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

EXAMINER

HALL, SHAUNA-KAY N

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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte KENNETH L. MILLER, CRAIG LIPKA, and QUINTON
SINGLETON

Appeal 2019-001662
Application 14/668,348
Technology Center 3700

Before JENNIFER D. BAHR, BRETT C. MARTIN, and LISA M. GUIJT,
Administrative Patent Judges.

MARTIN, *Administrative Patent Judge.*

DECISION ON APPEAL

STATEMENT OF THE CASE

Pursuant to 35 U.S.C. § 134(a), Appellant¹ appeals from the Examiner's decision to reject claims 1–4 and 6–9. Claim 5 was canceled during prosecution. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

¹ We use the word Appellant to refer to “applicant” as defined in 37 C.F.R. § 1.42. Appellant identifies the real party in interest as CFPH, LLC. Appeal Br. 3.

CLAIMED SUBJECT MATTER

The claims are directed to an event wagering with group and/or in run options. Claim 1, reproduced below, is illustrative of the claimed subject matter:

1. A method comprising:
 - determining, by a computing system, a first target odds for a first group of race participants;
 - determining, by the computing system, a second target odds for a second group of race participants;
 - adding, by the computing system, a favorite participant of a race to the first group;
 - adding, by the computing system, a longshot participant of the race to a third group of race participants;
 - adding, by the computing system, a first set of participants to the first group such that the collective odds of the first set combined with the favorite approximates the first target odds;
 - adding, by the computing system, a second set of participants to the second group such that the collective odds of the second set approximates the second target odds;
 - presenting, by the computing system, the first group, second group, and third group for wagering by users, in which presenting the first group, second group and third group includes presenting the first group as a red roulette option, presenting the second group as a black roulette option and presenting the third group as a green roulette option; and
 - determining, by the computing system, a winning group based on which participant of the race wins the race.

REJECTIONS

Claims 1–4 and 6–9 stand rejected under 35 U.S.C. § 101 as being directed to non-statutory subject matter. Ans. 3.

OPINION

Patent Eligibility

In issues involving subject matter eligibility, our inquiry focuses on whether the claims satisfy the two-step test set forth by the Supreme Court in *Alice Corp. v. CLS Bank Int’l*, 573 U.S. 208 (2014). The Supreme Court instructs us to “first determine whether the claims at issue are directed to a patent-ineligible concept,” *id.* at 216–18, and, in this case, the inquiry centers on whether the claims are directed to an abstract idea. If this initial condition is met, we then move to the second step, in which we “consider the elements of each claim both individually and ‘as an ordered combination’ to determine whether the additional elements ‘transform the nature of the claim’ into a patent-eligible application.” *Id.* at 217 (quoting *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 79, 78 (2012)). The Supreme Court describes the second step as a search for “an ‘inventive concept’—*i.e.*, an element or combination of elements that is ‘sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the [ineligible concept] itself.’” *Id.* (quoting *Mayo*, 566 U.S. at 72–73).

The USPTO published revised guidance on the application of § 101. *2019 Revised Patent Subject Matter Eligibility Guidance* (“Guidance”), 84 Fed. Reg. 50 (Jan. 7, 2019).² Under that guidance, we first look to whether the claim recites:

² In response to received public comments, the Office issued further guidance on October 17, 2019, clarifying the 2019 Revised Guidance. USPTO, *October 2019 Update: Subject Matter Eligibility*, https://www.uspto.gov/sites/default/files/documents/peg_oct_2019_update.pdf.

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(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, and mental processes) (“Step 2A, Prong One”); and
(2) additional elements that integrate the judicial exception into a practical application (*see* MPEP § 2106.05(a)–(c), (e)–(h) (9th ed. Rev. 08.2017, Jan. 2018)) (“Step 2A, Prong Two”).
Only if a claim (1) recites a judicial exception and (2) does not integrate that exception into a practical application, do we then look, under “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 generally Guidance.

ANALYSIS

Claim Grouping

Appellant argues the independent claims as a group for the purpose of the rejection under a judicial exception to § 101. Appeal Br. 5–7. As to this rejection, we select claim 1 as representative of the group, and the remaining independent claims stand or fall with claim 1. *See* 37 C.F.R. § 41.37(c)(1)(iv).

