

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

DK CROWN HOLDINGS INC.,
Petitioner,

v.

DIOGENES LIMITED,
Patent Owner.

IPR2023-00262
Patent 9,117,341 B2

Before WILLIAM V. SAINDON, HYUN J. JUNG, and
ROBERT L. KINDER, *Administrative Patent Judges*.

SAINDON, *Administrative Patent Judge*.

DECISION
Granting 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 and 10 (“the challenged claims”) of U.S. Patent 9,117,341 B2 (Ex. 1001, “the ’341 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 satisfied the threshold requirement set forth in 35 U.S.C. § 314(a). Because Petitioner has demonstrated a reasonable likelihood that at least one claim of the ’341 patent is unpatentable, we institute an *inter partes* review of all challenged claims based on all grounds raised in the Petition. 37 C.F.R. § 42.08(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. Any final decision will be based on the full record developed during trial.

B. Real Parties in Interest

Petitioner identifies itself, 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.,” and that Crown Gaming Inc. and SBTech (Global) Limited also are wholly-owned subsidiaries of DraftKings Inc. *Id.*

Patent Owner identifies itself 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 ’341 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); IPR2023-00261 (U.S. Pat. No. 8,721,439); 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

Petitioner asserts that claims 1 and 10 would have been unpatentable on the following grounds:

Claim(s) Challenged	35 U.S.C. §	Reference(s)/Basis
1, 10	102	DeWaal
1, 10	103	DeWaal, Schugar

E. Technical Background and Overview of the '341 Patent

The abstract of the '341 patent characterizes the disclosed invention as follows:

A system, method and apparatus provides a unique betting product where players make selections in one or more different events. Players who are in contention to win may be offered an opportunity to sell their tickets, in whole or in part, in response to a full or partial buy-out offer made at any time prior to completion of a wagering event.

Ex. 1001, code (57).

F. Challenged Claims

Claims 1 and 10 are challenged. Claim 1 is independent. Claim 1 is reproduced below.

1. A method of conducting a wagering event for one or more players, wherein a player is presented with at least one of a buy-out offer and a partial buy-out offer prior to completion of the wagering event, the method comprising the steps of:

providing one or more wagering input devices in communication with a system controller through which one or more players may participate in a wagering event, said system controller being adapted for:

initiating the wagering event for one or more players;

receiving a wager via the one or more wagering input devices in response to a player desiring to participate in the wagering event;

identifying one or more players eligible to win from among players participating in the wagering event;

initiating at least one of a buy-out offer and partial buy-out offer to any number of the one or more players that are eligible to win, said buy-out offer or partial buy-out offer being initiated at any time before the wagering event has been completed;

identifying any acceptances of said at least one of a buy-out offer and partial buy-out offer that have been initiated;

completing the wagering event; and

determining if any of the players have won.

Ex. 1001, 28:66–29:23.

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 have 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. This description is approximate, and a higher level of education or skill may make up for less experience, and vice-versa.

Pet. 11 (citations 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 a limitation requiring initiating “at least one of a buy-out offer and partial buy-out offer” to the players during the wagering event. During prosecution of the ’341 patent, the examiner applied a prior art rejection upon construing the claim in the disjunctive form. Ex. 1002, 109 (Office Action, Oct. 28, 2014). That is, construing the language in the form of *at least one of X and Y* to be satisfied upon a showing in the art of *either X or Y*. The applicant, however, argued that the prior art needed to disclose both (i.e., the conjunctive form). *Id.* at 86, 88 (Applicant Response, Dec. 18, 2014). The examiner subsequently withdrew the rejection. *Id.* at 69 (Office Action, Mar. 12, 2015).

Petitioner characterizes the applicant’s argument as a “plain and unmistakable statement[] of disavowal during the prosecution” of the disjunctive form (i.e., X or Y), thus limiting the term to the *conjunctive* form (i.e., X and Y). Pet. 18 (citing *Southwall Techs., Inc. v. Cardinal IG Co.*, 54 F.3d 1570, 1576 (Fed. Cir. 1995) (“The prosecution history limits the interpretation of claim terms so as to exclude any interpretation that was disclaimed during prosecution.”)). Petitioner asserts, however, that Patent Owner has taken the position in district court that the *disjunctive* construction should be used. Pet. 19, n.4 (citing Ex. 1049 (Patent Owner’s Initial Infringement Contentions)). Thus, there is at least some indication of the plausibility of both constructions. Patent Owner has not yet entered any arguments in this case. We encourage further briefing on the construction of the “at least one of” term during trial.

