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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte MARK A. LITMAN¹

Appeal 2019-000113
Application 14/805,863
Technology Center 3700

Before MICHAEL L. HOELTER, MICHAEL J. FITZPATRICK, and
JEREMY M. PLENZLER, *Administrative Patent Judges*.

HOELTER, *Administrative Patent Judge*.

DECISION ON APPEAL²

STATEMENT OF THE CASE

This is a decision on appeal, under 35 U.S.C. § 134(a) from the Examiner's final rejection of claims 1–23, which constitute all the claims pending in this application. App. Br. 5, 16. The Inventor/Appellant's counsel presented oral argument on March 14, 2019. We have jurisdiction

¹ “The real party in interest in this Appeal is the sole inventor of this Application, Mark Alan Litman, also the counsel of Record.” App. Br. 3. We proceed on the basis that, for purposes of this appeal, Mark Alan Litman is the “Appellant.”

² Appeal No. 2019-001585 pertains to Application No. 14/789,995, which was filed on July 22, 2015 and claims priority to the same three provisional patent applications as the present application. *See* the Specification of both cases.

under 35 U.S.C. § 6(b). For the reasons explained below, we do not find error in the Examiner's rejection of these claims. Accordingly, we AFFIRM the Examiner's rejection.

CLAIMED SUBJECT MATTER

The disclosed subject matter "relates to the field of gaming, particularly to the field of card games (both physical and electronic) and particularly to the use of side bets variations in the game of blackjack or baccarat." Spec. 1:11–13. Method claims 1, 11 and 16, and system claim 23, are independent. Claim 1 is representative of the claims on appeal and is reproduced below.

1. A method of performing a side bet wagering event during a playing card wagering event using a non-standard set of playing cards comprising at least two sets of fifty-two playing cards in which exactly three playing cards or exactly four playing cards are exposed without any game play strategy or additional cards being provided during play of the playing card wagering event comprising:
 - a) a player position providing a side bet wager to be determined by playing cards provided to at least one of the dealer hand position and the player hand position as a hand on which the side bet wager was provided;
 - b) providing two random playing cards to a dealer hand position, and providing two random playing cards to a player hand position, wherein if only one dealer card is initially provided face-up, exactly three playing cards are used in determining outcomes in the playing card wagering event, and if both dealer hand playing cards are dealt face-up, then three or four playing cards provided are used in determining outcomes in the playing card wagering event;
 - c) determining the spread between the two random playing cards in a hand on which the side bet wager has been placed;

d) determining whether the side bet has been lost because of a spread of zero between the two random playing cards in the hand on which the side bet wager has been placed;

e) upon determining that there is a spread in excess of zero between the two random playing cards in a hand on which the side bet wager has been placed, when the player position hand and uses a third playing card which appears in a position selected from the group consisting of a dealer position card, a player position third playing card, a community card, and a randomly displayed image of a card;

f) determining if the third playing card is within or not within the spread; and

g) resolving the side bet wager against a payable which identifies odds dependent on the spread determined in e) based upon the determination whether the third playing card is within or not within the spread;

wherein at least a portion of the side bet wager, but less than all of the side bet wager is contributed to a progressive jackpot, the amount of which is stored, incremented and decremented in a processor, decrementing being based in-part upon resolution of the side bet for outcomes where percentages of a total in the progressive jackpot are awarded for defined random event outcomes when the third playing card is within the spread, and the processor sends a signal to a display screen available for view at the player position indicating status of the jackpot amount; and

further wherein at least 5% of the progressive jackpot is specifically awarded only when at least one of the three cards consisting of the two random physical playing cards in the hand on which the side bet has been provided and at least the third random physical playing card has a bonus indicator distinct from standard rank and suit indicators on standard playing cards in addition to rank and suit of the playing cards, and which indicators are also necessary on more than the at least one of the three or four cards for the side bet wager to win 100% of the jackpot, and wherein there are at least three playing cards of consecutive rank and of the same suit in the non-standard set of playing cards having the bonus indicators thereon and wherein only one occurrence of the non-standard set of playing cards

having the at least three consecutive ranks of the same indicators thereon.

