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INNOVATION DIVISION
CANTOR FITZGERALD, L.P.
110 EAST 59TH STREET (6TH FLOOR)
NEW YORK, NY 10022

EXAMINER
KAZIMI, HANI M

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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte PHILLIP FLAHERTY

Appeal 2019-000827
Application 13/796,810
Technology Center 3600

Before KARL D. EASTHOM, ADAM J. PYONIN, and AMBER L. HAGY, *Administrative Patent Judges.*

EASTHOM, *Administrative Patent Judge.*

DECISION ON APPEAL

I. STATEMENT OF THE CASE

Pursuant to 35 U.S.C. § 134(a), Appellant[1] appeals from the Examiner's decision rejecting claims 26–35 and 37 in a Final Office Action. Final Act. 1. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

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[1] "Appellant" here includes "applicant" as defined in 37 C.F.R. § 1.42(a). Appellant identifies the real party in interest as CFPH, LLC. Appeal Br. 2.

II. DISCLOSED AND CLAIMED SUBJECT MATTER

The Specification describes a computer system for "reporting and reconciling taxable events and liabilities" (Spec. ¶ 1) for people playing "games of chance, casino games, horse or dog racing, sports betting, slot machine betting, bingo, card games, roulette, lotto, etc." (*id.* ¶ 10). Based on the player's winnings (*id.* ¶¶ 9–10), the system "prepare[s] a tax or information return or other tax filing," using "a computer system that records, transmits, transfers, or organizes data related to such filing" (*id.* ¶ 1).

Independent claim 26 reproduced below, illustrates the claimed subject matter:

> 26. A method comprising:
>
> receiving, into a memory of a computer gaming system, a specification of tax treaties among a plurality of horizontally-related tax jurisdictions of players and gaming operators;
>
> computing, by a processor of the computer gaming system, that a player has won an amount above a threshold amount in which the amount won is taxable at two different tax rates in at least two respective ones of the plurality of horizontally-related tax jurisdictions;
>
> transmitting, by the processor to a remote device, a request for the player to provide tax related identification information, in which the remote device and the processor are in electronic communication over a network;
>
> transmitting, by the processor, a request for the player's electronic signature on at least one tax-related paperwork;
>
> receiving, by the processor, the tax-related identification information and the player's electronic signature;
>
> based on the tax-related identification information received and the specification of tax treaties, computing, by the processor, a taxable amount owed by the player;

withholding, by the processor, the taxable amount from the amount won by the player.

III. OPINION

The Examiner rejects claims 26–35 and 37 for reciting "patent-ineligible" subject matter. Final Act. 3–5. Appellant presents arguments directed to no particular claim, but recites claim 26 as exemplary. *See* Appeal Br. 2–7. Accordingly, claim 26 represents the claims on appeal.

A patent-eligible invention must claim a "new and useful process, machine, manufacture, or composition of matter." 35 U.S.C. § 101. However, the Supreme Court, in a long line of precedent, interprets 35 U.S.C. § 101 to include implicit exceptions to statutory subject matter: "[l]aws of nature, natural phenomena, and abstract ideas." *See, 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, the Court's two-step framework, described in *Mayo* and *Alice*, frames the analysis. *Id.* at 217–18 (citing *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 75–77 (2012)). The framework first requires determining 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 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, 69 (1972)).

If the claim is "directed to" an abstract idea, the second step of the *Alice* and *Mayo* framework requires "examin[ing] 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). "[M]erely requir[ing] generic computer implementation[] fail[s] to transform that abstract idea into a patent-eligible invention." *Id.*

The PTO recently published revised guidance on the application of § 101. USPTO's January 7, 2019, Memorandum, *2019 Revised Patent Subject Matter Eligibility Guidance*, 84 Fed. Reg. 50 ("*Guidance*"). Under Step 2A of the *Guidance*, PTO judges and examiners must determine (1) if the claims recite any judicial exceptions, i.e., a law of nature, a natural phenomenon, or an abstract idea (mathematical concepts, certain methods of organizing human activity such as a fundamental economic practice, or mental processes) (Prong 1); and (2) if the claims, as a whole, include additional elements that integrate the judicial exception into a practical application (*see* MPEP § 2106.05(a)–(c), (e)–(h)) (Prong 2). *Id.* at 52–54.

