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Filed on behalf of Activision Blizzard, Inc.

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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ACTIVISION BLIZZARD, INC.,  
Petitioner

v.

MILESTONE ENTERTAINMENT, LLC,  
Patent Owner

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Case No. IPR2025-00709  
U.S. Patent No. 10,650,635

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**Petition for *Inter Partes* Review of  
U.S. Patent No. 10,650,635**

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1022	Edward Castronova, <i>Virtual Worlds: A First-Hand Account of Market and Society on the Cyberian Frontier</i> , CESifo Working Paper No. 618 (2001)
1023	Edward Castronova, <i>On Virtual Economies</i> , CESifo Working Paper No. 752 (2002)
1024	Richard A. Bartle, <i>Pitfalls of Virtual Property</i> , The Themis Group, (2024)
1025	Elizabeth Kolbert, <i>Pimps and Dragons: How an online world survived a social breakdown</i> 88 (May 28, 2001)

U.S. Patent No. 10,650,635  
Petition for *Inter Partes* Review

<b>Exhibit No.</b>	<b>Description</b>
1026	U.S. Patent App. Pub. No. 2003/0114220 to (“McClintic”)

## I. INTRODUCTION

Activision Blizzard, Inc. (“Petitioner”) respectfully requests *inter partes* review of claims 1, 2, 4, 6, 8-10, 14-18, 21-23, 25, 27, and 29 of U.S. Patent No. 10,650,635 (EX1001, “’635 Patent”).

Virtual money has been a standard element in games for over a century. Notably, it’s been well-known that virtual money can be used to purchase items to permit a player to advance (like buying a house in Monopoly). This feature was by no means inventive, particularly by 2004. Yet this is the very feature identified in the Notice of Allowance for the ’635 Patent.

By 2004, these virtual money features were common in games, including electronic games. For example, U.S. Patent No. 5,970,143 (EX1008, “Schneier143”) disclosed an electronic gaming system where credits could be used to purchase items. “[W]hile exploring a ten-level dungeon, the player could be charged an additional credit for the use of a special weapon, access to a map of the dungeon, or hints on avoiding traps.” EX1008, 63:16-19.

Similarly, U.S. Patent Pub. No. 2003/0078102 to Okita (EX1009, “Okita”) discloses a video game system that “performs conversion between virtual money and real money.” EX1009, Abstract. With this virtual money, Okita teaches that “the player can buy supplies, equipment, items or like during the game.” *Id.*, [0004].

The prior art renders obvious the challenged claims of the '635 Patent. Accordingly, Petitioner respectfully requests the Board institute review and find all challenged claims unpatentable.

## II. MANDATORY NOTICES

### A. Real Parties-in-Interest

The real party-in-interest is Activision Blizzard, Inc., which is a wholly-owned subsidiary of Microsoft Corporation.

### B. Related Matters

U.S. Patent Office records indicate that the '635 Patent is assigned to Milestone Entertainment, LLC ("PO"), which is currently asserting the '635 Patent in the following concurrent litigation filed on May 15, 2024: *Milestone Entertainment, LLC v. Activision Blizzard, Inc.*, 2:24-cv-04056-AB-MRW (C.D. Cal.)

Petitioner has filed, at substantially the same time that this Petition was filed, petitions for *inter partes* review against related family members U.S. Patent No. 8,529,336; U.S. Patent No. 10,825,294; U.S. Patent No. 11,335,164; U.S. Patent No. 11,393,279; and U.S. Patent No. 11,501,607.

### C. Notice of Counsel and Service Information

Petitioner provides the following designation of counsel:

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Pursuant to 37 C.F.R. § 42.10(b), a Power of Attorney accompanies this petition. Petitioner consents to electronic service by e-mail.

**D. Fee for *Inter Partes* Review**

The Director is authorized to charge the fee specified by 37 C.F.R. § 42.15(a) to Deposit Account 50-2613.

**E. Grounds for Standing**

Petitioner certifies pursuant to 37 C.F.R. § 42.104(a) that the '635 Patent is available for *inter partes* review and that Petitioner is not barred or estopped from requesting an *inter partes* review challenging the patent claims on the grounds identified in this Petition.

**III. IDENTIFICATION OF CHALLENGES**

**Ground 1:** Claims 1, 2, 4, 6, 8-10, 14-18, 21-23, 25, 27, and 29 are unpatentable under pre-AIA 35 U.S.C. § 103 as obvious over Schneier143<sup>1</sup> (EX1008).

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<sup>1</sup> U.S. Patent No. 5,970,143 to Schneier et al. (EX1008, “Schneier143”) is §§102(a) and (e) prior art.

**Ground 2:** Claims 1, 2, 4, 6, 8-10, 14-18, 21-23, 25, 27, and 29 are unpatentable under pre-AIA 35 U.S.C. § 103 as obvious over Schneier<sup>1</sup> (EX1008) in view of Okita<sup>2</sup> (EX1009).

#### IV. BACKGROUND

##### A. Overview of the Technology

Virtual money has been a mainstay in electronic gaming for decades. Crevelt ¶¶28-65. One of the benefits of virtual money is enhanced player engagement through player tracking and the perception of bigger wins. *Id.* ¶28. By 1990, most major casinos had player tracking systems with virtual money. *Id.* ¶28. Virtual money could take the form of promotions, points, and cashless gaming. *Id.* ¶28. Such features often permitted players to transfer credits between a gaming machine and an account on a host computer system so that the player could play gaming machines in a casino without carrying currency and coins from game to game. *Id.* ¶28. The player could receive virtual currency as part of a promotion or increase the payouts if the player meets certain game play goals. *Id.* ¶28. The objective of such systems was to encourage the players to play more due to the perception of big wins, or wager the virtual money and ultimately real money as well. *Id.* ¶28.

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<sup>2</sup> U.S. Patent Pub. No. 2003/0078102 to Okita et al. (EX1009, “Okita”) is §§102(a) and (e) prior art.

**B. '635 Patent**

The '635 Patent is directed to known systems to enhance player engagement. Crevelt ¶66. Specifically, the '635 Patent discloses systems “for effecting user experience in an electronic game environment through use of virtual currency or vCoins.” EX1001, Abstract. The '635 Patent recognized that “various forms of game play, as well as the suggestions for implementing those games on a mass communication network, such as through the telephone or Internet,” exist. *Id.*, 4:61-64. But the '635 Patent endeavored to address “a need for improved game of chance, which provide excitement for the player.” *Id.*, 4:65-67. The patent did so using vCoins.

“vCoins provide the player with the perception of a big win since the numbers are larger than any corresponding monetary amount.” *Id.*, 46:41-43. The '635 Patent also explains that “by being virtual and corresponding to electronic amounts, they may be altered or varied as desired.” *Id.*, 46:43-45. Further, “[b]y being able to track specific coins, the vCoins technique leads to vastly expanded possibilities.” *Id.*, 46:45-47; Crevelt ¶67.

The '635 Patent explains: “In a multi-level game, the systems and methods include memory for storing information on game play, the information including input received from the user, information relating to levels within the multi-level game and game display information for output to the user.” EX1001, Abstract. In

addition to memory storing information on game play, the system includes “[a] processor [that] is coupled to the memory for generating game play information, preferably including game play with virtual money.” *Id.*, Abstract; Crevelt ¶68.

As to the virtual money, it “is acquired through game play or cash purchase.” *Id.*, Abstract. Also, “[t]he virtual money is convertible into a non-cash good comprising advancement to another level within the game.” EX1001, Abstract; Crevelt ¶69.

### **C. Challenged Claims**

The challenged claims are entitled to an effective filing date of no earlier than September 1, 2004.<sup>3</sup> Crevelt ¶70.

The ’635 Patent has 29 claims, 1 independent claim and 28 dependent claims. Independent system claim 1 is broadly directed to a system that includes 3 generic components:

- (1) memory storing information on game play;
- (2) a processor coupled to the memory generating game play information; and
- (3) memory storing account information.

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<sup>3</sup> Petitioner does not concede that any challenged claim is entitled to this priority date. For the purpose of this Petition, it is unnecessary to break the priority chain to a later date.

The processor includes 4 requirements:

- (1) game playing information including game play with virtual money;
- (2) virtual money is acquired through game play and cash purchase;
- (3) virtual money acquired through purchase is subject to a multiplier; and
- (4) conversion of the money into a non-cash good to advance to another level.

#### **D. Prosecution History**

The '635 Patent issued with limited consideration, with no rejections nor office actions generally. In the Notice of Allowance, the Examiner merely stated that “the closest prior art ... fails to disclose, suggest or render obvious, in combination with the other claimed limitations, conversion of virtual money into a non-cash good comprising an image to permit advancement to another level within the game.” EX1002, 13; Crevelt ¶71.

#### **V. THE PRIOR ART**

##### **A. U.S. Patent No. 5,970,143 (EX1008, “Schneier143”)**

U.S. Patent No. 5,970,143 (“Schneier143”), was filed on August 8, 1996 and issued on October 19, 1999. The various embodiments of Schneier143 discloses each limitation in the challenged claims of the '635 Patent. Crevelt ¶78.

