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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte BRADLEY BERMAN and JACOB LAMB

Appeal 2018-005887
Application 11/301,242
Technology Center 3700

Before JILL D. HILL, LEE L. STEPINA, and ARTHUR M. PESLAK, *Administrative Patent Judges.*

HILL, *Administrative Patent Judge.*

DECISION ON APPEAL

STATEMENT OF THE CASE

Pursuant to 35 U.S.C. § 134(a), Appellant[1] appeals from the Examiner's decision to reject claim 70. *See* Final Act. 3. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

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[1] We use the word Appellant to refer to "applicant" as defined in 37 C.F.R. § 1.42. Appellant identifies the real party in interest as Sklansky Games, LLC, the assignee of the above referenced patent application. Br. 2.

BACKGROUND

Appellant's invention relates to an apparatus for facilitating play in gaming activities and providing manipulation of payout awards based on partial game criteria. Sole claim 70 is reproduced below:

> 70. A gaming device comprising:
>
> a display configured to display a plurality of card positions;
>
> a wager input device structured to receive physical items associated with currency values;
>
> a memory configured to store a credit amount; and
>
> a processor operable to:
>
> receive a signal from the wager input device indicating that a physical item associated with a currency value has been received;
>
> increase the credit amount stored in the memory based on the currency value of the received physical item;
>
> receive a signal to initiate a gaming activity in response to placement of a wager, the wager decreasing the credit amount stored in the memory;
>
> randomly designate one or more card positions in the plurality of card positions displayed on the display, wherein the one or more card positions are randomly designated prior to presenting cards face-up in the card positions on the display;
>
> present an initial draw poker hand on the display by dealing cards face-up to each of the plurality of card positions;
>
> identify a partial hand as one or more cards of the initial draw poker hand that are respectively presented on the display in the designated one or more card positions;
>
> award a bonus value when the partial hand meets a predefined condition, wherein the bonus value is awarded prior to completion of a final draw poker hand;
>
> complete the final draw poker hand by replacing zero or more cards discarded from the initial draw poker hand;
>
> determine whether a poker hand payout is awarded based on the final draw poker hand; and
>
> modify the poker hand payout when the partial hand satisfied the predefined condition.

REJECTION[2]

Claim 70 stands rejected under 35 U.S.C. § 101 as directed to non–statutory subject matter because the claim as a whole, considering all claim elements both individually and in combination, does not amount to significantly more than an abstract idea. Final Act. 3.

OPINION

Under 35 U.S.C. § 101, 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 exception: "[l]aws of nature, natural phenomena, and abstract ideas" are not patentable. *Alice Corp. v. CLS Bank Int'l*, 573 U.S. 208, 216 (2014).

The Supreme Court, in *Alice*, reiterated the two-step framework 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*, 573 U.S. at 217. 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

[2] A rejection of claims 1, 4–11, 14, 20, 22, and 24–36 under 35 U.S.C. § 101 as being directed to non-statutory subject matter, and a rejection of claims 1, 4–11, 14, 20, 22, and 24–36 under 35 U.S.C. § 103(a) as unpatentable over Sanduski (US 6,149,521, iss. Nov. 21, 2000) and Feola (US 6,793,220 B1, iss. Sept. 21, 2004) are withdrawn in the Answer. Ans. 6–7.

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." *Id.* (quoting *Mayo*, 566 U.S. at 79, 78).

The Examiner determined that the claims, considering all elements both individually and in combination, do not amount to significantly more than the abstract idea of "determining gaming payouts using partial game criteria." Final Act. 5. The Examiner further determined that any additional elements, or combination(s) thereof, amount to no more than a "recitation of generic computer structure" (e.g., a display, a wager input mechanism, and a processor) performing "generic computer functions that are well-understood, routine, and conventional activities previously known to the pertinent industry," and thus, fail to "provide meaningful limitation(s) to transform the abstract idea into a patent eligible application of the abstract idea." *Id.* at 6.

Appellant argues that claim 70 is not directed to an abstract idea, and "is directed to a specific type of gaming device that is operable to play a novel game using a unique combination of processes to provide entertainment and excitement not found on any other known gaming device." Br. 8. In support of this assertion, Appellant notes that the Examiner did not formulate a prior art rejection against claim 70. *Id.* Appellant contends, moreover, that claim 70 "is not simply the generalized use of a computer as a tool to conduct a known or obvious process, but instead is an improvement to the capability of the system as a whole." Br. 9; *see Enfish LLC v. Microsoft Corp.*, 822 F. 3d 1327, 1336 (Fed. Cir. 2016). Appellant argues also that claim 70 is distinguishable from the claims found

ineligible in prior gaming cases because it is "directed to a particular gaming device having novel, non-obvious elements." *Id.*

Appellant further argues that "claim 70 recites specific elements directed to a special purpose gaming device, rather than simply implementing an abstract idea on a generic computer." *Id.* at 10. Specifically, Appellant contends:

> claim 70 recites the gaming device having a wager input device structured to receive physical items associated with currency values, and a processor operable to receive a signal from the wager input device indicating that a physical item associated with a currency value has been received, increase the credit amount stored in the memory based on the currency value of the received physical item, and receive a signal to initiate a gaming activity in response to placement of a wager, the wager decreasing the credit amount stored in the memory.

