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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
13/800,917	03/13/2013	BINH T. NGUYEN	902-P002X1C1	8446
68803	7590	09/16/2019	EXAMINER	
TI Law Group, PC 1055 E Brokaw Road Suite 30-355 San Jose, CA 95131-2116			MOSSER, ROBERT E	
			ART UNIT	PAPER NUMBER
			3715	
			NOTIFICATION DATE	DELIVERY MODE
			09/16/2019	ELECTRONIC

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UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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*Ex parte* BINH T. NGUYEN<sup>1</sup>

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Appeal 2018-008465  
Application 13/800,917  
Technology Center 3700

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Before JOHN C. KERINS, ANNETTE R. REIMERS, and  
BRENT M. DOUGAL, *Administrative Patent Judges*.

KERINS, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Appellant appeals under 35 U.S.C. § 134(a) from the Examiner's rejection of claims 1–20. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

THE CLAIMED SUBJECT MATTER

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<sup>1</sup> We use the word “Appellant” to refer to “applicant” as defined in 37 C.F.R. § 1.42(a). Appellant identifies the real party in interest as Nguyen Gaming LLC. Appeal Br. 1.

Appellant's invention relates to a method for transferring funds to play a game of chance, and a program storage device embodying a program of instructions to carry out a method of this type. Claim 1, reproduced below, is illustrative:

1. A method for transferring funds to play a game of chance on a portable electronic device, comprising:

detecting, by a value transfer device, input of a monetary value;

detecting, at least in part by the value transfer device, the presence of a portable electronic device;

authenticating the portable electronic device;

transmitting, by the portable electronic device, a request to transfer at least a portion of the monetary value to the portable electronic device;

receiving, at the value transfer device, the request to transfer at least a portion of the monetary value to the portable electronic device;

transferring the at least a portion of the monetary value to the portable electronic device; and

playing a game of chance on the portable electronic device, using at least a portion of the monetary value transferred to the portable electronic device as a wager to play the game of chance.

#### THE REJECTIONS

The Examiner rejects:

(i) claims 1–20 under 35 U.S.C. § 101, as being drawn to patent-ineligible subject matter;

(ii) claims 1–9 and 15 under 35 U.S.C. § 103(a) as being unpatentable over Agarwal (US 2011/0263318 A1, published Oct. 27, 2011) in view of Thorn (US 2009/0153342 A1, published June 18, 2009) and Nguyen (US 2005/0130728 A1, published June 16, 2005);

(iii) claims 10–14, 16–18, and 20 under 35 U.S.C. § 103(a) as being unpatentable over Agarwal in view of Thorn; and

(iv) claim 19 under 35 U.S.C. § 103(a) as being unpatentable over Agarwal in view of Nguyen.

## ANALYSIS

### *Claims 1–20--35 U.S.C. § 101*

Appellant presents arguments for the patent eligibility of claims 1–18 as a group. Appeal Br. 6–9. We select claim 1 as the representative claim, and claims 2–18 stand or fall with claim 1. Appellant makes the same arguments for independent claims 19 and 20, and additionally argues that these claims recite a “non-transitory computer readable medium” that is an article of manufacture. A response to this argument appears in the analysis below, as well.

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) (citation omitted).

In determining whether a claim falls within an excluded category, we are guided by the Supreme Court’s two-step framework, described in *Mayo*

and *Alice*. See *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.” *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, 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. (15 How.) 252, 267-68 (1854))); and manufacturing flour (*Benson*, 409 U.S. at 69 (citing *Cochrane v. Deener*, 94 U.S. 780, 785 (1876))).

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

In January of 2019, the PTO published revised guidance on the application of § 101. 2019 Revised Patent Subject Matter Eligibility Guidance, 84 Fed. Reg. 50 (Jan. 7, 2019) (hereinafter “Guidance”). Under Step 2A of that Guidance, 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)).

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

*See* Guidance.

*Step 1 -- Statutory Category*

Claims 1 and 10 recite methods of transferring funds to a portable electronic device, and, therefore, are in the category of being processes.

