

Citation: Novomatic AG (Re), 2020 CACP 20
Commissioner's Decision #1540
Décision du Commissaire no 1540
Date: 2020-05-25

TOPIC: J-00 Meaning of Art20

J-10 Computer Programs

J-30 Games

J-50 Mere Plan

SUJET: J-00 Signification de la technique

J-10 Programmes d'ordinateur

J-30 Jeux

J-50 Simple plan

Application No. : 2,824,010

Demande n° 2 824 010

IN THE CANADIAN PATENT OFFICE

DECISION OF THE COMMISSIONER OF PATENTS

Patent application number 2,824,010, having been rejected under subsection 30(3) of the *Patent Rules*, as they read immediately before October 30, 2019 (former *Patent Rules*), consequently has been reviewed in accordance with paragraph 199(3)(c) of the *Patent Rules* (SOR/2019-251). The recommendation of the Patent Appeal Board and the decision of the Commissioner are to refuse the application.

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INTRODUCTION

- [1] This recommendation concerns the review of rejected patent application number 2,824,010, which is entitled “Gaming System and Method of Use.” The patent application is owned by Novomatic AG (the Applicant). The Patent Appeal Board (the Board) has reviewed the rejected application pursuant to paragraph 199(3)(c) of the *Patent Rules*. The outstanding defect to be addressed in this review is whether the claims define statutory subject matter. As explained below, our recommendation is to refuse the application.

BACKGROUND

The Application

- [2] Canadian patent application number 2,824,010 was filed on January 23, 2012 and was laid open to the public on July 26, 2012.
- [3] The application relates to methods and systems for wager games over networked gaming machines. More specifically, the disclosed methods and systems provide a wager game that is played and won by a group of players, playing on multiple gaming machines, wherein bonus symbols are matched with game symbols in order to create a winning combination.

Prosecution History

- [4] On January 18, 2017, a Final Action (FA) was written pursuant to subsection 30(4) of the former *Patent Rules*. The FA explained that the application is defective on the ground that claims 1-12 (claims on file) are directed to non-statutory subject matter and therefore do not comply with section 2 of the *Patent Act*.
- [5] In a July 14, 2017 response to the FA (RFA), the Applicant submitted arguments for the allowance of the claims on file. The Applicant also submitted a set of proposed claims (proposed claims).
- [6] As the Examiner considered the application still did not comply with the *Patent Act* and *Patent Rules*, the application was forwarded to the Board for review pursuant to subsection 30(6) of the former *Patent Rules*, along with an explanation outlined in a Summary of Reasons (SOR) that maintained the rejection of the application.

- [7] In a letter dated March 6, 2018, the Board forwarded a copy of the SOR to the Applicant. In its response to the SOR of March 21, 2018, the Applicant indicated a continued interest in having the Board review the application.
- [8] A Panel of the Board (the Panel) was formed to review the application under paragraph 30(6)(c) of the former *Patent Rules* and to make a recommendation to the Commissioner as to its disposition. In a Preliminary Review (PR) letter dated January 24, 2020, the Panel set out its preliminary analysis and rationale as to why, based on the written record, the subject matter of the claims on file and the proposed claims do not comply with section 2 of the *Patent Act*. The PR letter offered the Applicant the opportunities to attend an oral hearing and to make further submissions.
- [9] The Applicant submitted a written response to the PR letter (RPR) on February 21, 2020.
- [10] An oral hearing was held on March 5, 2020.

ISSUE

- [11] The only issue to be addressed by this review is whether the claims on file define subject matter falling within the definition of invention in section 2 of the *Patent Act*. We also consider the proposed claims.

