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Date: 2021-04-13

TOPIC: J00 Meaning of Art

J10 Computer
Programs

SUJET: J00 Signification de
la technique

J10 Programmes
d'ordinateur

Application No. : 2,572,219
Demande n° 2 572 219

IN THE CANADIAN PATENT OFFICE

DECISION OF THE COMMISSIONER OF PATENTS

Patent application number 2,572,219, having been rejected under subsection 30(3) of the *Patent Rules* (SOR/96-423) as they read immediately before October 30, 2019 (“*former Rules*”) has consequently been reviewed in accordance with paragraph 199(3)(c) of the *Patent Rules* (SOR/2019-251) (“*Patent Rules*”). The recommendation of the Board and the decision of the Commissioner are to withdraw the rejection and allow the application.

Agent for the Applicant:

KIRBY EADES GALE BAKER

100 Murray Street, Suite 500

OTTAWA Ontario

K1N 0A1

INTRODUCTION

- [1] This recommendation concerns the review of rejected Canadian patent application number 2,572,219 (“the instant application”), which is entitled “SYSTEM AND METHOD FOR PROVIDING BETS REGARDING INTERMEDIATE POINTS IN A RACE EVENT” and is owned by CFPH, LLC (“the Applicant”). A review of the rejected application has been conducted by the Patent Appeal Board (“the Board”) pursuant to paragraph 199(3)(c) of the *Patent Rules*. As explained in more detail below, my recommendation is that the Commissioner of Patents withdraw the rejection and that the application be allowed.

BACKGROUND

The Application

- [2] The instant application was filed under the *Patent Cooperation Treaty* and has an effective filing date in Canada of June 28, 2005. It was laid open to public inspection on January 12, 2006.
- [3] The instant application relates to a betting system for race events wherein a bettor may place bets as to the position of a race participant at an intermediate point of the race event. Measurement devices placed at intermediate points of the race relay intermediate race results to a computer betting system to determine payouts.

Prosecution History

- [4] On October 25, 2017, a Final Action (“FA”) was written pursuant to subsection 30(4) of the *former Rules*. The FA stated that the instant application is defective on the ground that all of the claims 1-155 on file at the time of the FA (“claims on file”) are directed to a method/set of rules of playing a game and do not comply with section 2 of the *Patent Act*.
- [5] In a April 24, 2018 response to the FA (“R-FA”), the Applicant did not propose any amendments to the instant application, but provided arguments in favor of the patentability of the claims on file.
- [6] As the Examiner considered the application not to comply with the *Patent Act*, pursuant to paragraph 30(6)(c) of the *former Rules*, the application was forwarded to the Board for review on August 29, 2018 along with an explanation outlined in a Summary of Reasons (“SOR”). The SOR set out the position that the claims on file were still considered to be

defective as being directed to non-patentable subject-matter and are therefore non-compliant with section 2 of the *Patent Act*.

- [7] In a letter dated September 13, 2018, the Board forwarded to the Applicant a copy of the SOR and requested that the Applicant confirm its continued interest in having the application reviewed.
- [8] In a response dated November 23, 2018, the Applicant confirmed its interest in having the application reviewed.
- [9] I have reviewed the instant application in accordance with paragraph 199(3)(c) of the *Patent Rules* and provide my analysis below.

ISSUE

- [10] The issue to be addressed by the present review is whether claims 1-155 on file are directed to patentable subject-matter.

LEGAL PRINCIPLES AND OFFICE PRACTICE

Claim Construction

- [11] In accordance with *Free World Trust v Électro Santé Inc.*, 2000 SCC 66 [*FreeWorldTrust*], purposive construction of a claim is 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). This consideration is performed from the point of view of the person skilled in the art in light of the relevant common general knowledge.
- [12] With respect to the determination of the essential/non-essential elements of a claim, the Patent Office Patent Notice in respect of patentable subject-matter, “Patentable subject-matter under the Patent Act” (CIPO, November 2020) [*PN2020-04*], clarified the Patent Office’s approach to this determination:

During purposive construction of a claim, the elements of the claimed invention “are identified as either essential elements (where substitution of another element or omission takes the device outside the monopoly) or non-essential elements (where substitution or omission is not necessarily fatal to an allegation of infringement)” [citing *FreeWorldTrust* at para 55]. In carrying out this identification of essential and non-essential elements, all elements set out in a claim are presumed essential, unless it is established otherwise or is

contrary to the language used in the claim [citing *Distrimed Inc v Dispill Inc*, 2013 FC 1043 at para 201].

