

Filed: July 17, 2025

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. IPR2025-00711  
U.S. Patent No. 11,335,164

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**PETITIONER'S OPPOSITION TO PATENT OWNER'S  
REQUEST FOR DISCRETIONARY DENIAL**

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1001	U.S. Patent No. 11,335,164 to Katz, et al. ("the '164 Patent")
1002	File History of U.S. Patent No. 11,335,164
1003	Declaration of Dwight Crevelt
1004	Curriculum Vitae of Dwight Crevelt
1005	U.S. Patent No. 8,172,683 ("Kelly683")
1006	U.S. Patent App. Pub. No. 2004/0002369 ("Walker")
1007	U.S. Patent App. Pub. No. 2005/0153768 to Paulsen ("Paulsen")
1008	U.S. Patent No. 5,970,143 to Schneier et al. ("Schneier143")
1009	U.S. Patent Pub. No. 2003/0078102 to Okita et al. ("Okita")
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1014	U.S. Patent No. 5,326,104 to ("Pease104")
1015	U.S. Patent No. 5,766,076 to ("Pease076")
1016	U.S. Patent No. 5,855,515 to ("Pease515")

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1017	U.S. Patent No. 5,902,983 to (“Crevelt983”)
1018	U.S. Patent No. 6,347,738 to (“Crevelt738”)
1019	U.S. Patent No. 6,547,131 to Foodman (“Foodman”)
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1021	Dwight & Louise Crevelt, <u>Video Poker Mania</u> 120-123 (1991)
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)
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1026	U.S. Patent App. Pub. No. 2003/0114220 to (“McClintic”)
1027	<i>Milestone Entertainment, LLC v. Activision Blizzard, Inc.</i> , No. 2:24-cv-04056-AB-SSC, slip op. (C.D. Cal. May 1, 2025), Order Granting Motion to Stay Pending <i>Inter Partes</i> Review
1028	<i>Milestone Entertainment, LLC v. Activision Blizzard, Inc.</i> , No. 2:24-cv-04056-AB-SSC, slip op. (C.D. Cal. March 24, 2025), Order Denying Without Prejudice Defendant’s Motion to Dismiss

<b>Exhibit No.</b>	<b>Description</b>
1029	Microsoft Corporation, Form 10-Q for the Quarterly Period Ended December 31, 2023
1030	U.S. District Courts – Median Time Intervals to Disposition, available at <a href="https://www.uscourts.gov/data-news/data-tables/2025/03/31/federal-judicial-caseload-statistics/c-5">https://www.uscourts.gov/data-news/data-tables/2025/03/31/federal-judicial-caseload-statistics/c-5</a> (last accessed July 17, 2025)

**I. INSTITUTION IS THE MOST EFFICIENT USE OF RESOURCES**

The PTAB is the most efficient forum for determining the patentability of U.S. Patent No. 11,335,164 (the "'164 Patent"). The Petition is an early challenge to the '164 Patent, which did not issue until 2022. The parallel litigation in the Central District of California is stayed—before invalidity contentions were served and before a trial date was set. The Board is best equipped to address the large number of asserted patents and claims involved in the parallel litigation. And petitions for two of the six patents asserted in the parallel litigation have already been referred to the Board.

The four considerations that PO argues support discretionary denial confirm the opposite. *First*, the asserted references have never been considered by the Office. PO argues that the Office applied a related reference in the prosecution of a distant relative more than a decade ago. But the asserted reference here is a continuation-in-part that includes additional disclosures. Further, the very amendments that overcame the related reference are missing from the '164 Patent, underscoring the need to reconsider the challenged claims because they omit these limitations.

*Second*, the Board is best suited to handle priority disputes. PO argues that it can antedate one of the four asserted references. It cannot. On its face, PO's invention disclosure fails to discuss *mandated* and *variable parameters* and omits all the *virtual money* limitations required by each of the challenged claims.

Regardless, the Board with its technical expertise is better positioned to determine whether PO's invention disclosure supports an earlier priority date.

*Third*, PO argues that the Petition relies too heavily on expert testimony. But PO's argument establishes that the Petitioner's expert testimony is focused and provides context—the exact type of testimony not only encouraged, but required, for petitions.

*Finally*, Petitioner had settled expectations that PO would not assert the expired '164 Patent. PO argues the opposite because Petitioner's corporate parent cited to a family member in an IDS more than 15 years ago. Nonsense. PO did not file for the '164 Patent until 2021, the '164 Patent did not issue until 2022, and Petitioner was not acquired by its corporate parent until late 2023. PO cannot impute knowledge of a non-existent patent to Petitioner through a corporate acquisition that did not occur until more than a decade later.

At bottom, the Director's efficiency and consistency objectives confirm that the PTAB is the best forum to determine patentability of the '164 Patent. PO's request for discretionary denial should be denied.

## **II. PO IGNORES CONSIDERATIONS THAT ESTABLISH THAT PTAB IS THE MOST EFFICIENT FORUM**

PO purports to follow the Director's guidance on "Interim Processes for PTAB Workload Management." DDB, 1. However, PO ignores key considerations

under that guidance—namely, whether this proceeding is an early challenge, the *Fintiv* factors, the number of patents and claims asserted in the parallel litigation, and efficiency and consistency in addressing the patentability of all asserted patents together. Each of these factors weigh decisively in favor of institution.