Furthermore, under Prong 1, the *Guidance* "extracts and synthesizes key concepts identified by the courts as abstract ideas to explain that the abstract idea exception includes the following groupings of subject matter,

when recited as such in a claim limitation(s) (that is, when recited on their own or per se)":

> (a) Mathematical concepts—mathematical relationships, mathematical formulas or equations, mathematical calculations;
>
> (b) Certain methods of organizing human activity—fundamental economic principles or practices (including hedging, insurance, mitigating risk); commercial or legal interactions (including agreements in the form of contracts; legal obligations; advertising, marketing or sales activities or behaviors; business relations); managing personal behavior or relationships or interactions between people (including social activities, teaching, and following rules or instructions); and
>
> (c) Mental processes—concepts performed in the human mind (including an observation, evaluation, judgment, opinion).

Id. at 52 (footnotes omitted).

Under Step 2B of the *Guidance*, only if a claim recites a judicial exception and does not recite additional elements that integrate the judicial exception into a practical idea, then PTO examiners and judges investigate whether the claim

> [a]dds a specific limitation or combination of limitations that are not well-understood, routine, conventional activity in the field, which is indicative that an inventive concept may be present; or
>
> simply appends well-understood routine, conventional activities previously known to the industry, specified at a high level of generality, to the judicial exception, which is indicative that an inventive concept may not be present.

Id. at 56 (bullet points omitted).

Guidance, Step 2A, Prong 1

The Examiner contends the claims recite an abstract idea of "reporting and reconciling taxable events and liabilities." Office Action 3.[2] The Examiner explains "[t]he concept of reporting and reconciling taxable events and liabilities as recited in the claim can be performed by using a 'processor' and is similar to the kind of 'organizing human activity' at issue in [*Alice*]." *Id*. The Examiner further explains

> the abstract idea of reporting and reconciling taxable events and liabilities is similar to the abstract idea of managing risk (hedging) during consumer transactions (Bilski), creating a contractual relationship (buySAFE), managing a game of Bingo (Planet Bingo) and allowing players to purchase additional objects during a game (Gametek). Claim 1 therefore is directed to an abstract idea.

Id. (citing, *inter alia*, *Buysafe, Inc. v. Google, Inc.*, 765 F.3d 1350, 1355 (Fed. Cir. 2014) (holding as abstract, claims directed to "creating a contractual relationship—a 'transaction performance guaranty'"); *Planet Bingo, LLC v. VKGS LLC*, 576 F. App'x 1005, 1007–08 (Fed. Cir. 2014) (determining that methods of managing a game of bingo were directed to abstract ideas)). The record supports the Examiner's determination that claim 26 recites limitations directed to organizing human activity, namely a fundamental economic practice of reporting and reconciling taxable events and liabilities based on income generated by gambling. Under the *Guidance*, certain methods of organizing human activity, including a

[2] The Final Office Action refers to this previous Office Action (mailed June 16, 2017). *See* Final Act. 5 ("As mentioned in the previous office action . . . .").

fundamental economic practice, represent an abstract idea. *See Guidance*, 84 Fed. Reg. at 52.

Claim 26 recites several limitations directed to procedures and computations performed by an accountant and individuals to determine taxes owed and to satisfy taxing authorities, a fundamental economic practice. For example, claim 26 recites "receiving . . . a specification of tax treaties among a plurality of horizontally-related tax jurisdictions of players and gaming operators," "computing . . . that a player has won an amount above a threshold amount in which the amount won is taxable at two different tax rates in at least two respective ones of the plurality of horizontally-related tax jurisdictions," "transmitting . . . a request for the player to provide tax related identification information," "transmitting . . . a request for the player's . . . signature on at least one tax-related paperwork," "receiving . . . the tax-related identification information and the player's electronic signature," "based on the tax-related identification information received and the specification of tax treaties, computing . . . a taxable amount owed by the player," and "withholding . . . the taxable amount from the amount won by the player." Accordingly, the Examiner shows that the above steps, and claim 26 as a whole, recite an abstract idea in the form of a certain method of organizing human activity, i.e., the fundamental economic practice of reporting and reconciling taxable events and liabilities based on income generated by gambling.

