

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

PLAYTIKA LTD. and PLAYTIKA HOLDING CORP.,
Petitioner,

v.

NEXRF CORP.,
Patent Owner.

IPR2021-00952
Patent 8,506,406 B2

Before LYNNE H. BROWNE, TIMOTHY J. GOODSON, and
TIMOTHY G. MAJORS, *Administrative Patent Judges*.

GOODSON, *Administrative Patent Judge*.

DECISION
Denying Institution of *Inter Partes* Review
35 U.S.C. § 314

I. INTRODUCTION

A. Background

Playtika Ltd. and Playtika Holding Corp. (“Petitioner”) filed a Petition (Paper 1, “Pet.”) requesting *inter partes* review of U.S. Patent No. 8,506,406 (Ex. 1001, “the ’406 patent”). NexRF Corp. (“Patent Owner”) filed a Preliminary Response. Paper 8 (“Prelim. Resp.”). After receiving our authorization to do so (*see* Ex. 1019), the parties filed additional briefs to address a collateral estoppel issue raised in the Preliminary Response. *See* Paper 12 (“Prelim. Reply”); Paper 13 (“Prelim. Sur-Reply”).

Pursuant to 35 U.S.C. § 314 and 37 C.F.R. § 42.4(a), the Board has authority to determine whether to institute *inter partes* review. *Inter partes* review may not be instituted unless “there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.” 35 U.S.C. § 314(a). Even when that standard is satisfied, however, the Board has discretion to deny institution.¹ For example, the Board has explained that where a petition “suffers from a lack of particularity that results in voluminous and excessive grounds,” the Board may exercise its discretion to deny institution. *Adaptics Limited v. Perfect Co.*, IPR2018-01596, Paper 20, at 17–18 (PTAB Mar. 6, 2019) (informative).

¹ *See Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2140 (2016) (“[T]he agency’s decision to deny a petition is a matter committed to the Patent Office’s discretion.”); *see also id.* at 2153 (Alito, J., concurring in part and dissenting in part) (“I agree that one can infer from the statutory scheme that the Patent Office has discretion to deny *inter partes* review even if a challenger satisfies the threshold requirements for review.”).

As explained below, we determine that the Petition fails to identify with particularity the grounds and evidence supporting them, which results in voluminous and excessive grounds. Accordingly, we exercise discretion to deny institution of *inter partes* review.

B. Real Parties-in-Interest

Petitioner lists the following real parties-in-interest: Playtika Ltd., Playtika Holding Corp., Caesars Interactive Entertainment LLC, 888 Atlantic Limited, 888 Holdings PLC, and Scientific Games Corporation. Pet. 83.

Patent Owner identifies the following real parties-in-interest: NexRF Corp., Michael Kerr, Marie Martin, David Stewart, Lars Perry, and Richard Schultz. Paper 4, 2.

C. Related Matters

Petitioner states that Patent Owner has asserted the '406 patent against Petitioner in *NexRF Corp. v. Playtika Ltd.*, No. 3:20-cv-603, in the United States District Court for the District of Nevada. Pet. 84. Patent Owner additionally lists two other district court proceedings as related matters: *NexRF Corp. v. DoubleU Games Co.*, No. 2:20-cv-01875, in the United States District Court for the Western District of Washington; and *NexRF Corp. v. Aristocrat Int'l Pty Ltd.*, No. 2:21-cv-00798, in the United States District Court for the Western District of Washington. Paper 4, 2.

D. Summary of the '406 Patent

The '406 patent describes gaming applications that can run on a network access device. Ex. 1001, 1:17–22. The patent explains that in online gaming, better methods are needed to identify a valid user, so as to

prevent underage gambling. *Id.* at 1:64–2:34. The patent describes using a biometric input to ensure that a user is a registered player. *Id.* at 4:21–23.