THE REJECTION ON APPEAL³

Claims 1–23 (all the claims) are rejected under 35 U.S.C. § 101 because the claimed invention is directed to ineligible subject matter.

ANALYSIS

Appellant argues all the claims (i.e., claims 1–23) together (*see* App. Br. 24–57) and also presents overlapping arguments directed to other claim groupings (*see* App. Br. 38, 52–56). We select claim 1 for review, with the remaining claims standing or falling therewith. *See* 37 C.F.R. § 41.37(c)(1)(iv).

THE EXAMINER'S REJECTION

The Examiner addressed claim 1 stating that it pertains to “a method of wagering (i.e., a process).” Final Act. 4. Thus, and as per “Step 1” of the “Two-Part Analysis” that “examiners must perform,” claim 1 is deemed to be “directed to a process, machine, manufacture or composition of matter.” Final Act. 3–4. Next, “it must be determined whether the claimed invention is ‘directed to’ a judicially recognized exception.” Final Act. 4. On this point, the Examiner states, “Claim[] 1 encompass[es] a method of playing a card game” and the Examiner replicates claim 1 underlining the limitations which, according to the Examiner, “encompass the abstract idea.” Final Act.

³ The Examiner’s rejection of claims 1–23 (i.e., all the claims) as being indefinite has been withdrawn. *See* Ans. 2. The Examiner also withdrew the “[o]bjection to the specification under 35 U.S.C. [§] 132(a) because it introduces new matter into the disclosure.” Ans. 2.

4–6. We do not replicate this annotated claim 1 here, but the Examiner states that limitations to “other than the abstract idea” include “non-standard playing cards, displays, a display screen, input devices, electronic input devices, processors, . . . gaming machine, . . . [and] electromechanical devices.” Final Act. 8 (not listing devices related to other claims). Thus, other than the above noted exceptions, the reminder of claim 1 is deemed to “encompass the abstract idea,” referencing *Alice*,⁴ *In re Smith*,⁵ *Planet Bingo*,⁶ and *Bilski*⁷ as support. See Final Act. 6–7. Specifically, “[t]he claimed abstract idea reproduced above is effectively a method of exchanging and resolving financial obligations between a players and/or operator and/or a gaming machine based on probabilities created during the game (see *Smith* and *Alice*.)” Final Act. 7 (also discussing *Planet Bingo* and *Bilski*). Consequently, the Examiner determined claim 1 “is directed to the judicially recognized exception of an abstract idea.” Final Act. 7.

Proceeding next to “Step 2B,” the Examiner states, “if the claim encompasses a judicially recognized exception, it must be determined whether the claimed invention recites additional elements that amount to significantly more than the judicial exception.” Final Act. 7–8. Here, the Examiner identified what is considered to be “significantly more than the judicial exception” (*see supra*) stating that while these “additional features are numerous, they comprise only ‘conventional steps, specified at a high level of generality,’ which is insufficient to supply an ‘inventive concept.’”

⁴ *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 573 U.S. 208 (2014).

⁵ *In re Smith*, 815 F.3d 816 (Fed. Cir. 2016).

⁶ *Planet Bingo, LLC v. VKGS LLC*, 576 F. App’x. 1005 (Fed. Cir. 2014).

⁷ *Bilski v. Kappos*, 561 U.S. 593 (2010).

Final Act. 8 (referencing *Ultramercial*,⁸ *Bilski*, and *Mayo*⁹). Thus, the Examiner states, “[v]iewed as a whole, these additional claim element(s) do not provide meaningful limitation(s) to transform the abstract idea into a patent eligible application of the abstract idea such that the claim(s) amounts to significantly more than the abstract idea itself.” Final Act. 8. The Examiner thus concludes, “the claim(s) are rejected under 35 U.S.C. [§] 101.” Final Act. 8–9.

