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Paper 8
Entered: June 15, 2023

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

DK CROWN HOLDINGS INC.,
Petitioner,

v.

DIOGENES LIMITED,
Patent Owner.

IPR2023-00261
Patent 8,721,439 B2

Before WILLIAM V. SAINDON, ROBERT L. KINDER, and SEAN P. O'HANLON, *Administrative Patent Judges.*

SAINDON, *Administrative Patent Judge*.

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

I. INTRODUCTION

A. Background and Summary

DK Crown Holdings Inc. ("Petitioner") filed a Petition (Paper 1, "Pet.") requesting *inter partes* review of claims 1–30 ("the challenged claims") of U.S. Patent 8,721,439 B2 (Ex. 1001, "the '439 patent"). Pet. 1. Diogenes Limited ("Patent Owner") did not file a Preliminary Response.

We have authority to determine whether to institute an *inter partes* review under 35 U.S.C. § 314(b) and 37 C.F.R. § 42.4(a) (2020). The standard for instituting an *inter partes* review is set forth in 35 U.S.C. § 314(a), which provides that an *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."

For the reasons provided below, we determine Petitioner has not satisfied the threshold requirement set forth in 35 U.S.C. § 314(a). Because Petitioner has not demonstrated a reasonable likelihood that at least one claim of the '439 patent is unpatentable, we do not institute an *inter partes* review. 37 C.F.R. § 42.108(a).

Our findings of fact, conclusions of law, and reasoning discussed below are based on the evidentiary record developed thus far, and made for the sole purpose of determining whether the Petition meets the threshold for initiating review. This decision to institute trial is not a final decision as to the patentability of any challenged claim or the construction of any claim limitation.

B. Real Parties in Interest

Petitioner identifies itself (DK Crown Holdings Inc.), DraftKings Inc., Crown Gaming Inc., and SBTech (Global) Limited as real parties in interest.

Pet. 3. Petitioner also identifies that it "is a wholly-owned subsidiary of DraftKings Inc." *Id.* Petitioner identifies Crown Gaming Inc. as a wholly-owned subsidiary of DraftKings Inc. and further identifies SBTech (Global) Limited as a wholly-owned subsidiary of DK Crown Holdings Inc. *Id.*

Patent Owner identifies itself (Diogenes Limited) and Colossus (IOM) Limited as real parties in interest. Paper 5, 2 (Patent Owner's Mandatory Notices).

C. Related Matters

The parties identify *Diogenes Limited et al. v. DraftKings Inc.,* No. 1-21-cv-01695-MN-CJB (D. Del.) as a matter in which the '439 patent has been asserted against Petitioner. Pet. 3–4; Paper 5, 2.

Patent Owner notes other petitions for *inter partes* review filed by Petitioner and challenging patents owned by Patent Owner, specifically: IPR2023-00264 (U.S. Pat. No. 9,424,716); IPR2023-00267 (U.S. Pat. No. 10,997,822); IPR2023-00265 (U.S. Pat. No. 9,704,338); IPR2023-00266 (U.S. Pat. No. 10,970,969); IPR2023-00262 (U.S. Pat. No. 9,117,341); IPR2023-00263 (U.S. Pat. No. 9,275,516). Paper 5, 2.

D. Prior Art and Asserted Grounds

Petitioner's grounds rely on the following prior art references:

Name	Reference	Exhibit No.
DeWaal	US 2008/0113765 A1, published May 15, 2008	1004
Schugar	US 2008/0311981 A1, published December 18, 2008	1005
Scott	US 2012/0309503 A1, published December 6, 2012	1006

Petitioner asserts that the challenged claims would have been unpatentable on the following grounds:

Claim(s) Challenged	35 U.S.C. §	Reference(s)/Basis
1–4, 7, 8, 10–12, 15–17, 20–26, 29	102	DeWaal
1–5, 7, 8, 10–17, 20–30	103	DeWaal, Schugar
6, 9, 18, 19	103	DeWaal, Scott
6, 9, 18, 19	103	DeWaal, Schugar, Scott

E. Technical Background and Overview of the '439 Patent

The abstract of the '439 patent characterizes the disclosed invention as follows:

> A system, method and apparatus provides a unique pool betting product where players make selections in a number of different events which occur in sequential legs or time periods. After some and preferably most of the legs have been completed, players who have correct "win" predictions for each of the events or legs that are completed and thus remain in contention for the Jackpot Pool, and potentially those still eligible for consolations prizes, will be offered an opportunity to sell their tickets, in whole or in part, to the game operator or through the game operator.

Ex. 1001, code (57).

F. Challenged Claims

Claims 1–30 are challenged. Claims 1 and 26 are independent.

Claim 1 is reproduced below.

