

2015 WL 6122110 (Patent Tr. & App. Bd.)

Patent Trial and Appeal Board

Patent and Trademark Office (P.T.O.)

EX PARTE JEFFREY A. SEDER

Appeal 2013-000781

[Application 13/292,571](#)

Technology Center 3600

September 14, 2015

*1 Before [JENNIFER D. BAHR](#), LISA M. GUIJT, and ERIC C. JESCHKE
Administrative Patent Judges
JESCHKE
Administrative Patent Judge

DECISION ON APPEAL

STATEMENT OF THE CASE

Jeffrey A. Seder (Appellant) seeks review, under [35 U.S.C. § 134\(a\)](#), of the Examiner's decision to reject claims 1-25 under [35 U.S.C. § 101](#). We have jurisdiction under [35 U.S.C. § 6\(b\)](#).

We AFFIRM the rejection of claims 1-25, and we designate the affirmance as to claim 7 as a NEW GROUND OF REJECTION under [37 C.F.R. § 41.50\(b\)](#).

CLAIMED SUBJECT MATTER

The claimed subject matter “is directed to methods for screening candidate racehorses, and improving the likelihood of selecting a candidate that will become a successful racehorse.” Spec. ¶ 2. Claim 1 is the sole independent claim. That claim, reproduced below with emphasis added, is illustrative of the subject matter on appeal:

1. A method of selecting an unraced racehorse candidate having a better than average likelihood of becoming a high earner, said method comprising:

(i) measuring the width of the ventricular septal wall of said racehorse candidate *utilizing an ultrasound machine*;

(ii) comparing said measurement to a collection of ultrasonographically-obtained measurements from a group of horses, wherein said collection of measurements comprises ventricular septal wall width measurements for at least about 75 horses of about the same age, sex, and weight as said racehorse candidate; and

(iii) selecting said racehorse candidate if it has an ultrasonographically-obtained ventricular septal wall width measurement that is greater than the mean ultrasonographically-obtained ventricular septal wall width measurement from said collection of measurements.

REJECTION ON APPEAL

Claims 1-25 are rejected under [35 U.S.C. § 101](#) as directed to patent-ineligible subject matter.

ANALYSIS

*Arguments Regarding Independent**Claim 1 (and Claims 2-25)*¹

A. The Rejection

The Examiner states that “[c]laims 1-25 are rejected under [35 U.S.C. \[§\] 101](#) because the claimed invention is directed to non-statutory subject matter.” Ans. 3. In addition, the Examiner states that “[c]laim 1 is not a patent eligible process/method claim in that it is not tied to another statutory class of invention in that no other statutory class of invention is positively recited in the claim and further the claim does not disclose transforming subject matter to another state or thing.” *Id.*

B. Appellant's Positions

*2 First, Appellant contends that “because claim 1 recites ‘utilizing an ultrasound machine’ to ‘measure[] the width of the ventricular septal wall of [a] racehorse candidate,’ the claim is consequently tied to the use of an ultrasound machine.” Appeal Br. 5. According to Appellant, claim 1 is directed to patent-eligible subject matter because, under *Bilski v. Kappos*, 130 S. Ct. 3218, 3225-27 (2010), “a process claim that is ‘tied to a particular machine or apparatus’ is patent-eligible subject matter.” Appeal Br. 7. Appellant contends that “the fact that the method recited in the claim is effected with an ultrasound machine underscores that the claimed methods are patent[el]igible, as it is the ultrasound machine that enables performance of the claimed methods.” *Id.* at 8 (citing *SiRF Tech., Inc. v. Int’l Trade Comm’n*, 601 F.3d 1319, 1333 (Fed. Cir. 2010)).

Second, relying on *Arrhythmia Research Technology v. Corazonix Corp.*, 958 F.2d 1053 (Fed. Cir. 1992), Appellant argues that claim 1 is directed to patent-eligible subject matter because “the ultrasound signals emitted from the ultrasound machine of claim 1 are . . . transformed into distance information so as to provide the user with a measurement of the ventricular septal wall, paralleling the patent-eligible subject matter in *Arr[h]ythmia*.” Appeal Br. 8.

Third, Appellant argues that claim 1 is directed to patent-eligible subject matter because, “[l]ike the patent-eligible claims in *In re Abele*, 684 F.2d 902 (CCPA 1982), [A]ppellant’s pending claims recite a[] machine-based measurement process that is then applied in a subsequent algorithm.” Appeal Br. 8. Appellant also argues that claim 1 is directed to patent-eligible subject matter because, “like the patent-eligible claims in *Diamond v. Diehr*, 450 U.S. 175 (1981), the present claims are drawn to the use of an algorithm (*i.e.*, application of an ultrasound measurement) in conjunction with further steps that are tied to a machine.” Appeal Br. 10 (citing *Diehr*, 450 U.S. at 185-86) (emphasis omitted).

Fourth, Appellant argues that the Examiner’s analysis “ignores Supreme Court precedent that prohibits evaluating the patent eligibility of claims based on evaluating elements in isolation from one another.” Appeal Br. 6 (discussing Final Act. 2-3 (mailed April 12, 2012)). According to Appellant, the Examiner did precisely what *Bilski*, 130 S. Ct. at 3230, “expressly forbids, as the [E]xaminer’s analysis rested, at least in part, on the [E]xaminer’s views concerning which elements of [Appellant’s] claims were new and which elements were old.” Appeal Br. 6-7.²

C. The Examiner's Response

*3 In response, the Examiner states as follows:

The machine being the ultrasound machine detailed in claim 1 is required for step 1 of claim 1 and the use of ultrasound machines is well known and it is used for its normal intended purpose and it does not impose a meaningful limit on the claims scope and it does not involve more than insignificant extra-solution activity. The novelty of the claimed invention in steps 2 and 3 of claim 1 is not specifically tied to a machine and does not transform a particular article.

Ans. 3-4.