**A. The Challenged Patent Issued Recently in 2022**

Because the '164 Patent issued recently, in 2022, this Petition challenges the patent early in its life. “Early challenges” like this one “favor robust, predictable patent rights and weigh against discretionary denial.” *Resmed Corp. v. Cleveland Medical Devices, Inc.*, IPR2025-00246, Paper 10, at 2 (June 12, 2025); *see also Zhuhai Cosmx Battery Co., Ltd. v. Ningde Ampere Tech. Ltd.*, IPR2025-00385, Paper 9, at 2 (July 2, 2025) (“[T]he challenged patents have not been in force for a significant period of time (issued in 2024, 2023, and 2021), and accordingly, Patent Owner has not developed strong settled expectations that favor discretionary denial.”). This consideration weighs against discretionary denial.

**B. *Fintiv* Confirms That Institution is Warranted**

Here, where the parallel litigation in the Central District of California is already stayed and a trial date was never set, the *Fintiv* factors support institution and will further the Board's objectives to advance “efficiency, fairness, and the merits.” *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11, at 5-6 (Mar. 20, 2020).

**Factor 1 (stay)** strongly favors institution because the case is stayed. “A district court stay of the litigation pending resolution of the PTAB trial allays concern about inefficiency and duplication of efforts.” *Fintiv*, at 6. “Accordingly, consideration of the first *Fintiv* factor weighs strongly against exercising discretion to deny institution.” *Snap, Inc. v. SRK Tech. LLC*, IPR2020-00820, Paper 15, at 9 (Oct. 21, 2020) (precedential) (“The granting of a stay pending inter partes review has weighed strongly against exercising discretion to deny institution under NHK.”). Recognizing that institution of the IPRs would almost certainly simplify the case regardless of whether any claims survived, the court overseeing the parallel litigation in the Central District of California has stayed that action pending the decisions on institution. EX1027, 5; *see also Shenzhen Root Tech. Co., Ltd. v. Willow Blossom Holdco Ltd.*, IPR2025-00554, Paper 9, at 2 (July 17, 2025) (denying request for discretionary denial noting “the related district court proceeding is current stayed”).

**Factor 2 (proximity to trial)** strongly favors institution because there is no trial date pending. *RØDE Microphones, LLC, et al. v. Zaxcom, Inc.*, IPR2025-00557, Paper 11, at 2 (July 17, 2025) (denying request for discretionary denial noting “there is no scheduled trial date in the co-pending district court litigation”). In fact, no trial date has ever been set in the parallel litigation. *Cf. Motorola Sols., Inc. v. Stellar, LLC*, IPR2024-01205, Paper 19, at 3 (Mar. 28, 2025) (Director Review) (denial where trial scheduled eleven months before projected FWD). Even if the

stay were to lift after institution, the median time-to-trial statistics suggest trial will begin December 2027 (EX1030), well after the deadline for the Final Written Decision on October 17, 2026. *See Amazon.com, Inc. et al. v. NL Giken Inc.*, IPR2025-00250, Paper 14, at 2 (May 16, 2025) (denying request for discretionary denial based, in part, time-to-trial statistics suggesting trial would not begin until six months after the final written decision).

**Factor 3 (investment in parallel litigation)** strongly favors institution. There has been little party and judicial investment in the parallel litigation. *Cf. Stellar*, at 3 (denial where court had already issued claim construction order, and parties conducted depositions and exchanged expert reports). As the district court recognized when it stayed the litigation, the “case is indisputably in its very early stages.” EX1027, 2. The parties have not engaged in any party discovery: they have not served requests for production, interrogatories, or admissions, and they have not noticed party depositions. The district court has not yet held a Markman hearing nor issued a claim construction order. *See Snap*, at 10 (finding “the District Court proceeding was in its early stages” where “no claim construction orders have issued”). Indeed, the court stayed the case before invalidity contentions were served.

**Factor 4 (overlap)** strongly favors institution. The district court litigation is stayed, thus there is no danger of overlap—particularly since the case was stayed before invalidity contentions were served. *See Snap*, at 15 (“Based ... [in part on]

the stay of the parallel District Court proceeding, the considerations of the fourth Fintiv factor weigh against exercising discretion to deny institution.”).

**Factor 5 (same party)** is neutral. The Board considers “whether the petitioner and the defendant in the parallel proceeding are the same party” because the Board may exercise its discretion where institution would mean “redoing the work of another tribunal” on the same or substantially same issues for the same parties. Here, even though the same parties are involved in the present proceeding and the parallel litigation, the parallel litigation was stayed before invalidity contentions, and therefore there is little, if any, danger of redoing the work of the district court. *Snap*, at 17 (“In consideration of the fact that the parallel District Court proceeding is stayed, and there is not substantial overlap between the invalidity contentions and the Petition challenges, we regard the consideration of the fifth Fintiv factor as neutral.”).

**Factor 6 (other considerations)** strongly favors institution. First, the Petition presents strong arguments for unpatentability using grounds based on references that have never been considered by the Office. *See Samsung Elecs. Co. Ltd. v. Dynamics Inc.*, IPR2020-00505, Paper 11, at 14 (Aug. 12, 2020) (finding case merits favor institution). Second, institution is consistent with the significant public interest against “leaving bad patents enforceable.” *Thryv, Inc. v. Click-To-Call Techs., LP*, 590 U.S. 45, 55 (2020). Indeed, Petitioner has a significant patent portfolio of its

own, and institution here would further the intent of the AIA to prevent the “diver[sion of] resources from the research and development of inventions.” H.R. Rep. No. 112-98, pt. 1, at 48 (2011). Third, this Petition is the sole challenge to the '164 Patent before the Board—a “crucial fact” favoring institution. *Google LLC v. Uniloc 2017 LLC*, IPR2020-00115, Paper 10, at 6 (May 12, 2020).