> 1. A method of conducting a multi-outcome wagering event for one or more players, wherein the wagering event comprises a defined number of legs, and wherein at least one of the one or more players is presented with at least one of a buy-out offer and a partial buy-out offer prior to completion of all of the defined number of legs, the method comprising the steps of:
>
> providing one or more wagering input devices in communication with a system controller through which the one or more players may participate in the multi-outcome wagering event, said system controller being adapted for:
>
> initiating the multi-outcome wagering event for the one or more players, said multi-outcome wagering event comprised of the defined number of legs, wherein one or more jackpots, or a portion thereof, is awarded at least where a particular number of the defined number of legs are completed;
>
> receiving the wager via the one or more wagering input devices in response to the one or more players desiring to participate in the multi-outcome wagering event, wherein the wager coincides with each of the defined number of legs;
>
> identifying one or more winners of each of the defined number of legs based on the wager from among the one or more players participating in the multi-outcome wagering event, wherein players winning at least one leg are eligible to win at least one jackpot or a portion thereof;
>
> initiating at least one of the buy-out offer and partial buy-out offer to any number of the one or more players that are eligible to win at least one jackpot for at least a portion of said at least one jackpot, said buy-out offer being initiated at any time before the multi-outcome wagering event has been completed;

> whereupon receiving an acceptance of the buy-out offer from at least one of the players eligible to win at least one jackpot, each of the players accepting the buy-out offer will no longer be eligible to exclusively win the at least one jackpot, wherein each of the players not accepting the buy-out offer will remain eligible to win the at least one jackpot, and wherein each of the players accepting the partial buy-out offer remains eligible to win at least a portion of the at least one jackpot;
>
> completing the remainder of the defined number of legs to finish the multi-outcome wagering event; and
>
> determining if any of the players have won the at least one jackpot or portion thereof.

Ex. 1001, 28:64–29:46.

II. ANALYSIS

A. Legal Standards Used in the Merits Analysis

"In an IPR, the petitioner has the burden from the onset to show with particularity why the patent it challenges is unpatentable." *Harmonic Inc. v. Avid Tech., Inc.*, 815 F.3d 1356, 1363 (Fed. Cir. 2016) (citing 35 U.S.C. § 312(a)(3) (requiring *inter partes* review petitions to identify "with particularity . . . the evidence that supports the grounds for the challenge to each claim")); *Dynamic Drinkware, LLC v. Nat'l Graphics, Inc.*, 800 F.3d 1375, 1378 (Fed. Cir. 2015) (discussing the burden of proof in *inter partes* review).

"Under 35 U.S.C. § 102 a claim is anticipated 'if each and every limitation is found either expressly or inherently in a single prior art reference.'" *King Pharm., Inc. v. Eon Labs, Inc.*, 616 F.3d 1267, 1274 (Fed. Cir. 2010) (quoting *Celeritas Techs. Ltd. v. Rockwell Int'l Corp.*, 150 F.3d 1354, 1360 (Fed. Cir. 1998)). "Anticipation requires the presence in a single

prior art disclosure of all elements of a claimed invention arranged as in the claim." *Therasense, Inc. v. Becton, Dickinson & Co.*, 593 F.3d 1325, 1332 (Fed. Cir. 2010) (quoting *Connell v. Sears, Roebuck & Co.*, 722 F.2d 1542, 1548 (Fed. Cir. 1983)).

B. Level of Ordinary Skill in the Art

Petitioner asserts that a person of ordinary skill in the art "would be a person with a bachelor's degree in electrical engineering, computer science, or a similar field; and at least two years of experience in the wager based gaming industry. A person with less education but more relevant practical experience may also meet this standard." Pet. 17–18 (citation omitted).

Patent Owner did not enter a preliminary response. We adopt Petitioner's definition for purposes of this Decision.

C. Claim Construction

Independent claim 1 includes several limitations involving "the wager." First, the wager is *received* "in response to the . . . players desiring to participate in the multi-outcome wagering event" ("receiving" limitation). The claim here further specifies that the wager must "coincide[] with each of the number of legs."[1] Second, the claim then *identifies* one or more winners "based on the wager" ("identifying" limitation). The claim here also

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[1] The "receiving" limitation in full:

> receiving the wager via the one or more wagering input devices in response to the one or more players desiring to participate in the multi-outcome wagering event, wherein the wager coincides with each of the defined number of legs;

Ex. 1001, 29:16–20.

specifies that these "winners" are winners of a *leg* of an event, rather than a winner of the entire event.[2]

Accordingly, we construe claim 1 to set out a method where the wager (1) enters the player into the event (and thus, is set before the event) and (2) is of a nature such that it serves as the metric by which the player is evaluated at each leg to determine whether they remain eligible to win the event.[3] Neither party offers a claim construction of this term. Further, a similar limitation appears in independent claim 26, which we construe in a similar manner.