Appeal Br., Claims App. Claims 19 and 20 recite program storage devices, and, therefore, are in the category of articles of manufacture.

*Step 2A, Prong 1 -- Recitation of Judicial Exception*

In determining that claim 1 is directed to a judicial exception to patent eligibility, the Examiner takes the position that the claims recite fundamental economic practices (transferring monetary values or funds) and organizing human activity (managing game play). Final Act. 4. The Examiner notes that both of these types of actions have been held to be ineligible as judicial exceptions in the form of abstract ideas. *Id.*

Appellant maintains that “transferring funds between a value transfer device, such as a gaming machine, and [a] portable electronic device are much more than an ‘abstract idea.’” Appeal Br. 6. According to Appellant, the claims involve specific steps in specific fields, none of which are widespread and fundamental, unlike the basic banking practices in *Alice*.” *Id.* Relatedly, Appellant asserts that the claims address a particular challenge involved in the transfer of funds in a gaming environment. *Id.* at 7. Appellant further argues that various limitations present in the claims evidence that preemption of all transferring of funds in a gaming environment would not result. *Id.* at 8.

The steps in claim 1 of “detecting, by a value transfer device, input of a monetary value;” “detecting, at least in part by the value transfer device, the presence of a portable electronic device;” “authenticating the portable electronic device” to which funds (monetary value) are to be transferred; “transmitting, by the portable electronic device, a request to transfer at least a portion of the monetary value to the portable electronic device;” “receiving, at the value transfer device, the request to transfer at least a

portion of the monetary value;” and complying with the request by “transferring the at least a portion of the monetary value to the portable electronic device,” are all are operations that generally occur when initiating and completing wire transfers between devices. Detecting an input of monetary value is necessary to establish an account balance. Detecting and authenticating the portable electronic device to which funds are to be transferred is necessary to ensure that the transferred funds end up where the user wants them to be. These and the remaining steps thus perform a fundamental economic practice, a type of method of organizing human activity, of moving funds from one location to another. The playing of a game further involves organizing human activity, and/or may be carried out using purely mental steps or with pen and paper. Collectively, the steps in claim 1 involve a method for organizing human activity in the context of playing a game of chance on a device onto which funds for playing the game have been provided.

We conclude that claim 1, as a whole, recites a judicial exception of a method of organizing human activity, i.e., a fundamental economic practice, and thus recites an abstract idea.

Claims 19 and 20 recite similar steps involving the achieving of a funds transfer between two devices and playing a game of chance with the funds thus transferred. Thus, these claims also recite a judicial exception of a certain method of organizing human activity, i.e., a fundamental economic practice, and thus recite an abstract idea.

*Step 2A, Prong 2 -- Integrated Into a Practical Application*

In Step 2A, Prong 2, we determine whether the recited judicial exception is integrated into a practical application of that exception by: (a)

identifying whether there are any additional elements recited in the claim beyond the judicial exception(s); and (b) evaluating those additional elements individually and in combination to determine whether they integrate the exception into a practical application. *See generally*, Guidance. This evaluation requires an additional element or a combination of additional elements in the claim to 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 exception. *See id.*

Appellant argues, in pertinent part, that the present claims are linking a value transfer device and a portable electronic device, and providing funds transfer to the portable device if authenticated, and thereafter being able to participate in a game of chance on the portable electronic device with a wager funded by the funds transfer.

Reply Br. 8. Appellant also maintains, citing *AmDocs (Israel) Ltd. v. Openet Telecom, Inc.*,<sup>2</sup> that “the claims herein recite a technological solution to a technological problem specific to funds transfer to a mobile electronic device for facilitating wager-based gaming via the portable electronic device.” *Id.* at 9.

Appellant, however, does not identify in the briefing on appeal what exactly is the technological problem associated with funds transfer to a mobile electronic device allowing for wager-based gaming on the device. The Specification is equally devoid of any disclosure of a particular problem brought about by the use of the transferred funds for gaming purposes. *Spec., passim*. Nor do we see any evidence that anything found in the claim

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<sup>2</sup> 841 F.3d 1288 (Fed. Cir. 2016)

limitations gives rise to an improvement in the functioning of the value transfer device or portable electronic device.