D. Discussion

For claimed subject matter to be patent eligible, it must fall into one of four statutory classes set forth in 35 U.S.C. § 101: a process, a machine, a manufacture, or a composition of matter. The Supreme Court recognizes three categories of subject matter that are ineligible for patent protection: “laws of nature, physical phenomena, and abstract ideas.” *Bilski*, 130 S. Ct. at 3225 (quoting *Diamond v. Chakrabarty*, 447 U.S. 303, 309 (1980)). In *Alice Corp. v. CLS Bank International*, 134 S. Ct. 2347 (2014), the Supreme Court followed the two-step framework set forth in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 132 S. Ct. 1289 (2012), “for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts.” *Alice*, 134 S. Ct. at 2355.

In the first step of the analysis, “we determine whether the claims at issue are directed to one of those patent-ineligible concepts.” *Id.* (citing *Mayo*, 132 S. Ct. at 1296-97). If so, we secondly ask, “[w]hat else is there in the claims before us?” *Id.* (quoting *Mayo*, 132 S. Ct. at 1297). In the second step, 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.* (quoting *Mayo*, 132 S. Ct. at 1298, 97). The Supreme Court characterizes 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*, 132 S. Ct. at 1294).³

*4 Here, the Examiner determined that claims 1-25 are “directed to nonstatutory subject matter.” Ans. 3.⁴ We agree with the Examiner’s conclusion that claims 1-25 are not patent eligible under 35 U.S.C. § 101. Claim 1 sets forth three steps, which can be summarized as follows: (1) measuring part of a horse’s heart using an ultrasound machine; (2) comparing that measurement to similar measurements from a group of horses; (3) selecting a horse as a racehorse candidate if the horse’s measurement is greater than the mean of the group. *See* Appeal Br. 4 (similarly summarizing claims 1-25).

Claim 1 is directed to an abstract idea--specifically, an algorithm for selecting a racehorse candidate based on comparing the width of the potential candidate’s ventricular septal wall to the mean value of the measurements of similar horses. *See id.*; *see also* *Gottschalk v. Benson*, 409 U.S. 63, 71-72 (1972) (holding claims patent ineligible because, if permitted, the patent “would be a patent on the algorithm itself”); *Alice*, 134 S. Ct. at 2355 (discussing *Benson*). In the briefing, Appellant acknowledges that the claims “are drawn to the use of an algorithm.” *See* Appeal Br. 10; *see also id.* at 8 (stating that the “pending claims recite a[] machine-based measurement process that is then applied in a subsequent algorithm”).

Having determined that claims 1-25 are directed to an abstract idea, we next “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.” *Alice*, 134 S. Ct. at 2355 (internal quotations omitted). Here, the second and third steps of claim 1-- “comparing [a] measurement to a collection” of measurements, and “selecting [a] racehorse candidate” based on certain criteria--are no more than steps reciting the algorithm. And the first step of claim 1--“measuring the width of the ventricular septal wall of said racehorse candidate utilizing an ultrasound machine”--is no more than a data-gathering step required by the “subsequent algorithm” (i.e., the second and third steps of claim 1). *See* Appeal Br. 8 (stating that the “pending claims recite a[] machine-based measurement process that is then applied in a subsequent algorithm”).

Moreover, to consider the three steps as an ordered combination adds nothing to the abstract idea that is not already present when the steps are considered separately. Anyone who wants to use the identified algorithm must first measure a horse's ventricular septal wall, and then compare that measurement with similar measurements of other horses, before selecting a candidate based on the prior comparison. Thus, the combination amounts to nothing significantly more than instructions to apply the abstract idea. See *Mayo*, 132 S. Ct. at 1298.

*5 Turning to Appellant's first argument, we do not agree that claim 1 is rendered patent eligible merely because the first step must be performed "utilizing an ultrasound machine." See, e.g., Appeal Br. 9 (arguing that "the presence of the patent-eligible ultrasound-based measurement step in claim 1 renders the entire claim patent[eligible]") (emphasis added). Instead, we agree with the Examiner that the use of a general-purpose ultrasound machine to gather data "does not involve more than insignificant extra-solution activity" (Ans. 3-4), and thus is not sufficient to transform the abstract idea into a patent-eligible application of the idea. See *Alice*, 134 S. Ct. at 2359-60; *Mayo*, 132 S. Ct. at 1297-98.

Although the machine-or-transformation test remains a "useful and important clue ... for determining whether some claimed inventions are processes under § 101," *Bilski*, 130 S. Ct. at 3227, the "machine" prong requires the process to be "tied to a particular machine or apparatus." *Id.* at 3225 (emphasis added). Here, Appellant does not argue that the "ultrasound machine" recited in claim 1 is anything more than a general-purpose ultrasound machine. See, e.g., Appeal Br. 7 ("The utilization of the ultrasound machine thus renders the claim "tied to a [] machine.") (alteration in original). Moreover, Appellant has not shown error in the Examiner's findings that "the use of ultrasound machines is well known" and that the first step of claim 1 recites the use of an ultrasound machine "for its normal intended purpose." See Ans. 3. On the facts before us, appending to an abstract idea the use of a general-purpose machine to perform its normal functions does not transform the abstract idea into a patent-eligible invention. See *Alice*, 134 S. Ct. at 2357, 2359-60. The Examiner's conclusion that the first step does not render claim 1 patent eligible is also supported by a decision of our reviewing court, which, facing similar facts, affirmed a rejection under § 101 when "the only physical step involves merely gathering data for the algorithm." See *In re Grams*, 888 F.2d 835, 839 (Fed. Cir. 1989).

Appellant also contends that the "measuring" step is more than "insignificant extra-solution activity" because "the ultrasound machine is integral to the claim--[i.e.,] without the involvement of the ultrasound machine, a user could not perform the steps of the claim." Reply Br. 4.⁵ That a "machine-related" step is recited in a claim, however, does not show that the step is any more than routine and conventional, as here. See *Alice*, 134 S. Ct. at 2359-60. Concluding otherwise would risk interpreting § 101 "in ways that make patent eligibility 'depend simply on the draftsman's art.'" *Mayo*, 132 S. Ct. at 1294 (quoting *Parker v. Flook*, 437 U.S. 584, 593 (1978)).