Patentable Subject-Matter

[13] 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.

[14] Subsection 27(8) of the *Patent Act* prescribes that:

No patent shall be granted for any mere scientific principle or abstract theorem.

[15] Following the Federal Court decision in *Choueifaty v Canada (AG)*, 2020 FC 837, *PN2020-04* clarified Patent Office practice with respect to the determination of patentable subject-matter under section 2 and subsection 27(8) of the *Patent Act*. In general:

To be both patentable subject-matter and not be prohibited under subsection 27(8) of the *Patent Act*, the subject-matter defined by a claim must be limited to or narrower than an actual invention that either has physical existence or manifests a discernible physical effect or change and that relates to the manual or productive arts, meaning those arts involving or concerned with applied and industrial sciences as distinguished in particular from the fine arts or works of art that are inventive only in an artistic or aesthetic sense [citations removed].

[16] With particular reference to the determination of patentable subject-matter in respect of computer-implemented inventions, *PN2020-04* states that:

The mere fact that a computer is identified to be an essential element of a claimed invention for the purpose of determining the fences of the monopoly under purposive construction does not necessarily mean that the subject-matter defined by the claim is patentable subject-matter and outside of the prohibition under subsection 27(8) of the *Patent Act*. In such a case, it is necessary to consider whether the computer cooperates together with other elements of the claimed invention and thus is part of a single actual invention and, if so, whether that actual invention has physical existence or manifests a discernible physical effect or change and relates to the manual or productive arts.

ANALYSIS

Claim Construction

The person skilled in the art

[17] In the FA at page 2, the person skilled in the art was characterized as being:

skilled in the fields of wagering systems on racing events and the gaming computer network systems that provide betting system platforms for customers [referring to page 1, lines 6-17 of the instant application].

[18] While the passages referred to above do not refer to gaming computer network systems, the Applicant did not dispute the above characterization. I adopt it for the purpose of this review.

The relevant common general knowledge

[19] In the FA at pages 2-3, the relevant CGK was set out based on the BACKGROUND OF THE INVENTION section of the instant application, as well as the following prior art documents:

D1: US 6020851	Busack	Pub: February 1, 2000
D2: US 2001/0003715	Jutze et al.	Pub : June 14, 2001
D3: US 5241487	Bianco	Pub: August 31, 1993
D4: GB 2382484A	Hulbert et al.	Pub: June 25, 2003
D5: CA 2427718A1	Asam	Pub: May 10, 2001

[20] As described in the FA:

Wagering systems having one or more wager input devices, one or more displays, one or more communications networks for collecting wager information and race information, and one or more controllers for computing payout results are considered common general knowledge in the art of gaming (page 1, lines 7-22).

Furthermore, the present description does not disclose any technical details in implementing the recording devices and how they are connected to the wagering system, other than a diagram showing where they are placed (Figure 2). Therefore, it is presumed that implementing the claimed subject matter on a wagering system would have been within the common general knowledge of the person skilled in the art, as generally described, for instance, in the prior art 01-05. Specifically, D1 discloses placing devices (figure 1, items 20, 22 and 24) around the race track that output signals to the system via receivers to monitor the position of race cars (column 2, lines 48-64). D2 discloses using cameras (figure 1, 106) positioned around a race track that relay the data to a timing data collector (figure 1, item 108), and it further states that other measurement instruments may also be used (paragraph [0014]). D3 discloses that timing station pairs (figure 1, items 12 and 14-23) are located around the race track to provide race cars timing at different positions (column 3, lines 29-41). D4 discloses that antennas (figure 1, items 14-16) are located around a race track (figure 1, item 30) to determine the location and/or the speed of a moving object (page 10, line 24 to page 11, line 15; figure 1, items 2 and 2a-2c). D5 discloses that a number of section monitors

(figures 2A and 2B, items 22 and 22X) are used to monitor the position of race cars. Hence, it would have been obvious for a person skilled in the art to adopt any of the above methods disclosed in the prior art to achieve the same feature of implementing recording devices as pertinent to the claimed invention.

[21] Again, while the passages of the instant application referred to in the first paragraph of the above quotation do not refer to input devices, displays, communication networks or controllers, these points of CGK have not been disputed by the Applicant. Furthermore, I understand the references to prior art documents D1-D5 to be for the purpose of illustrating the relevant CGK that would be available to enable implementation of the invention, which, in my view, would also be relevant for the purposes of assessing other patentability criteria. I understand the reference to obviousness to be for the purpose of making the point that any of the known options of monitoring intermediate positions during a race could be used to implement the invention and not as an assessment of the obviousness of the claimed subject-matter. Keeping in mind the foregoing and since the Applicant did not dispute the above points of CGK, I adopt them for the purpose of this review.