Figure 2 is reproduced below:

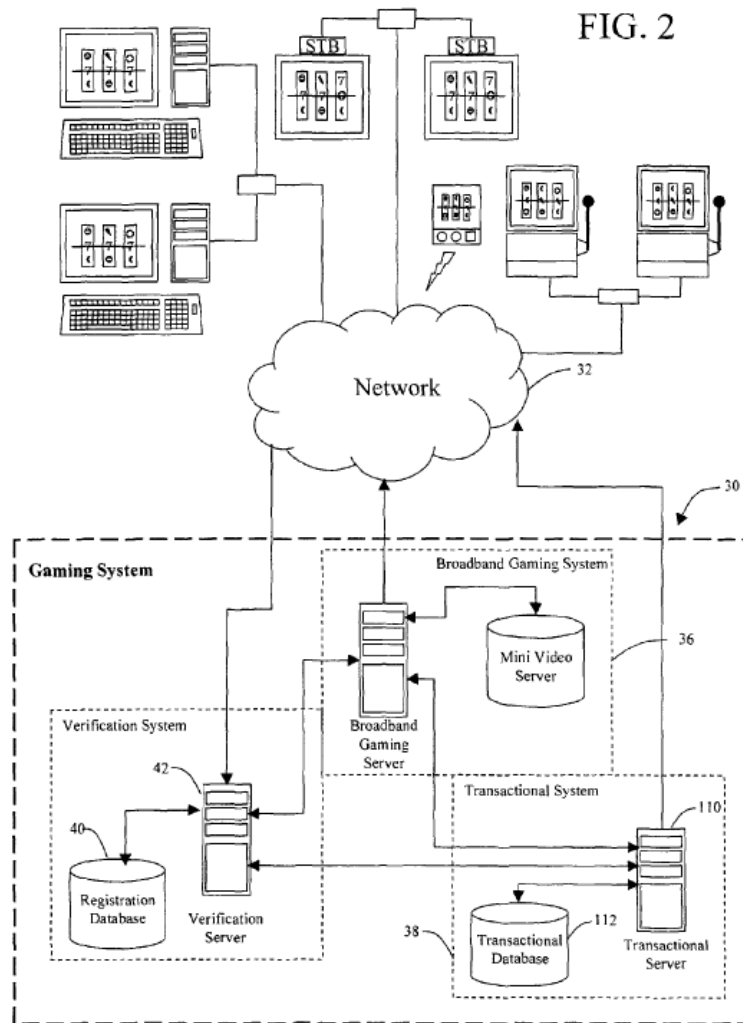


Figure 2 shows “a high level block diagram of a gaming system 30 in communication with a plurality of network access devices coupled to a network 32.” Ex. 1001, 6:59–61. Gaming system 30 includes verification system 34, which verifies that a user operating a network access device is a registered player, broadband gaming system 36, which generates the game and broadcasts the results to the network access devices, and transactional

system 38, which tracks transactions and conducts electronic fund transfers.
Id. at 6:62–7:4.

Verification system 34 communicates with a biometric input module to generate user identification information, such as “media access control (MAC) identification and confirmation of the user Internet Protocol (IP) address,” which verification server 42 compares to information in registration database 40. Ex. 1001, 7:7–17. “If an acceptable match is made between the user identification information and the information in the registration database, the user is designated as a player. The player then has access to either the broadband gaming system 36 or the transactional system 38.” *Id.* at 7:17–21.

E. Challenged Claims

Petitioner challenges claims 1–4, 6–8, and 17–19 of the ’406 patent. Pet. 1. Of these, only claims 1 and 17 are independent claims. *See* Ex. 1001, 15:5–16:58. Claim 1 is reproduced below, along with bracketed labels added by Petitioner for convenient reference:

1. [1p] A system to run a gaming application on a network access device, comprising:

[1a] the network access device; and

[1b] a remote gaming system including a verification system;

[1c] the network access device configured to transmit user identification information and security information to the verification system;

[1d] the network access device configured to receive an acknowledgement from the verification system indicating that the user identification information and security information are valid;

[1e] the network access device configured to receive a game input from a user of the network access device and transmit the game input to the remote gaming system;

[1f] the remote gaming system configured to receive the game input and generate a random game output, the remote gaming system further configured to associate an image ID with the random game output and select one or more images associated with the image ID for encoding and broadcasting to the network access device;

[1g] the network access device configured to receive a plurality of broadcast images generated by the remote gaming system.