Schneier143 discloses a system that “enables computer generated game tournaments in which players play the games on game computers and compete against each other by submitting the outcomes for those tournament games to the

central computer, which certifies the outcomes and rates and ranks the players.” EX1008, 1:25-30. Schneier143 depicts “game computers 14 may communicate with the central computer 12 via a modem 20.” *Id.*, 11:56-58.

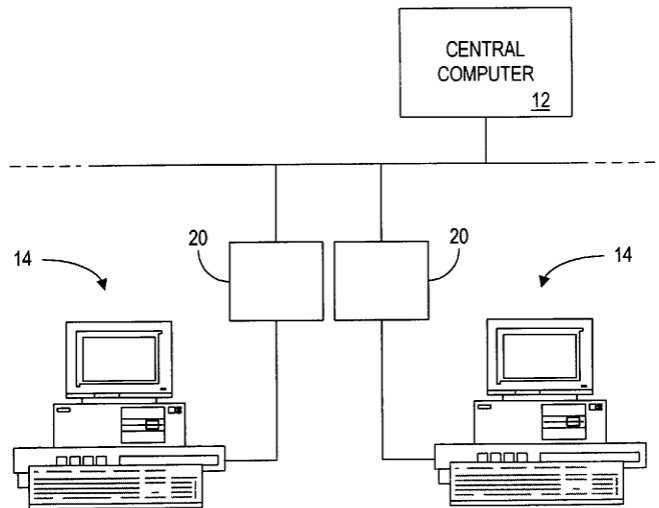


FIG. 2

Schneier143 further explains that “each game computer 14 includes game software 15 which resides in memory generally identified by the reference numeral 23.” *Id.*, 10:35-37; Crevelt ¶79.

Schneier143 discloses that “game programs generate games that are typically segregated into various levels, where the player advances from level to level as the game proceeds.” EX1008, 24:43-45. These games also provide “‘pay-per-use’ in the home video game environment, where any game computer may be turned into a video game arcade machine by metering usage of the game computer and/or game programs that run on the game computer. Players simply pay per game, or for play over a specified period of time in accordance with different pricing protocols.”

EX1008, 1:40-45. One such metering protocol disclosed by Schneier143 is “credit requests to enable arcade-type play.” EX1008, 61:54. Specifically, Schneier143 discloses “[i]n an arcade-type embodiment, the player purchases ‘credits’ to enable game play. This enables players to call the central computer 12 and obtain codes for a specified number of game plays, as in an arcade environment.” EX1008, 62:50-53. Schneier143 discloses that “[a] purchase of ten credits may cost \$0.50 each while a purchase of twenty credits may cost \$0.30 each.” EX1008, 63:33-34. Such game credits can also be acquired through game play: “The number of credits available may also be incremented after achieving a certain level of performance in the game.” EX1008, 63:23-25; Crevelt ¶80.

Schneier143 also discloses how game credits can be used to advance levels in a game: “A player might be charged one credit to explore any of the first ten levels of a game, while any of the additional five bonus levels could be explored at a cost of one credit each.” EX1008, 63:13-16. Schneier143 also discloses how game credits can be used to obtain special items to advance levels: “while exploring a ten-level dungeon, the player could be charged an additional credit for the use of a special weapon, access to a map of the dungeon, or hints on avoiding traps.” EX1008, 63:16-19; Crevelt ¶81.

Schneier143 discloses that running out of credits limits the user from continuing game play: “Each play results in the credit amount being decremented in

the meter 502. When the purchased credit amount is exhausted, if the player desires to continue to play, he must purchase more credits from the central computer 12 via the Authorization from Central Computer protocol.” EX1008, 62:67-63:5; *see also* 51:20-25 (“When the Limit-- Time or Limit-- Cost for metered usage is reached, the meter 502 disables operation of the game computer 14 by no longer providing the at least one output parameter crucial to the Insecure Software Component 708 of the operating system on the game computer 14 the next time it is required”); Crevelt ¶82.

**B. U.S. Patent Pub. No. 2003/0078102 (EX1009, “Okita”)**

U.S. Patent Pub. No. 2003/0078102 (“Okita”), was filed on October 9, 2002 and published on April 24, 2003. To the extent that *virtual money* excludes the credits of Schneier143, Okita discloses this limitation. Crevelt ¶83.

Okita teaches a “virtual money conversion unit 161n that performs conversion between virtual money and prescribed pseudo-values.” EX1009, Abstract. Okita explains that pseudo-values “refer[] to the player’s performance results in the game, and these points or results have values during the game.” *Id.*, [0004]. Okita further explains that with “pseudo-values (earned points) earned via a game protagonist, the player can buy supplies, items or the like during the game.” Although pseudo-values “have meaning only within the game space in the time duration from a time a player (or players) begins to a time player ends playing the game,” Okita teaches converting

the pseudo-values to virtual money that will be stored on a management server and will be accessible by other games. *Id.*, [0005]. Because the pseudo-values can be exchanged for virtual money that can be used in other tournaments, arcades, or the like, “a game can be provided that generates tension for the player due to the fact that the virtual money is earned or is confiscated based on the game results.” EX1009, [0009]; Crevelt ¶84.

## **VI. LEVEL OF ORDINARY SKILL**

A person of ordinary skill in the art (“POSITA”) in 2004 would have had at least a bachelor’s degree in computer science or computer engineering, with at least three years of experience in game development. Crevelt ¶¶72-74. Additional experience could substitute for less education, and additional education could likewise substitute for less experience. *Id.* ¶75.

This Petition does not turn on this precise definition, and the challenged claims would be unpatentable from the perspective of any reasonable person of ordinary skill in the art at the relevant time. *Id.* ¶¶76-77.

## **VII. CLAIM CONSTRUCTION**

The Board construes the claims “using the same claim construction standard that would be used” in district courts. 37 C.F.R. § 42.100(b). This Petition

establishes that the prior art meets each of the claim limitations under any reasonable construction.<sup>4</sup> Thus, no express construction is required. Crevelt ¶¶85.

## **VIII. GROUND 1: SCHNEIER143 RENDERS OBVIOUS THE CHALLENGED CLAIMS**

The various embodiments of Schneier143 discloses each limitation in the challenged claims of the '635 Patent. Crevelt ¶¶86. A POSITA would have combined those embodiments resulting in a system that renders obvious each limitation of the challenged claims.<sup>5</sup> Crevelt ¶¶87.

### **A. Independent Claim 1**

#### **1. Preamble: “A system for effecting user experience on a user communication device in a multi-level electronic game environment comprising:”**

To the extent limiting, Schneier143 discloses the preamble. Crevelt ¶¶88-89. As depicted in Figure 2, Schneier143 discloses a system that includes a “central

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<sup>4</sup> Petitioner reserves the right to argue alternative constructions in other proceedings, including that the claims are indefinite where such a defense is available.

<sup>5</sup> No findings regarding motivation to combine or reasonable expectation of success are necessary with a single reference ground. *See Realtime Data, LLC v. Iancu*, 912 F.3d 1368, 1372-73 (Fed. Cir. 2019). That said, Schneier143 teaches that the features of the embodiments are options that can be combined, which would have motivated a POSITA to do so. Crevelt ¶¶87.

computer 12” as well as “game computers 14.” EX1008, 11:56-58. Schneier143 discloses *a user communication device* by explaining that the “game computer” is “intended to include personal computers (‘PCS’), personal digital assistants, coin-operated arcade video gaming machines, television units coupled to game units (e.g., game consoles such as Nintendo, Sega, etc.) and portable game devices (e.g., GAME BOY, GAME GEAR, NOMAD and the like).” *Id.*, 10:13-20. Schneier143 discloses *a system for effecting user experience* on such a *user communication device* in that Schneier143 discloses “[t]he practice of playing games on the game computer 14.” EX1008, 10:23-25. Specifically, Schneier143 discloses a “system is principally comprised of a central computer 12 associated with a central authority, and a plurality of game computers 14” on which supports such game playing. *Id.*, 10:10-13.

Schneier143 discloses that the game play is segregated into various levels (*in a multi-level electronic game environment*). Crevelt ¶89. “Since game programs generate games that are typically segregated into various levels, where the player advances from level to level as the game proceeds, this ‘code’ may be used to instruct the game software 15 to continue from any given point.” *Id.*, 24:43-47. In one example of *a multi-level electronic game environment*, Schneier143 discloses: “In MORTAL KOMBAT, for example, the computer opponent for the first level fight is relatively weak. As players win fights and proceed to higher levels, the opponents

become increasingly powerful.” *Id.*, 42:59-62; *see also* 13:41-43, 14:40-45, 34:23-29, 34:29-32. Schneier<sup>143</sup> goes on to explain how game credits can be used to advance levels *in a multi-level electronic game environment*. *Id.*, 63:12-23 (“Extra credits can be required to complete restricted stages of a game. A player might be charged one credit to explore any of the first ten levels of a game, while any of the additional five bonus levels could be explored at a cost of one credit each.”).

