

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

ACTIVISION BLIZZARD, INC.

Petitioner

v.

MILESTONE ENTERTAINMENT, LLC

Patent Owner

Case No. IPR2025-00709

U.S. Patent No. 10,650,635

**PATENT OWNER MILESTONE ENTERTAINMENT, LLC'S SUR-REPLY
RE: PETITION FOR *INTER PARTES* REVIEW OF U.S. PATENT NO.
10,650,635**

TABLE OF CONTENTS

I. INTRODUCTION 1

II. PETITIONER HAS FAILED TO DEMONSTRATE
UNPATENTABILITY OF CLAIM 9 1

III. CONCLUSION 7

TABLE OF AUTHORITIES

Other Authorities

Patent Trial and Appeal Board Consolidated Trial Practice Guide (Nov. 2019) 4

List of Patent Owner's Exhibits

Ex. No.	Description
2001	Declaration of William P. Nelson In Support Of Patent Owner's Motion For <i>Pro Hac Vice</i> Admission
2002	Declaration of Matthew D. Powers In Support Of Patent Owner's Motion For <i>Pro Hac Vice</i> Admission
2003	Declaration of John Szeder in Support of Patent Owner Milestone Entertainment, LLC's Response to Petition for <i>Inter Partes</i> Review of U.S. Patent No. 10,650,635, with Attachment 1 (Szeder Curriculum Vitae)
2004	Deposition Transcript of Dwight Crevelt, dated December 19, 2025

I. INTRODUCTION

Nothing in Petitioner’s Reply remedies the failure of the Petition to demonstrate the unpatentability of Claim 9 of the 635 Patent. The Reply reargues the same deficient evidence presented in the Petition and then supplements it with improper new evidence and argument which was not presented in the Petition, as well as deposition testimony from its expert that tries (and fails) to salvage its failure of proof. None of Petitioner’s evidence, old or new, shows that the Schneier reference discloses or renders obvious Claim 9’s requirement that the value of the “multiplier” for virtual money that is acquired by cash purchase is “variable over time.”

II. PETITIONER HAS FAILED TO DEMONSTRATE UNPATENTABILITY OF CLAIM 9

As the POR explained, Petitioner has failed to identify any disclosure in Schneier143 (Ground 1), or Schneier143 in view of Okita (Ground 2), of Claim 9 of the 635 Patent’s “system for effecting user experience in a multi-level electronic game environment of claim 1 wherein the multiplier is variable over time.” Instead, the Petition pointed only to purported examples of variability in a purported “multiplier,” such as the ability to obtain credits at a lower effective cost when multiple credits are purchased (*e.g.*, a “purchase of ten credits may cost \$0.50 each while a purchase of twenty credits may cost \$0.30 each”), or a multiplier that increases the *amounts* of time which may be purchased (*e.g.*, “each credit may

entitle the player to play for a certain period of time. . . . [O]ne credit may buy five minutes of play while two credits may buy twelve minutes of play.” Petition, 32 (quoting Ex1008, 63:42-45); *id.*, 31 (citing Ex1008, 63:31-34). But none of Petitioner’s evidence showed a virtual currency whose value is subject to a multiplier that can vary *over time*. See POR, 5-8. The Reply does not remedy these deficiencies in the Petition – it only highlights them.

Once again, Petitioner contends that Schneier143’s discussion of an “Updating Cost Information protocol” for “metered” games which can “*alter or change the pricing structure for particular games*” discloses this limitation. Reply, 1-5. That contention still has no merit. As explained in the POR, Schneier’s discussion of this protocol describes a series of technical messages exchanged between a game playing device and a “central computer” that can transmit updated cost information from the central computer. Ex1008, 56:1-10. Specifically, using the protocol, the central computer can send a message with “cost information for the requested Software_ID’s”, provided “in the form of a Cost Table.” *Id.*, 56:18-24. Schneier further explains that its “Cost Table” is a series of fields setting out cost parameters for game play, including a “Base” cost field which sets the cost data. See *id.*, 52:25-30. As this disclosure makes clear, Schneier’s protocol sets the values for game costs – for example, how much it costs to play a game on a per-use or per-minute basis. For example, Schneier’s cost updating protocol could be used to update

the cost of playing a game to one dollar per use, or one dollar for 10 minutes of play. But this does not disclose “virtual money acquired by cash purchase being subject to a multiplier” where that “multiplier is variable over time,” as in Claim 9. There is no “virtual money,” only an exchange of currency for use or play time. There is no “multiplier” of any virtual money,” only a change in cost to play. And there is no variance in a multiplier of virtual money “over time.” Schneier’s cost protocol merely changes what it costs, in real currency or credits, to play a game.