Id. at 15:5–27; Pet. 31–55 (adding bracketed labels).

F. Cited References and Asserted Grounds

The Petition relies on the following references for its asserted grounds of unpatentability:

Name	Description	Exhibit
Joshi	US 7,470,196 B1, issued Dec. 30, 2008, filed Oct. 16, 2000.	1005
Agasse	EP 0 934 765 A1, published Nov. 8, 1999, filed Sept. 2, 1998.	1006
Muir	WO 98/40140, published Sept. 17, 1998, filed Mar. 10, 1997.	1007
Walker	US 6,234,896 B1, issued May 22, 2001, filed Apr. 11, 1997.	1008
Nguyen	US 7,127,069 B2, issued Oct. 24, 2006, filed Dec. 7, 2000.	1009
Bezick	US 5,746,656, issued May 5, 1998, filed Apr. 23, 1996.	1010
Dobner	US 6,874,084, issued Mar. 29, 2005, filed May 2, 2000.	1014
Menashe	US 5,586,937, issued Dec. 24, 1996, filed May 19, 1994.	1016

See Pet. 11.

The Petition asserts 96 grounds of unpatentability, which it summarizes as follows:

The Joshi Grounds (1–16) render obvious claims 1–3, 6, 7, and 17–19 based on the following combinations: (1) Joshi;

(2) Joshi and Muir; (3) Joshi and Walker[;] (4) Joshi and Agasse; (5) Joshi and Nguyen; (6) Joshi, Muir, and Walker; (7) Joshi[,]
Muir, Walker, and Agasse; (8) Joshi, Muir, Walker, and Nguyen; (9) Joshi, Muir, Walker, Agasse, and Nguyen; (10) Joshi, Muir,
and Agasse; (11) Joshi, Muir, Agasse, and Nguyen; (12) Joshi,
Muir, and Nguyen; (13) Joshi, Walker, and Agasse; (14) Joshi,
Walker, and Nguyen; (15) Joshi, Walker, Agasse, and Nguyen;
and (16) Joshi, Agasse, and Nguyen.

The Joshi Menashe Grounds (17–32) render obvious claims 1–4, 6, 7, and 17–19 based on adding Menashe to grounds 1–16 above, respectively.

The Joshi Dobner Grounds (33–64) render obvious claim 3 based on adding Dobner to grounds 1–32 above, respectively.

The Joshi Bezick Grounds (65–96) render obvious claim 8 based on adding Bezick to grounds 1–32 above, respectively.

Pet. 11–12. In support of its proposed grounds, Petitioner relies on the Declaration of Stacy A. Friedman. *See* Ex. 1003.

II. LEVEL OF ORDINARY SKILL IN THE ART

Petitioner proposes that a person of ordinary skill in the art “would have a bachelor’s degree in computer science, electrical engineering, computer engineering, or a related engineering discipline and two or more years of industry experience in the field of gaming devices and online gaming systems and development thereof, or equivalent experience, education, or both.” Pet. 9 (citing Ex. 1003 ¶ 37). Patent Owner does not respond to Petitioner’s proposal or provide its own definition of the level of ordinary skill in the art. *See* Prelim. Resp. 1–21. Based on our review of the record at this preliminary stage, we adopt Petitioner’s proposed definition of the level of ordinary skill in the art as summarized above.

