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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte GEOFFREY WILLIAM HALL

Appeal 2018-007582
Application 14/865,628
Technology Center 3700

Before KEN B. BARRETT, WILLIAM A. CAPP, and
NATHAN A. ENGELS, *Administrative Patent Judges*.

CAPP, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Geoffrey William Hall (hereinafter “Appellant”)¹ seeks our review under 35 U.S.C. § 134(a) of the final rejection of claims 1–20 under 35 U.S.C. § 101 as directed to a judicial exception to patent eligible subject matter.² 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(a). Customized Games Limited is the Applicant and real party in interest. Appeal Br. 5.

² Prior art rejections of claims 1–20 under the obviousness provisions of 35 U.S.C. § 103 have been withdrawn by the Examiner. Ans. 7.

RELATED CASE

The instant application on appeal is a continuation of U.S. Non-provisional application number 13/539,113. Appeal Br. 2. The '113 Application was before the Board in the case of *Ex parte Geoff Hall*, Appeal No. 2017-002594 (PTAB Jan. 17, 2018).³ In the *Geoff Hall* case, the Board affirmed the Examiner's Section 101 rejection of substantially similar claims to those presented in the instant appeal.

THE INVENTION

Appellant's invention is a variation on the casino game of blackjack. Spec. ¶ 2. Claim 1, reproduced below, is illustrative of the subject matter on appeal.

1. A method of administering a blackjack game, the method comprising:
 - providing a physical gaming table with a felt layout on top of the physical gaming table,
 - the felt layout including at least one betting circle associated with each of a plurality of player positions designated on the felt layout;
 - providing one or more physical decks of physical playing cards;
 - receiving a wager from a player in the form of one or more physical chips in a betting circle associated with at least one player position of the plurality of player positions;
 - dealing an initial hand of two physical playing cards using one or more physical decks of physical playing cards to each of the at least one player position and to a dealer;
 - determining a point total of each of the initial hands of physical playing cards of the dealer and the at least one player position;

³ A copy of the *Geoff Hall* decision may be found at *Ex parte Geoff Hall*, 2018 WL 460997 (PTAB Jan. 12, 2018).

without requiring an additional wager or fee from the player, replacing all of the physical playing cards of at least one of the initial hands of two physical playing cards with two replacement physical playing cards when the point total of the at least one of the initial hands of two physical playing cards is a value of a predetermined set of values;

playing out the at least one hand including the at least one replacement physical playing card; and

resolving the wager according to predetermined blackjack rules.

OPINION

35 U.S.C. § 101 – Ineligible Subject Matter

Appellant argues claims 1–20 as a group. Appeal Br. 29–44. We select claim 1 as representative. *See* 37 C.F.R. §41.37(c)(1)(iv).

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

The Supreme Court has set forth “a framework 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 (citing *Mayo Collaborative Servs. v. Prometheus Labs, Inc.*, 566 U.S. 66, 72–73 (2012)). According to the Supreme Court’s *Alice/Mayo* framework, we must first determine whether the claims at issue are directed to one of those concepts (*i.e.*, laws of nature, natural phenomena, and abstract ideas). *Id.* If so, we must secondly “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.* The Supreme Court characterizes the second step of the analysis as “a search for an ‘inventive concept’ -- *i.e.*, an element or combination of elements that is ‘sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the [ineligible concept] itself.’” *Id.* (quoting *Mayo*, 566 U.S. at 72–73).

The Examiner determines that claims 1–20 are directed to an abstract idea in the form of a set of rules. Final Action 2.

The claims recite a set of rules to a blackjack wagering game comprising dealing rules, wagering rules, "determining" rules, "playing" rules, and "resolving" rules, which is an abstract idea the same way the Federal Circuit held the set of rules used to conduct a blackjack wagering game were an abstract idea in *In re Smith*.

Id. (citing *In re Smith*, 815 F.3d 816 (Fed Cir. 2016)). The Examiner further determines that, although the claims include additional elements other than limitations pertaining to the abstract idea, those elements do not render the claimed subject matter patent eligible. *Id.* at 2–3.

The PTO recently published revised guidance on the application of § 101. *See* USPTO’s January 7, 2019 Memorandum, *2019 Revised Patent Subject Matter Eligibility Guidance*, 84 Fed. Reg. 50 (“2019 Guidelines”). 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 activity such as a fundamental economic practice, or mental processes); and
- (2) additional elements that integrate the judicial exception into a practical application (*see* MPEP § 2106.05(a)–(c), (e)–(h)).

Step 1, Prong 1

The *2019 Guidelines* identify three key concepts 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.”

2019 Guidelines.

In the *Smith* case, the Federal Circuit affirmed a Board decision that determined that a wagering game is, effectively, a method of exchanging and resolving financial obligation based on probabilities created during the distribution of cards and, hence, abstract. *Smith*, 815 F.3d at 818–819. More recently, in the case of *In re Marco Guldenaar Holding B.V.*, 911 F.3d 1157 (Fed. Cir. 2018), the Federal Circuit held that a method of playing a wagering dice game is an abstract idea that falls under the concept of methods of organizing human activity. *Id.* at 1160.