D. Asserted Anticipation by DeWaal

Petitioner asserts that claims 1 and 10 are anticipated by DeWaal. Pet. 19–39. We focus our analysis on independent claim 1. As noted in the claim construction section above, Petitioner indicates that this ground is premised on a construction where the “at least one of a buy-out offer and a partial buy-out offer” language is read to mean that the claim is satisfied when either type of buy-out is found (i.e., read in the disjunctive, which Petitioner alleges to be Patent Owner’s position in the district court litigation). *Id.* at 19.¹ We provide a brief overview of DeWaal, then analyze Petitioner’s anticipation allegations.

¹ See also *Ex Parte Schulhauser*, Appeal No. 2013-007847, at 9–10 (PTAB Apr. 28, 2016) (precedential) (holding that, because the claim was written in a way that infringement would occur by performing either of two alternative

I. 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:

steps, so too must anticipation occur by showing either of the two alternative steps) (citing *BristolMyers Squibb Co. v. Ben Venue Labs, Inc.*, 246 F.3d 1368, 1378 (Fed. Cir. 2001) (“[I]t is axiomatic that that which would literally infringe if later anticipates if earlier.”)); *Applera Corp. v. Illumina, Inc.*, 375 F. App’x 12, 21 (Fed. Cir. 2010) (unpublished) (affirming a district court’s interpretation of a method claim as including a step that need not be practiced if the condition for practicing the step is not met); *Cybersettle, Inc. v. Nat’l Arbitration Forum, Inc.*, 243 F. App’x 603, 607 (Fed. Cir. 2007) (unpublished) (“It is of course true that method steps may be contingent. If the condition for performing a contingent step is not satisfied, the performance recited by the step need not be carried out in order for the claimed method to be performed.”). We note that *Schulhauser* is an *ex parte* appeal case, using the broadest reasonable interpretation (BRI) standard, but also note that the logic of that case is not predicated on the BRI standard itself, but rather on the basis that the same claim construction is used for both anticipation and literal infringement.