LEGAL PRINCIPLES AND PATENT OFFICE PRACTICE

Purposive Construction

- [12] In accordance with *Free World Trust v Électro Santé Inc*, 2000 SCC 66, essential elements are identified through a purposive construction of the claims done by considering the whole of the disclosure, including the specification and drawings (see also *Whirlpool Corp v Camco Inc*, 2000 SCC 67 at paragraphs 49(f) and (g) and 52). In accordance with the *Manual of Patent Office Practice*, revised June 2015 (CIPO) [*MOPOP*] at §12.02.01, the first step of purposive claim construction is to identify the person of ordinary skill in the art (the POSITA) and his or her relevant common general knowledge (CGK). The next step is to identify the problem addressed by the inventors and the solution put forth in the application. Essential elements can then be identified as those required to achieve the disclosed solution as claimed.
- [13] As explained in *MOPOP* at §12.02.02e, not every element having a material effect on the

operation of a given practical embodiment is essential to the solution; some recited elements define the context or environment of the embodiment but do not actually change the nature of the solution. Accordingly, purposive construction must consider which elements are required for the solution—proposed by the specification and underlying the claimed embodiment—to achieve its result.

Statutory Subject Matter

[14] The definition of invention is set out in section 2 of the Patent Act:

“Invention” means any new and useful art, process, machine, manufacture or composition of matter, or any new and useful improvement in any art, process, machine, manufacture or composition of matter.

[15] Following the Federal Court of Appeal decision in *Canada (AG) v Amazon.com*, 2011 FCA 328, the Office released an examination memo (PN2013-03 “*Examination Practice Respecting Computer-Implemented Inventions*”, (CIPO, March 2013) [PN2013-03] that clarified examination practice with respect to the Office’s approach to computer-implemented inventions.

[16] As stated in PN2013-03, Office practice considers that where a computer is found to be an essential element of a construed claim, the claimed subject matter will generally be statutory. Where, on the other hand, it is determined that the essential elements of a construed claim are limited to matter excluded from the definition of invention (e.g., a mere idea, scheme, plan or rules, etc.), the claim will not be compliant with section 2 of the *Patent Act*.

ANALYSIS

Claim Construction

The Skilled Person and the Relevant CGK

[17] As for the identification of the POSITA, in the PR letter we stated:

Given the context of the invention and the background information of the description (paras [0001]-[0003]), we preliminarily identify the POSITA as a team comprising one or more professionals in the gaming machine industry experienced in the area of progressive jackpots and networked gaming machines. The team also includes the programmers or other technologists experienced with developing and providing the software, tools and

infrastructure conventionally used in gaming machines. This characterization aligns with the POSITA presented in the FA.

[18] The Applicant has not disputed this characterization and thus we adopt it in this review.

[19] As for the identification of the CGK, in the PR letter we stated:

We preliminarily cite the following document for the purpose of identifying the CGK:

D1: US 6,416,409 Jordan July 9, 2002

D1 discloses a gaming device capable of providing progressive bonuses to a set of linked gaming machines (abstract). We base this identification on the definition of the POSITA previously presented and the description of the prior art, D1.

Accordingly, we preliminarily identify the relevant CGK as including:

- knowledge of progressive jackpot games and systems using multiple interconnected gaming machines where each player contributes a portion of the wagers to the progressive jackpot (D1: column 1, lines 24 to 28);
- conventional casino games used in progressive jackpot games such as spinning reels, video poker, etc. (D1: column 1, lines 28 to 32);
- awarding winnings when a player reveals a jackpot winning outcome (D1: column 1, lines 32 to 35);
- electronic gaming machines with video monitors, high quality graphics, and progressive jackpots (instant application: para [0002]);
- conventional computing devices, processors, input and output devices, networking protocols, and user interfaces;
- conventional computer hardware and computer programming techniques; and
- the use of such computers and computer devices used conventionally in the gaming industry (instant application: paras [0019]-[0023]).

We base this identification on the definition of the POSITA previously presented and the description of the prior art, D1.

