

**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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**PATENT OWNER MILESTONE ENTERTAINMENT, LLC'S RESPONSE  
TO PETITION FOR *INTER PARTES* REVIEW OF U.S. PATENT NO.  
10,650,635**

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## TABLE OF AUTHORITIES

### Cases

<i>Toyota Motor Corp. v. Cellport Systems, Inc.</i> , IPR2015-00633, Paper 11 (P.T.A.B. Aug. 14, 2015) .....	5
<i>Vivid Techs., Inc. v. Am. Sci. &amp; Eng'g, Inc.</i> , 200 F.3d 795 (Fed. Cir. 1999).....	5

**List of Patent Owner's Exhibits**

<b>Ex. No.</b>	<b>Description</b>
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**

Patent Owner Milestone Entertainment, LLC (“PO” or “Patent Owner”) respectfully submits this Response to the Petition for *inter partes* review (the “Petition”) filed by Activision Blizzard, Inc. (“Petitioner” or “Activision”) against Claims 1-2, 4, 6, 8-10, 14-18, 21-23, 25, 27 and 29 (“the challenged claims”) of U.S. Patent No. 10,650,635 (“the 635 Patent”). As discussed in detail below, Petitioner presents two grounds (each based on Schneier<sup>143</sup> as the primary reference) and each fails to establish unpatentability of at least challenged Claim 9. As a result, this claim should be found not unpatentable.

## **II. BACKGROUND**

### **A. The 635 Patent**

The 635 Patent claims recite inventive new systems for providing variable virtual currencies in electronic gaming. As the specification explains, an important advantage of virtual currencies over real currencies is that their acquisition may be subject to a “multiplier,” which raises or lowers the cash equivalent value of the virtual currency. For example, at one time or under one set of game play conditions, \$1.00 in real currency may be used to obtain 500 units of virtual currency, but at other times, the same dollar may obtain 1000 units of virtual currency. 635 Patent (Ex1001) at 45:60-64.

One chief advance claimed by the 635 Patent is not simply that the currency is virtual, it is that their real cash value can be programmatically varied (the claimed

“multiplier”) to maintain player interest in continuing game play, or some other set of mandated objectives. As the specification explains, the multiplier amount “may vary based on factors, such as time, game or player status. For example, play during certain times may result in ‘double vCoins’.” *Id.* at 45:65-46:1. The system may also implement an “[e]nhanced multiplier” to encourage game play “at times when other entertainment is available . . . as an inducement for the player to play the subject games,” or increase the multiplier “where the real or perceived level of skill required is greater.” *Id.* at 46:1-6. The claims of the 635 Patent recite this multiplier directly, and dependent claims recite the specific circumstances under which the multiplier will apply. For example, Claim 9 of the 635 Patent recites that the “multiplier is variable over time,” for example, to increase it during time periods where game play is expected to decline, and Claim 10 recites that the “multiplier is variable based on player status,” such as their frequency of play or win rate.

Moreover, this dynamic variation in the value of virtual currencies is coupled in the claims with providing an opportunity to convert the virtual currency into a “non-cash good comprising an image” – *e.g.*, a graphical element representing a free pass or other item that “permit[s] advancement to another level within the game,” and the ability to acquire virtual currency through both cash purchase and continued game play. *See, e.g.*, Ex1001, Claim 1. As such, these claims do not simply claim “virtual money” as Petitioners contend. *Pet.*, 6-7. Instead, they claim computerized

gaming systems that dynamically alter the value of in-game currencies during game play and can be converted into game images that permit advancement within the game.

As the specification describes, this variable currency provides numerous benefits. First, it “provide[s] the player with the perception of a big win since the numbers are larger than any corresponding monetary amount.” Ex1001 at 46:41-47. In addition, “by being virtual and corresponding to electronic amounts, they may be altered or varied as desired” in order to achieve specific game play outcomes, like increasing the frequency or length of play, which “leads to vastly expanded possibilities” for computer-based game play. *Id.*

## **B. Overview Of The References**

### **1. Schneier143 (Ex1008)**

Schneier143 describes, *inter alia*, a system for purchasing and utilizing game credits in an electronic gaming system. Ex1008 at 63:13-19. For example, 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 at 62:50-53.

Schneier143 lacks any disclosure of virtual *currencies*; it concerns game credits, not a medium of exchange, and never discloses that its credits can be used as such.

## **2. Okita (Ex1009)**

Okita describes a system which, *inter alia*, provides for virtual currencies in an electronic gaming environment. Unlike the Challenged Claims of the 635 Patent, Okita never discloses that purchase of Okita's virtual currency can be subject to a multiplier, or that its virtual money can be converted "into a non-cash good comprising an image to permit advancement to another level within the game" as recited in independent Claim 1 of the 635 Patent.

## **III. PERSON HAVING ORDINARY SKILL IN THE ART ("POSITA")**

Petitioner contends that 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." Pet. at 12. For the purposes of this response, Patent Owner does not dispute Petitioners' proposed level of skill, and under any level of skill a POSITA would not understand the asserted Grounds to raise any unpatentability issue. Accordingly, this POR and supporting declarations apply Petitioner's proposed level of skill.

