

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

DK CROWN HOLDINGS INC. (FORMERLY DRAFTKINGS, INC.), A
DELAWARE CORPORATION,
Petitioner

v.

DIOGENES LIMITED,
Patent Owner

IPR2023-00265

U.S. Patent No. 9,704,338

PATENT OWNER'S PRELIMINARY RESPONSE

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LISTING OF EXHIBITS

Exhibit No.	Description
EX-2001	Vancura Declaration
EX-2002	U.S. Patent 7,073,793 (“Vancura I”)
EX-2003	U.S. Patent 7,284,756 (“Vancura II”)
EX-2004	U.S. Patent 7,172,505 (“Vancura III”)
EX-2005	U.S. Patent 6,918,834 (“Vancura IV”)
EX-2006	U.S. Patent 6,645,071 (“Vancura V”)
EX-2007	U.S. Patent 6,033,307 (“Vancura VI”)
EX-2008	U.S. Patent 8,795,055 (“Vancura VII”)
EX-2009	U.S. Patent 8,496,524 (“Vancura VIII”)
EX-2010	Letter from J. Lynn to B. Biggs re Sotera Stipulation (Redacted)
EX-2011	U.S. Patent 6,726,562 (“Vancura IX”)
EX-2012	U.S. Patent 6,173,955 (“Vancura X”)
EX-2013	CV of Olaf Vancura, Ph. D
EX-2014	List of Relevant Patents with Olaf Vancura as Inventor/Co-Inventor

I. INTRODUCTION

Patent Owner Diogenes Limited (“PO”) submits this preliminary response to the Petition for *Inter Partes* Review (“Petition”) of US 9,704,338 (“the ’338 patent”) (EX-1001), filed by DK Crown Holdings Inc. (f/k/a DraftKings, Inc.) (“Petitioner”).

Petitioner presents two Grounds: (1) anticipation of claims 1, 4-5, 7-9, 13, 19, and 32 by U.S. Patent Application Publication No. 2008/0113765 (“DeWaal”) (EX-1004)¹; and (2) obviousness of claims 1, 4-15, 17-19, and 32 over DeWaal in combination with U.S. Patent Application Publication No. 2008/0311981 (“Schugar”) (EX-1005), which are presented in the alternative based on claim construction.

Specifically, according to Petitioner, Ground 1 applies if the term “at least one of a buy-out offer and partial buy-out offer” is construed disjunctively to mean a full “*or*” partial buy-out offer, and Ground 2 applies if the Board agrees with Petitioner’s construction of “a buy-out and a partial buy-out” as conjunctively requiring the presentation of *both* a buy-out “and” a partial buy out. Petition, 22 (“Depending on the construction of ‘at least one of a/the buy-out offer and [a] partial buy-out offer’ adopted [by the Board], Claims 1, 4-5, 7-9, 13, 19, and 32 are either anticipated by DeWaal or rendered obvious by DeWaal in view of Schugar” and “[t]he combination

¹ DeWaal was presented to the Office during prosecution of the ’338 patent in an Information Disclosure Statement (IDS).

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of DeWaal and Schugar further renders obvious Claims 6, 10-12, 14-15, and 17-18 obvious.”). Petitioner argues that “DeWaal alone” discloses every limitation of the Ground 1 challenged claims, including a *full* “buy-out offer” if the disjunctive interpretation is adopted. *Id.*

The Board should deny institution because Ground 1 is inapplicable and Ground 2 fails to show a reasonable likelihood that Petitioner would prevail as to any claim.

First, there is no dispute that Ground 1 is simply inapplicable and fails because, as admitted in the Petition, Ground 1 applies only if the Board adopts the disjunctive construction, and PO agrees with Petitioner that the disjunctive construction is incorrect. *See id.* at 17 (proposing conjunctive construction). Petitioner refers to the disjunctive construction as PO’s “anticipated” construction, but this is incorrect PO agrees that a disjunctive construction is not supported by the intrinsic evidence. *See e.g., id.* at 73. A summary of the parties’ proposed claim constructions is provided in the below table:

Claim Term	Petitioner’s Proposed Construction	PO’s Proposed Construction
“at least one of a buy-out offer and a partial buy-out offer”	“the presentation of both a buy-out offer and a partial buy-out offer that a player can alternatively select, or accept or decline” Petition, 18.	“the ability to offer a full buy-out and partial buy-out”

As shown above, both parties’ proposed constructions require offering or having the ability to offer a partial buy-out—which Petitioner admits is not taught by DeWaal. *See id.* at 22 (arguing that DeWaal only discloses a “full” buy-out offer and only meets the limitations under the disjunctive construction). Thus, Ground 1 is inapplicable and fails under either construction—and only Ground 2 remains at issue.