Similarly, Appellant’s claim 1 recites a judicial exception, namely, an abstract idea in the form of rules for playing a wagering game, which essentially amounts to a method of organizing human activity. In a wagering game, such a method of organizing human activity expresses itself in at least two ways. First, there is a fundamental economic practice, namely, a risk-based financial transaction which is exemplified by the placing of wagers followed by a payout event after a hand is played. Second, the game rules manage human interaction, which is exemplified by

the orderly process of dealing cards and playing out the hand among participants. *2019 Guidelines*.

Step 1, Prong 2

Under Prong 2 of Step 1 of the *2019 Guidelines*, we do not assume that such claims are directed to patent ineligible subject matter because “all inventions at some level embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas.” *In re TLI Commc’ns LLC Patent Litig.*, 823 F.3d 607, 611 (Fed. Cir. 2016) (quoting *Alice*). Instead, “the claims are considered in their entirety to ascertain whether their character as a whole is directed to excluded subject matter.” *McRO, Inc. v. Bandai Namco Games America Inc.*, 837 F.3d 1299, 1312 (Fed. Cir. 2016). If the claims are not directed to an abstract idea, the inquiry ends. *2019 Guidelines*. If the claims are “directed to” an abstract idea, then the inquiry proceeds to the second step of the *Alice* framework. *Id.*

Consequently, we consider whether the claimed card game includes additional elements that integrate the judicial exception into a practical application. A claim that integrates a judicial exception into a practical application will apply, rely on, or use the judicial exception in a manner that imposes a meaningful limit on the judicial exception, such that the claim is more than a drafting effort designed to monopolize the judicial exception. *See 2019 Guidelines*.

Appellant argues that the claims are not directed to an abstract idea. Appeal Br. 29. Appellant argues that: “the claims are limited to rules with specific characteristics.” *Id.* at 36. Appellant alleges that it has developed a “new and entertaining version of blackjack.” *Id.* Appellant alleges to have

improved the prior wagering art through inclusion of a burn/replacement activity. *Id.*

In response, the Examiner maintains that the determination as to whether the claims recite an abstract idea is controlled adversely to Appellant's position by the Federal Circuit's decision in *Smith*. Ans. 7–8.

In reply, Appellant urges us not to follow *Smith* because it is no longer a “recently decided” case. Reply Br. 5 (“*Smith* is more than two years old”). Appellant argues that more recent decisions have “evolved patent-eligibility jurisprudence” in a manner that diverges from *Smith*. *Id.*

Much to the contrary however, in the more recent *Guldenaar* case, the court expressly followed its previous decision in *Smith* and, in doing so, analogized wagering games to exchanging obligations associated with risk based financial transactions.

In re Smith, 815 F.3d 816 (Fed. Cir. 2016), is highly instructive in this case. In *Smith*, we concluded that the claimed “method of conducting a wagering game” using a deck of playing cards was drawn to an abstract idea. We likened the claimed method to the method of exchanging financial obligations at issue in *Alice* and the method of hedging risk at issue in *Bilski*. *Id.* at 819. We agreed with the Board's reasoning that “[a] wagering game is, effectively, a method of exchanging and resolving financial obligations based on probabilities created during the distribution of the cards.” *Id.* at 818–19.

Guldenaar, 911 F.3d at 1160.

Appellant's claimed “method of playing a dice game,” . . . is, as with the claimed invention in *Smith*, directed to a method of conducting a wagering game, with the probabilities based on dice rather than on cards. Given the strong similarities to the ineligible claims in *Smith*, Appellant's claims likewise are drawn to an abstract idea.

Id.

In the instant case, Appellant’s claims are directed to a method of playing a card game and, more specifically, a variation on the well-known casino game of blackjack. Claims App. Playing the game includes: (1) placing a wager; (2) dealing a hand from a deck of cards, (3) determining a point total of the hand, (4) “playing out” the hand; and (5) resolving the wager. *Id.*

Appellant’s argument that it has developed a “new and entertaining version of blackjack” and has improved the prior wagering art does not apprise us of Examiner error. The asserted game rule innovations are merely part and parcel of the abstract idea of implementing game rules as a method of organizing human activity. We may assume that the techniques claimed are “[g]roundbreaking, innovative, or even brilliant,” but that is not enough for eligibility. *Ass’n for Molecular Pathology v. Myriad Genetics, Inc.*, 569 U.S. 576, 591 (2013); *accord buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350, 1352 (Fed. Cir. 2014). A claim for a new abstract idea is still an abstract idea. *Synopsys, Inc. v. Mentor Graphics Corp.*, 839 F.3d 1138, 1151 (Fed. Cir. 2016).

The *Smith* case, as with the application under appeal here, entailed a variation on the casino card game of blackjack. *Smith*, 815 F.3d at 818, Given the strong similarity between *Smith* and the instant case, we determine that Appellant’s variation on blackjack fails to integrate the judicial exception into a practical application and, therefore, is directed to an abstract idea.