*6 Appellant highlights the fact that the Examiner in the parent application--with claims reciting the same language as the "measuring" step here--stated that those claims "are tied to an ultrasound machine via step 1 of claim 1." Appeal Br. 7 (citing Final Act. 4 (mailed Aug. 24, 2010) in [Application No. 12/414,962](#)) (Appellant's emphasis omitted). To the extent that an Examiner's statement in a related case is relevant, we do not find that this statement supports Appellant's positions. In that case, although the Examiner found the claims at issue "tied to an ultrasound machine[.]" the Examiner also rejected the claims under § 101 based, in part, on a finding (similar to that here (Ans. 3)), that "using an ultrasound machine to look at and measure the heart of animals including horses is well known in the art." See Final Act. 4 in [Application No. 12/414,962](#).

Although Appellant states that the claimed process involves more than insignificant extra-solution activity because it is not "routine" and has not been "previously engaged in[.]" the basis for this assertion is that the Examiner has not identified "any prior art that refers to obtaining measurements of the ventricular septal wall width of a racehorse candidate." Appeal Br. 10 (citing *Mayo*, 132 S. Ct. at 1294); *id.* n.2. As the Supreme Court has stated, however, "[t]he 'novelty' of any element or steps in a process, or even of the process itself, is of no relevance in determining whether the subject matter of a claim falls within the § 101 categories of possibly patentable subject matter." *Diehr*, 450 U.S. at 188-89.

As to Appellant's second argument, we agree with the Examiner that claim 1 "does not disclose transforming subject matter to another state or thing." Ans. 3. In the decision relied on by Appellant, *Arrhythmia Research Technologies*, the process claims

were “directed to the analysis of electrocardiographic signals in order to determine certain characteristics of the heart function.” See *Arrhythmia*, 958 F.2d at 1054. The court stated that “[t]he[] claimed steps of ‘converting’, ‘applying’, ‘determining’, and ‘comparing’ are physical process steps that transform one physical, electrical signal into another” and that the claims limit the application of these otherwise abstract mathematical procedures to the “defined process steps.” See *id.* at 1059. The court thus viewed the invention as “an electrocardiograph analysis process[,]” comparing it to the “improved CAT-scan process” in *In re Abele*, 684 F.2d 902 (CCPA 1982). See *Arrhythmia*, 958 F.2d at 1059. In contrast, here, the steps in claim 1 do not, as in *Arrhythmia*, collectively amount to a “transformation.” Instead, the alleged “transformation” occurs as part of the normal operation of a general-purpose ultrasound machine. Moreover, Appellant does not assert to have modified or improved the operation of an ultrasound machine.

*7 We are also not apprised of error based on Appellant's third set of arguments. The process in *In re Abele* was determined to be patent eligible not because, as asserted by Appellant, it “recite[d] a[] machine-based measurement process that is then applied in a subsequent algorithm[,]” (see Appeal Br. 8), but rather because the “improved CAT-scan process” of the invention was an “application of a mathematical formula within the context of a process which encompasses significantly more than the algorithm alone.” See *Abele*, 684 F.2d at 909. As to Appellant's reliance on *Diehr* (Appeal Br. 10), the Supreme Court has stated that the process claims there were similarly determined to be patent eligible because “they improved an existing technological process.” *Alice*, 134 S. Ct. at 2358. In contrast, here, Appellant does not assert that the claimed invention improves any technological process, such as, e.g., the process of using ultrasound machines to measure the thickness of tissue.

Turning to Appellant's fourth argument, we do not agree that the Examiner violated Supreme Court precedent prohibiting “dissect[ing] the claims into old and new elements and then . . . ignor[ing] the presence of the old elements in the analysis.” *Bilski*, 130 S. Ct. at 3230 (discussed at Appeal Br. 6). In the Answer, the Examiner does not ignore the “old elements” in the analysis under § 101.⁶ Instead, the Examiner finds that “the use of ultrasound machines” (1) “is well known[,]” (2) is “for its normal intended purpose[,]” (3) “does not impose a meaningful limit on the claims scope [,]” and (4) “does not involve more than insignificant extra-solution activity.” Ans. 3-4. Further, contrary to Appellant's argument (Reply Br. 2-3), the Examiner's finding that the use of ultrasound machines is “well known” does not show that the Examiner's analysis was improper. We view the Examiner's discussion here as similar to the Supreme Court's analysis of the “determining” step in *Mayo*. See *Mayo*, 132 S. Ct. at 1297-98 (stating that a step of determining metabolite levels involved methods “well known in the art[,]” and thus did not “transform [the relevant] unpatentable law of nature into a patent-eligible application of such a law”).

For these reasons, we sustain the Examiner's decision to reject claims 1-6 and 8-25 under § 101. Below, we address Appellant's additional arguments regarding claim 7, which depends from claim 1.

Dependent Claim 7

*8 Appellant contends that “[c]laim 7 provides a specific way of using an ultrasound machine to measure the thickness of the ventricular septal wall of a candidate racehorse, and then applying that measurement to the racehorse selection method of claim 1.” Appeal Br. 11. Appellant states that “[a]t no point during the prosecution of the instant application or its predecessors has the [E]xaminer cited any prior art that describes the particular method of measuring the ventricular wall width that is recited in dependent claim 7.” *Id.* Based on that, Appellant argues that “claim 7 is plainly not the ‘well understood, routine, conventional activity previously engaged in by researchers’ that the Supreme Court found patent-ineligible in [*Mayo*].” *Id.* (citing *Mayo*, 132 S. Ct. at 1294).