III. CLAIM CONSTRUCTION

“In an *inter partes* review proceeding, a claim of a patent . . . shall be construed using the same claim construction standard that would be used to construe the claim in a civil action under 35 U.S.C. 282(b).” 37 C.F.R. § 42.100(b) (2020). That standard “includ[es] construing the claim in accordance with the ordinary and customary meaning of such claim as understood by one of ordinary skill in the art and the prosecution history pertaining to the patent.” *Id.*; *see also Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005) (en banc).

Petitioner asserts that “[n]o claim terms need to be construed by the Board at this time.” Pet. 9. Patent Owner does not propose any claim constructions in its Preliminary Response. Prelim. Resp. 1–21. For purposes of this decision, we determine that no claim term requires express construction. *See Vivid Techs., Inc. v. Am. Sci. & Eng’g, Inc.*, 200 F.3d 795, 803 (Fed. Cir. 1999) (holding that only claim terms that are in controversy need to be construed and “only to the extent necessary to resolve the controversy”); *see also Nidec Motor Corp. v. Zhongshan Broad Ocean Motor Co.*, 868 F.3d 1013, 1017 (Fed. Cir. 2017) (applying *Vivid Techs.* in the context of an *inter partes* review).

IV. DISCRETIONARY DENIAL

By statute, petitions for *inter partes* review are required to identify “with particularity, each claim challenged, the grounds on which the challenge to each claim is based, and the evidence that supports the grounds for the challenge to each claim.” 35 U.S.C. § 312(a)(3); *see also* 37 C.F.R. § 42.104(b) (specifying necessary elements of a petition). Consistent with those requirements, the Board’s *Trial Practice Guide* advises that petitioners

should “avoid submitting a repository of all the information that a judge could possibly consider, and instead focus on concise, well-organized, easy-to-follow arguments supported by readily identifiable evidence of record.” Consolidated Trial Practice Guide, at 39 (Nov. 2019).²

This requirement is “of the utmost importance,” as the Federal Circuit has explained, because a detailed and clear explanation of the challenge at the outset is necessary so that the parties and the Board can complete the trial within the statutorily prescribed timeframe:

Unlike district court litigation—where parties have greater freedom to revise and develop their arguments over time and in response to newly discovered material—the expedited nature of IPRs bring with it an obligation for petitioners to make their case in their petition to institute. While the Board’s requirements are strict ones, they are requirements of which petitioners are aware when they seek to institute an IPR.

Intelligent Bio-Systems, Inc. v. Illumina Cambridge Ltd., 821 F.3d 1359, 1369 (Fed. Cir. 2016).

Moreover, in *Adaptics*, the Board explained that the “all-or-nothing” nature of institution decisions following *SAS Institute Inc. v. Iancu*, 138 S. Ct. 1348 (2018),³ gives heightened importance to the statutory requirement for particularity in an IPR petition:

Because the Board’s practice, in light of *SAS*, is to institute on all grounds asserted in a petition, the Board may consider whether a lack of particularity as to one or more of the asserted grounds justifies denial of an entire petition. For example, where a

² Available at www.uspto.gov/sites/default/files/documents/tpgnov.pdf.

³ See *id.* at 1355 (holding that under § 314, the Board has “a binary choice—either institute review or don’t”); see also Consolidated Trial Practice Guide, at 64 (“In instituting a trial, the Board will either (1) institute as to all claims challenged in the petition and on all grounds in the petition, or (2) institute on no claims and deny institution.”).

petition contains voluminous or excessive grounds, Office guidance indicates “[t]he panel will evaluate the challenges and determine whether, in the interests of efficient administration of the Office and integrity of the patent system (see 35 USC § 316(b)), the entire petition should be denied under 35 USC § 314(a).”

Adaptics, Paper 20 at 17–18 (quoting *SAS Q&As* (June 5, 2018), at Part D, Question D2).⁴

The petition at issue in *Adaptics* asserted ten prior art references against nine patent claims in five grounds, two of which were for anticipation and three for obviousness. *Id.* at 2, 6, 8–9. However, the obviousness grounds relied on “up to ten references connected by the conjunction ‘and/or,’” which made the challenge unclear and resulted in “a multiplicity of grounds” that were “voluminous and excessive.” *Id.* at 18–21. The Board found that “[t]he number of asserted grounds and references is disproportionately large when compared with the number of distinct challenged claims, which indicates that the Petition imposes an undue burden on Patent Owner and the Board.” *Id.* at 21–22.