**C. The PTAB is Best Positioned to Determine Patentability for the Large Number of Patents and Claims**

The PTAB is the most efficient forum to determine patentability given the large number of claims in the patents asserted by PO in the parallel litigation. *Tesla, Inc. v. United States*, IPR2025-00341, Paper 12, at 2 (June 13, 2025) (“The large number and vast scope of the patents asserted in the district court litigation ... weighs against discretionary denial, as the Board is better suited to review a large number of patents involving diverse subject matter.”). The parallel litigation involves six asserted patents and 90 asserted claims. Although the claims generally relate to electronic gaming, the claims use different language and the differences are nuanced. Indeed, the district court declined to find representative claims for the purposes of §101, concluding that “it would not serve judicial economy for the Court to undertake this analysis now” given “the number of patents and claims.” EX1028, 2.

In stark contrast, the technical knowledge and patent law expertise of the administrative patent judges are ideal to understand the nuanced differences in the

claims. Notably, the district court found that “eligibility may be more efficiently addressed after the case is narrowed.” EX1028, 2. And the PTAB is the forum to narrow the case, since the Board is best equipped to understand and manage the differences between the claims.

**D. The Patents Asserted in the Parallel Litigation Should be Addressed Together**

PO asserts six patents in the parallel litigation, and Petitioner challenges all six patents concurrently in petitions for IPR. PO did not request discretionary denial for petitions on two of the patents, and the Director has already referred those petitions to the Board. *See Activision Blizzard, Inc. v. Milestone Entertainment, LLC*, IPR2025-00709, Paper 7 (June 20, 2025); *Activision Blizzard, Inc. v. Milestone Entertainment, LLC*, IPR2025-00710, Paper 6 (June 20, 2025).

To serve as a true alternative forum to decide invalidity, the six patents asserted in the parallel litigation should be addressed together. That is particularly true, here, where the two patents of the already referred petitions are related to the challenged patent. *See Embody, Inc. et al. v. LifeNet Health*, IPR2025-00248, Paper 13, at 2 (June 26, 2025) (“[I]t is an efficient use of Board resources to address [] related patents.”). Indeed, the two patents share limitations with the ’164 Patent, including certain *virtual money* limitations, and should be addressed together to ensure consistency.

### III. PO'S REFERENCED CONSIDERATIONS CONFIRM THAT DISCRETIONARY DENIAL IS NOT APPROPRIATE

PO requests discretionary denial based on four considerations. But these considerations only confirm that the PTAB is the most efficient forum for determining patentability of the '164 Patent.

#### A. *Advanced Bionics* Supports Institution

The §325(d) “framework reflects a commitment to defer to previous Office evaluations of the evidence of record unless material error is shown.” *Advanced Bionics, LLC v. Med-El Elektromedizinische Geräte GMBH*, IPR2019-01469, Paper 6, at 9 (Feb. 13, 2020) (precedential). The Petition sets forth three grounds for unpatentability:

Ground	Claims	Statute	Prior Art
1	1, 2, 4, 5, 6, 7, 9, 11-13, 15, 19, 23, 24, 29	Pre-AIA 35 U.S.C. § 103	Kelly683
2	2, 4		Kelly683, Paulsen
3	1, 2, 4, 5, 6, 7, 9, 11-13, 15, 19, 23, 24, 29		Walker, Schneier143

Here, there is no reason to exercise discretionary denial under §325(d) because there are no previous Office evaluations of any of the asserted prior art references. Indeed, none of asserted prior art references even appears on the face of the '164 Patent.

PO argues that “substantially identical art and arguments were already

considered by the Examiner during prosecution of this family of patents.” DDB, 1. Not so. PO relies on the prosecution of a related patent more than a decade ago, in which the Examiner applied U.S. Patent No. 5,816,918 (“Kelly918”), the parent of Kelly683. But Kelly683 is a continuation-in-part of Kelly918, and includes substantially more material than Kelly918. Importantly, the Examiner has never considered the disclosures of Kelly683 at least with respect to *mandated parameters ... which must be achieved by the system as a whole, variable parameters ... characterizing a prizing structure, the virtual money limitations, or a decision engine.*

Thus, the Office has not considered the arguments set forth in the Petition. And even if it did (despite no record of such consideration), the Office materially erred in overlooking such disclosures. *Advanced Bionics*, therefore, favors institution.

### **1. Legal Principles**

The Board considers six non-exclusive factors when deciding whether to exercise its discretion under §325(d), including:

- (a) the similarities and material differences between the asserted art and the prior art involved during examination;
- (b) the cumulative nature of the asserted art and the prior art evaluated during examination;

- (c) the extent to which the asserted art was evaluated during examination, including whether the prior art was the basis for rejection;
- (d) the extent of the overlap between the arguments made during examination and the manner in which Petitioner relies on the prior art or Patent Owner distinguishes the prior art;
- (e) whether Petitioner has pointed out sufficiently how the Examiner erred in its evaluation of the asserted prior art; and
- (f) the extent to which additional evidence and facts presented in the Petition warrant reconsideration of the prior art or arguments.