The fact that the Examiner did not identify prior art disclosing or suggesting the specific measurement recited in claim 7 (or reject claim 7 under § 102 or § 103) does not lead to the conclusion that claim 7 is therefore directed to patent-eligible subject matter. When addressing data-gathering steps in the context of rejections based on § 101, our reviewing court and its predecessor do not consider the alleged novelty or nonobviousness of such antecedent steps. See *In re Richman*, 563 F.2d 1026, 1030 (CCPA 1977) (“[N]otwithstanding that the antecedent steps are novel and unobvious, they merely determine values for the variables used in the mathematical formulae used in making the calculations. [They] do not suffice to render the claimed methods, considered as

a whole, statutory subject matter.”), *quoted in Grams*, 888 F.2d at 840; *see also In re Meyer*, 688 F.2d 789, 794 (CCPA 1982) (“[data-gathering] step[s] cannot make an otherwise nonstatutory claim statutory”), *quoted in Grams*, 888 F.2d at 840.

Thus, we sustain the Examiner's decision to reject claim 7 under § 101. Because the Examiner did not specifically address claim 7 in either the Final Rejection or the Answer, we determine that it is appropriate to designate our affirmance of the rejection of claim 7 as a new ground of rejection to provide Appellant with an opportunity to respond to the findings and analysis of the Board solely with respect to Appellant's separate arguments regarding claim 7.

CONCLUSION

For the reasons set forth above, we AFFIRM the decision to reject claims 1-25 under 35 U.S.C. § 101, and we designate the affirmance of the rejection of claim 7 under 35 U.S.C. § 101 as a NEW GROUND OF REJECTION under 37 C.F.R. § 41.50(b).

FINALITY OF DECISION

*9 This decision contains a new ground of rejection pursuant to 37 C.F.R. § 41.50(b), which provides “new ground[s] of rejection pursuant to this paragraph shall not be considered final for judicial review.”

Regarding the affirmed rejection, 37 C.F.R. § 41.52(a)(1) provides that, “[A]ppellant may file a single request for rehearing within two months from the date of the original decision of the Board.”

Regarding the new ground of rejection, Appellant, WITHIN TWO MONTHS FROM THE DATE OF THE DECISION: must exercise one of the following two options with respect to the new ground of rejection to avoid termination of the appeal as to the rejected claims:

(1) *Reopen prosecution*. Submit an appropriate amendment of the claims so rejected or new Evidence relating to the claims so rejected, or both, and have the matter reconsidered by the examiner, in which event the prosecution will be remanded to the examiner. . . .

(2) *Request rehearing*. Request that the proceeding be reheard under § 41.52 by the Board upon the same Record. . . .

[37 C.F.R. §41.50\(b\)](#).

Should Appellant elect to prosecute further before the Examiner pursuant to [37 C.F.R. § 41.50\(b\)\(1\)](#), in order to preserve the right to seek review under 35 U.S.C. §§ 141 or 145 with respect to the affirmed rejection, the effective date of the affirmance is deferred until conclusion of the prosecution before the examiner unless the affirmed rejection is overcome.

If Appellant elects prosecution before the Examiner and this does not result in allowance of the application, abandonment or a second appeal, this case should be returned to the Patent Trial and Appeal Board for final action on the affirmed rejection, including any timely request for rehearing thereof.

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: [37 C.F.R. § 41.50\(b\)](#)

Footnotes

- 1 Although Appellant directs the majority of the arguments to claims 1-25 as a group (*see* Appeal Br. 3-11), Appellant also argues dependent claim 7 separately (*see id.* at 11-12). In this section, we address the arguments directed to claims 1-25 collectively. Below, we address the separate arguments directed to claim 7.
- 2 Although Appellant cites *Bilski*, 130 S. Ct. at 3220, the passage quoted is from page 3230.
- 3 In a memo dated June 25, 2014, the USPTO provided guidance to examiners in applying *Alice*. *See* “Preliminary Examination Instructions in view of the Supreme Court Decision in *Alice Corporation Pty. Ltd. v. CLS Bank International, et. al.*” available at http://www.uspto.gov/sites/default/files/patents/announce/alice_pec_25jun2014.pdf. On December 16, 2014, the USPTO supplemented its prior guidance. *See* 2014 Interim Guidance on Patent Subject Matter Eligibility, 79 Fed. Reg. 74,618 (Dec. 16, 2014). On July 30, 2015, the USPTO provided a further update. *See* July 2015 Update on Subject Matter Eligibility, 80 Fed. Reg. 45,429 (July 30, 2015).
- 4 As noted above, we acknowledge that Appellant has provided separate arguments regarding dependent claim 7, which we address below.
- 5 We are not apprised of error based on *Ex parte Svendsen*, Appeal 2011-012505, 2012 WL 417468 (BPAI Feb. 7, 2012), relied on by Appellant. *See* Reply Br. 4. In that case, the panel determined that two recited steps were “clearly integral” to the claimed process, and thus amounted to more than mere “extra-solution activity.” *See Svendsen*, 2012 WL 417468 at *3. Contrary to Appellant’s argument (Reply Br. 4), the panel did not rely on the fact that those steps took place on a computer (i.e., a machine) to reach its decision. *See id.* We are also not apprised of error based on *SiRF Technology, Inc. v. International Trade Commission*, 601 F.3d 1319 (Fed. Cir. 2010). *See* Appeal Br. 8. There, certain method claims were determined to be patent eligible, in part, because “without a GPS receiver it would be impossible to generate pseudoranges or to determine the position of the GPS receiver whose position is the precise goal of the claims.” *SiRF*, 601 F.3d at 1332. In contrast, here, the “ultrasound machine” recited in claim 1 does not hold the same integral role in the “precise goal of the claims.” *See id.*
- 6 To the extent the Final Action and Answer may provide different discussion of these issues, Appellant did not petition to request that the Answer be designated as a new ground of rejection. *See Manual of Patent Examining Procedure (MPEP) § 1207.03 (IV) (8th ed., Rev. 8, July 2010).*

2015 WL 6122110 (Patent Tr. & App. Bd.)

2015 WL 6122097 (Patent Tr. & App. Bd.)

Patent Trial and Appeal Board

Patent and Trademark Office (P.T.O.)