But Ground 2 fails to show a reasonable likelihood of success as to the unpatentability of any claim for several reasons. For example, Ground 2 depends on Petitioner’s proposed conjunctive construction, but this construction is wrong, meaning that Petitioner’s Ground 2 relies on an incorrect claim construction and is legally deficient.

Moreover, even under Petitioner’s construction, Ground 2 still fails. Ground 2 is supported primarily by DeWaal, with Schugar added to the mix as teaching the “partial buy-out” limitation in the challenged claims. But the DeWaal disclosures Petitioner relies on focus on a ***bonus game***—a game wholly distinct from a ***primary game*** disclosed by Schugar. Bonus games and primary games function together, but do ***not*** naturally align with one another—a person of ordinary skill in the art (“POSITA”) would not look to one to modify the other. Vancura Declaration (EX-2001), ¶¶4, 54-56, 103-113; *see generally* EX-2002-2009 (bonus game disclosures naming PO’s expert as an inventor). Petitioner wholly fails to even address or

acknowledge that DeWaal is directed to bonus games and Schugar is directed to primary games, let alone provide a motivation to combine these distinct game types. As PO's expert Dr. Vancura explains, a POSITA would not have been motivated to combine DeWaal's bonus game with Schugar's primary game, and in any event, Petitioner's failure to even attempt to provide a motivation to combine a bonus and primary game is fatal to the Petition. EX-2001, ¶¶83-113.

Thus, as detailed below, Petitioner has failed to demonstrate a reasonable likelihood of showing that any claim of the '338 patent is unpatentable, and the Board should deny institution.²

II. OVERVIEW OF THE '338 PATENT

The '338 patent is generally directed to “a unique betting product where players make selections in a number of different legs.” EX-1001, 1:55-56. The different legs “can include any of a variety of different discrete events,” such as, for example, innings of a baseball game, a set in tennis, one or more at bats by a particular player, or two sequentially occurring football games. *Id.* at 1:57-58. Winning players of each leg “have an opportunity to solely obtain and/or share in the proceeds of the stakes of all the other players ... and have the opportunity to win a prize,” such as “a Jackpot Pool (e.g., for all correct selections), potentially a Bonus

² PO reserves the right to argue deficiencies in both DeWaal and Schugar and how secondary considerations weigh against any finding of obviousness if institution is granted.

Pool (e.g., for one additional outcome the following week, game, or event) and/or a possible Consolation Pool (e.g., for a subset of correct selections, or other pre-defined forms of partial correctness, such as, for example: did a horse place for consolation, rather than win for jackpot).” *Id.* at 1:66-2:11.

One unique aspect of the ’338 patent’s invention is that, at any time after the initiation of an event, any desired number of players who remain eligible for a prize “may be offered a ‘buy-out’ or an opportunity to sell their tickets (in whole or alternatively may be in part (i.e., a fractional amount) to the game operator or through the game operator (or alternatively directly) to a third party (e.g., one or more system operator(s), business entity or entities such as a merchant(s), one or more other persons, other player(s), etc.).” *Id.* at 2:49-54. For example, “the game operator (or any other entity) may offer the player a fractional amount of the potential Jackpot Pool to buy the ticket for the still pending game(s).” *Id.* at 2:55-57. This option provides the benefit of offering “the player the opportunity to cash in and avoid the risk of being eliminated on a later leg or the final event.” *Id.* at 2:57-59.

This unique buy-out feature provides additional decisions for the player, which creates added excitement and engagement during the legs—thus fulfilling the need in the gaming industry “for new products to generate and maintain consumer interest.” *Id.* at 1:49-50. The ’338 patent further discloses a continuous ability to

trade or sell tickets back to the system operator, where the bet may be extremely time sensitive, and that the buy-out may occur during live play, which further serves to increase excitement. *Id.* at 21:30-33 (“It is further contemplated that the ability to trade or sell tickets back to the system operator may be continuous, and also in these circumstances, the bid may be extremely time sensitive”).