2. **[1.a]: “memory storing information on game play, the information including input received from the user, information relating to levels within the multi-level game and game display information for output to the user,”**

Schneier<sup>143</sup> discloses this limitation. Crevelt ¶¶90-94. Schneier<sup>143</sup> discloses that each game computer includes memory that stores game programs (*memory storing information on game play*). EX1008, 7:1-4 (“each game computer includes associated *memory* and a processor for executing programs from its associated memory”), 10:35-37 (“each game computer 14 includes game software 15 which resides in memory generally identified by the reference numeral 23”), 10:37-42 (“The *memory* 23 includes read-write memory RAM, read-only memory ROM, and any non-volatile data source of programs associated with the game computer 14, such as a game cartridge, hard-disk, CD-ROM, PCMCIA card or special flash ROM chip.”), 12:51-52, Fig. 4a. Schneier<sup>143</sup> explains that “[t]he term ‘associated memory’ is intended to include the internal read only memory ROM and read-write

memory RAM of the game computer, as well as external devices such as hard disk drives, CD-ROM drives, floppy disk drives, game cartridges and the like.” *Id.*, 7:4-9; *see also* 12:35-38, 12:38-42. The central computer also “includes an associated memory, a processor for executing programs from the central computer associated memory.” *Id.*, 7:50-53.

Schneier143 discloses that the information stored on memory includes user input from input control device 17 (*the information including input received from the user*). Crevelt ¶91. Schneier143 discloses “[t]he game computer may also have an associated input control device 17, such as a joystick (shown) as is well known in the art.” EX1008, 10.:44-46. Schneier143 further explains that “[t]he input/output device 17 may comprise multiple joysticks or controls for players to play against each other.” *Id.*, 10.:44-46. A *user* provides *input* through the use of input control device 17, such as a keyboard or joystick. For example, Schneier143 explains that for an illustrative golfing game, “[a] human figure is superimposed on this background, and swings a golf club in response to player inputs via a keyboard or joystick.” EX1008, 19:20-28.

Schneier143 discloses that the game program in memory includes information relating to various levels (*information relating to levels within the multi-level game*). Crevelt ¶92. As discussed for the preamble, Schneier143 discloses that “game programs generate games that are typically segregated into various levels, where the

player advances from level to level as the game proceeds.” EX1008, 24:43-47; *see also* Section VIII.A.1.

Schneier143 discloses that the game programs include information to be displayed on a screen on the game computer to the user (*game display information for output to the user*). Crevelt ¶93. Specifically, Schneier143 discloses that the “game computer” is “intended to include personal computers (‘PCS’), personal digital assistants, coin-operated arcade video gaming machines, television units coupled to game units (e.g., game consoles such as Nintendo, Sega, etc.) and portable game devices (e.g., GAME BOY, GAME GEAR, NOMAD and the like)”—each of which includes a display for outputting information to the user. EX1008, 10:13-18; Crevelt ¶93; *see also id.* at Fig. 2 (display on game computer 14).

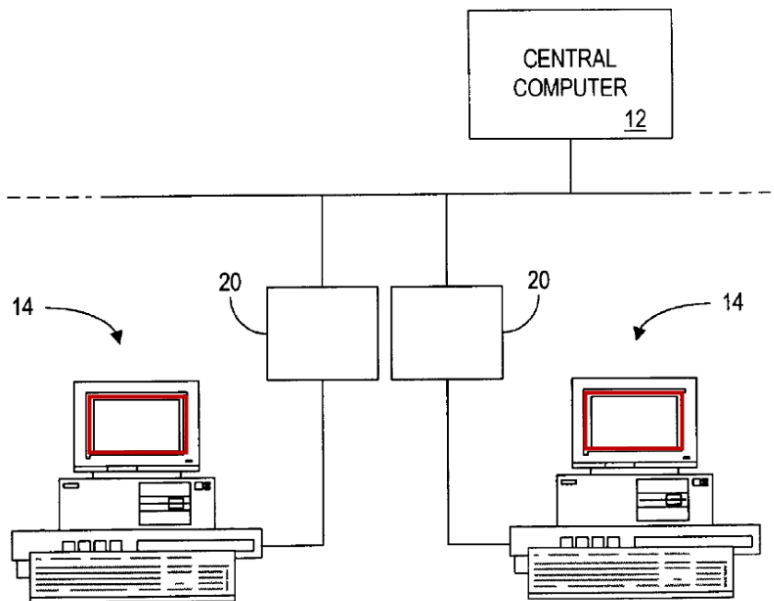


FIG. 2

For the illustrative golf game, Schneier143 discloses that “a digital image of a golf game is rendered on the game computer 14.” EX1008, 19:23-27. Schneier143 explains how “[a]fter the player swings the club, the *display* may depict the new ball location relative to the hole.” *Id.*, 19:38-40. Schneier143 further explains that after the golf ball’s new position is computed, that position “is then communicated back to the CPU 27 of the game computer 14 where it is displayed on screen.” *Id.*, 19:52-55; *see also* Crevelt ¶94.

**3. [1.b]: “a processor coupled to the memory generating game play information,”**

Schneier143 discloses this limitation. Crevelt ¶95. Specifically, Schneier143 discloses that a system that “generally comprises, in one embodiment, a plurality of game computers, where each game computer includes associated memory and a processor for executing programs from its associated memory.” EX1008, 7:1-4; *see also* Section VIII.A.2. Schneier143 further explains “[t]he game computer contains game software including at least one game program that is executed by the processor to enable a player to play a game on the game computer.” EX1008, 7:10-13. Schneier143 also discloses “[t]he central computer includes an associated memory, a processor for executing programs from the central computer associated memory.” EX1008, 7:50-52.

**4. [1.b.i]: “the game play information including game play with virtual money,”**

Schneier143 discloses this limitation. Crevelt ¶¶96-97. Schneier143 discloses that the *game play information* generated by the processor includes game play with credits (*game play with virtual money*). PO has taken the position that “money is ‘virtual’ because it has no real world counterpart, and no consistently defined relationship with real currency.” EX1010, 6.

The credits of Schneier143 are alternative currency with no real world counterpart and no consistently defined relationship with real currency. Schneier143 discloses “‘pay-per-use’ in the home video game environment, where any game computer may be turned into a video game arcade machine by metering usage of the game computer and/or game programs that run on the game computer.” EX1008, 1:40-43, 6:50-53 (“It is yet another object of the present invention to provide a pay-per-use system for enabling video arcade type play on home game computers”); *see also* 70:53 (“Credits: Payment units used in a pay-per-use system.”). Schneier143 uses the credits as alternative currency, that can be used in accordance with different pricing protocols. *Id.*, 1:44-45 (“Players simply pay per game, or for play over a specified period of time in accordance with different pricing protocols.”); Crevelt ¶97.

**5. [1.b.ii]: “the virtual money being acquired through:”**

Schneier143 discloses this limitation. Crevelt ¶98. As discussed for [1.b.ii.A]-[1.b.ii.B], the credits (*virtual money*) may be acquired by achieving certain levels of performance during the game (*being acquired through...game play*) or purchase (*being acquired through cash purchase*). See Sections VII.A.6-7.

**6. [1.b.ii.A]: “(1) game play and”**

Schneier143 discloses this limitation. Crevelt ¶99. Specifically, Schneier143 discloses that “[t]he number of credits available may also be incremented after achieving a certain level of performance in the game.” EX1008, 63:23-25. In one example game, “scoring over a million points in DONKEY KONG might result in an extra credit being added to the available credit balance.” EX1008, 63:25-27; *see also* 63:27-29 (“Finding a secret room within a game might add five credits. Hitting a home run may earn ten credits.”).

**7. [1.b.ii.B]: “(2) cash purchase,”**

Schneier143 discloses this limitation. Crevelt ¶100. Schneier143 discloses that “[i]n an arcade-type embodiment, the player purchases ‘credits’ to enable game play.” EX1008, 62:50-51; *see also id.*, 63:1-5 (“When the purchased credit amount is exhausted, if the player desires to continue to play, he must purchase more credits from the central computer 12 via the Authorization from Central Computer protocol.”). Schneier143 discloses that credits correspond to a monetary value (*cash*

*purchase*). For example, “[a] purchase of ten credits may cost \$0.50 each while a purchase of twenty credits may cost \$0.30 each.” EX1008, 63:31-34. A POSITA would have understood that in these two examples, one dollar equals 20 credits and three dollars equals 200 credits, respectively. Crevelt ¶100.

**8. [1.b.iii]: “the virtual money acquired by cash purchase being subject to a multiplier,”**

Schneier143 discloses this limitation. Crevelt ¶¶101-103. The ’635 Patent explains that “a vCoin will typically be a multiplier times the corresponding numeric monetary value, e.g. one dollar equals 500 vCoins.” EX1001, 14:15-17. Like the ’635 Patent, Schneier143 discloses that credits correspond to a monetary value (*the virtual money acquired by cash purchase being subject to a multiplier*). For example, “[a] purchase of ten credits may cost \$0.50 each while a purchase of twenty credits may cost \$0.30 each.” EX1008, 63:31-34. A POSITA would have understood that in these two examples, one dollar equals 20 credits and three dollars equals 200 credits, respectively. Crevelt ¶100.

The ’635 Patent further explains: “The multiplier may be fixed over time and over games, or it may vary based on factors, such as time, game or player status.” EX1001, 45:64-66. Like the ’635 Patent, Schneier143 discloses an example of the multiplier varying based on game or player status. EX1008, 63:34-37 (“Credit discounts can be offered to select players who have obtained certain certified titles.