In its Petition and its Reply, Petitioner has identified no express disclosure that this protocol can be used to vary the value of a *multiplier* for a *virtual currency over time*. Moreover, Petitioner’s expert conceded that he was unaware of any disclosure of a “multiplier” in connection with virtual currencies in Schneier. Ex2004 (12/19/25 Crevelt Dep. Tr.), 155:10-17. Nor could he identify any explicit disclosure that Schneier’s metering system could be used to vary a multiplier for virtual currency over a period of time: instead, he insisted only that “the person skilled in the art [would] *know* they could implement any or all of these at any given time.” *Id.*, 157:14-19; *see generally id.*, 157:20-182:6. Ex2003, ¶61. Critically, Petitioner has not contended that this disclosure of Schneier, or any other, would render Claim 9 obvious; it has only contended that the claim is disclosed. Petition, 31-32. That assertion is at odds with its purported proof, which amounts to a contention that the cost update protocol, despite the lack of any disclosure, *somehow*

could be used to vary the multiplier for virtual currency over time. That is incorrect as well, but Petitioner’s failure to identify any such disclosure is fatal to its challenge.

In Reply, Petitioner relies for the first time on a disclosure in Schneier stating that “[r]ates for enabling play can be *varied depending upon the time or day* of play as well” (Ex1008, 62:46-49) to contend that “Schneier143 expressly discloses this limitation.” Reply, 6. This is new evidence not relied upon in the Petition, so its presentation in Reply is improper and should be disregarded. *See, e.g.*, Consolidated Trial Practice Guide (Nov. 2019) (“TPG 2019”), 73 (“Petitioner may not submit new evidence or argument in reply that it could have presented earlier, e.g., to make out a prima facie case of unpatentability.”). It is wrong in any event. Changes in a “rate for enabling play” does not disclose variance over time in a multiplier for *virtual currency*, as PO has explained; it discloses no form of virtual currency, or that the value of that virtual currency is multiplied, over time or on any other basis. Nor does Petitioner provide any expert opinion to support this new attorney argument.

In Reply, Petitioner next repeats its contention that “Schneier143 expressly discloses that “[t]he number of credits that a player receives per dollar may also be variable” (citing EX1008, 63:31-34). Reply, 5. As PO has explained, Petitioner’s evidence from Schneier does not show any multiplier that is variable over time, as this Claim requires. For example, Petitioner again points to Schneier’s teaching that “[a] purchase of ten credits may cost \$0.50 each while a purchase of twenty credits

may cost \$0.30 each.” Reply, 5. That discloses only that a multiplier can vary, at a single point in time, depending on the number of credits purchased – not that the multiplier in this pricing may vary over time. Ex2003, ¶60. Petitioner now argues in Reply that this passage shows variance in a multiplier for virtual currency “over time” because “one purchase of ten credits can occur ‘at one point in time’ and another purchase of twenty credits can occur at another point in time.” Reply, 6-7. That nonsensical argument fails. At all times in Petitioner’s example, ten credits cost \$0.50 each, while twenty credits cost \$0.30 each. There has been no variance in the multiplier for virtual currency “over time.” Petitioner’s reliance on testimony from its expert that “it’s *variable based on the time you buy* and the amount you bought it in, because not everybody *buys in at the same amount*” is similarly illogical and deficient. Reply, 7. The fact that different users may engage with a set cost structure at different times, and purchase different amounts, does not show any sort of variance over time, as the claim requires. Each purchased under the *same* multiplier structure, just at different amounts.

Similarly, Petitioner relies on Schneier’s disclosure that “[c]redit discounts can be offered to select players who have obtained certain certified titles,” Reply, 5. That passage discloses variance in credit costs across particular users. It does not disclose any form of variance over time. At most, Petitioner now seems to contend that it would be obvious to a POSITA, in view of these disclosures, to vary these

costs over time. That is incorrect, for the reasons stated here and in the POR, but that is not what Petitioner contended in the Petition. It may not do so now.

Finally, Petitioner again argues that Schneier’s disclosure that “each credit may entitle the player to play for a certain period of time,” such that “[o]ne credit may buy five minutes of play while two credits may buy twelve minutes of play,” discloses this claim. Reply, 11. Petitioner appears to fixate on the use of the word “time,” but nothing about this disclosure in Schneier discloses Claim 9’s requirement that the value of a multiplier for virtual currency varies “over time.” Rather, it refers to the *purchase* of time at a specific cost – five minutes of play may be purchased for one credit, while twelve minutes of play may be purchased for two credits. First, “time” for game play is not “virtual money” as recited in the claim. It is an amount of time that a user will be allowed to play. Nor does Petitioner show any variance over time in the cost of the credits. Next, Petitioner has provided no evidence that this cost structure varies at any point in time. Kelly simply discloses that five minutes of play may be purchased for one credit, while twelve minutes of play may be purchased for two credits, at any given single point in time.