Further, the value transfer device and portable electronic device provided in claim 1 (steps (i) and (iii)) do not amount to a particular machine or manufacture that is integral to the claim. Rather, such components are broadly recited generic items. Nor is there any transformation recited in claim 1 sufficient to impart patent eligibility.

On this record, claim 1 does not integrate the recited judicial exception into a practical application. The claim therefore is directed to the judicial exception. The same analysis applies to claims 19 and 20, which recite the judicial exception as executable steps in a generic program storage device.

*Step 2B -- Well-Understood, Routine, Conventional Activity*

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 Guidance*. Appellant asserts that the hardware components recited in the claims, “such as portable electronic device, display, value transfer device, and sensory device, are not ‘generic computer structures’. The claims are not directed to a computer . . .”. Reply Br. 6. Appellant further remarks that “a value transfer device that detects input of a monetary value and that detects, at least in part, the presence of a portable electronic device is not ‘generic computer structure’ nor is it ‘routine or conventional.’” *Id.*

The claimed “value transfer device” is described as being any of “a gaming machine, an automated teller machine, a kiosk, a portable electronic device, or the like.” Spec. ¶ 75. The portable electronic device” of claim 1

is described as being “any portable computing device such as a cellular phone, portable media player, personal digital assistant (PDA), and the like, as well as “a smart phone, a tablet computer, PDA, a laptop computer, a handheld media player . . . and the like.” *Id.* ¶¶ 37, 46. A “sensory device” is not recited in claim 1, but, nevertheless, is described as being “any known device configured to detect and/or receive a sensory input.” *Id.* ¶ 36. There is no additional disclosure in the Specification evidencing any unique or special features attendant to these devices.

The Specification thus evidences that the limitations directed to physical structure employed to carry out the judicial exception and recited in claim 1 are well understood and conventional. The same analysis applies to claims 19 and 20, which recite the judicial exception as executable steps in a generic program storage device.

Appellant additionally argues that claim 1 does not preempt the judicial exception. *See* Appeal Br. 8; Reply Br. 3–5. 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.*; *see also OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1362–63 (Fed. Cir.), (“[T]hat the claims do not preempt all price

optimization or may be limited to price optimization in the ecommerce setting do not make them any less abstract.”) *cert. denied*, 136 S.Ct. 701 (2015).

Although claim 1 limits the recited method to using a value transfer device and portable electronic device, we do not agree that claim 1 recites anything significantly more than the judicial exception/abstract idea discussed above in Step 2A. The same analysis applies to claims 19 and 20, which recite the judicial exception as executable steps in a generic program storage device.

We have considered all of Appellant’s arguments in support of the patent eligibility of claims 1, 19, and 20, but find them unpersuasive. Accordingly, we sustain the rejection of these claims under 35 U.S.C. § 101. Claims 2–18 fall with claim 1.

*Claims 1–9 and 15--35 U.S.C. § 103(a)--Agarwal/Thorn/Nguyen*

As discussed above, claim 1 requires the presence of two devices, namely a “value transfer device” and a “portable electronic device,” and recites several method steps related to transferring funds to play a game of chance. The Examiner finds that mobile phone 702 of Agarwal (Figure 6) corresponds to the claimed “value transfer device,” and that handheld gaming unit 202, 704 of Agarwal (Figures 2, 7) corresponds to the claimed “portable electronic device.” Ans. 7–8. The Examiner provides a discussion as to how Agarwal is interpreted as meeting the process steps set forth in claim 1, which the exception of the steps of device detection, for which the Examiner relies on Thorn, and the authentication step, for which the Examiner relies on Nguyen. *Id.* at 7–13. For the most part, in Agarwal, the

Examiner relies on Figure 7, reproduced below, and various disclosures in Agarwal related thereto. Figure 7 of Agarwal is a flow diagram of a funds transfer process involving a mobile phone and a wagering game machine, as follows:

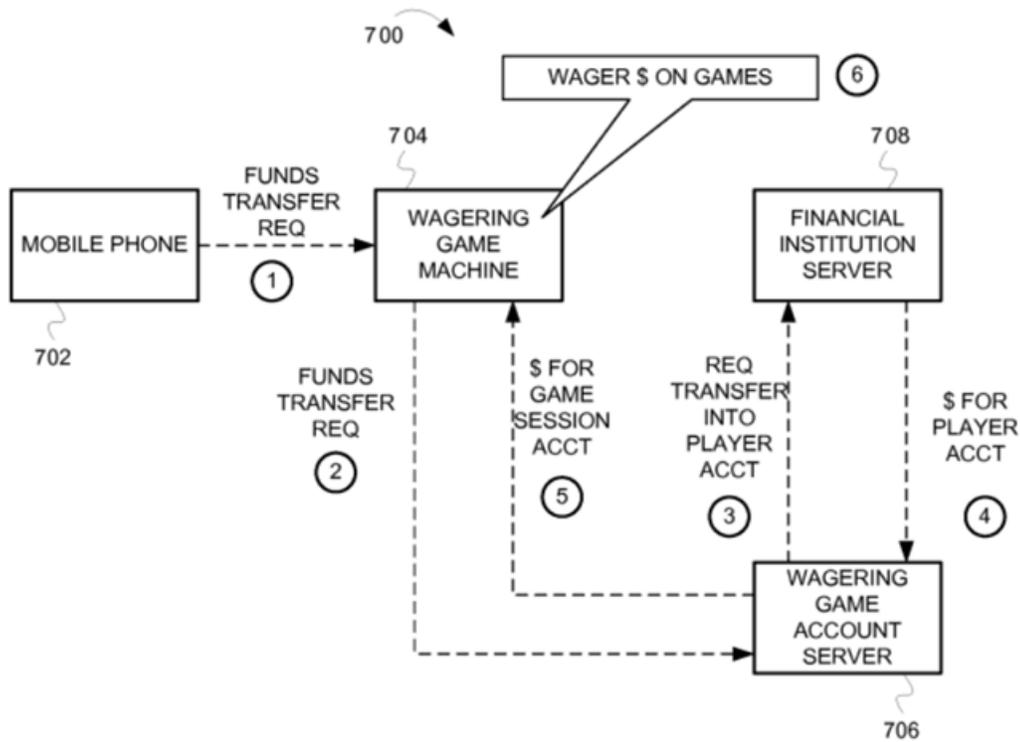


FIG. 7

Figure 7 of Agarwal, reproduced above, is a flow chart involving a mobile phone, a wagering game machine, and funds transfer flow associated with playing the wagering game.

The Examiner takes the position that the step of “detecting . . . input of a monetary value” is achieved in Agarwal by a user inputting a specific monetary amount or value into the mobile phone/value transfer device, with the phone thus “detecting” the value, in order to send the funds transfer

request at step 1 in Figure 7 above.<sup>3</sup> Ans. 7. The Examiner further takes the position that the step of “receiving, at the value transfer device, the request to transfer at least a portion of the monetary value to the portable electronic device,” is performed in Agarwal by the mobile phone/value transfer device, in that it is “implicitly require[s] the input of a monetary value in order for it to be subsequently forwarded” to wagering game machine 704. *Id.* at 11–12.

It thus appears that the Examiner not only takes the “receiving” step out of the order of the steps presented, and couples it with the “detecting” of the input of monetary value at the start of the process, the Examiner’s position also results in the two separate steps being found to be met by the same single action of a user inputting, as by typing, an amount into a mobile phone to initiate a funds transfer request. Although there may be situations in which it is appropriate and reasonable to find that a single action constitutes two different steps in a method claim, that is not the case here.