[20] In the RPR and the oral hearing, the Applicant disputed the application of D1 as the sole prior art document in the context of the CGK. The Panel views the background of the D1 patent as applicable in demonstrating what was generally known at the time of the filing date of D1, as D1 presents what was readily available in casinos at the time, representing

public knowledge. As outlined above, D1 is being used to demonstrate the conventional gaming systems in use at casinos at the time of filing of D1 and the instant application – progressive jackpots and internetworked gaming machines. The instant application makes reference to casinos having electronic gaming machines and progressive jackpots (para [0002]). The Panel further views D1 as providing further evidence of the CGK of networked gaming machines with a central controller, as it references US 5,564,700 in column 1, lines 35-45. With the reference to progressive jackpots and electronic gaming machines in para [0002] of the instant application, the Panel has used D1 to give more context to the generally known casino games and machines.

The Problem and Solution

[21] Based on the CGK of the POSITA and a fair reading of the application and having considered the Applicant's arguments presented in the RFA, the PR letter set out what the POSITA would have considered to be the problem addressed by the application: "a need for new and exciting games to maintain the interest of current players and attract new players."

[22] The solution to the above problem, as presented in the PR letter, is to provide an improvement to existing multiplayer games which creates progressive jackpots, consisting of rules for a new progressive game wherein bonus symbols are matched with game symbols by multiple players in order to create a winning combination which generates an award.

[23] In the RPR and the oral hearing, the Applicant disputed the presented problem and solution. The Applicant stated that the problem and solution necessarily concerns the use of electronic gaming machines. The Panel does not dispute that the environment for the application as a whole, and the claimed invention takes place on gaming machines, but maintains the position that they are not a part of the problem or solution. There were no computer or game machine problems to be addressed, only problems and solutions related to the rules for games being played. Therefore we maintain the definition of the solution presented in the PR letter.

The Essential Elements

[24] As presented in the PR Letter:

We consider independent claim 1 as representative of the invention. It is directed to a computerized method that recites the steps for providing a progressive jackpot in a networked gaming environment:

1. A gaming system comprising:

networked multiple electronic gaming machines including a first electronic gaming machine and a second electronic gaming machine, each of said multiple electronic gaming machines configured to play a game and including at least:

a display;

an interface capable of accepting instructions from a player to initiate play of the game;

memory capable of storing a plurality of software instructions;

a random number generator capable of randomly generating game outcomes; and

a processor for controlling the display, the interface and the random number generator, a controller in communication with each of said networked multiple electronic gaming machines, said controller configured to:

randomly select fixed bonus code symbols from a pool of symbols;

randomly select a quantity of game code symbols from said pool of symbols wherein said quantity of game code symbols equals a quantity of the fixed bonus code symbols, the game code symbols comprising a first game code symbol and a second game code symbol;

prior to each play of each of said multiple electronic gaming machines, randomly determine a direction of movement for selection of each of said game code symbols;

responsive to play of said first electronic gaming machine, adjust the first game code symbol in said randomly determined direction of movement;

responsive to play of said second electronic gaming machine, adjust the second game code symbol in said randomly determined direction of movement;

compare respective adjusted game code symbols to corresponding bonus code symbols;

lock game code symbols matching said bonus code symbols;

when the first game code symbol is locked, responsive to play of said first electronic gaming machine or said second electronic gaming machine, adjust the second game code symbol in said randomly determined direction of movement; and

responsive to each of said game code symbols matching a corresponding one of said bonus code symbols, trigger an award to players playing one of said networked multiple electronic gaming machines.

- [25] In the PR letter, the Panel set out its preliminary analysis to identify the essential elements of the claims that provide the solution to the problem. It was determined that the physical components of the claims, primarily game machine features, were not essential:

[T]he guidance of MOPOP at §12.02.02e, outlines the Office's interpretation of Canadian patent law in respect of purposive construction as applied to the examination of a patent application. The language of the claims itself cannot serve as the sole basis to determine the claimed subject-matter. *Amazon.com* (paras 43, 44, 47, 61 to 63, 69, 71, 73, and 74) explains that purposive construction "cannot be determined solely on the basis of a literal reading of the patent claims", that claim language may be "deliberately or inadvertently deceptive", that a claimed practical application or embodiment may nonetheless not be part of the essential elements of a claimed invention, that purposive construction must be based on "a foundation of knowledge about the relevant art". Not every element that has a material effect on the operation of a given embodiment is necessarily essential to the solution; some recited elements define the context or environment of the embodiment but do not actually change the nature of the solution.