D. Asserted Anticipation by DeWaal

Petitioner asserts that claims 1–4, 7, 8, 10–12, 15–17, 20–26, and 29 are anticipated by DeWaal. Pet. 25–55. We focus our analysis on independent claim 1. We provide a brief overview of DeWaal, then analyze Petitioner's anticipation allegations.

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[2] The "identifying" limitation in full:

> identifying one or more winners of each of the defined number of legs based on the wager from among the one or more players participating in the multi-outcome wagering event, wherein players winning at least one leg are eligible to win at least one jackpot or a portion thereof;

Ex. 1001, 29:21–26.

[3] Consequentially, we understand that claim 1 is written in a way that reads on some, but not all, embodiments. *Compare* Ex. 1001, 13:62–14:20 (describing an embodiment where the wager involves guessing the outcomes of 6 games and the legs are the outcomes of each of the underlying 6 games) *with id.* at 22:13–38 (describing an embodiment where the legs are the outcomes of each reel in a slot machine, and thus there is no evaluation of an initial wager to determine whether the player won at each leg—the wager is akin to an entry fee).

1. Overview of DeWaal

DeWaal describes how existing gaming machines (such as slot machines or video poker machines) offer both a base game as well as secondary, or bonus, games upon occurrence of a triggering event. Ex. 1004 ¶¶ 3–4. The bonus game can be a game in which an initial group of players are eliminated round by round until there is a winner. *Id.* ¶ 16. DeWaal describes where each round can be associated with a prize, and players can elect to quit the game and take the prize, or elect to continue the game in the hopes of a chance for a greater prize. *E.g.*, *id.* ¶¶ 18–19. Figure 10 of DeWaal is reproduced below:

FIG. 10

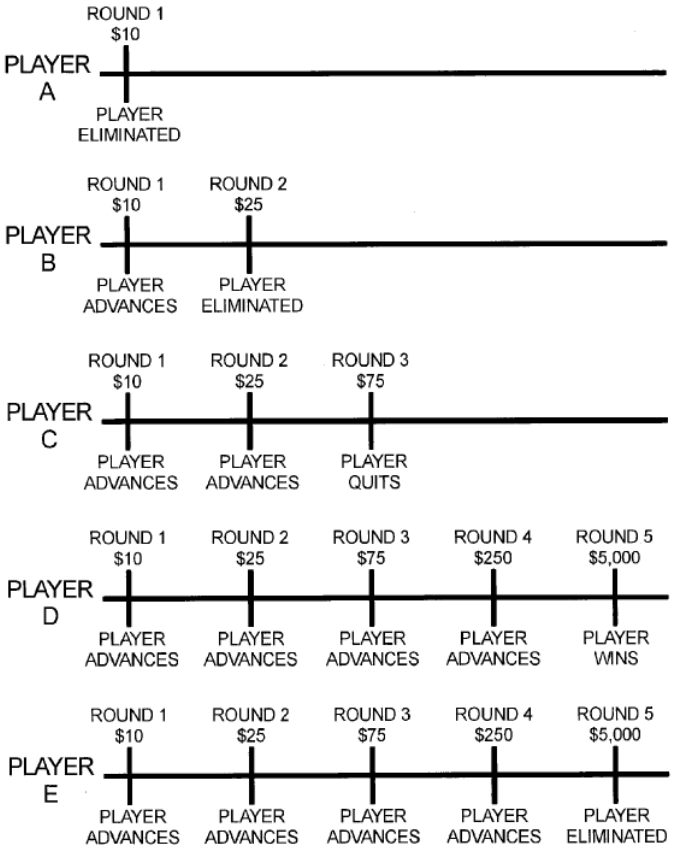


Figure 10 of DeWaal depicts a series of timelines for players A through E as they participate in a multi-round bonus game. *Id.* ¶ 40; *see generally id.* ¶¶ 157–162. For example, player B advances past the first round, but is eliminated in the second round, winning nothing. *Id.* ¶ 159. Player C advances to the third round, and takes their accumulated prizes from rounds one and two ($10 + $25 = $35), leaving the game. *Id.* Player D advances to the fifth round, and wins a prize of $5,000, whereas player E advanced to the fifth round, but was eliminated attempting to win that final round (winning nothing). *Id.* ¶ 160.