*Becton, Dickinson & Co. v. B. Braun Melsungen AG*, IPR2017-01586, Paper 8, at 17-18 (Dec. 15, 2017) (precedential). In applying the *Becton Dickinson* factors, the Board applies the two-part framework of *Advanced Bionics*:

If, after review of factors (a), (b), and (d), it is determined that the same or substantially the same art or arguments previously were presented to the Office, then factors (c), (e), and (f) relate to whether the petitioner has demonstrated a material error by the Office.

*Advanced Bionics*, Paper 6, at 10. Under this framework, the Board should not exercise §325(d) discretion.

**2. *Advanced Bionics* Step 1: Neither Substantially The Same Art Nor Arguments Have Been Previously Presented to the Office**

PO incorrectly argues that “the disclosures of Kelly683 were in fact expressly considered by the PTO during the prosecution of U.S. Patent 7,798,896.” DDB, 2. But there is no “overlap between the arguments made during examination and the manner in which Petitioner relies on the prior art or Patent Owner distinguishes the prior art.” *Becton, Dickinson*, Paper 8, at 17-18.

As a threshold, arguments made during the prosecution of a family member—particularly, arguments made more than a decade ago as to different limitations—have little relevance. *See Advanced Bionics*, at 10 (“The factors set forth in *Becton, Dickinson* should be read broadly, however, to apply to any situation in which a petition relies on the same or substantially the same art or arguments previously presented to the Office during a proceeding pertaining to the **challenged patent**.”) (emphasis added); *see also Microsoft Corp. v. Parallel Networks Licensing, LLC*, IPR2015-00483, Paper 10, at 15 (July 15, 2015) (art cited “during the prosecution of a child patent application, not the application that matured into the [challenged] patent, ... it has less relevance to the challenged claims”).

PO asserts that the prosecution of the related '896 Patent is directly relevant because it has “very similar claims to those challenged here,” identifying four purportedly similar limitations. But two of these limitations are trivial and are no doubt in the prior art (*a processor and memory*) and the remaining two (*mandated parameters and variable parameters*), as discussed below, were amended by the PO

to have different scope. *Cf. Advanced Cardiovascular Sys. v. Medtronic*, 265 F.3d 1294, 1305 (Fed. Cir. 2001) (“The prosecution history of a related patent can be relevant if, for example, it addresses a limitation in common with the patent in suit”). Notably, PO also fails to address the numerous other limitations in the challenged patent that are disclosed by Kelly683, but not present in the claims of the '896 Patent, including *registration user information of the remote users, payment information of the remote users, communication interface adapted to couple bi-directional communication between the one or more users utilizing electronic communication devices, the virtual money limitations, account information which varies through game play, a decision engine, and a prizing system.*

The below details the differences in the claim language that render the allowance of the '896 Patent over Kelly918 irrelevant, and identifies some of the exemplary disclosures in Kelly683 (including additional disclosures) that render significant and key limitations in the challenged patent obvious. These differences and disclosures confirm that the Office has not previously considered the same or substantially the same arguments presented in the Petition.

**a. The Office did not consider *mandated parameters as set forth in the challenged patent and taught by Kelly683***

During the prosecution of the '896 Patent over a decade ago, the Examiner found the pending claims anticipated by Kelly918. The Examiner admonished:

Examiner has *repeatedly* asked Applicant to amend the claims to claim only that that the Applicant can be said to have invented. Applicant has failed to do so. For instance, claim 1 reads on each and every computerized slot machine in existence.

EX2004, 103. The Examiner went on to apply different references against the pending claims, including Kelly918. In doing so, the Examiner found that “Kelly[918] teaches an input (16) for receiving mandated parameters (Figs 9-9B).” *Id.*, 105.

PO only overcame the rejection after amending the claims. Among other amendments, PO amended the claims to recite “mandated parameters constrain the game to provide prizing which could not be achieved through use of said [real life] probability.” EX2004, 117. The Examiner then issued a Notice of Allowance without any reasons for allowance (which is error). EX2004, 147. Thus, the Examiner found that Kelly918 did disclose *mandated parameters*, and at worst, found that Kelly918 did not disclose the additional *mandated parameters* limitation.

PO argues that the Office already considered the *mandated parameters* arguments set forth in the Petition. PO is incorrect. The *mandated parameters* limitation of the '164 Patent is different than that recited in the '896 Patent. Specifically, the '164 Patent does not require that *mandated parameters* “constrain the game to provide prizing which could not be achieved through use of said [real

life] probability.” EX2004, 117. Instead, the '164 Patent recites that the *mandated parameters represent parameters which must be achieved by the system as a whole*.

Because the *mandated parameters* of the '164 Patent requires that *mandated parameters ... must be achieved by the system as a whole*, the Office never considered whether Kelly918 (or Kelly683) disclosed this alternative *mandated parameters* limitation. Notably, the Petition cites to Kelly683 at 37:11-14 and 37:35-39. Pet., 20. These and similar passages were *not* cited by the Examiner during prosecution of the '896 Patent. *See generally*, EX2004, 105 (only citing to Figs. 9-9B for “mandated parameters”).

Thus, the Office did not consider the arguments set forth in the Petition establishing that Kelly683 discloses *mandated parameters that represent parameters which must be achieved by the system as a whole*.