## **IV. CLAIM CONSTRUCTION**

The Board need not construe any terms at this stage, because under any reasonable construction of the claim terms, the prior art fails to disclose or suggest

the claimed features. Thus, no claims should be construed because the Board only construes the claims when necessary to resolve the underlying controversy. *Toyota Motor Corp. v. Cellport Systems, Inc.*, IPR2015-00633, Paper 11 at 16 (P.T.A.B. Aug. 14, 2015) (citing *Vivid Techs., Inc. v. Am. Sci. & Eng'g, Inc.*, 200 F.3d 795, 803 (Fed. Cir. 1999)).

**V. THE PETITION FAILS TO DEMONSTRATE UNPATENTABILITY OF AT LEAST CLAIM 9**

**A. Grounds 1 and 2: Claim 9 – the “system for effecting user experience in a multi-level electronic game environment of claim 1 wherein the multiplier is variable over time”**

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.” Claim 9 depends from Claim 1, narrowing limitation 1[b.iii]’s “the virtual money acquired by cash purchase being subject to a multiplier” by specifying that the amount by which the virtual money acquired by cash purchase is multiplied varies over some period of time. For example, as the 635 Patent explains, the system may implement an “[e]nhanced multiplier” to encourage game play “at times when other entertainment is available . . . as an inducement for the player to play the subject games,” Ex1001 at 46:1-6. Ex2003, ¶59.

For Grounds 1 and 2, Petitioner asserts that Claim 9 based on various disclosures in Schneier143. Pet. at 31-32. None of them, alone or together, disclose this Claim. First, Petitioner contends that Schneier143 discloses that “[t]he number of credits that a player receives *per dollar* may also be *variable*.” Pet. at 31 (citing Ex1008, 63:31-34). But this does not disclose that a multiplier for cash purchases may be variable *over time*, as the claim requires. Indeed, the very next sentence of Schneier143 makes this clear, explaining that, for example, a “purchase of ten credits may cost \$0.50 each while a purchase of twenty credits may cost \$0.30 each.” *Id.* That discloses only that the multiplier is different, at one point in time, depending on the number of credits purchased. Schneier provides no disclosure that the multiplier in this pricing may vary over time. Ex2003, ¶60.

Petitioner next contends that Schneier143’s discussion of an “Updating Cost Information protocol” which can “*alter or change the pricing structure for particular games*” discloses this limitation. Pet. at 31-32. That contention is without merit. The disclosure discusses how Schneier143’s system can obtain updated cost information from a central computer. Ex1008 at 56:1-10. But this does not disclose that “virtual money acquired by cash purchase being subject to a multiplier” where that “multiplier is variable over time,” as in the 635 Patent Claim. It discloses only a protocol for updating cost information, not that it is or can be used to vary the value

of virtual currencies across different time periods.<sup>1</sup> Confirming this deficiency of proof is that Petitioner’s expert repeatedly refused at deposition to explain how this discussion in Schneier143 disclosed that a multiplier for virtual currency purchased with cash is variable over time – merely asserting in conclusory fashion that it’s in there somewhere. Ex2013 (12/19/25 Crevelt Dep. Tr.) at 157:20-182:6. Ex2003, ¶61.

Finally, Petitioner next contends that this claim is disclosed by Schneier143’s disclosure that “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.” Pet. at 32 (quoting Ex1008 at 63:42-45). This does not disclose that a multiplier for cash purchases may be variable *over time*, as the claim requires. First, this disclosure has nothing to do with “virtual money acquired by cash purchase being subject to a multiplier,” as required by the claim. It provides no indication, for instance, that the amount of credits that may be purchased with cash ever varies. Instead, it discusses that the value of in-game *credits*, whatever their cash price, may vary. Nor does this passage disclose that any multiplier is variable

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<sup>1</sup> Petitioner has not argued that it would be obvious to implement Claim 9 in view of this disclosure; it has only contended that the claim is disclosed. Pet. at 31-32.

*over time*. It discloses only that, at *one* moment in time, one credit may purchase a certain amount of time, and two credits may purchase a different amount of time. Schneier<sup>143</sup> provides no disclosure that the multiplier in this pricing may vary over time. Ex2003, ¶62.

## VI. 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: January 12, 2026

Respectfully submitted,

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## CERTIFICATION OF COMPLIANCE

Pursuant to 37 C.F.R. § 42.24(b)(1) and (d), the undersigned hereby certifies that the Patent Owner's Preliminary Response complies with the type-volume limitation 37 C.F.R. § 42.24(b)(1) permitting a response of up to 14,000 words because, exclusive of the exempted portions, the response contains 1,682 words, as identified by Microsoft Word's word-counting feature.

Dated: January 12, 2026

Respectfully submitted,

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

The undersigned hereby certifies that on January 12, 2026, copies of PATENT OWNER MILESTONE ENTERTAINMENT LLC'S RESPONSE TO PETITION were served via Electronic Mail to the following:

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