Examiner's Findings and Conclusion

In the first step of the *Alice* inquiry, the Examiner rejects the claims, stating that the claims are drawn to the abstract idea of “of providing rules for playing a game using conventional steps.” Ans. 7. The Examiner further explains that the claims are “essentially a method of organizing human activity” and that they are “also comparable to using an algorithm or formula to determine a particular winning player.” Ans. 8. At *Alice* step 2, the Examiner additionally determines that the claims do not add a meaningful limitation to the abstract idea so as to amount to significantly more than the judicial exception because they implement the abstract idea on generic processors that perform generic computer functions. Ans. 9.

Analysis According to the Guidance

Step One: Does Claim 1 Fall within a Statutory Category of § 101?

We first examine whether the claim recites one of the enumerated statutory classes of subject matter, i.e., process, machine, manufacture, or composition of matter, eligible for patenting under 35 U.S.C. § 101. Claim 1 is drawn to a method, which is one of the statutory classes (i.e., a manufacture) under 35 U.S.C. § 101.

Step 2A, Prong One: Does Claim 1 Recite a Judicial Exception?

We next look to whether the claim recites 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, and mental processes.

In this instance, claim 1 recites steps that amount to presenting rules for a game and/or certain methods of organizing human activity by

providing a method for a player to wager on a game. Specifically, the claim recites:

- determining, by a computing system, a first target odds for a first group of race participants;
- determining, by the computing system, a second target odds for a second group of race participants;
- adding, by the computing system, a favorite participant of a race to the first group;
- adding, by the computing system, a longshot participant of the race to a third group of race participants;
- adding, by the computing system, a first set of participants to the first group such that the collective odds of the first set combined with the favorite approximates the first target odds;
- adding, by the computing system, a second set of participants to the second group such that the collective odds of the second set approximates the second target odds;
- presenting, by the computing system, the first group, second group, and third group for wagering by users, in which presenting the first group, second group and third group includes presenting the first group as a red roulette option, presenting the second group as a black roulette option and presenting the third group as a green roulette option; and
- determining, by the computing system, a winning group based on which participant of the race wins the race.

Although these steps are claimed as being run by a computer, the activities themselves are all rules for playing a game and/or organizing human activity. We, therefore, determine that claim 1 recites at least the abstract idea of rules for playing a game and/or organizing human activity, which is a judicial exception to patent-eligible subject matter.

Step 2A, Prong Two: Does Claim 1 Recite Additional Elements that Integrate the Judicial Exception into a Practical Application?

Following our Office guidance, having found that claim 1 recites a judicial exception, we next determine whether the claim recites “additional

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elements that integrate the exception into a practical application” (*see* MPEP §§ 2106.05(a)–(c), (e)–(h)). *See* Guidance, 84 Fed. Reg. at 54. As noted above, each of the claimed steps is recited as being performed by a computer device specified at a high level of generality and, does not result in an improvement in the functioning of a computer or other technology or technological field. The recitations of the generic structures with which the recited steps are performed are merely instructions to use a generic computer system as a tool to perform the abstract idea. Thus, claim 1 does not apply, rely on, or use the abstract idea in a manner that imposes a meaningful limit on those steps. Rather, the claim is simply a drafting effort designed to monopolize the abstract idea steps of claim 1. *See* MPEP § 2106.05(f) (“Use of a computer or other machinery in its ordinary capacity for . . . tasks (*e.g.*, to receive, store, or transmit data) or simply adding a general purpose computer or computer components after the fact to an abstract idea . . . does not provide significantly more.”).

In short, the additional elements discussed above: (1) do not result in an improvement to the functioning of a computer or other technology; (2) are not any particular machine; (3) do not effect a transformation of a particular article to a different state; and (4) are not applied in any meaningful way beyond generally linking the use of the judicial exception to a particular technological environment. *See* MPEP §§ 2106.05(a)–(c), (e)–(h); Guidance, 84 Fed. Reg. at 55. Consequently, the claimed invention does not integrate the abstract idea into a “practical application.”

For these reasons, the additional elements of claim 1 do not integrate the judicial exception into a practical application. Thus, claim 1 is directed to an abstract idea, which is a judicial exception to patent-eligible subject matter under 35 U.S.C. § 101.

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Step 2B: Does Claim 1 Recite an Inventive Concept?

We next consider whether claim 1 recites any additional elements, individually or as an ordered combination, that transform the abstract idea into a patent-eligible application, e.g., provide an inventive concept. *Alice*, 573 U.S. at 217–18. Claim 1 consists wholly of steps that recite abstract ideas that are performed by a generic computer and thus does not recite any such additional elements.