The '338 patent also provides servers, networks, and wagering hardware, such as wagering input devices, as part of its invention that allow player interaction through online betting. *Id.* at 4:58-66. As shown in Figs. 1 and 2, the '338 patent's system “includes a network, including a system controller, for example, such as based on a central server system 12 being interconnected through the internet 10 to a plurality of wager input devices such as wagering stations 14, wagering terminals (including self-service wagering terminals) 16, and internet connected computing systems 18, smart phones 20, tablet computers 22 and televisions 24 each of which is representative of a plurality of each type of wager input device (e.g. wagering stations 14A-N).” *Id.*

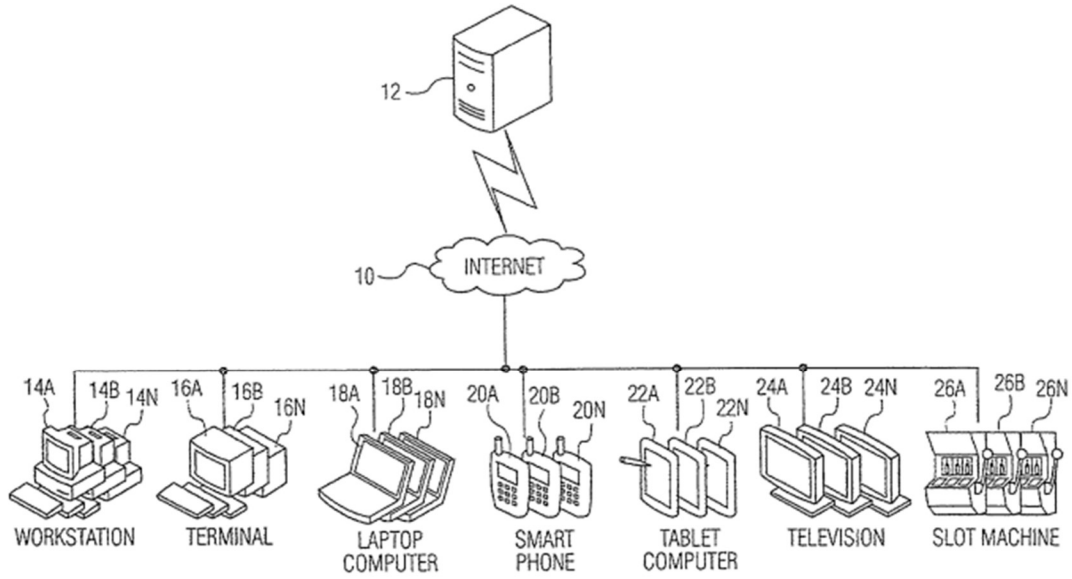


FIG. 1

Id. at FIG. 1.

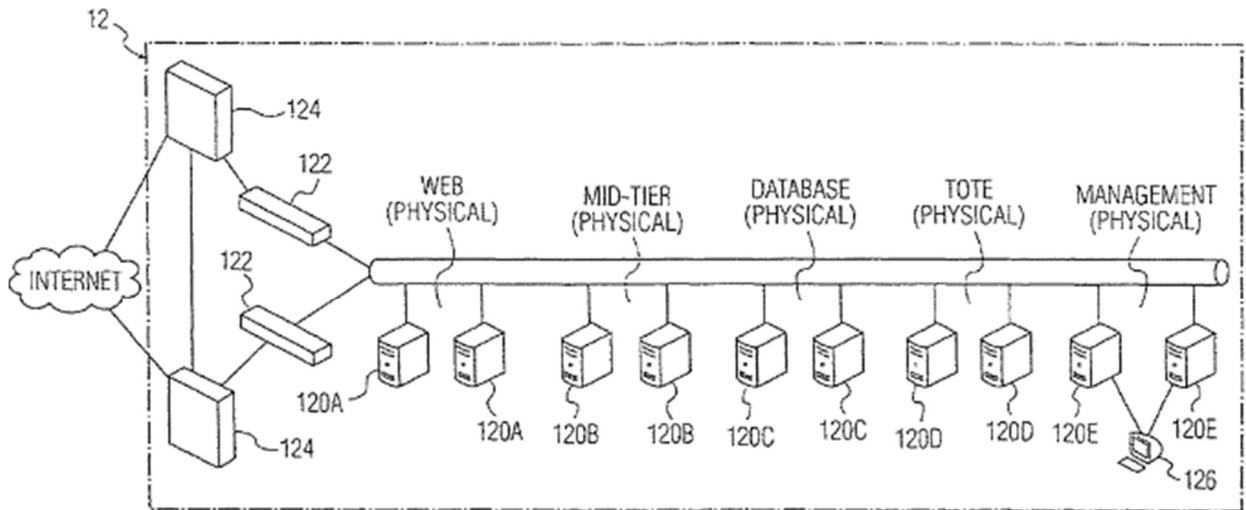
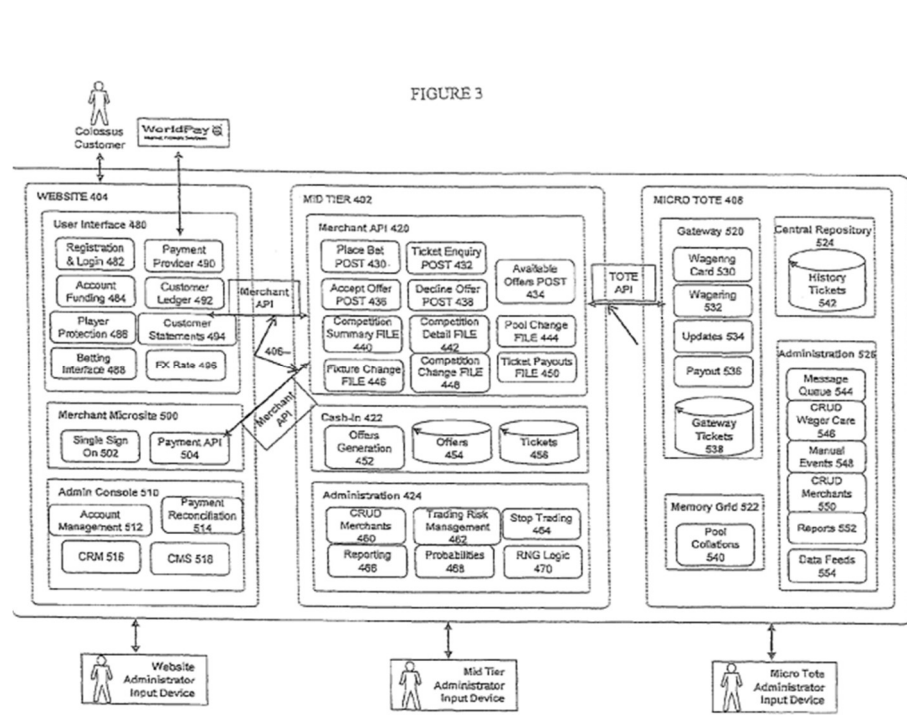