APPLICABLE 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 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*, 573 U.S. at 216.

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*. *Id.* at 217–18 (citing *Mayo*, 566 U.S. at 75–77). In accordance with that framework, we first determine what concept the claim is “directed to.” *See Alice*, 573 U.S. 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*, 561 U.S. at 611 (“Claims 1 and 4 in petitioners’ application explain the basic concept of hedging, or protecting against risk.”).

⁸ *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 715 (Fed. Cir. 2014).

⁹ *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, (2012).

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, 69 (1972)). Concepts determined to be patent eligible include physical and chemical processes, such as “molding rubber products” (*Diamond v. Diehr*, 450 U.S. 175, 192 (1981)); “tanning, dyeing, making waterproof cloth, vulcanizing India rubber, smelting ores” (*id.* at 184 n.7 (quoting *Corning v. Burden*, 56 U.S. 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 (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.* (quoting *Mayo*, 566 U.S. at 77).

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* (“Memorandum”). Under that Memorandum, 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)¹⁰;
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 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 Memorandum.

CLAIM 1

Judicial Exception

As indicated above, the Examiner determined that claim 1 is directed to a judicial exception, and more particularly, to (a) “a fundamental economic practice (e.g., a wagering game . . .) as discussed in *Alice* . . . and *In re Smith*;” (b) “rules for conducting a wagering game as discussed in *In re Smith*;” (c) “a method of managing a game (e.g., a card game)” similar to

¹⁰ This language encompasses the holding of *In re Smith* (cited by the Examiner, *see supra*) whose claims were rejected by our reviewing court because they were “drawn to the abstract idea of rules for a wagering game.” *In re Smith*, 815 F.3d at 820. This case is instrumental in our analysis below.

Planet Bingo; and, (d) “a method or organizing human activities” as discussed in *Bilski* and *Alice*. Final Act. 6–7. *See also* Memorandum. The Examiner thus determined that claim 1 “describe[s] rules for conducting or managing” and as such, “the claim is directed to the judicially recognized exception of an abstract idea.” Final Act. 7.

Appellant disagrees and, among the various arguments made (see below), references multiple Declarations and a “neutral survey” in the Appeal Brief. *See* App. Br. 50–51. These documents were prepared for a different case (“These Declarations were originally submitted in US Patent Application Serial No. 14/611,174”) but were referenced by Appellant in this case as well. App. Br. 50; *see also* Amendment dated October 7, 2017, pages 38, 39. The Examiner responded, “[r]egarding the Applicant arguments found on pages 23–39” of Appellant’s above amendment, “these arguments have been reviewed at length” but that they do not address “the particulars of the claims at issue.” Final Act. 11–12.

To be clear, Appellant paraphrases the content of these Declarations as “evidence [of] the non-abstractness of the claimed subject matter.” App. Br. 50. This is because “[t]he claims recite the use of physical playing cards, physical randomization, physical distribution of the playing cards and more.”¹¹ App. Br. 50. Appellant further argues that “[t]he playing cards

¹¹ Appellant describes the survey results as evidence of “the fact that the playing cards themselves were of such a standard and common commodity as to establish them as concrete articles and not as abstract ideas.” App. Br. 51. Similar statements can also be found in each of the Declarations. *See, e.g.*, Dunn Declaration ¶ 3(a)(ii); Yoseloff Declaration ¶ 3(a)(ii); Hwang Declaration ¶ 3(a)(iv).

themselves . . . render[] the events a concrete method.” App. Br. 37; *see also id.* at 47; Reply Br. 2–3.