Id. Appellant concludes that, similar to the Federal Circuit's finding in *Bascom*, "the new novel claim elements of claim 70 provide a new gaming device that is different and a potential improvement over conventional gaming devices." *Id.* (citing *Bascom Global Internet Services Inc. v. AT& T Mobility LLC*, 827 F.3d 1341 (Fed. Cir. 2016)).

The Examiner responds that claim 70 uses "generic computer structure that serves to perform generic computer functions that are well-understood, routine, and conventional activities previously known to the pertinent industry." Ans. 9. The Examiner notes that whereas *Enfish* describes "a specific improvement to the way computers operate," claim 70 is based "on an improved algorithm and rules for determining a game state for which a computer is utilized in its ordinary capacity." Ans. 12. The Examiner states that, in contrast to *Bascom* in which "a non-conventional and non-generic arrangement of the additional elements" was found patent

eligible, Appellant does "not identify how the claim when considered as an ordered combination provides significantly more than a conventional or generic arrangement of known hardware." Ans. 15–16.

The PTO recently published revised guidance on the application of § 101. USPTO's January 7, 2019 Memorandum, 2019 Revised Patent Subject Matter Eligibility Guidance ("2019 Guidance Memorandum"). We have reviewed the eligibility of the pending claims through the lens of the 2019 Guidance Memorandum, but we are not persuaded the Examiner erred in concluding that the pending claims are directed to a judicial exception without significantly more.

Under that guidance, in conducting step one of the *Alice* framework, 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 interactions 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)).

Step 1 -- Statutory Category

Claim 70 recites a gaming device, and, therefore, is a machine. *See* Br. 12 (Claims App.).

Step 2A, Prong 1

The 2019 Guidance Memorandum identifies three key concepts identified as abstract ideas: (a) mathematical concepts including

"mathematical relationships, mathematical formulas or equations, mathematical calculations"; (b) certain methods of organizing human activity, such as "fundamental economic principles or practices," "commercial or legal interactions," and "managing personal behavior or relationships or interactions between"; and (c) mental processes including "observation, evaluation, judgment, [and] opinion."

Here, claim 70 is directed to a gaming device that introduces "anticipation and excitement for players participating in gaming activities at earlier stages in the card hand or other gaming activity." Spec. 2:19–21.

Claim 70 recites, *inter alia*, a processor operable to "receive a signal to initiate a gaming activity in response to placement of a wager," "randomly designate one or more card positions in the plurality of card positions displayed on the display," "present an initial draw poker hand on the display by dealing cards face-up to each of the plurality of card positions," and "determine whether a poker hand payout is awarded based on the final draw poker hand." Thus, claim 70 recites rules for playing a wagering game.

Following rules or instructions, and, specifically, providing rules of a game such as the one recited in claim 70, amounts to managing personal behavior or relationships or interactions between people (including social activities, teaching, and following rules or instructions), which is one of certain methods of organizing human activity. *See* 2019 Guidance Memorandum; *In re Smith*, 815 F.3d 816, 818 (Fed. Cir. 2016). Such methods of organizing human activity are abstract ideas. *See Smith*, 815 F.3d at 818. Thus, claim 70 recites an abstract idea, one of the judicial exceptions. *See Alice*, 573 U.S. at 216. Accordingly, the outcome of our

analysis under Step 2A, Prong 1, requires us to proceed to Step 2A, Prong 2. *See* 2019 Guidance Memorandum.

Step 2A, Prong 2

We next consider whether the claimed gaming device includes additional elements that integrate the judicial exception into a practical application. The Examiner finds that the claimed display, wager input device, memory, and processor perform "generic computer functions that are well-understood, routine, and conventional activities previously known to the pertinent industry," failing "to transform the abstract idea into a patent eligible application of the abstract idea." Final Act. 6.