EX PARTE LAUREN EMILY SHIDELER AND BLYNN LEWIS SHIDELER

Appeal 2012-010114

[Application 11/779,876](#)

Technology Center 3700

September 29, 2015

*1 Before NEAL E. ABRAMS, EDWARD A. BROWN, and MICHAEL L. WOODS

Administrative Patent Judges

ABRAMS

Administrative Patent Judge

DECISION ON APPEAL

STATEMENT OF THE CASE

Lauren Emily Shideler et al. (Appellants) seek our review under [35 U.S.C. § 134\(a\)](#) from the Examiner's decision rejecting claims 1-20. We have jurisdiction over the appeal under [35 U.S.C. § 6\(b\)](#).

We AFFIRM.

THE INVENTION

The claimed invention is directed to a story based card game and a method of playing a story based card game. *See, e.g.*, Spec. para. 2.

Claims 1 and 12, reproduced below, are illustrative of the subject matter on appeal.

1. A story based card game associated with a predetermined story and having a series of locations associated with the predetermined story and wherein the game includes a preset number of sequential rounds, the card game comprising: a plurality of sets of location cards, one set of location cards for each of the plurality of locations associated with an aspect of the predetermined story, each set of location cards including one card for each round of the game, wherein each round includes at least one correct location card for that round, wherein each correct location card for each round includes indicia indicating that it is the correct card for that round and including a continuation of the story, whereby a series of correct locations cards for the rounds of the game combine to form a story summary.

12. A method of playing a story based card game associated with a predetermined story and having a series of locations associated with the predetermined story and wherein the game includes a preset number of sequential rounds, the card game comprising: a plurality of sets of location cards, one set of location cards for each of the plurality of locations associated with an aspect of the predetermined story, each set of location cards including one card for each round of the game, wherein each round includes at least one correct location card for that round, wherein each correct location card for each round includes indicia indicating that it is the correct card for that round and including a continuation of the story, whereby a series of correct locations cards for the rounds of the game combine to form a story summary, the method comprising the steps of having the

players selectively choose a location card for each round and having the players repeat the selection process until one player can identify all of the correct location cards in the series of correct location cards.

THE PRIOR ART

*2 The Examiner relied upon the following as evidence of unpatentability:

Kline

US 2004/0178577 A1

Sept. 16, 2004

THE REJECTIONS

Claims 1-11 stand rejected under [35 U.S.C. § 103\(a\)](#) as being unpatentable over Kline. Final Act. 5.

Claims 12-20 stand rejected under [35 U.S.C. § 101](#) as being drawn to ineligible subject matter in the form of an abstract idea. Final Act. 2.

OPINION

Claims 1-11

Obviousness Kline

It is the Examiner's view that claim 1 does not define over Kline because the Appellants should “define over the prior art with structural limitations [, rather than] functional limitations.” Ans. 10 (citing [MPEP § 2114](#)). In this regard, the Examiner states that “[w]ith respect to the indicia, it has been held that when the claimed printed matter is not functionally related to the substrate in an unobvious manner, it will not distinguish the invention from the prior art in terms of patentability. *In re Gulack* 217 USPQ 401, (CAFC 1983).” *Id.* The Examiner further points out that claims directed to an apparatus must be distinguished from the prior art in terms of structure rather than function, and that “[t]he prior art appears to be fully capable of meeting the functional limitations of the claim.” *Id.* at 11.

Appellants argue that Kline fails to teach or suggest a card game associated with a predetermined story, and actually teaches away from the invention recited in claim 1. In this regard, Appellants state:

The present claimed invention requires that each set of location cards includes one card for each round of the game, wherein each round includes at least one correct location card for that round. It is simply not clear how the examiner is attempting to read the prior art on these structural aspects of the game. There is no stretched interpretation of the Kline reference that can provide sets of locations cards with each set having at least one card for each round. Further, there is nothing in the examiner's stretched interpretation of the Kline reference that teaches or suggests at least one correct card for a given round.

Br. 12.

Appellants assert that without suggesting that there be a “correct” card, Kline fails to teach the requirement that there be a card labeled as such, or that the “correct card” provide a continuation of the story. *Id.* at 12-13.

Claim 1 is directed to “[a] story based card game *associated with a predetermined story*” (emphasis added), after which details of the story are set forth, including that the game has a series of locations and includes a number of sequential rounds. The claim

then recites “*the card game comprising: a plurality of sets of location cards*” (emphasis added), each set of which includes “one card for each round of the game” and one “correct location card for that round.” Each “correct location card” is then described as including “indicia indicating that it is the correct card for that round and including a continuation of the story, whereby a series of correct location cards for the rounds of the game combine to form a story summary.”

*3 The claimed card game is “associated with” a predetermined story, which recitation, in our view, amounts to no more than a statement of intended use, in the nature of a preamble, for it adds no structure to the game itself. Thus, the only structure set forth in claim 1 is a plurality of cards upon each of which appears printed matter containing information indicating, in the language of the claim, that the cards are “location cards” or “correct location cards,” and that the cards set forth “a continuation of the story.” Although the printed matter on the cards relates to the story to which the game is directed, it is not functionally related to the substrates upon which it appears, for it merely presents information to the players of the game, and therefore does not structurally distinguish the invention from the prior art in terms of patentability.

In the same manner as Appellants' claim 1, Kline discloses a card game utilizing sets of cards having indicia thereon representative of the objectives of the game and the manner in which the game is played, which are sequentially accessed by the players in the course of playing the game. *See* Kline, ABSTRACT and Paras. 34-38; Figs. 1-5. Considering that the printed matter on Appellants' the cards is not functionally related to the cards, the subject matter recited in claim 1 is rendered obvious by Kline, and the rejection of claim 1 therefore is sustained.

Dependent claims 2-5 merely add indicia to claim 1, and the rejection of these claims is sustained on the same basis as claim 1.