**b. The Office did not consider *variable parameters* as set forth in the challenged patent and as taught by Kelly683.**

As discussed above, during the prosecution of the '896 Patent, the Examiner found the pending claims anticipated by Kelly918. *See also* EX2004, 105. As part of the rejection, the Examiner found that Kelly918 teaches “a processing system (28) coupled to the memory for implement the mandated parameters by utilizing variable parameters which define a particular game play experience.” *Id.* Among the amendments PO made to overcome this rejection, PO also amended the claims to

recite “variable parameters including at least the game structure, characterized in that the system utilizes probabilities corresponding closely with real world probabilities.” EX2004, 117.

PO argues that the Office already considered the *variable parameters* arguments set forth in the Petition. Again, PO is incorrect. The *variable parameters* limitation of the '164 Patent is different than that recited in the '896 Patent. Specifically, the '164 Patent does not require that *variable parameters* “including at least the game structure, characterized in that the system utilizes probabilities corresponding closely with real world probabilities.” *Id.* Instead, the '164 Patent recites that the *variable parameters represent parameters characterizing at least one of: a game structure and a prizing structure.*

Because the *variable parameters* of the '164 Patent requires that *variable parameters ... characterizing at least one of: a game structure and a prizing structure*, the Office never considered whether Kelly918 (or Kelly683) disclosed this alternative *variable parameters* limitation. Notably, the Petition cites to Kelly683 at 5:55-6:3, 6:6-9, 6:35-39, and 38:65-39:7. Pet., 20-21. These and similar passages were *not* cited by the Examiner during prosecution of the '896 Patent. *See generally*, EX2001, 105.

Thus, the Office did not consider the arguments set forth in the Petition establishing that Kelly683 discloses *variable parameters* that *represent parameters characterizing at least one of: a game structure and a prizing structure*.

**c. The Office did not consider the *virtual money* limitations as taught by Kelly683**

As discussed, the claims of the challenged patent do not have the same scope as the claims of the '896 Patent. Among other limitations, the claims of the challenged patent include the following *virtual money* limitations:

- *the game play information including game play with virtual money (vCoins);*
- *the virtual money (vCoins) being acquired in response to a purchase utilizing the payment information of the users; and*
- *the virtual money (vCoins) acquired in response to a purchase being subject to a multiplier.*

Because these limitations are absent from the '896 Patent, the Office did not consider whether Kelly918 disclosed these limitations. Further, the Petition relies on material found in Kelly683, not found in Kelly918, for this limitation. *See* Pet., 25 (citing to Kelly683, 52:59-60 (discussing “dollar-to-game credit conversion”)).

Thus, the Office did *not* consider the arguments set forth in the Petition establishing that Kelly683 discloses the *virtual money* limitations.

**d. The Office did not consider a *decision engine* as taught by Kelly683**

A *decision engine* is among the limitations found in the claims of the challenged patent but not in the '896 Patent. As recited in the '164 Patent, the *decision engine* is for performing game analytics on the game play. Because these limitations are absent from the '896 Patent, the Office did not consider whether Kelly918 disclosed these limitations. Further, the Petition relies on material found in Kelly683, not found in Kelly918, for this limitation. See Pet., 29 (citing to Kelly683, 56:45-51 (discussing game analytics based on “the amount of times a particular game is played, the number of times that different games are played, or by achieve a game-related goal”)).

Thus, the Office did *not* consider the arguments set forth in the Petition establishing that Kelly683 discloses a *decision engine*.

**3. *Advanced Bionics* Step 2: The Examiner Materially Erred in Overlooking the Disclosures to the Extent Previously Presented**

Even if the first prong of *Advanced Bionics* is satisfied (and it is not), the second prong of *Advanced Bionics* cannot be met. First, by omitting reasons for allowance, the Examiner erred by failing to follow Office procedure requiring explanations of rejection withdrawals. MPEP § 707.07(f) (“the examiner must provide in the next Office communication the reasons why the previous rejection is

withdrawn by referring specifically to the page(s) and line(s) of applicant's remarks which form the basis for withdrawing the rejection"); *Advanced Bionics*, at 10 ("if the record of the Office's previous consideration of the art is not well developed or silent, then a petitioner may show the Office erred"). Second, if Kelly918 is found to be cumulative with Kelly683, then the Examiner materially erred by overlooking the disclosures, particularly with respect to *mandated parameters* and *variable parameters*, because PO narrowed these terms to overcome the prior art and is now asserting claims without these narrowing limitations. *Eunsung Global Corp. v. HydraFacial LLC*, IPR2025-00445, Paper 14, at 3 (July 10, 2025) ("Although the patent examiner determined that [the asserted art] was pertinent but did not disclose the allowable features, Petitioner persuasively demonstrates that the patent examiner overlooked certain teaching in [the asserted art] that appear to disclose the allowable features of the claims.").

As discussed, the Examiner found that the pending claims at the time were anticipated by Kelly918. In response, PO did not traverse the rejection. Rather, PO narrowed the claims—and specifically, the *mandated parameters* and *variable parameters* by adding additional limitations to these terms. As discussed, the Examiner did not provide reasons for allowance, which itself is error. But to the extent that Examiner did find *mandated parameters* and *variable parameters* absent from the prior art (misled by PO's amendments), this was a material error given that

no reasonable examiner could find these limitations missing from Kelly918 (or Kelly683). *See supra* Section III.A.2.a-b (discussing disclosures of *mandated* and *variable parameters*).