Step 2

Turning to step two of the *Alice/Mayo* framework, the Examiner determines that the steps of Appellant’s method, considered both

individually and in combination, do not amount to significantly more than the abstract idea of rules for playing a game. Final Action 3.

In traverse, Appellant argues that its claim limitations involve more than performance of well-understood, routine, and conventional activities previously known to the wagering-game industry. Appeal Br. 43.

For example, the claims involve the performance of a burn/replacement activity having the specific combination of (1) no additional wager, fee, or other cost to the player; (2) a burn and replacement of all cards in the hand; (3) a burn of initial cards only; (4) a burn based upon point total; and, more particularly (5) a burn based upon the point total of the cards being replaced. For the reasons discussed above, this particular burn/replacement activity was not previously known to the wagering-game industry. (Even a more generalized “burn” and replacement activity in blackjack would be more than the performance of well-understood, routine, and conventional activities previously known in the wagering-game industry because, as discussed above, burning and replacing cards is not an option in conventional blackjack.) So, the limitations of the claims involve more than performance of well-understood, routine, and conventional activities previously known to the wagering-game industry; therefore, the second step of the Alice test is satisfied.

Id. More particularly, Appellant focuses on the word “*activities*” in the phrase “*well-understood, routine, and conventional activities.*” *Id.*

Appellant asserts error in the Examiner’s focus on the physical elements of the game, such as the gaming table and cards, as conventional. *Id.*

According to Appellant, the Examiner should have focused on the allegedly novel “burn and replacement” elements of the claims as unconventional “*activities.*”

In response, the Examiner notes the strong similarity in the pending claims to those in the parent ’113 Application, further noting that the Board,

in the appeal of such parent application, held that the claimed burn procedure did not transform the abstract idea into something significantly more than the abstract idea itself. Ans. 9. The Examiner, once again, analogizes the instant case to *Smith*, where a variation on the casino game of blackjack was determined to be patent ineligible. *Id.* at 11.

In reply, Appellant analogizes the instant case to *McRO*, 837 F.3d 1299. Appeal Br. 9. Appellant argues that *McRO* stands for the proposition that a “combined order of specific rules” may be patent eligible. *Id.* Appellant also argues that the claims do not present a risk of preemption. *Id.*

Appellant’s preemption argument is unpersuasive. It is now settled law that “[w]here a patent’s claims are deemed only to disclose patent ineligible subject matter under the *Mayo* framework . . . preemption concerns are fully addressed and made moot.” *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015).

Appellant’s attempt to analogize the instant case to *McRO* because it applied “rules” is unavailing. In *McRO*, the “rules” were implemented in computer logic in connection with an automated process for animating lip synchronization and facial expression in three-dimensional characters. *McRO*, 837 F.3d at 1307. Thus, the “rules” in *McRO* were rooted in a practical application of innovative technology. *Id.* In contrast, the game rules at issue in the instant case merely manage interrelationships between card game players, which is a method of organizing human activity.

Appellant’s argument based on the meaning of unconventional “activities” is off the mark. The “activities” that Appellant alleges are unconventional are just the abstract idea itself, not “additional elements” to the abstract idea that are analyzed under Step 2 of the *Alice/Mayo*

framework. “It has been clear since *Alice* that a claimed invention’s use of the ineligible concept to which it is directed cannot supply the inventive concept that renders the invention ‘significantly more’ than that ineligible concept.” *BSG Tech. LLC v. BuySeasons, Inc.*, 899 F.3d 1281, 1290 (Fed. Cir. 2018).

Furthermore, as Appellant’s card game relies heavily on the existing game of blackjack, the claimed invention entails well-understood, routine, conventional activities previously known to the industry. *Alice*, 573 U.S. at 225. Essentially, all Appellant has done here is to take the casino gambling game of blackjack and modify it by making a variation in the dealing and playing of a hand of cards. No matter how much of an improvement in the game of blackjack the claims recite, the advance lies entirely in the realm of abstract ideas, with no plausibly alleged innovation in the non-abstract application realm. An advance of that nature is ineligible for patenting. *See SAP Am., Inc. v. InvestPic, LLC*, 898 F.3d 1161, 1163 (Fed. Cir. 2018).

Accordingly, for the above reasons, the recited elements of claim 1, considered individually and as an ordered combination, do not constitute an “inventive concept” that transforms independent claim 1 into patent-eligible subject matter. On this record, we affirm the Examiner’s § 101 rejection of claim 1, as well as claims 2–20, which fall with claim 1.

CONCLUSION

In summary:

Claims Rejected	Basis	Reference(s)	Affirmed	Reversed
1–20	§ 101	n/a	X	

Appeal 2018-007249
Application 13/750,646

DECISION

The decision of the Examiner to reject claims 1–20 is AFFIRMED.

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). *See* 37 C.F.R. § 41.50(f).

AFFIRMED