Dependent claim 6 further recites a game board, which clearly is disclosed in Figure 1 of Kline, and the rejection of this claim is sustained.

Dependent claims 7 and 8 add tokens, which are disclosed in Kline in the form of “player pieces.” *See* Kline, para. 30 and Figure 7. This rejection is sustained.

In claim 9, the tokens are further defined as being in the form of cards. Kline shows in Figure 1 a foldable game board 12a, and in Figure 7 a “player piece” that is illustrated as being flat on the game board. Kline teaches that the player pieces may be made of plastic and “may be of varying shapes.” Kline, para. 30. In view of this teaching, it is our opinion that it would have been obvious to one of ordinary skill in the art to provide this element in the shape of a card. The rejection of claim 9 is sustained.

Claim 10 also merely adds further indicia to claim 9, and this rejection is sustained.

In arriving at these conclusions, we have carefully considered all of the arguments presented by Appellants, however, they have not persuaded us that the decision of the Examiner is in error. The arguments regarding the differences between the game disclosed by Kline and that recited in Appellants' claims (Br. 1-14) were not ignored, but are directed to subject matter that is not entitled to patentable weight. The arguments based upon the USPTO classification system (Br. 14-15) are not relevant.

Claims 12-20

Ineligible Subject Matter--Abstract Idea

*4 In this rejection, the Examiner applied the *Bilski* guidance¹ regarding patent-ineligible subject matter in reviewing Appellants' claims. However, this guidance was developed before the Supreme Court issued its decision in *Alice Corp. Pty. Ltd. v. CLS Bank Int'l*, 134 S.Ct. 2347 (2014), further explaining the law in this area. We will now consider the issue of the patent eligibility of Appellants' claims in view of the *Alice* guidance.²

In *Alice*, the Supreme Court discussed its decision in *Mayo Collaborative Services v. Prometheus Labs., Inc.*, 132 S.Ct. 1289 (2012) and explained the test for determining whether a claim is directed to patent-ineligible subject matter as follows: In *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 566 U.S. —, 132 S.Ct. 1289, 182 L.Ed.2d 321 (2012), we set forth a framework for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts. First, we determine whether the claims at issue are directed to one of those patent-ineligible concepts. *Id.*, at —, 132 S.Ct., at 1296-1297. If so, we then ask, “[w]hat else is there in the claims before us?” *Id.*, at —, 132 S.Ct., at 1297. To answer that question, 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 —, 132 S.Ct., at 1298, 1297. We have described step two of this analysis 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.*, at —, 132 S.Ct., at 1294.

Alice, 134 S.Ct. at 2355.

Accordingly, under *Alice*, we first must determine whether the claims at issue are directed to a patent-ineligible concept, such as an abstract idea. In the event that the claims are found to be patent-ineligible, we then must determine whether there is something else in the claims that ensures that they are directed to significantly more than a patent-ineligible concept.

*5 We have considered Appellants' claims 12-20 in light of the aforementioned *Alice* guidance, and we find that these claims are drawn to an abstract idea. Claim 12 is directed to “[a] method of playing a story based card game.” The method is recited as comprising two steps, the first of which is “having the players selectively choose a location card for each round,” and the second is “having the players repeat the selection process until one player can identify all of the correct location cards in the series of correct location cards.” It is our view that selectively choosing a card and repeating that step until a predetermined goal is reached amounts to merely receiving and evaluating data, and therefore constitutes an abstract idea.

Having made this determination, we proceed to the second step of *Alice*, which is to determine whether the elements of the claim, considered both individually and as an ordered combination, transform the nature of the claim into a patent-eligible application, that is, do the elements amount to “significantly more” than the abstract idea itself. In this regard, prior to setting forth the two steps in the method, claim 12 also recites that the game is “associated with” a predetermined story, which itself is “associated with” a series of locations, and that the game is played over a preset number of sequential rounds. The claim also specifies that the cards utilized in the game are “location cards,” that they are provided in “sets,” and that they have indicia particular to the game. The use of cards having indicia specific to the subject matter of a game is well-known, well-understood, routine and conventional in the field. Thus, from our perspective, such cards, and the other limitations of claim 12, do not add “significantly more” than an abstract idea.

It therefore is our conclusion that independent claim 12 is patent ineligible. We reach the same result with regard to dependent claims 13-16, which add details of the indicia, and claims 17-20, which add tokens and a game board, the latter also being conventional in the field.

DECISION

The rejection of claims 1-11 under 35 U.S.C. § 103(a) as being unpatentable over Kling, is affirmed.

The rejection of claims 12-20 under 35 U.S.C. § 101 as being drawn to ineligible subject matter in the form of an abstract idea, is affirmed.

NEW REJECTION UNDER 37 C.F.R. § 41.50(b)

Because the Examiner's decision that claims 12-20 were patent ineligible was based upon the *Bilski* guidance and Appellants directed their arguments thereto, whereas the Board considered this issue in view of the *Alice* guidance, we designate our affirmance of the rejection of claims 12-20 under 35 U.S.C. § 101 as a new ground of rejection pursuant to 37 C.F.R. § 41.50(b) (2008). 37 C.F.R. § 41.50(b) provides that “[a] new ground of rejection pursuant to this paragraph shall not be considered final for judicial review.”

*6 37 C.F.R. § 41.50(b) also provides that Appellants, WITHIN TWO MONTHS FROM THE DATE OF THE DECISION, must exercise one of the following two options with respect to the new grounds of rejection to avoid termination of the appeal as to the rejected claims:

(1) *Reopen prosecution*. Submit an appropriate amendment of the claims so rejected or new evidence relating to the claims so rejected, or both, and have the matter reconsidered by the Examiner, in which event the proceeding will be remanded to the Examiner. . . .

(2) *Request rehearing*. Request that the proceeding be reheard under § 41.52 by the Board upon the same record. . . .