Following *Adaptics*, the Board has continued to deny petitions that asserted inordinately large numbers of ambiguous grounds. In *EnergySource Minerals, LLC v. TerraLithium LLC*, IPR2019-01607, Paper 10 (PTAB May 4, 2020), the Board found that the Petition’s use of “and/or” in listing the references applied in its obviousness grounds led to voluminous, excessive, and ambiguous grounds. *Id.* at 12, 14. The Board explained that it was “sensitive to Patent Owner’s concern that the sheer volume of prior art combinations asserted in the Petition places an undue

⁴ Available at www.uspto.gov/sites/default/files/documents/sas_qas_20180605.pdf.

burden on Patent Owner and undercuts its ability to effectively respond to the challenge within the confines of our administrative process.” *Id.*

In *Sinjimoru v. Geneze Innovation Inc.*, IPR2021-00493, Paper 8 (PTAB July 28, 2021), the petition purported to present 32 grounds, but the Board found that because many of those grounds asserted multiple statutory bases and multiple combinations of references, the petition actually advanced 205 different grounds. *Id.* at 10. The Board detailed many shortcomings in the petition that rendered the analysis therein deficient and unclear. *See id.* at 11–21. Ultimately, the Board found that the petition was “deficient for failure to identify with particularity the evidence supporting many, if not all, the challenges.” *Id.* at 22. Moreover, the Board pointed out that the petition

does not explain why so many grounds are necessary under the circumstances or why the Board should impose on Patent Owner the burden of defending against so many challenges. . . . An *inter partes* review of 20 patent claims based on 204 grounds, supported by analysis so lacking in particularity, would burden Patent Owner unduly and make inefficient use of the Board’s resources.

Id. at 23.

Here, Petitioner challenges ten claims by combining eight references in various permutations to arrive at 96 grounds. *See* Pet. 11–12. As an initial point, the sheer number of grounds at issue here is exceptional, especially compared to the modest number of challenged claims. *See Adaptics*, Paper 20 at 21–22 (explaining that a disproportionately large number of asserted grounds compared to the number of challenged claims is an indication that the petition is unduly burdensome to the patent owner and the Board). Petitioner does not explain why so many grounds are necessary. *See Sinjimoru*, Paper 8 at 23. For example, Petitioner does not argue that

different possible claim constructions or priority date determinations necessitate the multiplicity of challenges presented. To the contrary, Petitioner contends that the Board need not construe any claim terms nor determine any priority issues to resolve Petitioner's challenges. *See* Pet. 9, 11. In our view, the large number of grounds is far out of proportion with the number of claims and the complexity of the issues involved. This excessiveness indicates that it would impose an undue burden for Patent Owner to respond to and for the Board to resolve all of the grounds asserted in the Petition.

More importantly, Petitioner's grounds are unclear. Petitioner does not separately discuss each individual ground, but instead lumps together the discussion of large numbers of grounds under a single heading. Specifically, Grounds 1–16 are discussed collectively in one section (*see id.* at 12–62); Grounds 17–32 are treated in a second section (*see id.* at 63–72); Grounds 33–64 are covered in a third section (*see id.* at 73–76); and a fourth section, which totals four paragraphs in length, addresses Grounds 65–96 (*see id.* at 76–79). This grouping together of multiple grounds obscures the specific arguments advanced and the claims challenged in each individual ground.