...

[F]ollowing Office practice, commonly known features may be determined to be essential elements of a claim. However, purposive construction identifies as essential only those elements that solve the problem, whether they are commonly known or not. Some claim features, although providing context or defining the working environment, may nevertheless not be considered essential because the skilled person would understand that they are not part of the solution to the problem.

- [26] In the RPR and at the oral hearing, the Applicant disagreed as to whether or not the multiple electronic gaming machines were essential to the problem and solution as well as to whether the gaming machines are "conventional" gaming machines. The Applicant stated in the RPR that

The mode of operation of the Applicant's claimed system is distinguishable from that of the asserted conventional system in that the Applicant's system is configured to operate a communal game over-and-above the individual games operated at the multiple electronic gaming machines. In order to operate this communal game, the claimed system requires, *inter alia*, a controller having a controller random number generator, together configured to perform certain actions in the operation of the communal game.

In contrast, the controller of a conventional system would not require a controller random number generator because of its different mode of operation. A conventional community

jackpot game system as asserted by the Panel, which operates by “awarding winnings when a player reveals a jackpot winning outcome”, must be understood to involve determination of any jackpot outcome at one of the multiple electronic gaming machines, not at a central controller. The teachings of D1 at column 1, lines 25-46 asserted by the Panel as evidence of the relevant common general knowledge require as much. In any event, a central controller provided in a conventional system would not necessarily have been configured to operate an additional communal game played cooperatively by the multiple gaming machines.

As such, even if, *arguendo*, an aspect of the claimed invention involves the operation of a progressive community jackpot game using multiple electronic gaming machines according to a new set of game rules, it remains the case that the mode of operation required by the system in order to carry-out those rules requires a particular configuration of the central controller, including a controller random number generator, to enable the controller to operate the communal game interactively with the multiple networked electronic gaming machines

- [27] The Panel asserts that the solution to the problem informs the identification of the essential elements: not every element that has a material effect on the operation of a given embodiment is necessarily essential to the solution; some recited elements define the context or environment of the embodiment but do not actually change the nature of the solution. Accordingly, purposive construction must consider which elements are required for the solution—proposed by the specification and underlying the claimed embodiment—to achieve its result. The presence of the computer or gaming machine components, to give the series of steps a practical embodiment, is not essential to the claimed solution to the disclosed problem. The Panel asserts that a random number generator in a controller is not part of the solution, only the generation of a random number forms part of the solution, and could be done by other means.
- [28] The Panel also asserts that electronic gaming machines are indeed conventional machines, as we note that the description does not refer to any challenges in implementing a gaming machine capable of providing the altered game play. The POSITA would understand the problem to be solved does not lie in how to computerize the steps of the game, but in how to modify game play for player motivation. As explained previously, the CGK encompasses networked computer components as well as programming software on the computer components; that CGK would also shape the skilled person’s understanding of the nature of the problem and its solution. In our view, the gaming machine serves as the operating environment for the problem, and the solution is not how to build or program the machine, or how to perform certain operations. Rather, the solution relates to the set of rules for the game to follow to increase a player’s retention.

[29] Accordingly the Panel considers the following essential elements for the identified solution as set out in the PR letter:

... the essential elements of representative claim 1 that are required to implement the solution identified above are the steps of:

- randomly select fixed bonus code symbols from a pool of symbols;
- randomly select a quantity of game code symbols from said pool of symbols wherein said quantity of game code symbols equals a quantity of the fixed bonus code symbols, the game code symbols comprising a first game code symbol and a second game code symbol;
- prior to each play, randomly determine a direction of movement for selection of each of said game code symbols;
- responsive to play, adjust the game code symbol in said randomly determined direction of movement;
- compare respective adjusted game code symbols to corresponding bonus code symbols;
- lock game code symbols matching said bonus code symbols;
- when the first game code symbol is locked, adjust the second game code symbol in said randomly determined direction of movement; and
- responsive to each of said game code symbols matching a corresponding one of said bonus code symbols, trigger an award.