Should Appellants elect to prosecute further before the Examiner pursuant to 37 C.F.R. § 41.50(b)(1), in order to preserve the right to seek review under 35 U.S.C. §§ 141 or 145 with respect to the affirmed rejection, the effective date of the affirmance is deferred until conclusion of the prosecution before the Examiner unless, as a mere incident to the limited prosecution, the affirmed rejection is overcome.

If Appellants elect prosecution before the Examiner and this does not result in allowance of the application, abandonment or a second appeal, this case should be returned to the Patent Trial and Appeal Board for final action on the affirmed rejection, including any timely request for rehearing thereof.

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; 37 C.F.R. § 41.50(b)

Footnotes

- 1 USPTO memo dated July 27, 2010. “Interim Guidance for Determining Subject Matter Eligibility for Process Claims in View of *Bilski v. Kappos*.”
- 2 USPTO memo dated June 25, 2014. “Preliminary Examination Instructions in view of the Supreme Court Decision in *Alice Corporation Pty. Ltd. v. CLS Bank International, et. al.*”

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2015 WL 6122406 (Patent Tr. & App. Bd.)

Patent Trial and Appeal Board

Patent and Trademark Office (P.T.O.)

EX PARTE HOWARD W. LUTNICK, MICHAEL SWEETING, AND JOSEPH NOVIELLO

Appeal 2013-004223

[Application 11/213,601](#)¹

Technology Center 3600

September 28, 2015

*1 Before [HUBERT C. LORIN](#), [ANTON W. FETTING](#), and [BIBHU R. MOHANTY](#)
Administrative Patent Judges
[LORIN](#)
Administrative Patent Judge

DECISION ON APPEAL

STATEMENT OF THE CASE

Howard W. Lutnick, et al. (Appellants) seek our review under [35 U.S.C. § 134](#) of the final rejection of claims 1-21, 27-47, 59-62, 64-70, and 72-77. We have jurisdiction under [35 U.S.C. § 6\(b\)](#) (2002).

SUMMARY OF DECISION

We REVERSE and enter a NEW GROUND OF REJECTION.²

THE INVENTION

Claim 1, reproduced below, is illustrative of the subject matter on appeal.

1. A method comprising the steps of:

receiving at an electronic trading system a first trade command from a first participant to buy or sell an item at a desired price;

receiving at the electronic trading system a second trade command from a second participant to transact the item, being a command to trade the same item, and on the same side, as the first trade command;

matching one or more counterorders to the first and second trade commands and executing one or more trades on the item;

determining a commission or reward based on an order in which the first and second trade commands were received at the electronic trading system, the earlier of the first and second trade commands receiving a more favorable commission or reward based at least in part on being the earlier.

THE REJECTIONS

The following rejections are before us for review:³

1. Claims 1-6, 8-15, 17-21, 27-32, 34-41, 43-47 and 59 are rejected under 35 U.S.C. § 102(b) as anticipated by or, in the alternative, under 35 U.S.C. §103(a) as being unpatentable over Ascher (US 2004/0088242 A1, pub. May 6, 2004).

2. Claims 16, 42, and 60-62, 64-70, and 72-77 are rejected under 35 U.S.C. §103(a) as being unpatentable over Ascher and Walker (US 2006/0242056, pub. Oct. 26, 2006).⁴

ISSUES

Did the Examiner err in rejecting claims 1-6, 8-15, 17-21, 27-32, 34-41, 43-47 and 59 under 35 U.S.C. §102(b) as anticipated by or, in the alternative, under 35 U.S.C. §103(a) as being unpatentable over Ascher; and claims 16, 42, and 60-62, 64-70, and 72-77 under 35 U.S.C. §103(a) as being unpatentable over Ascher and Walker?

FINDINGS OF FACT

*2 We rely on the Examiner's factual findings stated in the Answer. Additional findings of fact may appear in the Analysis below.

ANALYSIS

The rejection of claims 1-6, 8-15, 17-21, 27-32, 34-41, 43-47 and 59 under 35 U.S.C. §102(b) as anticipated by Ascher.

The rejection of claims 1-6, 8-15, 17-21, 27-32, 34-41, 43-47 and 59 under 35 U.S.C. §103(a) as being unpatentable over Ascher.

Independent claims 1 and 27 require “determining a commission based on an order in which first and second trade commands are received, the earlier of the first and second trade commands receiving a more favorable commission or reward based at least in part on being the earlier.” The Examiner cites paragraph 13, lines 18-20, of Ascher as evidence that the prior art expressly describes or discloses said determining step. Final Act. 3. The cited passage is reproduced below:

a fee calculation component for determining fees to be charged for each matched bid and offer. The fee calculator applies a rebate credit to the bid or offer that was submitted first to the trading host.

We agree with the Appellants that said disclosure does not describe or disclose the determining step as claimed. What is disclosed is not the same as what is claimed. The claims call for determining a commission -- “the earlier of the first and second trade commands receiving a more favorable commission or reward based at least in part on being the earlier” -- but Ascher describes a fee based on matched bids and offers.

For the foregoing reasons, the rejections are not sustained because a prima facie case of anticipation and obviousness has not been made out in the first instance by a preponderance of the evidence.

The rejection of claims 16, 42, and 60-62, 64-70, and 72-77 under 35 U.S.C. §103(a) as being unpatentable over Ascher and Walker.

Independent claims 68 and 77 require computing a first transaction commission to charge to a first participant and a second transaction commission to charge to a second participant, “the two commissions being different from each other, the difference based at least in part on which of the first and second participants is aggressor and which is passive in the transaction.” The Examiner again relied upon paragraph 13, lines 18-20, of Ascher as evidence that the prior art discloses said computing step. We

have reviewed the passages (reproduced above) but do not find the claimed subject matter at issue. The rejection is not sustained because a prima facie case of obviousness has not been made out in the first instance by a preponderance of the evidence.

NEW GROUND OF REJECTION

Claims 1-6, 8-21, 27-32, 34-47, 59-62, 64-70, and 72-77 are rejected under 35 U.S.C. § 101 as being directed to non-statutory subject matter.