A five-star MORTAL KOMBAT player may receive a 10% discount on all credits.”); Crevelt ¶102.

PO has also taken the position that a multiplier means that “the amount of virtual currency that may be purchased using larger amounts of real money is disproportionately greater than in comparison to lower real money amounts.” EX1010, 6. For example, PO asserts that 100 gold bars that can be purchased for \$14.99 meets the “subject to a multiplier” limitation. *Id.*, 9. Schneier<sup>143</sup> discloses that many more credits can be purchased in comparison to real money amounts (200 credits for \$3.00). EX1008, 63:31-34; Crevelt ¶103.

**9. [1.b.iv]: “conversion of the virtual money into a non-cash good comprising an image to permit advancement to another level within the game, and”**

Schneier<sup>143</sup> discloses this limitation. Crevelt ¶¶104-107. Schneier<sup>143</sup> discloses *advancement to another level within the game* because “game programs generate games that are typically segregated into various levels, where the player advances from level to level as the game proceeds.” EX1008, 24:43-47.

Schneier<sup>143</sup> discloses that credits can purchase items that allow the player to advance in the game (*conversion of the virtual money into a non-cash good comprising an image to permit advancement to another level within the game*). For example, Schneier<sup>143</sup> discloses “[e]xtra credits can be required to complete restricted stages of a game” or “the player could be charged an additional credit for

the use of a special weapon, access to a map of the dungeon, or hints on avoiding traps.” EX1008, 63:12-19. Schneier<sup>143</sup> also discloses how “[e]ach credit might also buy a certain number of lives.” *Id.*, 63:37-38, 63:8-11; Crevelt ¶105.

PO has taken the position that this limitation is met when “the virtual money can be spent on bonus items that help the player to win their current level, thereby permitting advancement to another level.” EX1010, 4. PO specifically identifies an image offer a player to purchase five additional moves for 10 gold bars. *Id.* Notably, the ’635 Patent does not use the term *image* in relation to virtual money, non-cash purchase, or advancement to another level. Crevelt ¶106.

Based on PO’s position, a POSITA would have understood that the purchase of a non-cash good such as access to restricted portions of the game, game items, or lives, would include an image. Crevelt ¶107. Each purchase would need to be reflected in the display of the game through an image, so that the user could use that purchase to advance to another level. *Id.* For example, the game would necessarily need to display an image indicating “level unlocked” to explore additional levels. *Id.* Similarly, the game would necessarily need to display a special weapon to allow the player to use it to advance to the next level. *Id.* The game would also necessarily need to display the map or hints to navigate to an advanced stage of the game, respectively. *Id.* Further, the game would necessarily need to display the number of lives to continue playing the game to the next level. *Id.*

**10. [1.c]: “memory storing account information which is increased and decreased through the user experience.”**

Schneier143 discloses this limitation. Crevelt ¶¶108-113. Schneier143 discloses how the number of credits, reward points, and player ratings that are part of the player’s account information increase and decrease through the player’s game play (*account information which is increased and decreased through the user experience*).

Schneier143 teaches “‘pay-per-use’ in the home video game environment, where any game computer may be turned into a video game arcade machine by metering usage of the game computer and/or game programs that run on the game computer. Crevelt ¶109. Players simply pay per game, or for play over a specified period of time in accordance with different pricing protocols.” EX1008, 1:40-45. Schneier143 explains that one such metering protocol is “credit requests to enable arcade-type play” EX1008, 61:51-55; *see also* 62:50-51 (“In an arcade-type embodiment, the player purchases ‘credits’ to enable game play.”).

Schenier143 discloses how account information is incremented (*increased*):

The number of credits available may also be *incremented* after achieving a certain level of performance in the game. For example, scoring over a million points in DONKEY KONG might result in an extra credit being *added* to the available credit balance. Finding a secret

room within a game might **add** five credits. Hitting a home run may earn ten credits.

EX1008, 63:23-29. Schneier143 also discloses how account information is decremented (*decreased*): “Each play results in the credit amount being **decremented** in the meter 502.” EX1008, 62:67-63:5; *see also* 65:54-56 (“The source meter 502 then decrements the credit balance in its non-volatile **memory** 506 by the corresponding amount requested.”)

Notably, PO takes the position that tracking virtual money (here, credits) as part of the account information meets *account information which is increased and decreased through the user experience*. Specifically, PO states this limitation is met when “keep[ing] track of the user’s number of ‘gold bars’ used as currency in the game.” EX1010, 4; Crevelt ¶110.

Schneier143 further discloses how *account information* in the form of rewards points can be *increased and decreased through the user experience*. Crevelt ¶111. Specifically, Schneier143 explains:

*As a result of game play*, reward points may be **accumulated** in a manner similar to a frequent flyer reward program. In this connection, each game played or each unit of time played generates one or more reward points. Players may also **accumulate** points *for achieving certain results in a game*, such as, for example, one reward point per each million scored points in a particular game.

EX1008, 65:1-7. This rewards points balance can be *increased* or “increment[ed]” *through the user experience*: “The central computer 12 reads and authenticates the Authenticatable Point Redemption Message APRM and **increments** the player’s reward point balance by the appropriate number.” EX1008, 65:22-25. Conversely, the rewards points balance can be *decreased* when the user redeems those rewards points: “These reward points may be subsequently utilized to purchase prizes or gifts, which purchases may be made in combination with additional payment if desired.” EX1008, 65:25-28.

Schneier143 further discloses how *account information* in the form of player ratings can be *increased and decreased through the user experience*. Crevelt ¶112. Specifically, Schneier143 explains that “[c]omputation of player ratings is implemented by the rating/ranking module 55 in the central computer 12 using known principles. Alternatively, ratings may be calculated on the player’s game computer 14.” EX1008, 41:15-18. Both the central computer 12 and each game computer 14 in Schneier143 have “associated memory.” Schneier143 explains how player ratings are *increased and decreased through the user experience*: “After each game, points are **added** to the winner’s rating and subtracted from the loser’s rating.” EX1008, 41:37-38.

Schneier143 discloses that this account information is stored in memory associated with meter 502 (*memory storing account information*). Crevelt ¶113. As

discussed for [1.b.v], meter 502 can be a separate computer or “part of the internal structure of the game computer 14.” EX1008, 46:27-29. Schneier143 further discloses that “meter 502 includes ... some non-volatile memory 506 such as a hard disk or flash ROM, ROM 508, RAM 510” EX1008, 46:35-39. Schneier143 explains that credits, reward points, and player ratings (*account information*) is stored in this memory. EX1008, 62:65-67 (“[T]he meter ... copies the credit amount Limit\_Cost into its non-volatile memory”); 65:12-14 (“During play, the meter 502 tracks reward points and stores such points in a reward point database in its non-volatile memory 506.”); 41:56-60 (“After new ratings are computed, the rating/ranking module directs the central computer 12 to update the player information database 48 and/or outcome database 50 to reflect the changes.”); 29:47-49 (“[T]he central computer 12 includes a memory 42 containing several relationship databases. These include a ... player information database 48.”).

**B. Dependent Claims 2, 4, 6, 8, 9, 10, 14-16, 17, 18, 21-23, 25, 27, and 29**

**1. Claim 2: “wherein the non-cash good is an image to permit advancement to another level within the game.”**

Schneier143 discloses this limitation. Crevelt ¶114. Schneier143 discloses “[e]xtra credits can be required to complete restricted stages of a game” or “the player could be charged an additional credit for the use of a special weapon, access to a map of the dungeon, or hints on avoiding traps.” EX1008, 63:12-19.

Schneier143 also discloses how “[e]ach credit might also buy a certain number of lives.” *Id.*, 63:37-38, 63:8-11; *see also* Section VIII.A.9 (Ground 1, Limitation [1.b.iv]).

**2. Claim 4: “wherein the virtual money is further acquired by non-cash purchase.”**

Schneier143 discloses this limitation. Crevelt ¶¶115-116. The ’635 Patent explains “vCoins may be acquired by purchase, or may be awarded in a non-cash purchase manner such as provided for a credit, an inducement or a promotion.” EX1001, 14:25-27. The ’635 Patent further explains that “amounts obtained from an initial non-cash purchase such as where the vCoins came as a credit or started as airline miles, may be playable but not exchanged for other forms of goods or services.” EX1001, 46:30-33.

Schneier143 discloses the credits may also be acquired by scoring points in a game or as a bonus or award (*virtual money is further acquired by non-cash purchase*). In one example, Schneier143 explains:

The number of credits available may also be incremented after achieving a certain level of performance in the game. For example, scoring over a million points in DONKEY KONG might result in an extra credit being added to the available credit balance. Finding a secret room within a game might add five credits. Hitting a home run may earn ten credits.

EX1008, 63:23-29. Schneier143 further discloses that credits may be awarded as a prize for a favorable outcome at a game tournament: “Prizes may also take the form of credits toward future game play, or may represent non-material rewards such as recognition.” EX1008, 74:15-21; Crevelt ¶116.

**3. Claim 6: “wherein the non-cash purchase utilizes an inducement.**

Schneier143 discloses this limitation. Crevelt ¶¶117-118. Schneier143 discloses *the non-cash purchase utilizes an inducement*. For example, Schneier143 discloses that “[e]ach game to be played may decrease the total credit value by a specified amount. *Popular games* may be made to require *two or more ‘credits’ per play*.” EX1005, 63:6-8. By charging more credits to play popular games, the players are induced to play less popular games.

