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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte MARK A. LITMAN¹

Appeal 2019-001585
Application 14/789,995
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 1–6, 8–15, and 24–33. App. Br. 5. The Inventor/Appellant's counsel presented oral argument on March 14, 2019. We have jurisdiction under 35 U.S.C. § 6(b). For the reasons explained

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 thus proceed on the basis that, for purposes of this appeal, Mark Alan Litman is the “Appellant.”

² Appeal No. 2019-000113 pertains to Application No. 14/805,863, 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.

below, we do not find error in the Examiner's rejections of these claims. Accordingly, we AFFIRM the Examiner's rejections.

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. 1:10–12. Method claims 1, 24, 28, and 30 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 physical playing card wagering event at a gaming table comprising:
 - a) a player position providing a progressive side bet wager to be determined by physical playing cards provided to at least two positions distinguished by at least one of position and time;
 - b) providing two random physical playing cards to a first hand position defined as a SPREAD position, and providing one random physical playing card to a second hand position defined as a WEDGE card position, the SPREAD position and the WEDGE card position distinguished by at least one of physical position of delivery and time of delivery of random cards;
 - c) determining the spread between the two random playing cards in the SPREAD position 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 SPREAD position 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 physical playing cards in the SPREAD position on which the side bet wager has been placed, using the one random physical playing card in the WEDGE position as a third physical playing card to determine if the third random physical playing card is within or not within the spread; and
 - f) resolving the side bet wager against a payable which identifies odds at least dependent on the spread determined in c)

based upon the determination whether the third random physical 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 progressive jackpot is stored, incremented and decremented in an accounting processor, decrementing being based in-part upon resolution of the side bet for outcomes where percentages of a total value amount in the progressive jackpot are awarded for defined random event outcomes when the third random physical 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.

THE REJECTIONS ON APPEAL³

Claims 13 and 14 are rejected under 35 U.S.C. 112(b) as indefinite for failing to particularly point out and distinctly claim the subject matter which the inventor regards as the invention.

Claims 1–6, 8–15, and 24–33 are rejected under 35 U.S.C. § 101 because the claimed invention is directed to ineligible subject matter.

ANALYSIS

The rejection of claims 13 and 14 as being indefinite

The Examiner states that “**claims 13 and 14** recite the limitation ‘the electronic gaming system.’ There is insufficient antecedent basis for this limitation.” Final Act. 3. Appellant acknowledges that these claims have “**an identical editorial error that is obvious on its face, the use of**

³ The provisional rejection of claims 1, 11, 24, 28, and 30 on the ground of nonstatutory double patenting over copending Application No. 14/805,863 has been withdrawn. *See* Ans. 3.

‘gaming’ has been used in place of ‘wagering.’” App. Br. 14; Reply Br. 3. Appellant explains that “the error is clear on its face” and that one skilled in the art “reading the claims would understand the appropriate terms.” App. Br. 14; *see also* Reply Br. 3. Such logic is not disputed, however, the claims have not been amended to correct this lack of antecedent basis and, as such, we summarily sustain the Examiner’s rejection of claims 13 and 14 as being indefinite.

*The rejection of claims 1–6, 8–15, and 24–33
under 35 U.S.C. § 101 because the claimed invention
is directed to non-statutory subject matter*

Appellant argues all the claims (i.e., claims 1–6, 8–15, and 24–33) together (*see* App. Br. 14–36) and also presents overlapping arguments directed specifically to claims 3–6, 8–10, 13, 26, 27, 32, and 33 (*see* App. Br. 22–23, 37–38).⁴ Accordingly, we select claims 1 and 3 for review, with the remaining claims standing or falling therewith. *See* 37 C.F.R. § 41.37(c)(1)(iv).

⁴ Claims 3–6, 8–10, 26, 27, 32, and 33 are directed to playing cards have a jackpot bonus marking thereon. *See* App. Br. 37–38. For each claim, Appellant contends that because of such marking, they are directed “to patent-eligible subject matter.” App. Br. 38. These claims are grouped together below. Claim 13, on the other hand, is directed to a ticket reading and printing component and does not incorporate any such marking limitation. Appellant states, “[t]he USPTO has been allowing gaming applications . . . where this type of additional component is present,” and thus, “[t]his claim . . . should be allowed.” App. Br. 37. Claim 13 will stand or fall with parent claim 1.

