

25 Nov 2021

2021204221

By online submission

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25 November 2021

Our Ref: 534986AU02  
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**PATENTS**

AUSTRALIA  
*Patents Act 1990*

**REQUEST TO AMEND A COMPLETE SPECIFICATION**

Diogenes Limited  
Australian Patent Application 2021204221 (Divisional of AU 2020213361)  
Entitled: Wagering apparatus, methods and systems

Dear Commissioner

Diogenes Limited, of Clinch's House Lord Street Douglas, Isle of Man, IM99 1RZ, United Kingdom provides submissions responsive to the first examination report. Leave of the Commissioner is requested to amend the specification in accordance with the accompanying Statement of Proposed Amendments.

**Proposed amendments**

We *attach* a marked up copy of the proposed amendments indicating where additions and/or deletions have been made to the specification.

In particular, it is proposed to add new claims 59 and 60; proposed claim 59 is an independent method claim corresponding to independent system claim 46, and proposed claim 60 is an independent computer-readable storage medium corresponding to the independent method claims.

**Comments**

***Clarity***

It is proposed to amend independent claim 1 and independent claim 25 to delete the recitation of "of the potential outcome" to address the clarity objection raised at item 2 of the report.

***Novelty and inventive step***

The examiner alleges that the claims lack novelty over each of D1

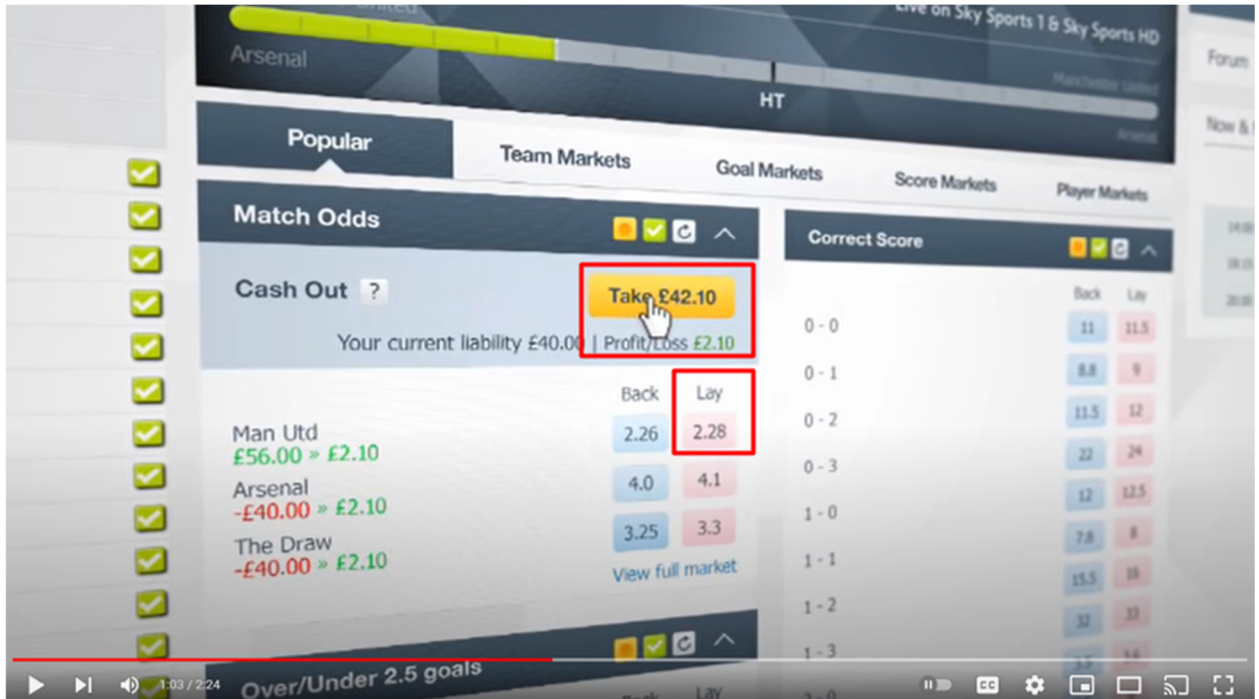
(<https://www.youtube.com/watch?v=pg9X3p09W6w>), D2 (US 2009/0124341), and D3 (US 2005/0153767). The applicant respectfully disagree for the following reasons.