In addition to raising the abstract recitation of "'organizing human activity,' at issue in *Alice*," *Planet Bingo*, 576 F. App'x 1008, the Examiner's citation to *Planet Bingo* raises the issue of reciting mental processes. *See id.* at 1007–08 ("Claim 7 . . . for example, recites the steps of

selecting, storing, and retrieving two sets of numbers, assigning a player identifier and a control number, and then comparing a winning set of bingo numbers with a selected set of bingo numbers. Like the claims at issue in *Benson*, not only can these steps be 'carried out in existing computers long in use,' but they also can be 'done mentally.") (quoting *Benson*, 409 U.S. at 67)).

In other words, similar to the claims in *Planet Bingo* and *Benson*, claim 26 includes steps that reasonably can be performed by a human. For example, by using accounting evaluation techniques, an accountant or bookkeeper can perform the following steps recited in claim 26: "receiv[e] tax treaties," "comput[e] that a player has won an amount above a threshold amount in which the amount won is taxable at two different tax rates in at least two respective ones of the plurality of horizontally-related tax jurisdictions," "request . . . the player to provide tax related identification information," "request . . . the player's . . . signature on at least one tax-related paperwork," "receiv[e] . . . the tax-related identification information and the player's . . . signature," and "withhold[ ] . . . the taxable amount from the amount won by the player." Under the *Guidance*, "mental processes—concepts performed in the human mind (including an observation, evaluation, judgment, opinion)" also constitute an abstract idea. *See Guidance*, 84 Fed. Reg. at 52. Accordingly, the Examiner shows that the above recitations, and the claim as a whole, recite an abstract idea involving mental processes.

Appellant contends the Examiner "fails to make a prima facie showing of abstractness." Appeal Br. 5. According to Appellant, the Examiner "has failed to identify any similar cases to [the] claims," and the

Examiner "cites numerous cases, but none of them relate to the abstract idea alleged or [the] claims." *Id.* As Appellant indicates, the Examiner relies upon and cites several cases in the noted prior Office Action (*supra* note 2) and the Final Action to support the determination that the claims recite an abstract idea:

> Nothing in the claims, understood in light of the specification, requires anything other than off-the-shelf, conventional computer, network, and database technology. The Courts have repeatedly held that such invocations of computers and networks that are not even arguably inventive are "insufficient to pass the test of an inventive concept in the application" of an abstract idea. *buySAFE*, 765 F.3d at 1353, 1355; *see, e.g.*, *Mortg. Grader, Inc. v. First Choice Loan Servs. Inc.*, 811 F.3d 1314, 1324–25 (Fed. Cir. 2016); *Intellectual Ventures I LLC v. Capital One Bank* (USA), 792 F.3d 1363, 1370 (Fed. Cir. 2015); *Internet Patents*, 790 F.3d at 1348–49; *Content Extraction*, 776 F.3d at 1347–48.

Final Act. 10.

Appellant does not address these cases cited by the Examiner as related to the claims here and fails to show any meaningful difference between the abstract ideas involved in those cases and here. *See* Appeal Br. 2–7. Appellant does not dispute with sufficient argument or evidence that reporting and withholding taxes for income, including for gambling activities, has long been prevalent as a fundamental economic practice, and recites steps directed to mental processes. Accordingly, Appellant's arguments fail to show error in the Examiner's determination.

Guidance, Step 2A, Prong 2

In determining whether the claims are "directed to" the identified abstract idea, the PTO considers whether the claims recite "additional elements" beyond the abstract idea that integrate the judicial exception into a

practical application. *See Guidance*, 84 Fed. Reg. at 54–55.[3] The Examiner contends that "[t]he claims do not include additional elements that are sufficient to amount to significantly more than the judicial exception because the additional elements are generic computer components claimed to perform their basic functions of retrieving and processing data (by the processor)." Final Act. 5.