The Examiner's Rejection

The Examiner addressed independent claims 1, 24, 28, and 30 stating, “[t]he recited steps tell the player and the dealer or banker what to do in response to a particular event. These steps are similar to an instruction to follow a formula or an algorithm to conduct the game and resolve the parties’ financial obligations.” Final Act. 9. Also, “when read as a whole, the independent claims 1, 24, 28 and 30 are directed to a set of rules for conducting a poker game which, for the reasons discussed above, constitutes a patent-ineligible abstract idea.” Final Act. 9. “The abstract idea may be viewed, for example, as a method of managing a game similar to that of *In re Smith*[, 815 F.3d 816] (Fed. Cir. 2016 (cert. denied)).” Final Act. 9; *see also In re Smith*, 815 F.3d at 817 (“Because the claims cover only the abstract idea of rules for playing a wagering game and use conventional steps of shuffling and dealing a standard deck of cards, we affirm [that the claims are directed to ineligible subject matter].”).

The Examiner then undertook a determination as to “whether the claims do significantly more than simply describe the judicial exception.” Final Act. 9. The Examiner reasoned that “shuffling and dealing a standard deck of cards are ‘purely conventional’ activities” and as such, “the rejected claims do not have an ‘inventive concept’ sufficient to ‘transform’ the claimed subject matter into a patent-eligible application of the abstract idea.” Final Act. 10. The Examiner summarized that “[n]othing is transformed and there do not appear to be any meaningful limitations other than those that are well-understood, routine and conventional in the field.” Final Act. 11. Hence, the Examiner concluded that, “the claim(s) are rejected under 35

U.S.C. [§] 101 as being directed to non-statutory subject matter.” Final Act.
11.

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: “[I]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).

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 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.” *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)). 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)⁵; and
- (2) additional elements that integrate the judicial exception into a practical application (*see* MPEP § 2106.05(a)–(c), (e)–(h)).

⁵ 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.

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

As indicated above, the Examiner determined that claim 1 is directed to a judicial exception, and more particularly, a set of rules for conducting a poker game similar to that of *In re Smith*; and the additional elements are not sufficient to amount to significantly more than the judicial exception. Final Act. 9–11.

Appellant disagrees and, among the various arguments made, references multiple Declarations and a “neutral survey” in the Appeal Brief. *See* App. Br. 35–36. The Examiner acknowledges “all declarations and survey results, filed 04/21/2017” but states that although they “have been fully considered,” “they are not persuasive.” Final Act. 11.

Appellant paraphrases the content of these Declarations as “evidence [of] the non-abstractness of the claimed subject matter.” App. Br. 35. This is because “[t]he claims recite the use of physical playing cards, physical

randomization, physical distribution of the playing cards and more.”⁶ App. Br. 35. Appellant further argues that “[t]he playing cards themselves . . . renders the events a concrete method.” App. Br. 21.

Claim 1 merely recites the use of “physical playing cards,” and also “two random physical playing cards.” Appellant’s Specification states, “[t]he physical decks of playing cards may be at least two standard decks of playing cards.” Spec. 6:8–9. That the claim recites conventional physical playing cards does not mean the claim does not recite an abstract idea. *See In re Smith*, 815 F.3d at 819. Appellant fails to provide any persuasive reason why the Declaration evidence changes this determination.

In addition to the above, Appellant also presents contentions based on a disagreement with the state of the law concerning § 101.⁷ *See* Appeal and Reply Briefs *generally*. However, Appellant offers no explanation as to how claim 1 is not analogous to the claims found ineligible in *In re Smith* under § 101 (which were also directed to method of conducting a wagering game). Appellant does not allege that present claim 1 differs in any meaningful way, but instead asserts “that the USPTO has made a unilateral self-binding determination (which the courts have followed, cf, *In re Smith*[]).” App. Br. 15; *see also id.* at 31.

⁶ 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. 35. 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).

⁷ We decline to comment on Appellant’s allegations regarding constitutional issues.