FIG. 10

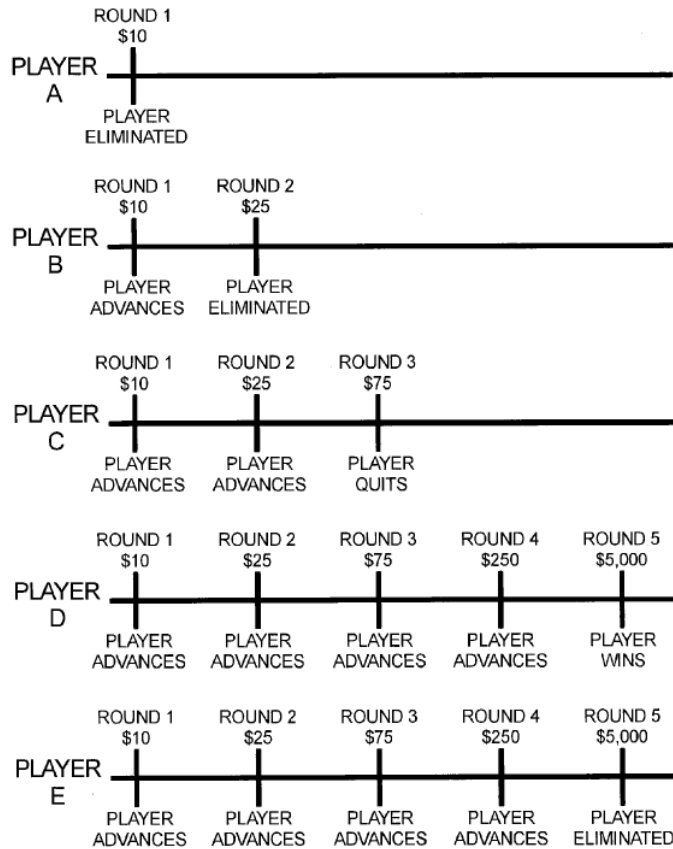


Figure 10 of DeWaal depicts a series of timelines for players A through E as they participate in a multi-round bonus game. *Id.* ¶ 40; *see generally id.* ¶¶ 157–162. For example, player B advances past the first round, but is eliminated in the second round, winning nothing. *Id.* ¶ 159. Player C advances 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 wagering event.² With respect to the first step, “providing . . . [a] wagering input device[,],” Petitioner asserts that DeWaal discloses gaming machines such as a slot machine. Pet. 25–28. Petitioner asserts that the “initiating the wagering event” step is met by DeWaal’s multi-player bonus event. *Id.* at 28–29 (referencing back to its assertions as to similar language at Pet. 25–28). Petitioner asserts that the “receiving the wager” step is met by DeWaal’s disclosure of a payment acceptor to receive the bets leading to the bonus event. *Id.* at 29–30 (citing, e.g., Ex. 1004 ¶ 57); *see also* Ex. 1007 ¶¶ 104–108³ (citing, e.g., Ex. 1004 ¶¶ 117, 118).

The claim goes on to recite the steps involved with carrying out and resolving the game: “identifying . . . players eligible to win”; “initiating at least one of a buy-out offer and partial buy-out offer”; “identifying any acceptances of said . . . buy-out offer and partial buy-out offer”; and finally steps of “completing” the event and “determining” a winner (if any).

² Petitioner separately addresses the preamble of claim 1 but does not indicate whether it is limiting. Pet. 19–25. We have no arguments before us indicating that the preamble is limiting. In general, “the preamble does not limit the claims.” *Allen Eng’g Corp. v. Bartell Indus., Inc.*, 299 F.3d 1336, 1346 (Fed. Cir. 2002). Faced with no request or apparent need to analyze the preamble to determine whether to institute, we do not address the preamble. If either party wishes to assert the preamble is limiting, it must do so in an appropriate brief. *But see Symantec Corp. v. Computer Associates International, Inc.*, 522 F.3d 1279, 1288–1289 (Fed. Cir. 2008) (instructing that, if a preamble “is reasonably susceptible to being construed to be merely duplicative of the limitations in the body of the claim[,] . . . do not construe it to be a separate limitation”).

³ Petitioner’s citation to paragraphs 118 to 120 of Exhibit 1007 on page 30 of the Petition are a typographical error.

Petitioner maps these steps to the multi-round event in DeWaal (i.e., where the legs represent times before the wagering event has been completed). Pet. 30–36.

For example, Figure 7 in DeWaal, reproduced below, is a table cited by Petitioner to show each leg, or round, has one or more players advancing, 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 for those players still eligible to win. Pet. 32–34 (citing, e.g., Ex. 1004 ¶¶ 18, 141). Players accepting the buy-out are eliminated from the bonus event. *See id.*

Accordingly, Petitioner has addressed each limitation of claim 1 and mapped the limitation onto a disclosure of DeWaal. Reviewing the

arguments before us, we determine that Petitioner has established a reasonable likelihood that claim 1 is anticipated by DeWaal.

III. CONCLUSION

As explained above, we find that Petitioner has established a reasonable likelihood of success in showing that claim 1 is anticipated by DeWaal. Accordingly, we institute *inter partes* review on all challenged claims on all asserted grounds. *See SAS Inst. v. Iancu*, 138 S.Ct. 1348, 1359–60 (2018).

IV. ORDER

In consideration of the foregoing, it is hereby:

ORDERED that an *inter partes* review of claims 1 and 10 of the '341 patent is instituted with respect to all grounds set forth in the Petition; and

FURTHER ORDERED that pursuant to 35 U.S.C. § 314(a), *inter partes* review of the '341 patent is hereby instituted commencing on the entry date of this Decision, and pursuant to 35 U.S.C. § 314(c) and 37 C.F.R. § 42.4, notice is hereby given of the institution of a trial.

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