The Examiner is not disputing the concreteness of playing cards, or even those having “a bonus indicator [thereon] distinct from standard rank and suit indicators on standard playing cards,” as recited.¹² However, the fact that claim 1 involves physical playing cards does not, in and of itself, preclude the claim from reciting an abstract idea. *See In re Smith*, 815 F.3d at 819; *see also In re Guldenaar*, 911 F.3d 1157 (Fed. Cir. 2018) (the rejection of claims directed to specially marked die was affirmed as being directed to an abstract idea). In fact, in *Guldenaar*, our reviewing court noted, “[t]he claimed methods in *Bilski* and *Alice* also recited actions that occurred in the physical world” and “[t]he same is true of the claimed method of conducting a wagering game in *Smith*.” *Guldenaar*, 911 F.3d at 1161–62 (citations omitted). In view of the above, Appellant fails to provide any persuasive reason why the Declaration or survey evidence changes this determination.

Appellant also presents contentions based on a disagreement with the state of the law concerning § 101.¹³ *See* Appeal and Reply Briefs *generally*. However, Appellant offers no explanation (but see the “special marking” discussion below) as to how claim 1 is not analogous to the claims found ineligible in *In re Smith* and *Guldenaar* under § 101. Instead, Appellant

¹² Appellant’s Specification states; “[s]pecial markings is to be interpreted broadly as any differences among images that are visually observable that can distinguish between non-special cards and the specially ‘marked’ cards.” Spec. 71:3–7.

¹³ We decline to comment on Appellant’s allegations regarding constitutional issues. *See also* Ans. 10, 12, 13.

asserts “that the USPTO has made a binding determination (which the courts have followed, cf, *In re Smith*[]).” App. Br. 33; *see also id.* at 47.

As expressed above, the judicial exceptions identified include “certain groupings of abstract ideas (i.e., mathematical concepts, certain methods of organizing human activity such as a fundamental economic practice, or mental processes).” It is our understanding that claim 1, directed to “[a] method of performing a side bet wagering event,” can be properly categorized as one of these groupings of abstract ideas, and more particularly a fundamental economic practice, which is a certain method of organizing human activity. *See Memorandum; see also In re Smith*, 815 F.3d at 818. This is because claim 1 recites such limitations as: (a) “a player position [on] a side bet wager [] determined by playing cards” dealt; (b) “providing two random playing cards . . .;” (c) “determining the spread between the two random playing cards . . .;” (d) “determining whether the side bet has been lost because of a spread of zero . . .;” (e) “upon determining that there is a spread in excess of zero . . .;” (f) “determining if [a] third playing card is within or not within the spread;” and, (g) “resolving the side bet wager.” These limitations are reasonably, as expressed by our reviewing court, “directed to rules for conducting a wagering game” and “compare to other ‘fundamental economic practice[s]’ found abstract by the Supreme Court.” *In re Smith*, 815, F.3d at 818.

For at least these reasons, we are not apprised of error in the Examiner’s determination that claims 1–23 are directed to a judicial exception. *See Final Act. 7.*

Something More

Following Office guidance, we are instructed next to determine whether the claim recites “additional elements that integrate the judicial exception into a practical application (*see* MPEP § 2106.05(a)–(c), (e)–(h))” and, if not, whether the claim adds a specific limitation beyond the judicial exception that is not “well-understood, routine, conventional” in the field or, instead, “simply appends well-understood, routine, conventional activities previously known to the industry, specified at a high level of generality, to the judicial exception.” *See* Memorandum.

On this point, and as addressed above, the Examiner states that limitations to things “other than the abstract idea” include “non-standard playing cards, displays, a display screen, input devices, electronic input devices, processors, . . . gaming machine, . . . [and] electromechanical devices.” Final Act. 8. Appellant does not challenge this characterization by the Examiner and, further, Appellant’s Specification describes such structure using only generic terminology and descriptions. *See, e.g.,* Spec. 71:3–7 (specially marked cards); 37:1–10, 40:3–6 (display); 28:4–7, 52:8–13 (input device), 33:9–17 (processor and gaming device).