2. Petitioner's Challenge for Claim 1

Claim 1 is directed to a method of conducting a multi-outcome wagering event. With respect to the first step, "providing . . . [a] wagering input device[]," Petitioner asserts that DeWaal discloses gaming machines such as a slot machine. Pet. 31–34. Petitioner asserts that the "initiating the multi-outcome wagering event" step is met by DeWaal's multi-round bonus event. *Id.* at 34–35 (citing, e.g., Ex. 1004 ¶ 124). Petitioner asserts that the "receiving the wager" step is met by DeWaal's disclosure of a payment acceptor to receive the bets corresponding to the bonus event. *Id.* at 35–36 (citing, e.g., Ex. 1004 ¶ 57; Ex. 1007 ¶¶ 124–127); *see also* Ex. 1007 ¶ 127 (citing Ex. 1004 ¶ 118 (wherein DeWaal discloses a "side-wager or entry fee that enables a player to participate in the bonus event")).

The claim goes on to recite the steps involved with carrying out and resolving the game: "identifying . . . winners of each of the defined number of legs"; "initiating at least one of the buy-out offer and partial buy-out offer"; a "whereupon" limitation carrying out the buy-out (if any); and

finally steps of "completing" the event and "determining" a winner (if any). Petitioner maps these steps to the multi-round event in DeWaal. Pet. 36–42.

For example, Figure 7 in DeWaal, reproduced below, is a table cited by Petitioner to show that each leg, or round, has one or more advancing players, and that there are a number of defined legs in the game.

FIG. 7

TOTAL AWARD PER ROUND: $10,000

ROUND	ELIGIBLE PLAYERS	ADVANCING PLAYERS	AWARD WON PER ADVANCING PLAYER	CONTINUING PLAYERS	INELIGIBLE PLAYERS	TOTAL ACCUMULATED AWARD
1	800	400	$25	300	400	$25
2	300	200	$50	100	100	$75
3	100	50	$200	20	50	$275
4	20	5	$2,000	2	15	$2,245
5	2	1	$10,000	0	1	$12,275

Total Accumulated Award Provided to the Player Who Advanced in Round 5.

Figure 7 of DeWaal is a table depicting that the game consists of five rounds, and that each round corresponds to a reduction in the number of players remaining, along with an increase in the award available to advancing players. *See, e.g.*, Ex. 1004 ¶¶ 37, 141–143. As Petitioner explains, DeWaal offers a buy-out of the player's position after each round, and players accepting the buy-out are eliminated from the bonus event. Pet. 39–41 (citing, e.g., Ex. 1004 ¶ 146).

3. Analysis for Claim 1

Reviewing Petitioner's ground, we determine that it does not adequately address the specific "wager" recited in the receiving and identifying limitations. In particular, the wager in DeWaal is the bet placed

to play the initial game, which occurs prior to the multi-round bonus event. Ex. 1004 ¶ 83. Alternatively, DeWaal discloses that it could require a separate fee to enter the bonus game. *Id.* In either case, putative wager in DeWaal serves to allow entry into the event. That wager does not, however, serve to identify a winner of a leg of DeWaal's bonus game. Instead, players advance by making separate choices at each leg of the bonus game. *See, e.g.*, *id.* ¶¶ 119, 127. That is, it is those choices, not the wager, that determines whether the player advances at each leg. As such, we are not persuaded DeWaal describes "identifying one or more winners . . . based on the wager."

Similarly, even if we were to consider the player's choices in DeWaal's bonus event, such as whether to risk further play or take the buy-out (*e.g.*, Ex. 1004 ¶ 146), to be a form of wager, that wager would be different from the one required in claim 1. In particular, claim 1 requires the wager to be "in response to the . . . players desiring to participate in the . . . event" as well as to "coincide[] with each of the defined number of legs." Thus, by the time the player in DeWaal is making choices during the event, they have already expressed a desire to participate in the event, and any such "wager" to continue the event is tied only to that leg, not to "each of the defined number of legs." In other words, claim 1 requires the wager to be something that is set ahead of time, and to contain information that is used, at each leg, to evaluate whether that player remains eligible. Accordingly, we determine that Petitioner has not addressed sufficiently each limitation of claim 1.

The other claims and ground addressed in the Petition are deficient for the same reasons. Petitioner's position regarding independent claim 26 is

effectively identical to that of claim 1. Pet. 55 ("DeWaal therefore discloses each limitation of Claim 26 for the reasons discussed above with regard to Claim 1."). Similarly, Petitioner's obviousness grounds bring in references for limitations regarding buy-outs and partial buy-outs, not for the wager limitations. *See id.* at 55–64.

III. CONCLUSION

For the reasons given above, we find that Petitioner has not established a reasonable likelihood of success in showing that any challenged claim is anticipated by DeWaal or obvious in view of DeWaal and one or more other references. Accordingly, we do institute *inter partes* review. 35 U.S.C. § 314(a).

IV. ORDER

In consideration of the foregoing, it is hereby ordered that the Petition is *denied*, and no trial is instituted.

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