We preliminarily view the other independent claims (claims 4, 7, and 10), which are directed to different embodiments of the invention, to have the same set of essential elements of representative claim 1.

The dependent claims (claims 2, 3, 5, 6, 8, 9, 11, and 12) specify additional features regarding further bonus code and game code symbol options, these features are considered essential.

Statutory Subject Matter

[30] As construed above, and as presented in the PR Letter,

the essential elements of the independent claims 1, 4, 7, and 10 correspond to a set of manipulations of data, along with the presentation of information of merely intellectual significance. A gaming system is not among the essential elements. The essential elements are the rules for rewarding players of a game. The mere presence of a computer or other physical tool, such as a gaming system, in the claims does not render the otherwise abstract

set of rules patentable. Such matter does not manifest a discernible effect or change of character or condition in a physical object. It merely involves the carrying out of a plan or theory of action without the production of any physical results proceeding directly from the operation of the theory or plan itself. Such matter is outside the categories of invention in section 2.

Dependent claims 2, 3, 5, 6, 8, 9, 11, and 12 add additional essential elements comprising further bonus code features and game code symbol options. These further essential elements relate to the rules for rewarding players of a game and do not comprise statutory subject matter.

[31] Therefore, our view is that claims 1-12 do not define statutory subject matter and thus do not comply with section 2 of the *Patent Act*.

Proposed Claims

[32] As stated above, the Applicant proposed in the RFA amended claims 1-28 in an effort to overcome the defect identified in the FA. From the claims on file, claims 1-12 were amended and are proposed claims 1, 6, 7, 8, 13, 14, 15, 20, 21, 22, 27, and 28. Proposed claims 2-5, 9-12, 16-19, and 23-26 are new.

[33] As stated in the PR letter:

Proposed independent claim 1 is viewed as the representative claim of the proposed claims. The amendment: added the gaming machine to the display, memory, and random number generator elements; related the controller to the gaming machine; and related the steps of the method to the controller. These elements are not considered essential, as presented above, providing instead details of the operating environment for the solution of providing progressive jackpots, consisting of rules for a new progressive game wherein bonus symbols are matched with game symbols in order to create a winning combination which generates an award.

We preliminarily view the other proposed independent claims (claims 8, 15, 22) to have the same set of essential elements of representative claim 1.

Proposed claims 2-7, 9-14, 16-21, and 23-28 add additional essential elements comprising further bonus code features and game code symbol options. These further essential elements relate to the rules for rewarding players of a game and do not comprise statutory subject matter.

[34] Accordingly, our view concerning non-statutory subject matter also applies to the proposed claims. It follows that the proposed claims are not considered a necessary amendment under subsection 86(11) of the *Patent Rules*.

RECOMMENDATION OF THE BOARD

[35] In view of the above, the Panel recommends that the application be refused on the basis that the claims on file define subject matter that is non-statutory and thus do not comply with section 2 of the *Patent Act*.

Mara Gravelle

Vincent Pellerin

Howard Sandler

Member

Member

Member

DECISION OF THE COMMISSIONER

[36] I concur with the findings of the Board and its recommendation to refuse the application on the basis that the claims on file define subject matter that is non-statutory and thus does not comply with section 2 of the *Patent Act*.

[37] Accordingly, I refuse to grant a patent for this application. Under section 41 of the *Patent Act*, the Applicant has six months to appeal my decision to the Federal Court of Canada.

Johanne Bélisle
Commissioner of Patents

Dated at Gatineau, Quebec

this 25th day of May, 2020