Schneier143 also discloses that “[g]ames may cost a different number of credits depending upon the difficulty setting. For example, the easiest setting may cost two credits while the most difficult setting may cost one credit per play.” EX1008, 63:38-41. By charging more on easy settings, the players are induced to play on harder settings.

Schneier143 also discloses:

As a result of game play, reward points may be accumulated in a manner similar to a frequent flyer reward program. In this connection, each game played or each unit of time played generates one or more reward points.

Players may also accumulate points for achieving certain results in a game, such as, for example, one reward point per each million scored points in a particular game.

EX1008, 65:1-7. Schneier143 goes on to explain that “[t]hese reward points may be subsequently utilized to purchase prizes or gifts . . . .”. EX1005, 65:25-28. Schneier143 goes on to disclose that “[p]rizes may also take the form of credits toward future game play . . . .” EX1008, 74:18-20. By rewarding frequent players with rewards points that can be used to buy prizes, including credits for additional game play, those frequent players are induced to continue playing. Crevelt ¶118.

**4. Claim 8: “wherein the virtual money is used for advancement to another level in the game.”**

Schneier143 discloses this limitation. Crevelt ¶119. Schneier143 discloses “[e]xtra credits can be required to complete restricted stages of a game” or “the player could be charged an additional credit for the use of a special weapon, access to a map of the dungeon, or hints on avoiding traps.” EX1008, 63:12-19. Schneier143 also discloses how “[e]ach credit might also buy a certain number of lives.” *Id.*, 63:37-38, 63:8-11; *see also* Section VIII.A.9 (Ground 1, Limitation [1.b.iv]).

**5. Claim 9: “wherein the multiplier is variable over time.”**

Schneier143 discloses this limitation. Crevelt ¶¶120-121. Schneier143 discloses that *the multiplier is variable over time*. Specifically, Schneier143 discloses that “[t]he number of credits that a player receives *per dollar* may also be *variable*. A purchase of ten credits may cost \$0.50 each while a purchase of twenty credits may cost \$0.30 each.” EX1008, 63:31-34.

Schneier143 explains that:

As described above, the meter 502 can determine the price per game credit from the data or instructions associated with Software Control Block 706 of the game program 26. The price per game may be stored within the meter's 502 non-volatile memory and can be manipulated with codes from the central computer 12 to *alter or change the pricing structure for particular games via the Updating Cost Information protocol* described above.

EX1008, 63:45-52. Figure 19 of Schneier143 discloses “a flow chart of an *updating cost information protocol* for the meter.” EX1008, 9:48-49; *see also* Fig. 19. In a section titled “*Updating Cost Information (Optional--Variable Costs)* (FIG. 19),” Schneier143 discloses that “[t]his protocol is used when the meter 502 requires *updated cost information* from the central computer 12 for metered programs 503 that the player is currently using.” EX1008, 55:66-56:3; *see also* 55:18-20 (“At step 552, the meter 502 runs the *Updating Cost Information* protocol if the *variable cost*

option is being used.”); Fig. 17 (“Meter runs updating cost information protocol 552”).

Schneier143 also discloses that “[i]n lieu of purchasing one game, each credit may entitle the player to play *for a certain period of time*. Crevelt ¶121. The multiplier can change based on dollars spent. For instance, one credit may buy five minutes of play while two credits may buy *twelve minutes* of play.” EX1008, 63:63:42-45. In addition, the multiplier can change based on time. For instance, the multiplier may be reduced during a period of high demand, while also increased during a period of low demand.

**6. Claim 10: “wherein the multiplier is variable based on player status.”**

Schneier143 discloses this limitation. Crevelt ¶122. Schneier143 discloses that *the multiplier is variable based on player status*. Specifically, Schneier143 discloses that:

The number of *credits that a player receives per dollar* may also be *variable*. A purchase of ten credits may cost \$0.50 each while a purchase of twenty credits may cost \$0.30 each. Credit discounts can be offered to select players who have *obtained certain certified titles*. A five-star MORTAL KOMBAT player may receive a 10% discount on all credits.

EX008, 63:31-37.

**7. Claim 14: “wherein the game play information further includes a leader board.”**

Schneier143 discloses this limitation. Crevelt ¶123. Schneier143 discloses *game play information further includes a leader board*. Schneier143 further discloses that:

The central computer 12 may also operate a “*central scoreboard*,” i.e., a database where all certified scores and statistical information on players and teams are maintained. Statistics for a given player may include information on opponents, the time of play, ratings, rankings and the like.

EX1008, 11:9-13; *see also* 70:11-12 (“Central scoreboard: A centralized database where all certified scores are maintained.”). Schneier143 further explains that “the central computer 12 generates an updatable database of player scores and statistics, which may be accessed by players through an on-line service, over the telephone or the like. Statistics could include lists of past prize winners, or *lists of the top players* in the current tournament.” EX1008, 34:52-57. Furthermore, Fig. 10a of Schneier143 depicts “a flow-chart of an outcome certification sequence in a tournament embodiment.” EX1008, 34:47-49. Note that “[o]utcomes” include “[a] score, time to completion, and/or any play-related data that was the result of all or part of playing the game” but can alternatively include “all the game data for the entire game, i.e., the entire game is recorded in memory, including all of the player's

actions, responses, moves and the like.” EX1008, 73:64-74:6. During the outcome certification sequence, Schneier143 explains that “[a]t step 181, the central computer 12 may generate an Authenticated Outcome Confirmation Message AOCM which, when communicated to the game computer 14, can be used by the game software 15 to cause the game computer 14 to display a certified scoreboard with language to the effect that a particular outcome (e.g., score) was certified by the central computer 12.” EX1008, 35:55-62.

**8. Claim 15: “further including a player registration system.”**

Schneier143 discloses this limitation. Crevelt ¶124. Schneier143 includes a system that implements “a registration process whereby personal information such as his or her name, address, phone number, age, etc., is provided to the central computer 12 and stored in the player information database 48.” EX1008, 30:20-65.

**9. Claim 16: “wherein the player registration is an on line registration system.”**

Schneier143 renders obvious this limitation. Crevelt ¶125. As discussed in claim 15, Schneier143 includes a system that implements a registration process. *See* Section VIII.B.8. Schneier143 further teaches that a player communicates with the central computer 12 using the game computer 14 through an on-line connection as shown in Figures 2 and 3. EX1008, 31:11-21 (“[I]t will be appreciated by persons skilled in the art that messages may be communicated between the game computer

14 itself and the central computer 12 by establishing a direct link or on-line connection as shown in FIGS. 2 and 3.”). Although Schneier143 does not expressly state that these communications include the registration process, a POSITA would have understood that the player registration is necessarily an on-line registration system in order for the player to provide personal information to the central computer 12 to be stored in the player information database 48. Crevelt ¶125

**10. Claim 17: “further including a game play analysis system.”**

Schneier143 discloses this limitation. Crevelt ¶¶126-127. Schneier143 discloses “a system for authenticating the outcomes of computer generated games played on game computers, and for certifying those outcomes as being accurately reported and fairly achieved.” EX1008, 6:62-66. Specifically, Schneier143 discloses that “[i]n a game of skill, the game has an outcome as a result of game play, where the outcome is defined as the entire set of results of the game, including a score, time to completion, all data relating to the game itself, and any play related data.” EX1008, 7:16-20. Schneier143 further explains:

. . . the outcome may be comprised of *all data relating to the game itself* (i.e., data stored in memory that enables the entire game to be recreated). In a golf game, for example, such data may include *each shot that the player takes*, which represents a combination of *parameters* such as *current wind speed, club selected, foot placement, force with which the ball is hit*, etc. If these parameters are stored to a

disk as the game proceeds, it is possible to subsequently recreate the entire game by replaying the stored parameters.

EX1008, 14:17-24. Schneier143 discloses that one purpose behind the *game play analysis system* is for auditing purposes and to prevent cheating:

The above secure devices are particularly well suited to the storage of game related data for auditing purposes. In a computer golf hole-in-one tournament, for example, it may be desirable to track each swing that a player takes since large prizes for a hole-in-one would attract hackers interested in forging such an event. To prevent such cheating, game parameters (*swing speed, club used, etc.*) would be sent to the secure CPU 302 where they would be encrypted. ... Alternatively, the encrypted *game parameters* could be communicated back to the central computer 14 and stored on the hard drive or copied to a floppy disk (insecure memory). In the event of a claim for a large prize, the player would simply mail in the disk to the managing authority and the encrypted data would be decrypted and *analyzed* by the central computer 12 by recreating the game with such data to determine whether the claimed score was actually achieved.

EX1008, 18:66-19:20. Schneier143 goes on to explain that to prevent cheating, “[o]ne technique is to authenticate not only the score of the game but several key characteristics of the game.” EX1008, 27:55-57. Schneier143 goes on to provide an example of these characteristics in the context of defeating a dragon in a game, and goes on to explain that non-cheaters “would take a longer amount of time and would

likely sustain more damage as a result.” EX1008, 27:53-63. Hence, these characteristics (“e.g., number of seconds elapsed and units of damage sustained”) are analyzed by the *game play analysis system*: “. . . the central computer 12 can compare it to known information to determine whether it was within ‘normal’ bounds.” EX1008, 27:63-28:1; Crevelt ¶126.