A fair and reasonable reading of claim 1 evidences that there is, first, a “monetary value” inputted to the value transfer device. Appeal Br. A–1 (Claims Appendix). Separately recited are three steps associated with “at least a portion of the monetary value,” and moving that “portion” to the electronic device: transmitting of a request to transfer the “at least a portion;” receiving the request at the value transfer device; and transferring the funds to the portable electronic device. *Id.* For the transmitting of the funds transfer request by the electronic device, the Examiner cites to step 2 in Figure 7 of Agarwal. Ans. 11. That very request is the subject of the

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<sup>3</sup> Appellant disagrees with this finding and interpretation, but, for other reasons set forth in this analysis, we need not reach this issue, and apply the Examiner’s interpretation.

limitation requiring “receiving, at the value transfer device, *the* request to transfer at least a portion of the monetary value.” Appeal Br. A–1 (Claims Appendix) (emphasis added). As evidenced in Agarwal Figure 7, that request is not forwarded to the mobile phone/value transfer device, as required by claim 1. Because claim 1 ties the receiving step to the transmitting step, it is not reasonable to interpret the receiving step as taking place prior to the transmitting step, i.e., at the time the user is inputting a value or amount of funds for which transfer is desired.

Moreover, Agarwal does not appear to disclose the functionality of handling funds transfer requests for less than the full “monetary value” inputted by the user on the mobile phone. The value inputted is the amount of funds requested to be transferred. As far as claim 1 is concerned, even though “at least a portion of the monetary value” would include the entire amount of the monetary value, the manner in which the Examiner has applied Agarwal to the claimed steps appears to read out of the claim the possibility of requesting less than the full monetary value to be transferred.

Accordingly, we do not sustain the rejection of claim 1 as being unpatentable over Agarwal, Thorn, and Nguyen. For the same reasons, the rejection of claims 2–9 and 15 is not sustained.

*Claims 10–14, 16–18, and 20--35 U.S.C. § 103(a)--Agarwal/Thorn*

Independent claim 10 is somewhat different in scope than is independent claim 1. In particular, instead of reciting the “detecting, by a value transfer device, input of a monetary value,” as in claim 1, claim 10 recites “receiving a fund amount at the first value transfer device.” Appeal Br. A1–A3 (Claims Appendix). Claim 10 continues, requiring that fund

amount to be transferred to the portable electronic device after the fund amount is received by the value transfer device, and playing a game of chance using at least a portion of that fund amount. *Id.* at A3.

Claim 10 therefore treats the recited “fund amount” as representative of actual funds that are received (deposited) and transferred to the electronic device by the value transfer device. As Appellant states, “the value transfer device is able to store and transfer value to the portable electronic device.” Appeal Br. 16.

The Examiner, as with claim 1, finds that the step of receiving a fund amount is taught by Agarwal “implicit[ly] to forwarding a player monetary value request, and the value transfer device must in some form receive that request into the device in order for it to be subsequently forwarded by the device.” Final Act. 12. The user of the mobile phone/value transfer device in Agarwal is merely inputting a numerical representation as to the amount of funds to be transferred to the portable electronic device, but, as Appellant notes, the actual fund transfer is from the wagering game account server to the wagering game machine/portable electronic device. Appeal Br. 16. As such, the Examiner has not adequately established that Agarwal discloses the limitations in claim 10 addressed above.

The rejection of claim 10 as being unpatentable over Agarwal and Thorn is not sustained. The rejection of dependent claims 11–14 and 16–18 is also not sustained. Independent claim 20 includes essentially the same limitations addressed above, in a format in which a program storage device is configured to perform the method steps. The rejection is not sustained as to claim 20 as well.

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*Claim 19--35 U.S.C. § 103(a)--Agarwal/Nguyen.*

The Examiner employs the same unreasonably broad claim construction as was used in rejecting claim 1, in rejecting claim 19 as being unpatentable over Agarwal and Nguyen. The rejection is not sustained.

#### DECISION

The Examiner's rejection of claims 1–20 under 35 U.S.C. § 101 is affirmed.

The Examiner's rejections of claims 1–20 under 35 U.S.C. § 103(a) are reversed.

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a)(1)(iv).

AFFIRMED