*3 We select claim 1 as representative of the claims being rejected.

The Supreme Court has long held that laws of nature, abstract ideas, and natural phenomena are excluded from patent protection. See *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289, 1293 (2012); *Diamond v. Diehr*, 450 U.S. 175, 185 (1981). Yet, although a law of nature or an abstract idea, by itself, is not patentable, a practical application of the law of nature or abstract idea may be deserving of patent protection. See *Mayo*, 132 S. Ct. at 1293-94.

In *Alice Corp. Pty. Ltd. v. CLS Bank Int'l*, 134 S. Ct. 2347 (2014), the Court reiterated the framework, set forth previously in *Mayo*, “for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of [these] concepts.” *Alice*, 134 S. Ct. at 2355 (citation omitted). The first step in this analysis is to “determine whether the claims at issue are directed to one of those patent-ineligible concepts.” *Id.* (citation omitted). If so, in the second step, the elements of the claims “individually and ‘as an ordered combination’” are considered to determine whether there are additional elements that “‘transform the nature of the claim’ into a patent-eligible application.” *Id.* (quoting *Mayo*, 132 S. Ct. at 1297, 1298). Stated differently, the second step is 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*, 132 S. Ct. at 1294).

The Specification describes the invention as “relat[ing] to the allocation, collection and distribution of commissions received from the trading of financial instruments in electronic trading systems.” Spec, para. 2.

The method of claim 1 comprises (a) two trade commands from two participants to trade the same item, matching them to a counteroffer, and executing the trades; and, (b) “determining a commission or reward based on an order in which the first and second trade commands were received at the electronic trading system, the earlier of the first and second trade commands receiving a more favorable commission or reward based at least in part on being the earlier.”

*4 The subject matter of claim 1, as reasonably broadly construed, is drawn to a concept of rewarding; that is, claim 1 is drawn to a methodology whereby a more favorable reward or commission is attached to the participant with the earlier trade. Evidence will show that the concept of rewarding per se is a well-established fundamental economic practice. Because we find that claim 1, as reasonably broadly construed, is directed to the concept of rewarding, i.e., a fundamental economic practice, claim 1 is directed to a patent-ineligible abstract idea.

Turning to the second step outlined in *Alice*, we next consider whether there is an inventive concept, defined by an element or combination of elements in claim 1, which is significantly more than the abstract idea of value measuring. We conclude here that there is no such inventive concept.

The method as claimed is an application of rewarding to a known trading environment; that is, to a known electronic trading system whereby participants transact to buy and sell an item at a desired price. The rewarding is accomplished by providing the participant with the earlier trade a more favorable reward. Providing a more favorable reward is a known rewarding technique that is insufficient to transform the abstract idea of rewarding into an inventive concept. With regard to implementing said method on a computer, as in the context of a known electronic trading system, as claimed, “the mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention”. *Alice* at 2358.

For the foregoing reasons, we find that claim 1 does not include additional inventive features such that the claim scope does not solely capture the abstract idea.

Therefore, claim 1 is rejected under [35 U.S.C. § 101](#). For similar reasons, we also reject claims 2-6, 8-21, 27-32, 34-47, 59-62, 64-70, and 72-77.

CONCLUSIONS

The rejection of claims 1-6, 8-15, 17-21, 27-32, 34-41, 43-47 and 59 under [35 U.S.C. §102\(b\)](#) as anticipated by Ascher is reversed.

The rejection of claims 1-6, 8-15, 17-21, 27-32, 34-41, 43-47 and 59 under [35 U.S.C. §103\(a\)](#) as being unpatentable over Ascher is reversed.

The rejection of claims 16, 42, and 60-62, 64-70, and 72-77 under [35 U.S.C. §103\(a\)](#) as being unpatentable over Ascher and Walker is reversed.

Claims 1-6, 8-21, 27-32, 34-47, 59-62, 64-70, and 72-77 are newly rejected under [35 U.S.C. §101](#).

DECISION

The decision of the Examiner to reject claims 1-6, 8-21, 27-32, 34-47, 59-62, 64-70, and 72-77 is reversed.

Claims 1-6, 8-21, 27-32, 34-47, 59-62, 64-70, and 72-77 are newly rejected under [35 U.S.C. §101](#).

NEW GROUND

***5** This decision contains a new ground of rejection pursuant to [37 C.F.R. § 41.50\(b\)](#). [37 C.F.R. § 41.50\(b\)](#) provides “[a] new ground of rejection pursuant to this paragraph shall not be considered final for judicial review.” [37 C.F.R. § 41.50\(b\)](#) also provides that the Appellants, **WITHIN TWO MONTHS FROM THE DATE OF THE DECISION**, must exercise one of the following two options with respect to the new ground of rejection to avoid termination of the appeal as to the rejected claims: (1) *Reopen prosecution*. Submit an appropriate amendment of the claims so rejected or new evidence relating to the claims so rejected, or both, and have the matter reconsidered by the examiner, in which event the proceeding will be remanded to the examiner....

(2) *Request rehearing*. Request that the proceeding be reheard under § 41.52 by the Board upon the same record

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

REVERSED: [37 C.F.R. § 41.50\(b\)](#)

Footnotes

¹ The Appellants identify BGC Partners, Inc., as the real party in interest. App. Br. 4.

² Our decision will make reference to the Appellants' Appeal Brief (“App. Br.,” filed Oct. 1, 2012) and Reply Brief (“Reply Br.,” filed Feb. 4, 2013), Final Rejection (mailed Sep. 1, 2011) and the Examiner's Answer (“Ans.,” mailed Dec. 4, 2012).

- 3 The Examiner indicated that “[c]laims 7 and 33 are allowable over the prior art of record.” Final Rejection 11. Accordingly those claims are not included.
- 4 The statement of the rejection in the Final Rejection (page 7) incorrectly includes claims 63 and 71 while excluding claim 77. It is corrected here.

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End of Document

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