Schneier143 also discloses “the system provides for players of computer games to obtain a certified ranking and rating without participation in a tournament.” EX1008, 1:30-32; *see also* 2:48-52 (“Therefore, there exists a need for a system whereby players of such games can register their scores with a central computer that certifies the scores and enables players to receive their ranking/rating with respect to other players on a national or even worldwide scale.”). Schneier143 goes on to explain that: “Computation of player ratings is implemented by the rating/ranking module 55 in the central computer 12 using known principles. Alternatively, ratings may be calculated on the player's game computer 14. These ratings are dependent upon past player and opponent performance and skill.” EX1008, 41:15-19. Schneier143 further explains that:

After each game, points are added to the winner's rating and subtracted from the loser's rating. The number of points won or lost is dependent upon the rating differential. Therefore, defeating a "weaker" player in lieu of a "better" player causes relatively fewer points to be added to

the winner's rating. The present invention provides for generating ratings for players of computer games.

EX1008, 41:37-43. Finally, “[a]fter new ratings are computed, the rating/ranking module directs the central computer 12 to update the player information database 48 and/or outcome database 50 to reflect the changes.” EX1005, 41:56-60; Crevelt ¶127.

**11. Claim 18: “wherein the game play analysis system tracks user specific play.”**

Schneier143 discloses this limitation. Crevelt ¶128. Schneier143 discloses how *the game play analysis system tracks user specific play*. For example, Schneier143 explains that the system tracks “all data relating to the game itself” and provides examples in the context of a golf game of “each shot that the player takes, which represents a combination of parameters such as current wind speed, club selected, foot placement, force with which the ball is hit.” EX1008, 14:17-24. Schneier143 further explains how the system would *track[] user specific play* to prevent cheating, such as “swing speed, club used.” EX1008, 18:66-19:20. Schneier143 also discloses how user specific play, such as “number of seconds elapsed and units of damage sustained” is compared to “normal” values to prevent cheating. EX1008, 27:63-28:1; *see also* 11:12-13 (“Statistics for a given player may include information on opponents, the time of play, ratings, rankings and the like.”); 31:5-7 (“The statistics database 51 may include game ID data in memory area 51a,

player and team data in memory area 51b, and various statistical information in memory area 51c.”); 34:52-55 (“In that case, the central computer 12 generates an updatable database of player scores and statistics, which may be accessed by players through an on-line service, over the telephone or the like.”). Schneier143 discloses how player ratings are calculated depending on the past player and their opponent’s performance and skill. EX1008, 41:15-60.

**12. Claim 21: “further including a game application to be downloaded to a communications device.”**

Schneier143 renders obvious this limitation. Crevelt ¶¶129-130. In the Background, Schneier143 discloses that:

It is also known in the art to remotely control and monitor the use of video game software as disclosed in U.S. Pat. No. 5,497,479 to Hornbuckle. This patent teaches a system whereby rental software is downloaded from a central computer to a remote control module (RCM) which is operably associated with a game computer. The RCM operates to receive rental software packages from the central computer, and to control and verify the use of such software on the game computer.

EX1008, 4:13-18.

A POSITA would have modified the game system of Schneier143 to include the downloadable feature described in the Background section. Crevelt ¶130. Figure

2 of Schneier143 depicts how “the game computers 14 may communicate with the central computer 12 via a modem 20.” EX1008, 11:56-58.

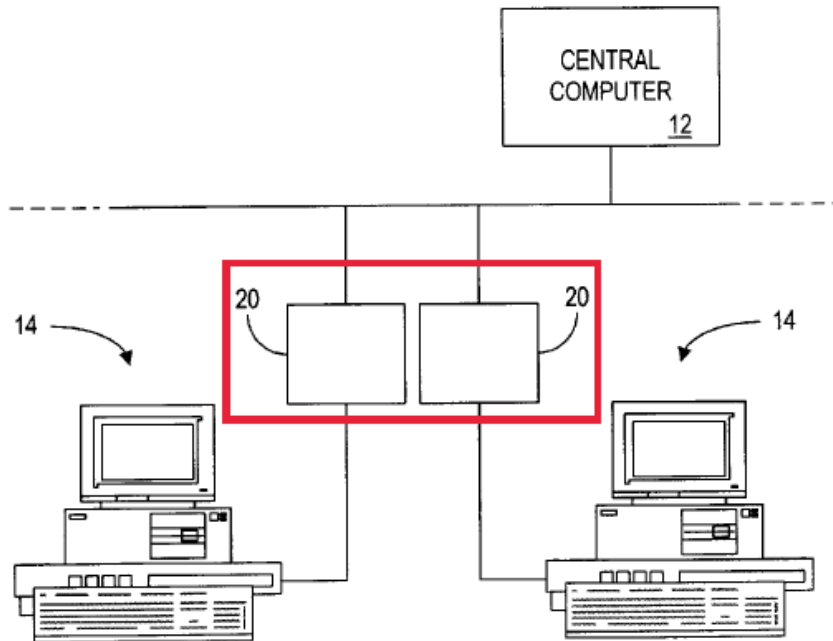


FIG. 2

EX1008, Fig. 2 (annotated). Schneier143 further explains that:

In this connection, it is anticipated that the central computer 12 may be accessed via a website 22 on the Internet 24 or over an on-line data network including commercial on-line service providers, bulletin board systems and the like, as shown schematically in FIG. 3. The process for establishing an on-line connection to a website on the Internet is well known and need not be described here in detail. It is essentially analogous to establishing a direct on-line link between the game computer 14 and the central computer 12.

EX1008, 11:64-126. Schneier143 explains that on-line here includes a wireless connection: “On-line: When a computer is connected to or receiving a signal from

another computer. Typical examples include PCS on a local area network, PCS connected to the Internet using a modem and phone line, or cellular phones connected to the central phone switch over a wireless network.” EX1008, 73:49-54. Thus, a POSITA would have understood that downloading the gaming application from the central computer to the game computers of Schneier143 would have been conveniently performed through the wireless connection. Crevelt ¶130.

**13. Claim 22: “wherein the communications device is a wireless device.”**

Schneier143 renders obvious this limitation. Crevelt ¶¶131-132. In the Background, Schneier143 discloses that:

It is also known in the art to remotely control and monitor the use of video game software as disclosed in U.S. Pat. No. 5,497,479 to Hornbuckle. This patent teaches a system whereby rental software is downloaded from a central computer to a remote control module (RCM) which is operably associated with a game computer. The RCM operates to receive rental software packages from the central computer, and to control and verify the use of such software on the game computer.

EX1008, 4:13-18.

A POSITA would have modified the game system of Schneier143 to include the downloadable feature described in the Background section. Crevelt ¶132. Figure

2 of Schneier143 depicts how “the game computers 14 may communicate with the central computer 12 via a modem 20.” EX1008, 11:56-58.

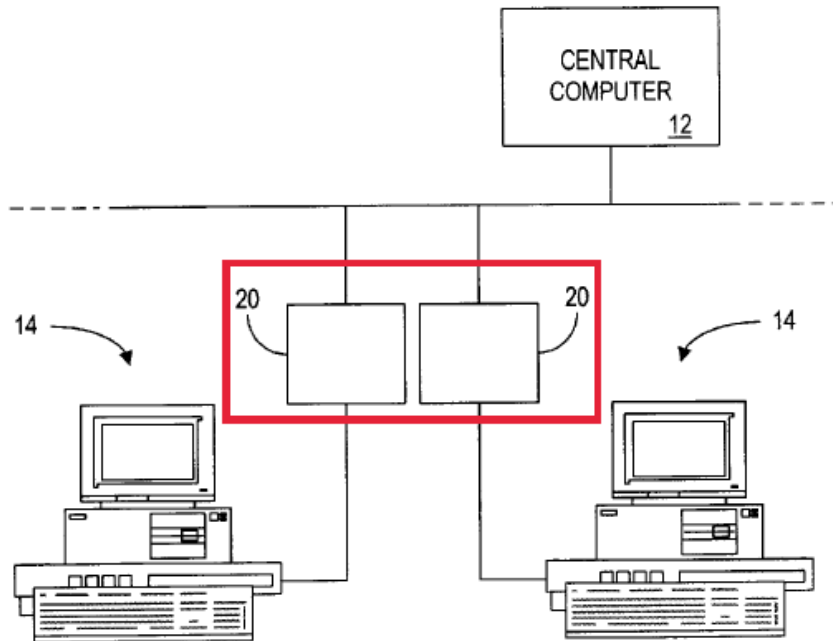


FIG. 2

EX1008, Fig. 2 (annotated). Schneier143 further explains that:

In this connection, it is anticipated that the central computer 12 may be accessed via a website 22 on the Internet 24 or over an on-line data network including commercial on-line service providers, bulletin board systems and the like, as shown schematically in FIG. 3. The process for establishing an on-line connection to a website on the Internet is well known and need not be described here in detail. It is essentially analogous to establishing a direct on-line link between the game computer 14 and the central computer 12.