The Examiner describes the generic functions of the claimed processor as follows:

> The additional elements include a processor. The processor carries out the functions of computing that a player has on an amount above a threshold amount; transmitting a request for the player to provide tax-related identification information; transmitting a request for the player's electronic signature on at least one tax-related paperwork; receiving the tax-related identification information and the player's electronic signature; computing a taxable amount owed by the player; and withholding the taxable amount from the amount won by the player. The processor is a general purpose processor . . . that performs general purpose functions of receiving data, managing and processing data and communicating with another system . . . . The recitation of the claimed limitations amounts to mere instructions to implement the abstract idea on a computer. Taking the additional elements individually and in combination, each step of the process performs purely generic computer functions. As such, there is no inventive concept sufficient to transform the claimed subject matter into a patent-eligible application. The claim does not amount to significantly more than the abstract idea itself. The claims do not include additional elements that are sufficient to amount to significantly more than the judicial exception because the additional elements are simply

[3] We acknowledge that some of the considerations at Step 2A, prong two, properly may be evaluated under Step 2 of *Alice* (Step 2B of the *Guidance*). *See* 84 Fed. Reg. at 55 n.25, 27–32.

> a generic recitation of a computer processor performing its generic computer functions. Accordingly, claims are ineligible.

Final Act. 5–6 (citing Specification).

The Examiner also describes the whole claimed process as a "generic computer process" and contends that using the claimed "memory" and "processor" "to receive, compute and transmit data in order to report and reconcile taxable events and liabilities does not make it less abstract." Final Act. 6. Appellant does not dispute with evidence or persuasive argument that claim 26 recites generic computer components arranged in a functionally generic manner. Appellant argues "there is no evidence of record that the arrangement of elements is conventional or generic." Appeal Br. 7. Appellant also argues that "the Office Action's reliance on some of the claim elements possibly being performed using generic computer components or generic computer functions is not sufficient to raise a prima facie showing of unpatentability." *Id.*

These conclusory arguments do not upset the Examiner's showing. As the Examiner determines, in addition to reciting the abstract idea, claim 26 recites highly general data gathering and computing steps by a generic processor and memory. For example, it recites "receiving, into a memory of a computer gaming system, a specification of tax treaties among a plurality of horizontally-related tax jurisdictions of players and gaming operators." This receiving step involves generic data gathering steps and storage in a memory of "tax treaties." The next-listed step, "computing, by a processor of the computer gaming system, that a player has won an amount above a threshold amount in which the amount won is taxable at two different tax rates in at least two respective ones of the plurality of horizontally-related tax jurisdictions," involves a simple general computation step, comparing

winnings with a threshold combined with the simple idea that different jurisdictions may tax the winnings at different rates. The next-listed step, "transmitting, by the processor to a remote device, a request for the player to provide tax-related identification information, in which the remote device and the processor are in electronic communication over a network," involves a simple and general transmission of a request for "tax-related identification information." The next-listed step, "transmitting, by the processor, a request for the player's electronic signature on at least one tax-related paperwork," involves a simple and general request for more data, a "player's electronic signature." The next-listed step, "receiving, by the processor, the tax-related identification information and the player's electronic signature," involves a simple and general receiving step for the electronic signature data. The final two steps, "based on the tax-related identification information received and the specification of tax treaties, computing, by the processor, a taxable amount owed by the player," and "withholding, by the processor, the taxable amount from the amount won by the player," involve simple general computing steps, namely computing a "taxable amount" and "withholding" the amount. As the Examiner finds, the steps individually and as a whole, focus on and involve a highly general system for computing and withholding taxes of players.

The Specification further supports the Examiner's finding and reveals a high degree of generality, including "appropriately programmed general purpose computers" using "processors" receiving instructions "from a memory or like device":

> Various processes described herein may be implemented by *appropriately programmed general purpose computers*, special purpose computers and computing devices. Typically a

> processor *(e.g.*, one or more microprocessors, one or more microcontrollers, one or 5 more digital signal processors) will receive instructions *(e.g., from a memory or like device*), and execute those instructions, thereby performing one or more processes defined by those instructions.