Petitioner asserts that “the claim recites ‘variable over time,’ not ‘variable based on time,’” (Reply, 11), but that purported distinction is nonsensical. In fact, it cuts the other way. Petitioner’s argument under this premise that a “player may play at different rates over a period of time depending on how much time a credit is worth”

shows at best variability “based on time” – *i.e.*, based on how much time a user has played for. *Id.* It does not show that any virtual money is subject to a multiplier whose value itself varies over time. Nor does the speculation of Petitioner’s expert that “time [is] a relative term” (Reply, 12) demonstrate that Kelly discloses Claim 9. In fact, the testimony presented by Petitioner confirms that Mr. Crevelt’s opinion was, at best, that it would be obvious to charge a different price for minutes of play “in another time frame.” Reply, 12. That is both wrong, at least since playing time is not “virtual money,” and deficient in any event, since Petitioner has not contended this Claim is obvious under Schneier.

III. CONCLUSION

Petitioners’ grounds fail to establish invalidity or obviousness of at least Claim 9 of the 635 Patent. Consequently, this claim should be found not unpatentable.

Dated: April 23, 2026

Respectfully submitted,

/s/ John C. Pierce

John C. Pierce
Tensegrity Law Group LLP
USPTO Reg. No. 79,938
1676 International Drive
Suite 910
McLean, VA 22102
Telephone: 865-388-5914
Facsimile: 650-802-6001
Email: john.pierce@tensegritylawgroup.com

Matthew D. Powers, *admitted pro hac vice*
William P. Nelson, *admitted pro hac vice*
Tensegrity Law Group LLP
555 Twin Dolphin Drive, Suite 650
Redwood Shores, CA 94065
Telephone: 650-802-6000
Facsimile: 650-802-6001
Email:
matthew.powers@tensegritylawgroup.com
william.nelson@tensegritylawgroup.com
Milestone_Service@tensegritylawgroup.com

Counsel for Patent Owner
Milestone Entertainment, LLC

CERTIFICATION OF COMPLIANCE

Pursuant to 37 C.F.R. § 42.24(c)(4) and (d), the undersigned hereby certifies that the Patent Owner's Sur-Reply complies with the type-volume limitation 37 C.F.R. § 42.24(c)(4) permitting a sur-reply of up to 5,600 words because, exclusive of the exempted portions, the sur-reply contains 1,752 words, as identified by Microsoft Word's word-counting feature.

Dated: April 23, 2026

Respectfully submitted,

/s/ John C. Pierce

John C. Pierce
Tensegrity Law Group LLP
USPTO Reg. No. 79,938
1676 International Drive
Suite 910
McLean, VA 22102
Telephone: 865-388-5914
Facsimile: 650-802-6001
Email: john.pierce@tensegritylawgroup.com

Matthew D. Powers, *admitted pro hac vice*
William P. Nelson, *admitted pro hac vice*
Tensegrity Law Group LLP
555 Twin Dolphin Drive, Suite 650
Redwood Shores, CA 94065
Telephone: 650-802-6000
Facsimile: 650-802-6001
Email:
matthew.powers@tensegritylawgroup.com
william.nelson@tensegritylawgroup.com
Milestone_Service@tensegritylawgroup.com

Counsel for Patent Owner
Milestone Entertainment, LLC

CERTIFICATION OF SERVICE (37 C.F.R. §§ 42.6(e), 42.105(a))

The undersigned hereby certifies that on April 23, 2026, copies of PATENT OWNER MILESTONE ENTERTAINMENT LLC'S SUR-REPLY RE: PETITION were served via Electronic Mail to the following:

Lisa K. Nguyen
Eric E. Lancaster
Joshua Yin
PH-Activision-Milestone@paulhastings.com
PAUL HASTINGS LLP
1117 S. California Avenue
Palo Alto, CA 94303
(650) 320-1900

Naveen Modi
Alexa J. Lowman
PH-Activision-Milestone@paulhastings.com
PAUL HASTINGS LLP
2050 M St., N.W.
Washington, DC 20036
(202) 551-1705

/s/ John C. Pierce

John C. Pierce
USPTO Reg. No. 79,938
Tensegrity Law Group LLP
1676 International Drive
Suite 910
McLean, VA 22102
Telephone: 865-388-5914
Facsimile: 650-802-6001
Email: john.pierce@tensegritylawgroup.com

*Counsel for Patent Owner
Milestone Entertainment, LLC*