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**14. Claim 23: “wherein the wireless device is a hand-held wireless device including a display.”**

Schneier143 discloses this limitation. Crevelt ¶133. Schneier143 discloses that the game computer (*wireless device includes a hand-held wireless device including a display*) may “include personal computers (‘PCS’), personal digital assistants, coin-operated arcade video gaming machines, television units coupled to game units (e.g., game consoles such as Nintendo, Sega, etc.) and portable game devices (e.g., GAME BOY, GAME GEAR, NOMAD and the like).” EX1008, 10:10-23. A POSITA would have understood that these wireless hand-held devices has a display to play the game. Crevelt ¶133.

**15. Claim 25: “wherein the virtual money is not cashable.”**

Schneier143 renders obvious this limitation. Crevelt ¶134. Schneier143 discloses that credits can be purchased (*see* Section VIII.A.7), but does not explicitly state that the credits cannot be exchanged back to cash. A POSITA would have found

it obvious to implement the Schneier143 gaming system so that the credits (*virtual money*) would not be cashable. Crevelt ¶134. Schneier143 discloses adding protection, such as a player identification code, “against substitution of players,” so that a player does not “produce more favorable outcome.” EX1008, 3:3-19. Preventing players from cashing credits would further ensure that the player is not cheating the system for cash.

**16. Claim 27: “wherein the virtual money is awarded as a bonus.”**

Schneier143 discloses this limitation. Crevelt ¶¶135-136. Schneier143 explains “vCoins may be acquired by purchase, or may be awarded in a *non-cash purchase* manner such as provided for a credit, an inducement or a promotion. A *bonusing* feature may include a vBonus, such as where *a certain amount of vCoins are awarded, either as a result of game play or merely randomly*. The vCoins may be traded for cash or other forms of games, prizes or non-cash goods or services.” EX1008, 14:30-38.

Schneier143 discloses *virtual money is awarded as a bonus*. Crevelt ¶136. Specifically, Schneier143 discloses that credits can be awarded to the player as a result of game play based on achieving a certain level of performance in the game. EX1008, 63:23-29. Schneier143 also discloses that rewards points can be awarded to the player as a result of game play based on achieving certain results in the game,

EX1008, 65:1-7, and those rewards points can in turn be used to purchase credits toward future game play, EX1008, 65:1-7. Schneier143 further discloses:

. . . “instant prizes” could be awarded to players based upon exceeding some predetermined threshold level (e.g., a player scoring over a million points for any MORTAL KOMBAT game receives a \$50 instant prize). This prize could be implemented, for example, in the form of a \$50 credit to the player’s credit card. In a golf game embodiment, an instant prize can be offered for a hole-in-one on each hole, supplementing a normal tournament prize structure for the lowest score.

EX1008, 36:35-43. Schneier143 also explains:

Instant prize: A prize which is earned for achieving a result without any consideration of what may be taking place in other related games or with other contestants. A player in a golf tournament might be eligible to win \$5,000 for hitting a hole-in-one on a certain hole without consideration to his or her ranking in the overall tournament.

EX1008, 72:61-67. Schneier143 explains that “[p]rizes may also take the form of *credits toward future game play*, or may represent non-material rewards such as recognition.” EX1008, 74:15-21.

**17. Claim 29: “wherein the virtual money is tracked.”**

Schneier143 discloses this limitation. Crevelt ¶137. The system tracks the “total credit value” and decreases that value by a specified amount for each game to be played. *See* EX1008, 62:50-63:52.

**IX. GROUND 2: SCHNEIER143 IN VIEW OF OKITA RENDERS  
OBVIOUS THE CHALLENGED CLAIMS**

As discussed in Ground 1, Schneier143 alone or in view of the knowledge of a POSITA teaches each and every limitation of the challenged claims. *See* Section VIII.A (Ground 1). To the extent that *virtual money* is construed to exclude credits, Schneier143 in view of Okita renders obvious this limitation. Specifically, a POSITA would have been motivated to modify Schneier143 to implement the virtual money conversion functionality taught by Okita to allow the credits of Schneier143 to be converted to and from virtual money so that players can use the virtual money in other tournaments, arcade, or games. Crevelt ¶¶138-140.

**A. Motivation to Combine**

A POSITA would have been motivated to combine the teachings of Schneier143 and Okita. Crevelt ¶138. Specifically, a POSITA would have recognized that the virtual money conversion functionality taught by Okita would have improved the tournament or arcade-style games of Schneier143 by enhancing the user experience and promoting player engagement. Crevelt ¶138.

First, as Okita itself teaches, the virtual money conversion functionality enhances the user experience by creating “feelings of realism and tension when the game is played.” EX1009, ¶[0006]. Okita explains that using pseudo-values (such as Schneier143’s credits) “can be used only within the game space in which they are earned in the limited time period, and pseudo-values earned in the game cannot be

exchanged with other items having value that can be used outside the game space.” EX1009, ¶[0005]. Because the pseudo-values can be exchanged for virtual money that can be used in other tournaments, arcades, or the like, “a game can be provided that generates tension for the player due to the fact that the virtual money is earned or is confiscated based on the game results.” EX1009, ¶[0009]; Crevelt ¶139.

Second, a POSITA would have understood that virtual money that could be used across multiple game spaces, and not limited to a single game space, would have encouraged players to engage in more game play. Crevelt ¶140. Rewards programs are a routine feature of games because players are encouraged to play more to accumulate points or other pseudo-values to exchange for prizes or other items. Crevelt ¶140. The virtual money conversion functionality would have opened up more game play options and more items to purchase. Crevelt ¶140.

### **B. Reasonable Expectation of Success**

A POSITA would have been able to implement the virtual money conversion functionality of Okita into the game system of Schneier143 with a reasonable expectation of success. Crevelt ¶141.

First, the systems of Schneier143 and Okita have substantially similar structures and functions. Crevelt ¶142. Both have a central server (“central computer” in Schneier143 and “arcade-based server” in Okita) and gaming terminals (“game computers” in Schneier143 and “clients” in Okita). Importantly, the credits

of Schneier143 serve the same function as the pseudo-values of Okita. Crevelt ¶142. A POSITA would understand that the functionality could have been implemented by connecting the central computer of Schneier143 to a server that includes the same functionality of the management server of Okita. *See* Fig. 8; Crevelt ¶142.

Second, it would have involved a combination of known technologies (servers and clients) according to known methods (convert, transmit, and store) to yield the predictable result of a server that stores information from multiples sources. Crevelt ¶143.

### **C. Independent Claim 1**

As discussed in Ground 1, Schneier143 alone or in view of the knowledge of a POSITA renders obvious each and every limitation of claim 1. *See* Section VIII.A (Ground 1, Claim 1); Crevelt ¶144. To the extent that *virtual money* and its related limitations are not taught by Schneier143, a POSITA would have found it obvious to modify Schneier143 to include these features as taught by Okita. Crevelt ¶144.

Okita discloses converting pseudo-values (such as earned points) into virtual money (*virtual money*). Crevelt ¶145. Okita explains that pseudo-values “refer[] to the player’s performance results in the game, and these points or results have values during the game.” EX1009, ¶[0004]. Okita further explains that “pseudo-values (earned points) earned via a game protagonist, the player can buy supplies, items or the like during the game.” Although pseudo-values “have meaning only within the

game space in the time duration from a time a player (or players) begins to a time player ends playing the game” (EX1009, ¶[0005]), Okita teaches converting the pseudo-values to virtual money that will be stored on a management server and will be accessible by other games. Crevelt ¶145.

Specifically, Okita teaches a “virtual money conversion unit 161 $n$  that performs conversion between virtual money and prescribed pseudo-values.” EX1009, Abstract; Crevelt ¶146. A POSITA would have recognized that including game play with virtual money functionality taught by Okita would have improved the tournament or arcade-style games of Schneier143 by enhancing the user experience and promoting player engagement. Crevelt ¶146.

**1. [1.b.i]: “game play information including game play with virtual money”**

Schneier143 in view of Okita renders obvious this limitation. Crevelt ¶¶147-149.

Okita discloses that the clients (in the combination, the game computers of Schneier143) include game play information, including a game fee settlement unit and game result integration unit, that allow game play with virtual money (*game play information including game play virtual money*) by allowing a player to use virtual money earned in one game space across multiple game spaces. Crevelt ¶¶147-

149. Okita discloses that game fee settlement unit determines the amount of virtual money needed to play a game:

The game fee settlement unit 161 $o$  converts the game fee to be paid each time the game is executed by the game execution unit 161A into a prescribed amount of virtual money using the pseudo-values conversion unit 161 $n$ , subtracts the amount of virtual money obtained as a result of the conversion and representing the game fee required for the player to join a game from the current amount of virtual money possessed by the player, which is stored in the player information storage unit 371 of the management server device 3, and updates the player information stored in the player information storage unit 371.

EX1009, ¶[0073]; *see also id.* (“The game fee here is the fee that is virtually paid within the game space using virtual money when the player plays a game, and may be considered, for example, a facility fee for using the facility where the player plays the virtual game.”).