For example, Petitioner's treatment of claim 1 in the section addressing Grounds 1–16 asserts that one or more of five references — namely, Joshi, Muir, Nguyen, Walker, and Agasse — discloses each of the limitations or sub-limitations of claim 1. *See* Pet. 31–55. In general, references other than Joshi are relied upon as backup (or secondary backup) positions if other references are found deficient for particular limitations. *See, e.g., id.* at 44 (“If the Patent Owner argues that Joshi or Muir does not expressly disclose this element, Nguyen discloses it.”). But, as Patent

Owner points out, Petitioner only addresses motivation to combine Joshi with other individual references, and provides no explanation of combinations including more than two of those five references, as Petitioner apparently proposes in Grounds 6–16. *See id.* at 11–12; Prelim. Resp. 3–4, 7.

We agree with Patent Owner that Petitioner does not adequately explain these multiple-reference combinations, or why ordinarily skilled artisans would be motivated to combine them in the manner recited in claim 1 as a whole. This same deficiency is present for the other asserted grounds, which add further references to the combinations in Grounds 1–16 but provide inadequate explication of these many-reference combinations. *See, e.g.,* Pet. 63 n.3 (“The Joshi Grounds (1–16) analyzed above apply equally to the Joshi Menashe Grounds (17–32) except for element [1p] and claim 4.”); *id.* at 73 n.4 (similar statement for Grounds 33–64); *id.* at 76 n.5 (similar statement for Grounds 65–96).

Petitioner’s grouping of grounds also makes it unclear which claims are challenged in each individual ground. Petitioner states that Grounds 1–16 render obvious claims 1–3, 6, 7, and 17–19. Pet. 11. The Petition does not include a ground-specific listing of the challenged claims (*see id.* at 11–13), which suggests that each of the grounds in the first grouping challenge all of claims 1–3, 6, 7, and 17–19. However, as Patent Owner points out, Petitioner’s challenges to some claims include references that are included in only some of the grounds in this first grouping. *See* Prelim. Resp. 5–7. Specifically, Petitioner’s analysis of claims 3, 7, 18, and 19 appear to rely on Agasse, but Grounds 1–3, 5, 6, 8, 12, and 14 do not include Agasse. *See* Pet. 11–12, 57–62.

This same lack of clarity applies equally to Petitioner’s second grouping of grounds, which challenge claims 1–4, 6, 7, and 17–19 by adding Menashe to the references asserted in Grounds 1–16. *Id.* at 12, 63.

Petitioner states that “[t]he Joshi Grounds (1–16) analyzed above apply equally to the Joshi Menashe Grounds (17–32), except for element [1p] and claim 4.” *Id.* at 63 n.3. Thus, the same issue repeats itself for this second grouping, in that Petitioner’s analysis of claims 3 and 19 rely on Agasse, but Grounds 17–19, 21, 22, 24, 28, and 30 do not include Agasse. *See id.* at 71–72. As Patent Owner points out, Petitioner does not even address any of claims 2, 6, 7 or 18 in its section discussing Grounds 17–32. *See id.* at 63–72; Prelim. Resp. 8–9.

In these circumstances, we determine that discretionary denial is appropriate because the Petition asserts voluminous and excessive grounds and fails to identify them with the requisite particularity. As discussed above, it is the petitioner’s job to distill its case to a reasonable number of well-defined theories and present them with particularity. Here, Petitioner has sketched out myriad paths and invited Patent Owner and the Board to choose their own adventure to arrive at the challenged claims. That is not the Board’s role, nor is it fair to Patent Owner to have to defend against such ill-defined and multifarious challenges. *See Microsoft Corp. v. FG SRC, LLC*, 860 Fed.Appx. 708, 713 (Fed. Cir. 2021) (“It is not the Board’s job to cobble together assertions from different sections of a petition or citations of various exhibits in order to infer every possible permutation of a petitioner’s arguments. Arguments in a petition must be made with particularity, not opacity”).

Accordingly, we exercise our discretion under § 314(a) to deny institution.

V. ORDER

For the reasons given, it is:

ORDERED that the Petition is denied and no *inter partes* review is instituted.

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