# FB RICE

The Commissioner of Patents  
Our Ref: 534986AU02  
25 November 2021

## D1

The “cash out” feature described in D1 is different than that recited in the proposed independent claims of the present applications. In particular, while D1 uses the term “cash out,” what D1 discloses is actually a method of hedging a bet using a **second** additional bet (at odds to a first bet) to lock in a profit. More specifically, the process of “cash out” described in D1 is merely a bet that is placed to TAKE a new lay bet on the exchange at the current match odds, as illustrated by the following annotated screen shot:



This hedging process can best be explained by walking through the video of D1. Between 0:32-0:48, the video explains the process of submitting the initial wager for Manchester City to win the game. Betfair offers two alternatives on the common betting system. They are known as “back” and “lay” bets. A back bet is a common sports bet in which you put a stake on a certain outcome of a bet. In other words, you are betting FOR something. A lay bet is a bet where you bet AGAINST a specific outcome of a game.

In the video of D1, a back bet for Manchester United is a bet that they *will* win the game. A lay bet against Manchester United is a bet that they *won't* win (i.e., they lose *or* they draw). Before the start of the game the match odds for back/lay bets for Manchester United sit at 2.4/2.42. Here, the video walks through the process of placing a back bet before the game to start for Manchester United to win the game. The user places a £40 back bet at match odds of 2.4. If Manchester United wins the game, the user's back bet would be worth £96 and he/she stands to make £56 profit:  $(£40 \times 2.4) - £40 = £56$ . If Manchester United loses, the user loses all £40. To minimize his/her risk of loss, the user may hedge his/her back bet by placing a lay bet. This process is described between 0:49-1:05 of the video.

After the game has started, the odds for Manchester United have changed slightly in their favour, with the back/lay ratio now at 2.26/2.28. As explained, the user may “cash out” of his/her initial bet and lock in a guaranteed profit by submitting a new lay bet at the updated match odds. This is done by placing a lay bet at the new 2.28 match odds at a value to that results in the same worth as the

# FB RICE

The Commissioner of Patents  
Our Ref: 534986AU02  
25 November 2021

original back bet (£96) to cancel it out. More specially, by clicking on the “TAKE” button, the user places a £42.10 lay bet at 2.28, which equals £96. This results in a £53.90 profit:  $(£42.10 \times 2.28) - £42.10 = £53.90$ . Now, no matter what the outcome, the user stands to make the £2.10 profit shown in the screenshot above ( $£56 - £53.90 = £2.10$ ).

In other words, the system disclosed in D1 does nothing more than facilitate a hedging bet by allowing a user to place *second new* lay bet (which is entirely separate from the initial bet) to cancel out potential losses after the wagering event has started.

This is very different than the “cash out” feature that is presently claimed. *see* Specification, p. 15, l. 18 — p. 17, l. 27. As described in detail in the Specification, the term “cash out” in the pending application has a very specific meaning and the system performs very specific functions to facilitate the cash out of a wager. A cash out provides participants “an opportunity to sell their tickets (in whole or alternatively may be in part (Le., a fractional amount) to the game operator or through the game operator (or alternatively directly) to a third party (e.g., one or more system operator(s), business entity or entities such as a merchant(s), one or more other persons, other player(s), etc.)” Specification, p. 3, ll. 11-14.

In an example, the system continuously evaluates the likelihood of a participant’s wager (i.e., ticket winning a wagering event “and on that basis make a determination as to the attributed value of the ticket based on its respective probability of winning” the wagering event. *Id.* at 15, ll. 25-27. The server system then “makes the determination of what the appropriate value would be for a ticket in order to make an offer to buy—out to one or more players (as disclosed herein, in other examples one or more other sources may also be used in addition to, or as an alternative to, the server system 12 for determining the appropriate value).” *Id.* at 15, ll. 27- 31.

