Id.* at 11:17–20.

The Examiner responds that “each level of Causley[’s] bonus game provides its own prizes that can be won by the player (i.e. a sequence of prizes level), wherein the award associated with each tile and accumulated by the player during each level’s game play is considered as an amount corresponding to the prize levels.” Ans. 17.

With this position, the Examiner does not adequately address the term “designated” in clause f or the requirement in clause e that the “change in position result[] in a designation of one of the sequence of prize levels.” We agree with Appellant that, when considering each of the independent claims as a whole, the “prize level” in, for example, clause e of claim 1 is a “single, designated [prize] level (*‘the change in position resulting in a designation of one of the sequence of prize levels’*) and this level in [clause f] corresponds to a prize amount.” Appeal Br. 11:15–17. Stated differently, each “prize level” in the “sequence of prize levels” has only a *single* “corresponding” prize “amount.” This understanding aligns with the Specification, which consistently refers to illuminating a floor level (i.e., “prize level”) and its “associated award” amount. *See, e.g.*, Spec. 8:10–13 (discussing how Figure 1J shows “the third floor level . . . illuminated together with *the associated award*” of 5,000 points (emphasis added)), 9:8–11 (similar for Figure 1K and the sixth floor level), 9:18–21 (similar for Figure 1L and the eighth floor level). In contrast, in Causley (as argued by Appellant), each level of the pyramid includes *several different* possible prize amounts. *See, e.g.*,

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Causley Fig. 4D (showing multiple possible amounts and one selected amount for level one); Appeal Br. 11:10–11 (arguing that Causley “makes many prizes available at each pyramid layer reached”).

For these reasons, we do not sustain the rejection of independent claims 1, 7, and 13.

Rejections 3–5 – The rejection of claims 3, 4, 6, 9, 10, 12, 15, 16, and 18 under 35 U.S.C. § 103(a)

Claims 3, 4, and 6 depend from claim 1; claims 9, 10, and 12 depend from claim 7; and claims 15, 16, and 18 depend from claim 13. Appeal Br. 15–21 (Claims App.). The Examiner’s added reliance on Gomez and Baerlocher (regarding Rejection 3), Cuddy (regarding Rejection 4), and Noda (regarding Rejection 5) does not remedy the deficiencies in the rejection based on Causley, discussed above (*see supra* Rejection 2). Thus, for the same reasons discussed above, we do not sustain the rejection of claims 3, 4, 6, 9, 10, 12, 15, 16, and 18 under 35 U.S.C. § 103(a).

CONCLUSION

We *affirm* the Examiner’s rejection of claims 1–18. More specifically, we (1) *affirm* the decision to reject claims 1–18 under 35 U.S.C. § 101, (2) *reverse* the decision to reject claims 1, 7, and 13 under 35 U.S.C. § 102(e), and (3) *reverse* the decision to reject claims 3, 4, 6, 9, 10, 12, 15, 16, and 18 under 35 U.S.C. § 103(a).

DECISION SUMMARY

In summary:

| Claims Rejected | 35 U.S.C. § | Reference(s)/Basis | Affirmed | Reversed |
|------------------------|--------------------|-------------------------------|-----------------|-----------------|
| 1–18 | 101 | Eligibility | 1–18 | |
| 1, 7, 13 | 102(e) | Causley | | 1, 7, 13 |
| 3, 9, 15 | 103(a) | Causley, Gomez, Baerlocher | | 3, 9, 15 |
| 4, 10, 16 | 103(a) | Causley, Cuddy | | 4, 10, 16 |
| 6, 12, 18 | 103(a) | Causley, Noda | | 6, 12, 18 |
| Overall Outcome | | | 1–18 | |

TIME PERIOD FOR RESPONSE

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