As set forth in the Petition, Kelly918 and Kelly683 disclose “global payout percentage” and “win ratios,” which the '164 Patent describes as exemplary *mandated parameters*. Pet., 19. Similarly, Kelly918 and Kelly683 also disclose adjusting the game structure and prize structure to achieve the mandated parameters, just as described in the '164 Patent. Pet., 20-21. No reasonable examiner could find that the disclosures are not *mandated parameters* and *variable parameters*, when the disclosures describe the exact same examples taught by the '164 Patent.

Moreover, discretionary denial is inappropriate under *Becton, Dickinson* factor (f). “[A]dditional evidence and facts [can] warrant reconsideration of the prior art or arguments.” *Ecto World LLC v. Rai Strategic Holdings Inc.*, IPR2024-01280, Paper 13, at 6 (May 19, 2025) (precedential) (citing *Advanced Bionics* at 10). Again, PO failed to traverse the Examiner's rejection finding that Kelly918 anticipates the then-pending claims of the '896 Patent. Other evidence, including the Examiner's finding that Kelly918 discloses *mandated parameters* and *variable parameters* and the multiple amendments made by PO, confirm that the disclosures of Kelly918 (and Kelly683) should be reconsidered, particularly given the differences between the claims of the '896 and '164 Patents.

Thus, this Petition should be instituted at least because PO should not be allowed to assert claims absent the narrowing amendments it made during prosecution, particularly given that the Office found these claims improperly “reads on each and every computerized slot machine in existence” without those limitations. EX2004, 103; *see also RØDE Microphones*, at 2 (identifying the importance of “material amendments the applicant made to the claims made immediately prior to allowance” in the §325(d) analysis).

**B. The Board is Best Positioned to Evaluate PO's Swear-Behind Argument to the Extent Resolution is Necessary**

The Petition sets forth three grounds for unpatentability:

Ground	Claims	Statute	Prior Art
1	1, 2, 4, 5, 6, 7, 9, 11-13, 15, 19, 23, 24, 29	Pre-AIA 35 U.S.C. § 103	Kelly683
2	2, 4		Kelly683, Paulsen
3	1, 2, 4, 5, 6, 7, 9, 11-13, 15, 19, 23, 24, 29		Walker, Schneier143

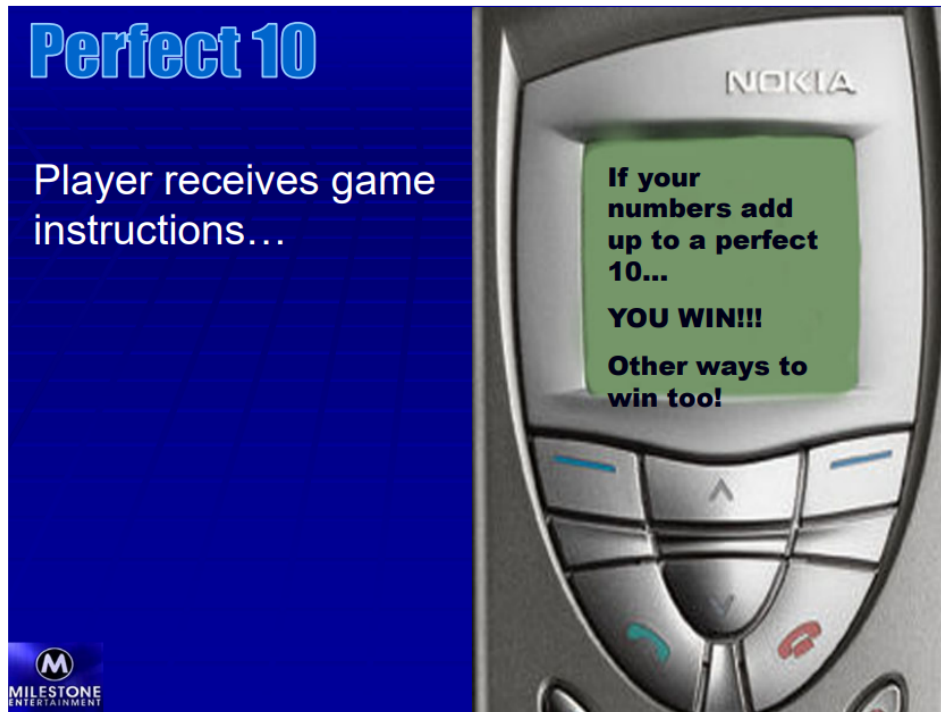
PO argues that discretionary denial is appropriate because PO will swear behind Walker. DDB, 9-15. But this argument should be afforded little, if any, weight, and only underscores the weakness of PO's arguments.

As a threshold, the Board need not address PO's swear-behind argument to find the challenged claims unpatentable. As PO admits, Walker “is the primary

reference for Petitioners' Ground 3, the last of 3 asserted Grounds." DDB, 9. Thus, if the Board finds the challenged claims obvious in view of Kelly683, the Board need not address Petitioner's alternative Ground 3 altogether.

Regardless, PO fails to set forth a prima facie case that it can antedate Walker. To antedate, PO must produce evidence showing an earlier reduction to practice of the claimed invention, or an earlier conception of the claimed invention plus diligence to a subsequent reduction to practice. 37 C.F.R. § 1.131(b); *Dynamic Drinkware, LLC v. Nat'l Graphics, Inc.*, 800 F.3d 1375, 1378-80 (Fed. Cir. 2015). Critically, PO's evidence must address *every feature* of the claimed invention. *See Medichem, S.A. v. Rolabo, S.L.*, 437 F.3d 1157, 1169 (Fed. Cir. 2006); *Singh v. Brake*, 317 F.3d 1334, 1340 (Fed. Cir. 2003) (“[C]onception must encompass all limitations of the claimed invention ... and ‘is complete only when the idea is so clearly defined in the inventor’s mind that only ordinary skill would be necessary to reduce the invention to practice, without extensive research or experimentation.”) (quotations omitted).