If the buy-out offer is accepted, “the player will receive the indicated value (which may occur in a variety of different ways as described herein).” *Id.* at 16 ll. 2-4. In certain examples, “when a buy-out offer is accepted, the entity that initiated the buy-out offer will in return obtain legal ownership of the ticket from the player.” *Id.* at 16, ll. 4-6. In certain other examples, “the entity that initiated the buy-out offer will not obtain legal ownership of the ticket, but merely obtain an entitlement (e.g., a contract) to obtain all or any portion of any future Jackpots, awards or other prizes, etc. (i.e., depending on the ticket percentage related to the buy-out offer) that may occur in connection with the ticket from the point of purchase moving forward.” *Id.* at 16, ll. 6-10.

In other words, the participant in the pending claims is not required to submit any additional wagers to cash out of his/her initial wager. Rather, by accepting the cash out offer, a percentage of ownership/rights/entitlements, etc. of the wager is transferred (e.g., to the system or another participant).

These features are **not** disclosed or even contemplated by D1. The system in D1 does not make any determinations about the users chances of winning and does not determine an appropriate value to offer the user to end their bet. Rather the system of D1 it merely displays the market odds to the user, and allows to the user to choose (if so inclined) to submit a separate hedging bet to limit their losses. In D1, there is no transfer of ownership/rights/entitlements, etc. of the initial wager.

In short, the “take” in D1 is a completely different offer than the cash out feature of the pending claims, and clicking on the “take” button of D1 causes the system of D1 to perform completely different functions than the claimed system. Accordingly, D1 does not disclose the element of

# FB RICE

The Commissioner of Patents  
Our Ref: 534986AU02  
25 November 2021

“generating, by the system controller, an option in real time for the participant to one or more of fully cash out of the wager or partially cash out of the wager prior to a conclusion of the wagering event for at least a portion of the award.”

Additionally, as described above, D1 merely accepts an initial wager and then displays market odds to a user and lets the user decide if he/she wants to submit a new and separate hedge bet to limit their losses. It’s up to the user to review the market odds and then make a determination of whether or not the user wants to hedge his/her initial wager by placing a lay bet. D1 does not actually disclose "continuously retrieving, by the system controller, data in real time related to a progress of the wagering event; recalculating, by the system controller, the wager information in real time based on the continuously received data; continuously evaluating, by the system controller, the recalculated wager information; determining, by the system controller, that the participant is eligible to win an award based on one or more of the wager and a potential outcome of wagering event" as claimed in proposed claim 1.

Accordingly, the skilled person would simply find no motivation to deviate from the technique disclosed in the video of D1, and even if they did, there is nothing in D1 that might lead them to arrive at the invention as claimed in the proposed independent claims.

Accordingly, the applicant submits that the invention as claimed in the independent claims is novel and inventive over D1.

## D2

D2 describes a method and system wherein a player of a wagering game is enabled to selectively choose to receive a prize or proceed onto a next level in which a larger jackpot is available; (See D2, Abstract). After each level of the game is completed (and before moving onto the next level), a win value is presented to the user that the user may select and then end his or her participation in the game. More specifically, “in addition to displaying the values of the cards the game controller 101 also calculates and displays the win value 522 of the first level and asks the player whether they wish to take the win or continue playing 524.” (D2, [0074]).

The “win value of the first level (and, in fact, of each level of the game) is calculated by the game controller 101 according to the formula:  $W=B*A*(P-C)$  where:  $W$ =win value,  $B$ =the bet (wager) placed by the player,  $A$ =award multiplier,  $P$ =the value of the prize pool,  $C$ =the value of the card selected by the player.” (See [0075]-[0080]. The award multiplier is a set number that is determined based on the current level of the game.

In other words, the “cash out” of D2 is: a) calculated only periodically at the end of each level, b) based on set variables that only change based on the current level of the game the player is on, and c) only allows the user to completely end his or her participation in the game.

This contrasts starkly from the functionality of the claimed system. For example, in the present independent claims, the system controller generates an option in real time for a participant to one or more of fully cash out of a wager or partially cash out of the wager prior to a conclusion of a wagering event for at least a portion of an award. The system controller determines the participant is eligible to win this award by: 1) continuously retrieving data in real time related to a progress of the wagering event; 2) recalculating the wager information in real time based on the continuously received data; and 3) continuously evaluating the recalculated wager information. The system in D2 performs none of these continuous or real-time functions, which may include the reception and

# FB RICE

The Commissioner of Patents  
Our Ref: 534986AU02  
25 November 2021

analysis of thousands, if not millions, pieces of real-time data and require tremendous computing resources. Furthermore, there is nothing in D2 that would lead the skilled person to arrive at the invention as claimed in proposed claim 1.