Spec. ¶ 38 (emphases added).

The Specification also states "*[a]lgorithms other than those described* may be used." *Id.* (emphasis added). This high degree of generality described in the Specification further shows that claim 26 embraces generic computer components and functionality, as the Examiner finds.

Appellant also contends *BASCOM Global Internet Services Inc. v. AT&T Mobility LLC*, 827 F.3d 1341 (Fed. Cir. 2016) supports its position. *See* Appeal Br. 6–7 ("[T]he Federal Circuit . . . make[s] abundantly clear that the ability of implementation to occur using generic computer components and/or using generic computer functionality is not determinative of whether a claim adds significantly more to an abstract idea."). Appellant does not compare claim 26 to the claims involved in *BASCOM* other than in a general sense.

BASCOM involved claims generally directed to filtering content. 827 F.3d at 1348. Although the Federal Circuit determined the claims recited generic computer, network, and Internet components, deemed not inventive individually, the Federal Circuit found the ordered combination of the components and other limitations provided the requisite inventive concept. *Id.* at 1349–1350 ("[A]n inventive concept can be found in the non-conventional and non-generic arrangement of known, conventional pieces."). There, the patent claimed and explained how a particular arrangement of elements creates "a technical improvement over prior art ways of filtering such content." *Id.* at 1350 ("According to BASCOM, the

inventive concept harnesses this technical feature of network technology in a filtering system by associating individual accounts with their own filtering scheme and elements while locating the filtering system on an ISP server.").

Unlike in *BASCOM,* Appellant does not explain adequately how the Examiner erred in determining that claim 26 at issue here does not provide a technical improvement, but rather recites generic processor and memory involving data gathering and computation steps that an accountant or bookkeeper could have gathered and created manually.

As the Examiner recognizes as quoted above, claim 26 merely recites generic computer systems to arrive at, and withhold, a tax amount owed by a player, without reciting any improvement to computer functionality. *See* Final Act. 5–6. At most, claim 26 automates certain processes, including obtaining electronic signatures and withholding a tax amount owed by a player.

These automation steps, rooted in the fundamental economic practice of reporting and reconciling taxable events and liabilities based on income generated by gambling, do not alter the basic abstract character of claim 26. *See Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 715 (Fed Cir. 2014) (holding that claim ''describ[ing] only the abstract idea of showing an advertisement before delivering free content'' is patent ineligible); *Credit Acceptance Corp. v. Westlake Servs.*, 859 F.3d 1044, 1055 (Fed. Cir. 2017) ("Our prior cases have made clear that mere automation of manual processes using generic computers does not constitute a patentable improvement in computer technology."). Moreover, "relying on a computer to perform routine tasks more quickly or more accurately is insufficient to render a claim patent eligible." *OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359,

1363 (Fed. Cir. 2015) (citing *Alice*, 573 U.S. at 224 ("use of a computer to create electronic records, track multiple transactions, and issue simultaneous instructions" is not an inventive concept)); *Bancorp Servs., L.L.C. v. Sun Life Assur. Co. of Can. (U.S.)*, 687 F.3d 1266, 1278 (Fed. Cir. 2012) (a computer "employed only for its most basic function . . . does not impose meaningful limits on the scope of those claims").

In addition to reciting a fundamental economic practice using generic computer components and functionality as a tool as outlined above, under the *Guidance*,

> [i]f a claim, under its broadest reasonable interpretation, covers performance in the mind but for the recitation of generic computer components, then it is still in the mental processes category unless the claim cannot practically be performed in the mind. *See Intellectual Ventures I LLC v. Symantec Corp*., 838 F.3d 1307, 1318 (Fed. Cir. 2016) ("[W]ith the exception of generic computer implemented steps, there is nothing in the claims themselves that foreclose them from being performed by a human, mentally or with pen and paper."); *Mortg. Grader, Inc. v. First Choice Loan Servs. Inc.*, 811 F.3d. 1314, 1324 (Fed. Cir. 2016) (holding that computer-implemented method for "anonymous loan shopping" was an abstract idea because it could be ''performed by humans without a computer''); *Versata Dev. Grp. v. SAP Am., Inc.*, 793 F.3d 1306, 1335 (Fed. Cir. 2015) ("Courts have examined claims that required the use of a computer and still found that the underlying, patent-ineligible invention could be performed via pen and paper or in a person's mind.").