The essential elements of the claims

[22] The instant application includes independent claims 1, 22, 56 and 143 directed to methods of operating a computer betting system/gaming system, independent claims 39 and 72 directed to computer readable mediums storing statements or instructions for operating a computer betting system, and independent claims 76, 88, 109 and 127 directed to gaming systems for races/computer betting system. Claim 155 is directed to a computer readable medium, but references any of claims 143 to 154 for the steps to be executed. For the purpose of this review, I set out independent claims 1, 39 and 76 as representative:

1. A method of operating a computer betting system, comprising the steps of:
 - receiving bets, at a communications interface of the computer betting system, from or on behalf of bettors, the respective bets designating:
 - respective one or more race participants in a race event having a plurality of race participants,
 - at least one of a plurality of intermediate points within the race event, and
 - race performance characteristics of a designated one of the one or more race participant at a designated one of the plurality of intermediate points;
 - receiving, at the communications interface from devices located at the race event, intermediate race results measured by the device located at one of the plurality of intermediate points at the race event providing actual race performance characteristics of at

least one of the one or more race participants at the one of the plurality of intermediate points at a precision sufficient to resolve the bets; and

determining payout results, at a processor of the computer betting system, for the bets based at least in part on whether the designated race performance characteristics of race participants at the designated intermediate points match the received intermediate race performance characteristics measured for the participants.

39. One or more tangible computer-readable memory media, having stored therein statements and instructions for operating a computer betting system which when executed by a processor of the computer betting system causes the processor to:

receive, at a communications interface of the computer betting system, bets from or on behalf of bettors into a memory of the computerized betting system, the respective bets designating:

respective one or more race participants in a race event having a plurality of race participants,

at least one of a plurality of intermediate points within the race event, and a position of the designated race participant at that designated intermediate point;

from devices at the race event, at the communications interface from devices located at the race event, intermediate race results measured by the device located at one of the plurality of intermediate points at the race event providing actual positions of at least one of the one or more race participants at that intermediate point at a precision sufficient to resolve the bets; and

determine payout results for the bets based at least in part on whether the bettors' designated positions of race participants at the designated points match the received intermediate race position results measured for the participants.

76. A gaming system for races performed on a racecourse, comprising:

a communications interface;

a processor;

a memory having stored thereon statements and instructions that when executed by the processor cause the processor to:

receive, at the communications interface, a bet from a betting terminal;

generate a bet matrix including a plurality of randomly generated entries, each entry corresponding to a potential race position of one or more race participants for a particular point along the racecourse;

receive, at the communications interface from intermediate recording devices positioned at intermediate points along the racecourse, intermediate race results measured by the intermediate recording devices, the intermediate race results comprising actual race positions of the one or more race participants at the respective intermediate points during a race;

determine one or more matched entries of the plurality of entries in the bet matrix based on a comparison of the actual race positions of the intermediate race results and the potential race positions of the plurality of entries in the bet matrix; and

determine whether or not the bet is a winning bet based at least in part on a comparison of the matched entries to one or more patterns or alignments defined by the received bet.

[23] The FA presented an analysis of the purposive construction of the claims on file in accordance with the guidance set out in the *Manual of Patent Office Practice*, revised June 2015 (CIPO) at §12.02. As this approach has now been superseded by *PN2020-04*, I undertake anew the identification of the essential elements of the claims on file.

[24] I note that there have been no issues raised during the prosecution of the instant application in regard to the meaning or scope of any of the terms used in the claims on file. I proceed below on the basis that the meaning and scope of the claims would have been clear to the skilled person.

[25] As set out above, *PN2020-04* states in respect of the identification of essential/non-essential elements that:

In carrying out this identification of essential and non-essential elements, all elements set out in a claim are presumed essential, unless it is established otherwise or is contrary to the language used in the claim.

[26] With respect to the claims on file, the person skilled in the art would understand that there is no use of language in any of the claims indicating that any of the elements in each claim are optional, a preferred embodiment or one of a list of alternatives.

[27] Therefore, in my view, all the elements of the claims on file are considered to be essential, including the computer implementation and computer-related components.

Patentable Subject-Matter

[28] I set out below my assessment of patentable subject-matter in light of the essential elements identified above and the guidance as to the assessment of patentable subject-matter set out in *PN2020-04*.