Accordingly, the applicant submits that claim 1 is novel and possesses an inventive step in light of D2.

## D3

D3 discloses a gaming device and a method of “carry[ing] out a main game which initiates a bonus game for a certain outcome of the main game.” The player's goal in the bonus game is “to obtain the highest value amount by, for example, choosing the highest value icon, or by spelling words from accumulated letters, or by accumulating symbols.” After each selection by the player, “the gaming machine offers the player a value (e.g., a number of credits) to end the bonus game.” The player “may accept the offer or continue playing the bonus game to its conclusion.” The award to stop playing the bonus game is “calculated based upon the remaining possible credit awards.” (See D3, Abstract).

Again, this contrasts starkly from near the functionality of the claimed system. D3 does not disclose *any* of: 1) continuously retrieving data in real time related to a progress of the wagering event, 2) recalculating the wager information in real time based on the continuously received data, and 3) continuously evaluating the recalculated wager information as presently claimed in proposed claim 1. Furthermore, there is nothing in D2 that would lead the skilled person to arrive at the invention as claimed in proposed claim 1.

Accordingly, the applicant submits that proposed claim 1 is novel and involves an inventive step in light of D3.

Therefore, the applicant submits that D1, D2, and D3, alone or in combination, fail to disclose or suggest all of the elements of independent claim 1. Independent claims 25 and 46 contain similar elements as those described above with reference to claim 1, and are therefore novel and inventive for at least the reasons provided above.

Dependent claims 2-24, 26-45, and 47-58 each depend from one of independent claims 1, 25, and 46 and are therefore also patentable over the cited prior art at least by virtue of their dependencies.

## ***Manner of manufacture***

The examiner alleges that the claims do not define a manner of manufacture, alleging that the substance of the claimed invention lies in the conditions of the wager offered to the user which allow a user with the opportunity to ‘cash out’ of the wager prior to the conclusion of the wagering event.

The applicants respectfully disagrees for the following reasons.

As clarified in the *Encompass* decision (*Encompass Corporation Pty Ltd v InfoTrack Pty Ltd* [2019] FCAFC 161), for a claim to a computer implemented invention to be considered patent eligible, it must recite more than a generic computer implementation of an otherwise abstract idea.

The invention, as claimed in the proposed amended claims, is not directed towards a scheme *per se*; it is directed toward a solution to the technical problem of how to configure a system controller for conducting wagering events to provide a participant in the wager event with a greater flexibility and control in managing their wager and thereby provide an improved system controller.

2021204221 25 Nov 2021

# FB RICE

The Commissioner of Patents  
Our Ref: 534986AU02  
25 November 2021

This is achieved by the particular and specific arrangement of the system controller as claimed. Specifically, the system controller is configured to perform various tasks in real time to be capable of generating an option, in real time, for the participant to fully cash out of the wager or partially cash out of the wager, for at least a portion of the award, before the wagering event ends. This involves the configuring the system controller to continuously retrieve data, in real time, related to a progress of the wagering event, recalculate wager information, in real time, based on the continuously received data, continuously evaluate the recalculated wager information, and determine that the participant is eligible to win an award based on the wager(s) and a potential outcome of the wagering event. Accordingly, the independent claims recite specific technical implementation details that provide for an improved system controller for conducting wagering events.

The specific advantage or technical effect achieved by the claimed invention is an improved wager system that provides greater flexibility and control to a participant making a wager in an effective and efficient manner.

This clearly involves more than a generic implementation of an otherwise abstract idea. In fact, the claimed invention provides a technical solution to the above technical problem in a way that achieves these advantages.

For at least these reasons, the proposed amended claims define a manner of manufacture.

### ***Postponement of acceptance***

We now withdraw the request for postponement of acceptance of this application.

We submit that this application is now in order for acceptance.

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*For and on behalf of:*

Diogenes Limited