In view of the current body of law surrounding 35 U.S.C. § 101, we are instructed to ascertain if the claim is directed to a judicial exception, and, if so, is the judicial exception of the type such as those listed in the Memorandum. This is oftentimes referred to as step 2A, prong 1. 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 the above claim language 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) “providing two random physical playing cards . . .;” (b) “determining the spread between the two random playing cards . . .;” (c) “determining whether the side bet has been lost because of a spread of zero . . .;” (d) “upon determining that there is a spread in excess of zero . . .;” and, (e) “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, 2, 11–15, 24, 25, and 28–31 recite an abstract idea.

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, the Examiner provided assistance stating, “[t]he bold and underlined portions of claim[] 1 encompass the abstract idea” (and which is also encompassed by its dependent claims). Final Act. 9. We refrain from duplicating such bolding and underlining here and instead refer to the Examiner’s effort depicted in the Final Office action on pages 7–9 thereof. The entirety of the non-abstract language (i.e., not bolded/underlined) consists of “physical playing card,” “a gaming table,” “third physical playing card,” “an accounting processor,” and “a display screen” (and their variations). Final Act. 7–9. Appellant does not challenge this characterization by the Examiner and, further, Appellant’s Specification describes such structure using only generic terminology and descriptions. *See* Spec. 6:8–9 (“playing cards”); 35:10–13 (“gaming table”); 35:21–24 (“processor”); 39:20–25 (“display screen”).

Accordingly, and in view of the above, we are in accordance with the Examiner’s conclusion “that the rejected claims do not have an ‘inventive concept’ sufficient to ‘transform’ the claimed subject matter into a patent-eligible application of the abstract idea.” Final Act. 10. 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, 2, 11–15, 24, 25, and 28–31 of the pending application are ineligible under § 101.

Claim 3

Claim 3 ultimately depends from claim 1, but includes the additional limitation that some of the playing cards “have a marking on them identifying them as progressive bonus jackpot cards.” *See also* App. Br. 38; Reply Br. 15. Appellant addresses claim 3 based on the recitation of playing cards that “exhibit special identifying markings on them.”⁸ App. Br. 22; *see also* Reply Br. 14. Thus, we undertake an investigation into whether the addition of a marking on some of the cards for bonus jackpot 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.

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 be “specially marked.” Spec. 3:20–21, 6:10–13, 11:4–5. When our reviewing court has addressed markings in general (as in the present case), we have been instructed that “[t]his court has generally

⁸ Appellant contends that these “specially marked bonus cards” “improve the function of the underlying gaming events” because they provide “a dramatic and beneficial improvement in the direct effects on the underlying game” by enabling progressive jackpots of “500%, 1000% and even 10,000%.” Reply Br. 5–6; *see also id.* at 8, 11. Appellant states that “**SUCH A LARGE ORDER OF MAGNITUDE IN IMPROVEMENT**” is “**OVERWHELMING EVIDENCE OF . . . THE MYSTICAL ‘SOMETHING MORE.’**” Reply Br. 6; *see also id.* at 11–12. However, as understood, the resulting improvement addresses the degree of jackpot attained; not that winning a (large) jackpot is unknown or unconventional.

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.⁹ Appellant alleges such functionality, but via the information such marking conveys, i.e., consistent with the language of claim 3 that the card’s marking is indicative of whether, and to what degree, a progressive bonus jackpot is involved. *See* App. Br. 22–23; *see also* Reply Br. 6, 8, 11. Hence, Appellant’s marking is only used to convey information about the possible existence, and extent, of a progressive bonus 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”).

Hence, other than for this additional investigation into the nature of a marking on a card, we apply the same investigation of claim 1 above to the

⁹ *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).

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limitations of claim 3. Accordingly, and based on that analysis, we determine that claims 3–6, 8–10, 26, 27, 32, and 33 of the pending application are ineligible under § 101.

In summation, we agree with the Examiner that claims 1–6, 8–15, and 24–33 are directed to ineligible subject matter. Final Act. 11.

DECISION

The Examiner’s rejection of claims 13 and 14 as being indefinite is affirmed.

The Examiner’s rejection of claims 1–6, 8–15, and 24–33 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