Specific to Appellant’s recitation to “a bonus indicator distinct from standard rank and suit indicators on standard playing cards,” we undertake an investigation into whether the addition of a marking on some of the cards for bonus purposes renders these playing cards “a new or original deck of cards” that may potentially survive step two of *Alice*. *In re Smith*, 815 F.3d at 819; *see also* App. Br. 24. Appellant contends that the Examiner’s position that “the **specifically recited special marking on 3-4 cards in a**

multi-deck set of cards was not sufficient ‘something more’ under *Alice*” “is factually unwarranted.”¹⁴ App. Br. 24; *see also* Reply Br. 6.

First, there is no indication that the marking has to be of any particular size, shape, color, appearance, manifestation, image, texture, or the like, only that the selected cards have a special marking thereon. Spec. 71:3–7. When our reviewing court has addressed markings in general (as in the present case), we have been instructed that “[t]his court has generally found printed matter to fall outside the scope of § 101.” *AstraZeneca LP v. Apotex, Inc.*, 633 F.3d 1042, 1064 (Fed. Cir. 2010) (referencing *In re Chatfield*, 545 F.2d 152, 157 (CCPA 1976)). The exception is in the event “the printed matter is functionally related to the substrate on which the printed matter is applied.” *Praxair Distrib., Inc. v. Mallinckrodt Hosp. Prod. IP Ltd.*, 890 F.3d 1024, 1031 (Fed. Cir. 2018) (referencing *In re DiStefano*, 808 F.3d 845, 848 (Fed. Cir. 2015)); *see also* MPEP §2111.05. The question then becomes whether Appellant’s marking on a card is functionally related to the substrate of the card itself.¹⁵ Appellant alleges such functionality, but via the information such marking conveys, i.e., consistent with the language of

¹⁴ Appellant contends, “[i]t is incomprehensible that the unexpected novel and unobvious change in 3-4 cards that has orders of magnitude impacts on gaming events can be judged as not sufficient ‘something more’ to overcome the rejection of claims as an abstract idea.” App. Br. 25; *see also id.* at 53. Further, Appellant contends that these special markings “answers a long-felt need, and does so by a measurable degree of accomplishment between 500% and 10,000%.” Reply Br. 2; *see also id.* at 5–7. However, as understood, the resulting improvement addresses the degree of jackpot attained; not that winning a (large) jackpot is unknown or unconventional. *See also* Ans. 9.

¹⁵ *See In re Guldenaar*, 911 F.3d 1157, 1161 (Fed. Cir. 2018) for a similar investigation into the markings on dice. *See also* MPEP § 2111.05(I)(B).

claim 1 that the card's marking is indicative of whether, and to what degree, a progressive jackpot is involved. *See* App. Br. 25, 53; *see also* Reply Br. 2, 5, 6. Hence, Appellant's marking is only used to convey information about the possible existence, and extent, of a progressive jackpot. On this point, we have been informed that "[i]nformation as such is an intangible" and that displaying information, "without more . . . is abstract." *Elec. Power Grp. v. Alstom S.A.*, 830 F.3d 1350, 1353, 1354 (Fed. Cir. 2016); *see also Digitech Image Techs., LLC v. Elecs. for Imaging, Inc.*, 758 F.3d 1344, 1350 (Fed. Cir. 2014) ("Data in its ethereal, non-physical form is simply information that does not fall under any of the categories of eligible subject matter under section 101").

SUMMATION

Accordingly, and in view of the above, we agree with the Examiner's conclusion that "the claim(s) are [properly] rejected under 35 U.S.C. [§] 101 as being directed to non-statutory subject matter." Final Act. 8–9. In short, claim 1 does not integrate the judicial exception into a practical application or add a specific limitation beyond the judicial exception that is not "well-understood, routine, conventional" in the field sufficient to transform the claim into eligible subject matter. *See In re Smith*, 815 F.3d at 819. Thus, we determine that claims 1–23 of the pending application are ineligible under § 101.

We sustain the Examiner's rejection of claims 1–23.

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DECISION

The Examiner's rejection of claims 1–23 under 35 U.S.C. § 101 as being directed to ineligible subject matter 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). *See* 37 C.F.R. § 1.136(a)(1)(iv).

AFFIRMED