We agree with the Examiner that the display, wager input device, memory, and processor are each recited in a generic manner. We find no indication in Appellant's Specification, nor does Appellant direct us to any indication, that the claimed invention is implemented using other than generic devices. As the Examiner correctly notes, the Specification lists various known displays (Spec. 33:29–30; 36:19–20) that generically display a plurality of card positions; mechanisms to enter wages that "are known in the art" (Spec. 33:17–22) and which perform the known function of receiving physical items associated with currency values; and generic memory and processors (Spec. 35:21–27). The operations (receive a signal, randomly designate one or more card positions, present an initial draw poker hand, and determine whether a poker hand payout is awarded) performed by the processor are merely generic computer functions of receiving data, comparing the received data, and presenting the data. Thus, the claimed invention does not improve the functioning of the computer (processor) or

the display, wager input device, or memory and does not use a particular, or special, machine. In other words, the claims "are not tied to any particular novel machine or apparatus" capable of rescuing them from the realm of abstraction. *See Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 716 (Fed. Cir. 2014).

In summary, we do not find anything of record, short of attorney argument, that attributes any improvement in computer technology and/or functionality to the claimed invention, or otherwise indicates that the claimed invention integrates the abstract idea into a "practical application," as that phrase is used in the USPTO's "2019 Revised Patent Subject Matter Eligibility Guidance," 84 Fed. Reg. 50, 55 (January 7, 2019).

Step 2B

In Step 2B, we determine whether the claim adds a specific limitation beyond the judicial exception that is not "well-understood, routine, conventional" in the field. *See* 2019 Guidance Memorandum. The portions of claim 70 Appellant asserts are directed to a particular gaming device having novel, non-obvious elements, (wager input device and processor – *see* Br. 10) are generic devices that do not perform other than well-known, routine, and conventional activity, as discussed above.

Appellant argues that claim 70 does not preempt all methods of playing games. *See* Br. 10. However, as our reviewing court has explained, "the principle of preemption is the basis for the judicial exceptions to patentability" and "[f]or this reason, questions on preemption are inherent in and resolved by the § 101 analysis." *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015) (citing *Alice*, 573 U.S. at 216).

Although "preemption may signal patent ineligible subject matter, the absence of complete preemption does not demonstrate patent eligibility." *Id.* Moreover, "[w]here a patent's claims are deemed only to disclose patent ineligible subject matter under the [*Alice*/*Mayo*] framework . . ., preemption concerns are fully addressed and made moot." *Id.*; s*ee 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.") cert. denied, 136 S. Ct. 701 (2015).

Although claim 70 specifically limits, in various ways, the recited display of cards, and, therefore, would seem to exclude numerous other card games, we do not agree that claim 70 recites anything significantly more than the abstract ideas discussed above in Step 2A. In particular, the various actions recited in claim 70 that differentiate the recited method from other card games relate to the abstract idea, not to an innovation of the kind that benefits the claimed subject matter under a Step 2B analysis. Thus, the Examiner's lack of a prior art rejection does not make claim 70 any less abstract. A novel and nonobvious claim directed to a purely abstract idea is, nonetheless, patent-ineligible. *See Mayo*, 566 U.S. at 90–91.

Appellant's attempt to analogize claim 70 to the claims in *Enfish* is unavailing. Br. 9. In *Enfish*, the court found that "the self-referential table recited in the claims on appeal is a specific type of data structure designed to improve the way a computer stores and retrieves data in memory." *Enfish*, 822 F.3d at 1339. The court found they were "not faced with a situation where general-purpose computer components are added post-hoc to a fundamental economic practice or mathematical equation," but "[r]ather, the

claims are directed to a specific implementation of a solution to a problem in the software arts." *Id.* The question becomes whether the claims as a whole "focus on a specific means or method that improves the relevant technology" or are "directed to a result or effect that itself is the abstract idea and merely invoke[s] generic processes and machinery." *McRO, Inc. v. Bandai Namco Games Am. Inc.*, 837 F.3d 1299, 1314 (Fed. Cir. 2016). For the reasons discussed above, Appellant's claim 70 falls into the latter category — claim 70 merely invokes generic processes and machinery (generic display, wager input device, memory, and processor) to achieve the result (determine whether a poker hand meets a predefined condition, i.e., includes certain cards for increasing the award value for a winning hand) that is itself the abstract idea.

Appellant's reliance on *Bascom* is also misplaced. *See* Br. 10. Claim 70 does not require any nonconventional computer, network, or display components, or even a "non-conventional and non-generic arrangement of known, conventional pieces," but merely calls for performance of the claimed wager collection, hand analysis, and display functions "on a set of generic computer components" and display devices. *Bascom Global Internet Servs., Inc. v. AT&T Mobility LLC*, 827 F.3d 1341, 1349–50, (Fed. Cir. 2016).

For the above reasons, the recited elements of claim 70, considered individually and as an ordered combination, do not constitute an "inventive concept" that transforms independent claim 70 into patent-eligible subject matter. *See Alice*, 134 S. Ct. at 2355. On this record, we affirm the Examiner's § 101 rejection of claim 70.

DECISION SUMMARY

Claim Rejected	35 U.S.C. §	Reference/Basis	Affirmed	Reversed
70	101	Eligibility	70	

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