Here, PO makes no effort to address every limitation of any claim (DDB, 9-15), and its “invention disclosure” is no more than a collection of images of a phone interposed with game text with a high-level, limited description (EX2006).

**EX2006, 5**

Indeed, rather than mapping its invention disclosure to any claim, PO merely compares certain images from the invention disclosure to certain figures in the challenged patent, and conclusorily states (with no citations) that the “Perfect 10” game described in the invention disclosure implements *variable* and *mandated parameters* (not discussed anywhere in the invention disclosure). Further, PO’s discretionary denial brief—and the invention disclosure—omit any discussion of *virtual money* required by each challenged claim. *See, e.g.*, EX1001 (’164 Patent), Limitations [1.c.i]-[1.c.iii].

Similarly, PO argues that Walker is not entitled to the earlier date of its provisional (DDB, 13-14) but again gets the law wrong. As the Federal Circuit

found in *Dynamic Drinkware, .*, “[a] provisional application’s effectiveness as prior art depends on its written description support for the claims of the issued patent of which it was a provisional.” 800 F.3d at 1382. Here, to determine whether the Walker provisional supports the earlier date for Walker, the disclosure of the Walker provisional must be compared to the claims of the Walker patent, not to the claims of the challenged patent as done by PO.

Notably, the provisional does, in fact, support claim 1 of Walker, which includes two steps: “determining whether a set of results achieved for a game satisfy one or more predetermined criteria associated with the game” and “adjusting the game if the set of results of the game do not satisfy one or more predetermined criteria.” EX1006, cl. 1. As Walker explains, “[a]n example of a predetermined criterion is a desired standard deviation.” *Id.*, Abstract. The Walker provisional uses the same exact example—standard deviation or variance<sup>1</sup>—to explain that the invention determines whether the prizes satisfy the calculated variance and adjusting the game parameters to resolve any discrepancy, just as in claim 1 of Walker:

According to one embodiment, the controller may determine whether a calculated variance in prizes for a video game is too high or too low. Based

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<sup>1</sup> The Walker provisional explains, “the term ‘variance’ in this disclosure is understood to encompass related concepts like standard deviation.” EX2007, 11.

on this determination, the controller may then modify the video game to resolve the discrepancy (e.g., by changing one or more game parameters). EX2007, 11. The Walker provisional thus supports claim 1, and Walker is entitled to claim the benefit of the provisional's priority date.

Consequently, the Walker provisional also supports the subject matter relied upon by Petitioner as prior art. PO superficially asserts that the Walker provisional discloses neither *mandated parameters* nor *variable parameters*. DDB, 14. But as discussed above, the provisional, just as in Walker, discloses a calculated standard deviation (*mandated parameters*) that is achieved by adjusting game parameters (*variable parameters*). EX2007, 11; *see also* Pet., 20-21.

More importantly, PO's arguments illustrate why the PTAB is the better forum to address these issues. PO is correct that "fact-intensive determinations ... will need to be made" (DDB, 10), but these types of highly technical factual findings are best resolved by the Board. As Director Stewart recognizes, "the judges [of the Board] have technical and legal expertise." FAQs for Interim Process for PTAB Workload Management, at Question 21. As such, the Board is far better positioned to understand the disclosures of the prior art than an Article III court or a jury.

### **C. The Petition's Reliance on Complete and Focused Expert Testimony Favors Institution**

PO argues that the Petition's reliance on expert testimony is "extensive," "unfocused," and "conclusory." DDB, 15-17. Not so. Rather, "the testimony is

merely complying with regulations requiring disclosure of ‘underlying facts or data.’” *GD Energy Products, LLC v. Kerr Machine Co.*, PGR2025-00031, Paper 11, at 2 (June 25, 2025). Indeed, the very testimony to which PO points as an example of over-reliance (DDB, 17 (citing to EX1003 (Crevelt Decl.), ¶¶144-151), confirms that Petitioner’s expert is merely offering focused testimony “to provide helpful context.” FAQs for Interim Process for PTAB Workload Management, at Question 21; *see also Cambridge Industries USA, Inc. v. Applied Optoelectronics, Inc.*, IPR2025-00434, Paper 11, at 2 (June 26, 2025) (“Although Patent Owner argues that discretionary denial is warranted because Petitioner is over-reliant on expert testimony, Patent Owner does not identify any portions of the expert testimony that suggest Petitioner is using its expert to fill gaps in the prior art.”).

Specifically, PO complains about the testimony supporting the disclosure of “a server including memory to process and store ... registration user information of the remote users” by the various embodiments in Kelly683. DDB, 17. But Petitioner’s expert provides the exact type of focused testimony that an expert should provide under these facts—reasons why a POSITA would have found it obvious to combine the various embodiments of Kelly683.