Guidance, 84 Fed. Reg. at 52 & n.4. Setting aside the generic processor and memory, with generic receiving and transmission steps recited, nothing else recited in claim 26 prevents the tax calculations and withholding steps from

being performed in the mind of an accountant with certain other steps performed manually (e.g., obtaining and receiving signatures).

Accordingly, based on the foregoing discussion, claims 26–35 and 37 recite limitations for, and are directed as a whole to, abstract ideas such including certain methods of organizing human activity and mental processes.

Guidance, Step 2B and *Alice/Mayo* Step 2

Step 2 of the *Alice/Mayo* framework and Step 2B of the *Guidance* require determining whether the claims add an inventive concept beyond the recited abstract idea. This determination involves investigating whether the claims (a) add a specific limitation or combination of limitations that are not well-understood, routine, conventional activity in the field, or (b) simply append well-understood, routine, conventional activities previously known to the industry, specified at a high level of generality, to the judicial exception. *See Guidance*, 84 Fed. Reg. at 56.

The Examiner finds claim 26 simply appends well-understood, routine, conventional activities previously known to the industry, specified at a high level of generality, to the judicial exception, as follows:

> The processor is a general purpose processor (see para [0053-0057] of the specification) that performs general purpose functions of receiving data, managing and processing data and communicating with another system *that are routine, conventional and well understood*. The recitation of the claimed limitations amounts to mere instructions to implement the abstract idea on a computer. Taking the additional elements individually and in combination, each step of the process performs purely generic computer functions. As such, there is no inventive concept sufficient to transform the claimed subject matter into a patent-eligible application.

Final Act. 5–6 (emphasis added).[4] The Examiner also finds "[u]sing a memory of a computer gaming system and a processor to receive, compute and transmit data in order to report and reconcile taxable events and liabilities does not make it less abstract." *Id.* at 6.

The Specification supports the Examiner as indicated in the previous section. Namely, it reveals a high degree of generality, including "appropriately programmed general purpose computers" using "processors" that receive instructions "from a memory or like device." Spec. ¶ 38. The Specification states "[a]lgorithms other than those described may be used." *Id.* As the Examiner determines, representative claim 26 includes, within its high level of generality, well-understood, routine, conventional activities previously known to the industry, namely routine data gathering (transmitting and receiving) steps and routine computing or comparison steps typically performed by a processor. Final Act. 5–6; Ans. 6–7. Claim 26 merely appends routine, conventional, and well-understood processor and memory functions to implement the judicial exception, a fundamental economic practice of reporting and reconciling taxable events and liabilities based on income generated by gambling. In other words, claim 26 uses the processor and memory as a tool in a conventional manner to transmit, receive and process data to implement the judicial exception, without altering the conventional functionality of the tool. Final Act. 7; Ans.

[4] The Examiner's citation to paragraphs 53–57 of the Specification appears to represent a citation to the printed publication, U.S. Pub. No. 2014/0279317 A1. The Specification as filed only contains 45 paragraphs (thirteen pages). Paragraphs 38–42 of the Specification as filed support the Examiner's findings.

7. Accordingly, claim 26 does not add an inventive concept beyond the recited abstract idea.

Appellant also contends "[t]he claims do not recite some business practice from the pre-Internet world." Appeal Br. 7. This argument does not relate to showing how claim 26 recites "additional elements" *beyond* the recited abstract idea.[5] As the Federal Circuit explained, patent law does not protect abstract ideas, "no matter how groundbreaking the advance." *SAP America, Inc. v. Investpic LLC*, 898 F.3d 1161, 1170 (Fed. Cir. 2018); *see also Mayo*, 566 U.S. at 90 (holding that a novel and nonobvious claim directed to an abstract idea does not render the claim patent-ineligible). What is necessary to impart patent eligibility for a claim that recites an abstract idea is a *specific limitation beyond the judicial exception* that is not well-understood, routine, and conventional. Similar to Appellant's arguments here, in *Ultramercial, Inc. v. Hulu LLC*, 772 F.3d. 709 (Fed. Cir. 2014), the patentee argued that a financial arrangement (a method of using advertising as an exchange or currency) distinguished from the "routine," "long prevalent," or "conventional" abstract idea in *Alice*, because it was "directed to a specific method of advertising and content distribution that was previously unknown." *Id.* at 714. The court rejected the patentee's