[29] Claim 1 on file specifies a method of operating a computer betting system wherein bets are received respecting one or more race participants and their anticipated performance characteristics at intermediate points of the race. As part of the method, data regarding

intermediate race results is received from devices at the race location by a communications interface of the computer betting system, the intermediate race results having been

measured by the device located at one of the plurality of intermediate points at the race event providing actual race performance characteristics of at least one of the one or more race participants at the one of the plurality of intermediate points at a precision sufficient to resolve the bets.

[30] Payouts may then be determined based on the anticipated performance characteristics that form the bet being compared with those received as measured by the devices at the designated intermediate points of the race.

[31] Although a focus of the claimed subject-matter may be considered to be the method of placing bets based on intermediate race results and the resolution of those bets based on those intermediate results, claim 1 on file also involves the reception of measured race results from devices operating at the race event.

[32] In the R-FA at page 5, the Applicant submitted that the measurement step “involved a physicality aspect.”

[33] It is evident from claim 1 itself and the rest of the specification that the measurement devices recording intermediate race results cooperate with the computer betting system to produce the overall method wherein bets can be made and resolved based on intermediate race results. I also note that there is nothing in the CGK set out above that suggests that the computer betting system cooperating together with a race event measurement device constitute a generic computer that “processes the algorithm in a well-known manner” (PN2020-04).

[34] Therefore, in my view, the method steps of the betting and payout determination process and the computer system that implements them form a single actual invention in combination with the use of the measurement device at the race event. That single actual invention, by virtue of the use of the measurement device to record intermediate race results, is “something with physical existence, or something that manifests a discernable effect or change” (*Canada (Attorney General) v Amazon.com Inc*, 2011 FCA 328 at paragraph 66). In comprising the use of the computer betting system cooperating with the measurement devices at a race event, the actual invention of claim 1 on file also relates to the manual or productive arts and is not prohibited subject-matter under subsection 27(8) of the *Patent Act*.

[35] Independent claim 39 on file, which is directed to computer readable media having stored thereon statements and instructions to be performed by a processor, also includes a step of receiving “intermediate race results measured by the device located at one of the plurality of intermediate points at the race event.” As such, like claim 1, claim 39 comprises an actual invention that manifests a discernable effect or change, relates to the manual or productive arts and is not prohibited subject-matter under subsection 27(8) of the *Patent Act*. Claim 39 is therefore directed to patentable subject-matter.

[36] Independent claim 76 on file is directed to a gaming system. While the betting process is based on a more specific embodiment wherein a bet matrix comprising a plurality of potential race positions of a race participant is used, claim 76 also determines payouts based on the reception of measured intermediate race results measured by devices at intermediate points of a race event. As such, in my view, claim 76 is also directed to patentable subject-matter.

[37] The other independent claims 22, 56, 72, 88, 109, 127 and 143 also set out processes in which information received from measurement devices at intermediate points of a race event is used by the betting system to determine payouts and are likewise directed to patentable subject-matter. Claim 155, which references any one of claims 143 to 154, includes the features of claim 143 and is likewise directed to patentable subject-matter.

[38] As the dependent claims all refer to claims that are directed to patentable subject-matter, they are likewise directed to patentable subject-matter.

[39] In light of the above, I conclude that claims 1-155 on file are directed to patentable subject-matter and therefore comply with section 2 of the *Patent Act*.

CONCLUSION

[40] I have determined that claims 1-155 on file are directed to patentable subject-matter and are therefore compliant with section 2 of the *Patent Act*.

RECOMMENDATION OF THE BOARD

[41] In view of the above, I am of the view that the rejection is not justified on the basis of the defect indicated in the Final Action notice and I have reasonable grounds to believe that the instant application complies with the *Patent Act* and the *Patent Rules*. I recommend that the Applicant be notified in accordance with subsection 86(10) of the *Patent Rules* that the rejection of the instant application is withdrawn and that the instant application has been found allowable.

Stephen MacNeil

Member

DECISION OF THE COMMISSIONER

[42] I concur with the conclusion and recommendation of the Board. In accordance with subsection 86(10) of the *Patent Rules*, I hereby notify the Applicant that the rejection of the instant application is withdrawn, the instant application has been found allowable and I will direct my officials to issue a Notice of Allowance in due course.

Virginie Ethier

Assistant Commissioner of Patents

Dated at Gatineau, Quebec

this 13th day of April, 2021