As the Petition explains, Kelly683, discloses server 108 which is *a server including memory to process and store* (Pet., 16) and a prize database that stores

*registration user information of remote servers* (Pet., 17).<sup>2</sup> Rather than conclusorily state that the combination renders obvious the limitation, Petitioner's expert provides specific reasons why a POSITA would have combined these separate embodiments. In particular, Petitioner's expert explains that "[i]mplementing multiple services on a single server was a known design choice," and importantly, one that Kelly683 encourages, citing to specific passages in Kelly683 to provide more context. EX1003 (Crevelt Decl.), ¶150. Petitioner's expert further explains that such a combination would benefit the system overall because it would have "create[d] redundancies in case one server becomes inaccessible or inoperable." *Id.*, ¶151.

PO further asserts that such expert opinion "is better tested before an Article III Court." DDB, 17. But PO's assertion is unsupported and conclusory. Notably, PO does not offer its own expert testimony that disputes, let alone reasonably

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<sup>2</sup> PO tries to have it both ways when it complains that the Petitioner's expert "does not point to any disclosure of Kelly683 showing that registration information is stored in memory." DDB, 17. In other words, while arguing that Petitioner is over-reliant on expert testimony, PO faults Petitioner's expert for not confirming the undisputable fact that registration information stored in a database is necessarily stored in memory.

disputes, Petitioner's expert's testimony. PO does not identify any issues that would result in a "battle of the experts," nor testimony that would require a judge or jury to weigh credibility. *Twitch Interactive, Inc. v. Razdog Holdings LLC* IPR2025-00307, Paper 18, at 3 (May 16, 2025) ("Patent Owner also makes several arguments in its request regarding ... alleged improper or undue reliance on expert opinion ... However, none of these allegations are sufficient explained.").

Ultimately, PO fails to identify any issues with Petitioner's expert testimony that would require resolution in district court.

**D. Settled Expectations Support Institution, Not Discretionary Denial**

PO argues that settled expectations support discretionary denial. DDB, 17-18. They do not. To the contrary, settled expectations favors institution.

*First*, PO argues that "the claims of the 164 Patent are now expired, further underscoring that this dispute is largely a private one." DDB, 17. But PO fails to explain how an expired patent that can still be asserted against members of the public establishes this as a private dispute, let alone settled expectations. If anything, the fact that the patent is now expired created the expectation that PO did not intend to enforce its patent. *See Globus Medical, Inc. v. Spinelogik, Inc.*, IPR2025-00225, Paper 8, at 2 (June 12, 2025) ("[T]he challenged patent expired almost four years

ago due to non-payment of maintenance fees, and, accordingly, [petitioner] expected non-enforcement of the challenged patent.”).

*Second*, PO suggests that settled expectations should be based on patent family, and not the challenged patent itself. But this suggestion makes no sense. A petitioner can only have expectations for a patent once it is issued and in force, and here, the challenged patent did not issue until 2022. *See Zhuhai Cosmx*, at 2 (“[T]he challenged patents have not been in force for a significant period of time (issued in 2024, 2023, and 2021), and accordingly, Patent Owner has not developed strong settled expectations that favor discretionary denial.”).

Indeed, PO's argument is a misdirection from the fact that PO delayed in asserting its patent, which tips the settled expectations scale in favor of Petitioner. *Intel Corp. v. Proxense LLC*, IPR2025-00327, Paper 12, at 2-3 (June 26, 2025) (explaining that settled expectations can weigh against discretionary denial when a “patent may have been in force for years but may not have been ... asserted, marked, licensed, or otherwise applied in a petitioner's particular technology space, if at all.”). Here, the parallel litigation is the first time PO has ever asserted its patents (even after a declaratory judgment action, PO chose not to file counterclaims), creating settled expectations that PO did not intend to enforce any of its patents.

*Third*, PO argues that Petitioner had knowledge of the challenged patent because Petitioner's parent company Microsoft Corporation (“Microsoft”) cited to a

family member in an IDS more than 15 years ago (and more than 12 years before the application of the challenged patent was even filed). Again, this argument does not hold water. Even if the knowledge of a parent company can be imputed to its child (which it cannot absent certain conditions), Microsoft did not acquire Petitioner until 2023. EX1029, 17.

At bottom, settled expectations weigh against discretionary denial, particularly in view of PO's failure to file any patent infringement suits until the parallel litigation and the challenged patent's recent issuance in 2022.

#### **IV. CONCLUSION**

Given that the discretionary denial considerations support institution as discussed above, Petitioner respectfully requests that the Board reach the merits of the Petition.<sup>3</sup>

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<sup>3</sup> The Office's discretionary denial practices are currently being challenged at the U.S. Court of Appeals for the Federal Circuit. Petitioner respectfully requests the benefit of any relief that may be granted in that appeal or other challenges to the Office's discretionary denial practices.

Dated: July 17, 2025

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**CERTIFICATE OF COMPLIANCE**

Pursuant to 37 C.F.R. § 42.24(d), the undersigned certifies that foregoing **PETITIONER'S OPPOSITION TO PATENT OWNER'S REQUEST FOR DISCRETIONARY DENIAL** exclusive of the parts exempted as provided in 37 C.F.R. §42.24(a), contains 6,511 words and therefore complies with the type-volume limitations of 37 C.F.R. §42.24(a).

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**CERTIFICATE OF SERVICE**

I hereby certify that on July 17, 2025, a true and correct copy of the foregoing **PETITIONER'S OPPOSITION TO PATENT OWNER'S REQUEST FOR DISCRETIONARY DENIAL** is being served by electronic mail on Patent Owner's counsel of record listed below, pursuant to its Mandatory Notices:

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