[5] Even if somehow Appellant's argument relates to "additional elements" beyond the abstract idea, Appellant does not explain sufficiently why claim 26, absent the generic and conventional computer functionality, and drawn to mental processes and a fundamental economic practice of reporting and reconciling taxable events and liabilities based on income generated by gambling, represents a business practice from the post-Internet world.

position that "abstract ideas remain patent-eligible under § 101 as long as they are new ideas not previously well known, and not routine activity." *Id.*

Appellant also argues "[b]ecause the claims are necessarily rooted in computer technology to overcome a problem arising in the realm of computer networks and include a non-conventional and non-generic arrangement of components that improve the performance of computer systems, the claims include significantly more than an abstract idea." Appeal Br. 7. However, Appellant does not explain how the generic computer components recited in claim 26 individually and as a whole render the claimed invention rooted in computer technology. *See id.* Appellant does not point to anything in claim 26 that supports its position. *See id.* Appellant also fails to point to any problem that claim 26 overcomes, fails to show how it requires "a non-conventional and non-generic arrangement of components," and fails to show "how it improves the performance of computer systems." *See id.*

In *FairWarning IP, LLC v. Iatric Systems, Inc.*, 839 F.3d 1089 (Fed. Cir. 2016), the patentee argued "its system allowed for the compilation and combination of . . . disparate information sources and that the patented method 'made it possible to generate a full picture of a user's activity, identity, frequency of activity, and the like in a computer environment.'" *FairWarning*, 839 F.3d at 1096–97. Dismissing the argument, the court stated

> [a]s we have explained, "merely selecting information, by content or source, for collection, analysis, and [announcement] does nothing significant to differentiate a process from ordinary mental processes, whose implicit exclusion from § 101 undergirds the information-based category of abstract ideas." *Elec. Power*, 830 F.3d at 1355. Furthermore, to the extent that

> FairWarning suggests that its claimed invention recites a technological advance relating to accessing and combining disparate information sources, its claims do not recite any such improvement. Rather, the claimed invention is directed to the broad concept of monitoring audit log data. The claims here do not propose a solution or overcome a problem "specifically arising in the realm of computer [technology]." *DDR Holdings*, 773 F.3d at 1257. At most, the claims require that these processes be executed on a generic computer. But, "after *Alice*, there can remain no doubt: recitation of generic computer limitations does not make an otherwise ineligible claim patent-eligible." *Id.* at 1256 (citing *Alice*, 134 S.Ct. at 2358).

Id. at 1097 (citing *Elec. Power Group, LLC v. Alstom S.A.*, 830 F.3d 1350 (Fed. Cir. 2016)); *see also Alice*, 573 U.S. at 224–26 (receiving, storing, sending information over networks insufficient to add an inventive concept). Here, like the "broad concept of monitoring audit log data," claim 26 is directed to the broad concept of determining and withholding a taxable amount based on income, and does not recite significantly more than this concept.

As set forth above, the additional elements in claim 26 amount to no more than mere routine instructions in a conventional processor to compute and withhold a taxable amount using a generic processor and memory. Claims 27–35 and 37 stand or fall with claim 26 as indicated above. Accordingly, Appellant does not show that the Examiner erred in rejecting claims 26–35 and 37 under 35 U.S.C. § 101.

IV. DECISION SUMMARY

Claims Rejected	35 U.S.C. §	Basis	Affirmed	Reversed
26–35, 37	101	Patent-ineligible Subject Matter	26–35, 37	

V. 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