According to Office guidance, under Step 2B, “examiners should . . . evaluate *the additional elements* individually and in combination . . . to determine whether they provide an inventive concept (i.e., whether the additional elements amount to significantly more than the exception itself).” *See* Guidance, 84 Fed. Reg. at 56 (emphasis added). Thus, the second step of the inquiry (Step 2B) looks at the additional elements in combination. *See BSG Tech LLC v. BuySeasons, Inc.*, 899 F.3d 1281, 1290 (Fed. Cir. 2018) (“It has been clear since *Alice* that a claimed invention’s use of the ineligible concept to which it is directed cannot supply the inventive concept that renders the invention ‘significantly more’ than that ineligible concept.”).

As noted above, the computer is invoked as a conventional tool to perform the claimed method steps. Apart from being used to perform the abstract idea itself, the generic computer system components only serve to perform well-understood determining, adding, presenting, etc.). *See FairWarning IP, LLC v. Iatric Sys., Inc.*, 839 F.3d 1089, 1096 (Fed. Cir. 2016) (“[T]he use of generic computer elements like a microprocessor or user interface do not alone transform an otherwise abstract idea into patent-eligible subject matter.”). In our view, claim 1 fails to add a specific limitation beyond the judicial exception that is not “well-understood, routine, conventional” in the field, but instead “simply appends well-

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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. That is, claim 1 is not directed to a specific application designed to achieve an improved technological result, as opposed to being directed to merely ordinary functionality of the above-recited additional elements to apply an abstract idea. For the reasons discussed above, we find no additional element, alone or in combination, recited in claim 1 that contains any “inventive concept” or adds anything “significantly more” to transform the abstract concept into a patent-eligible application. See *Alice*, 573 U.S. at 221.

Appellant’s Contentions

Appellant asserts that the Examiner “fails to identify any abstract idea to which the claims are allegedly directed” and rather “the Office Action recites the claim limitations.” Appeal Br. 6. This argument does not acknowledge that the Examiner does specifically state that the claims merely present rules for playing a game and/or organizing human activity, which is a proper identification of the abstract idea. Appellant also asserts that the Examiner “does not cite similar precedential cases as required by PTO examination guidelines” as well as that “[n]one of *Smith*, *Alice* or *Bilski* include similar claims to those presented here.” *Id.* Appellant, however, offers no explanation as to why the claims are dissimilar to the cases cited by the Examiner. We agree with the Examiner that the claims are directed to rules for playing a game, similar to *In re Smith*, 815 F.3d 816 (Fed. Cir. 2016), using an algorithm to determine a particular winning player as in *Ex parte Wong*, 12030393 (PTAB Feb. 29, 2016) , and organizing human activities as described in *Bilski* and *Alice*. Ans. 7, 11–12.

Appellant also asserts that “any issues of abstract ideas should be mooted given the absence of prior art rejections.” Appeal Br. 6. The Examiner, however, is correct that “[a] novel abstract idea is still an abstract idea, and any novelty of a judicial exception cannot serve as the basis for patent-eligibility.” Ans. 12 (citing *Genetic Technologies Limited v. Merial L.L.C.* (Fed. Cir. 2016)). The lack of a prior art rejection does not automatically transform the claims into eligible subject matter.

In the Reply Brief, Appellant changes focus to the Examiner’s finding that the claims are drawn to financial transactions and that this amounts to “overgeneralizing the claimed subject matter and ignoring the claimed operations.” Reply Br. 2. As noted above, however, the Examiner does not rely solely on the finding that the claims represent a financial transaction. The Examiner bases the rejection on the premise that the claims merely present rules for playing a game and thus are tantamount to organizing human activity. The Examiner’s original rejection properly addresses the claim language and explains why the claims overall are directed to an abstract idea. We do not find that the Examiner’s additional discussion of financial transactions alters the rejection as it was originally described in the Final Rejection and re-presented in the Answer. Accordingly, we sustain the Examiner’s rejection.

CONCLUSION

The Examiner’s rejection is **AFFIRMED**.

More specifically,

DECISION SUMMARY

Claims Rejected	35 U.S.C. §	Reference(s)/Basis	Affirmed	Reversed
1-4, 6-9	101	Eligibility	1-4, 6-9	
Overall Outcome:			1-4, 6-9	

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