Similarly, Okita teaches that game result integration unit determines the amount of virtual money earned as a result of game play:

The game result integration unit 161 $p$  converts the amount of increase or decrease in counters represented by points (pseudo-values) that occurs each time the game is executed by the game execution unit 161A into virtual money using the pseudo-values conversion unit 161 $n$ , performs addition or subtraction of the amount of increase or decrease in the counters represented by points that occurred during the game played by the player, now represented in the form of virtual money, to or from the amount of the player's current

virtual money stored prior to the commencement of the game in the player information storage means 371, and updates the player information stored in the player information storage unit 371 accordingly.

EX1009, ¶[0074]; Crevelt ¶148.

A POSITA would have recognized that including game play with virtual money functionality taught by Okita would have improved the tournament or arcade-style games of Schneier143 by enhancing the user experience and promoting player engagement. Crevelt ¶149.

**2. [1.b.ii]: “the virtual money being acquired through (1) game play, and (2) cash purchase”**

Schneier143 in view of Okita renders obvious this limitation. Crevelt ¶¶150-152.

Okita discloses that the virtual money can be acquired by playing the game (*virtual money being acquired through ... game play*). Crevelt ¶¶150-152. For example, Okita explains:

The game result integration unit 161 $p$  converts the amount of increase or decrease in counters represented by points (pseudo-values) that occurs each time the game is executed by the game execution unit 161A into virtual money using the pseudo-values conversion unit 161 $n$ , performs addition or subtraction of the amount of increase or decrease in the counters represented by points that occurred *during the game played by the player*, now represented in the form of virtual money.

EX1009, ¶[0074].

Okita discloses that the virtual money may also be acquired using real money (*the virtual money being acquired through ... cash purchase*). Crevelt ¶151. Okita explains “the real money conversion unit 161*m* converts the additional inserted coins into virtual money.” EX1009, ¶[0129].

A POSITA would have recognized that the virtual money functionality taught by Okita would have improved the tournament or arcade-style games of Schneier143 by enhancing the user experience and promoting player engagement. Crevelt ¶152.

**3. [1.b.iii]: “the virtual money acquired by cash purchase being subject to a multiplier”**

Schneier143 in view of Okita renders obvious this limitation. Crevelt ¶¶153-154.

Okita discloses that the real money conversion unit that converts real money to virtual money (*virtual money acquired by cash purchase*) uses a prescribed conversion rate (*being subject to a multiplier*). EX1009, ¶[0007] (“conversion means that performs conversion between the virtual money and real money using a prescribed conversion rate”); Crevelt ¶¶153-154. A POSITA would have recognized that the virtual money functionality taught by Okita would have improved the tournament or arcade-style games of Schneier143 by enhancing the user experience and promoting player engagement. Crevelt ¶154.

**4. [1.b.iv]: “conversion of the virtual money into a non-cash good comprising an image to permit advancement to another level within the game, and”**

Schneier143 in view of Okita renders obvious this limitation. Crevelt ¶¶155-156.

Okita discloses that a game conversion result integration unit converts the amount of decrease in pseudo-values (in the combination, credits of Schneier143) to purchase an item to advance to another level within the game so that it is executed into virtual money and subtracted from the player’s current virtual money amount (*conversion of the virtual money into a non-cash good comprising an image, the image to permit advancement to another level within the game*). Crevelt ¶¶155-156.

Okita teaches “a game result integration unit 161 *p* that converts the amount of increase or decrease in pseudo-values that occurs each time the game is executed into virtual money, adds the increase or decrease to or subtracts from the player’s current virtual money amount.” EX1009, Abstract. A POSITA would have understood that this conversion occurs when the virtual money is used to “buy supplies, equipment, items or the like during the game.” EX1009, ¶[0004]; Crevelt ¶155.

As discussed in Ground 1 for [1.b.iv], a POSITA would have understood that the purchase of a non-cash good such as access to restricted portions of the game, game items, or lives, would include an image. Crevelt ¶156; *see* Section VIII.A.9.

**D. Dependent Claims 2, 4, 6, 8, 9, 10, 14-16, 17, 18, 21-23, 25, 27, and 29**

As discussed in Section VIII.B, Schneier143 discloses all the additional limitations of the dependent claims 2, 4, 6, 8, 9, 10, 14-16, 17, 18, 21-23, 25, 27, and 29. Crevelt ¶157.

**X. SECONDARY CONSIDERATIONS**

There are no secondary considerations known to Petitioner that affect, let alone overcome, this strong case of obviousness. Should PO proffer any relevant evidence of secondary considerations, Petitioner reserves its rights to address.

**XI. THE BOARD SHOULD REACH THE MERITS**

**A. Institution is appropriate under § 325(d)**

Institution is appropriate under § 325(d) because substantially the same art and arguments have never been presented to or considered by the Office. *Advanced Bionics, LLC v. MED-EL Elektromedizinische Geräte GmbH*, IPR2019-01469, Paper 6 at 6-11 (Feb. 13, 2020) (precedential). Specifically, Schneier143 and Okita were not considered during prosecution, and therefore, these combinations were never before the Office.

**B. Institution is appropriate under § 314(a)**

In the parallel litigation, there is no trial scheduled and the case is currently stayed. Thus, *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (Mar. 11, 2020)

(precedential) is inapplicable. Should PO seek denial under *Fintiv*, Petitioner will seek permission to reply to address the facts and law as they stand at the time.

## **XII. CONCLUSION**

For these reasons, Petitioner respectfully requests institution.

Dated: March 25, 2025

Respectfully submitted,

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**CLAIM LISTING APPENDIX**

1, 2, 4, 6, 8-10, 14-18, 21-23, 25, 27, and 29

1. A system for effecting user experience on a user communication device in a multi-level electronic game environment comprising:

[a] memory storing information on game play, the information including input received from the user, information relating to levels within the multi-level game and game display information for output to the user,

[b] a processor coupled to the memory generating game play information,

[b.i] the game play information including game play with virtual money,

[b.ii] the virtual money being acquired through:

[b.ii.A] (1) game play and

[b.ii.B] (2) cash purchase,

[b.iii] the virtual money acquired by cash purchase being subject to a multiplier,

[b.iv] conversion of the virtual money into a non-cash good comprising an image to permit advancement to another level within the game, and

[c] memory storing account information which is increased and decreased through the user experience.

2. The system for effecting user experience in a multi-level electronic game environment of claim 1 wherein the non-cash good is an image to permit advancement to another level within the game.

4. The system for effecting user experience in a multi-level electronic game environment of claim 1 wherein the virtual money is further acquired by non-cash purchase.

6. The system for effecting user experience in a multi-level electronic game environment of claim 4 wherein the non-cash purchase utilizes an inducement.

8. The system for effecting user experience in a multi-level electronic game environment of claim 1 wherein the virtual money is used for advancement to another level in the game.

9. The system for effecting user experience in a multi-level electronic game environment of claim 1 wherein the multiplier is variable over time.

10. The system for effecting user experience in a multi-level electronic game environment of claim 1 wherein the multiplier is variable based on player status.

14. The system for effecting user experience in a multi-level electronic game environment of claim 1 wherein the game play information further includes a leader board.

15. The system for effecting user experience in a multi-level electronic game environment of claim 1 further including a player registration system.

16. The system for effecting user experience in a multi-level electronic game environment of claim 15 wherein the player registration is an on line registration system.

17. The system for effecting user experience in a multi-level electronic game environment of claim 1 further including a game play analysis system.

18. The system for effecting user experience in a multi-level electronic game environment of claim 17 wherein the game play analysis system tracks user specific play.

21. The system for effecting user experience in a multi-level electronic game environment of claim 1 further including a game application to be downloaded to a communications device.

22. The system for effecting user experience in a multi-level electronic game environment of claim 21 wherein the communications device is a wireless device.

23. The system for effecting user experience in a multi-level electronic game environment of claim 22 wherein the wireless device is a hand-held wireless device including a display.

25. The system for effecting user experience in a multi-level electronic game environment of claim 1 wherein the virtual money is not cashable.

27. The system for effecting user experience in a multi-level electronic game

environment of claim 1 wherein the virtual money is awarded as a bonus.

29. The system for effecting user experience in a multi-level electronic game environment of claim 1 wherein the virtual money is tracked.

**CERTIFICATE OF COMPLIANCE**

Pursuant to 37 C.F.R. § 42.24(d), the undersigned certifies that foregoing  
**PETITION FOR INTER PARTES REVIEW OF U.S. PATENT NO.  
10,650,635** exclusive of the parts exempted as provided in 37 C.F.R. §42.24(a),  
contains 11,048 words and therefore complies with the type-volume limitations of  
37 C.F.R. §42.24(a).

Dated: March 25, 2025

Respectfully submitted,

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**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing **PETITION FOR *INTER PARTES* REVIEW OF U.S. PATENT NO. 10,650,635 AND EXHIBITS EX1001-EX1026** are being served on March 26, 2025, via Federal Express overnight mail on counsel of record for U.S. Patent No. 10,650,635 as addressed below:

David Murphy  
**O'Melveny & Myers LLP**  
IP&T Calendar Department LA-1005D  
400 South Hope Street  
Los Angeles, CA 90071-2899

A courtesy copy is also being served on counsel for the patent holder in the pending litigation on March 26, 2025:

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Dated: March 25, 2025

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U.S. Patent No. 10,650,635  
Petition for *Inter Partes* Review

*Counsel for Petitioner*  
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