FIG. 2

Id. at FIG. 2.

Figure 3 further illustrates the process steps of the program and operation of the central server system 12 associated with the pool wagering system and represents an exemplary functional architecture of a program hosted or supported by the central server system 12. *Id.* at 8:16-18.



Id. at FIG. 3.

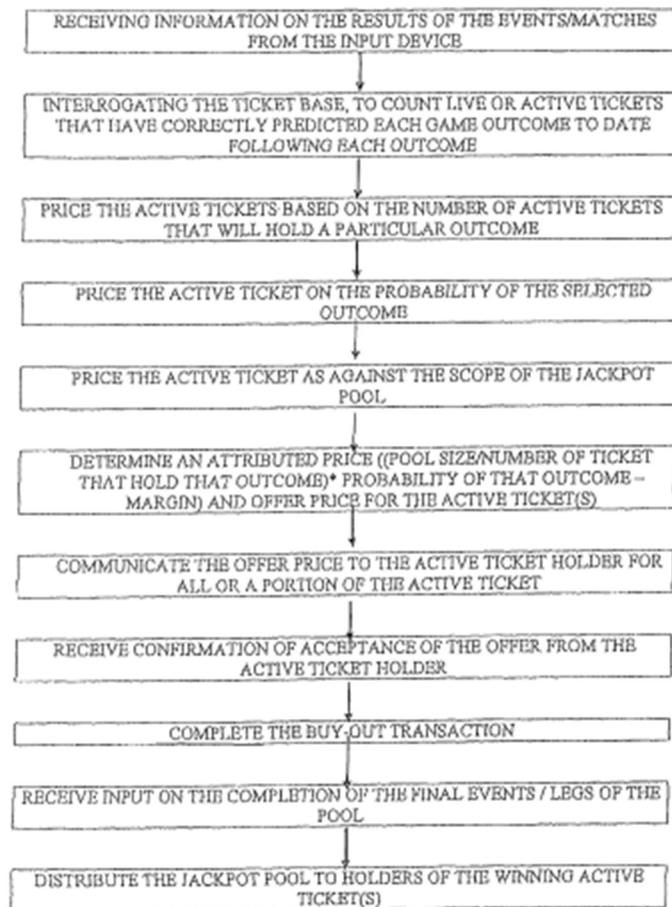
“The core program is represented by the center block identified as the “Mid Tier” program 402. The Mid Tier program 402 interacts with the respective customer and website administrator input programs in the left side block identified as the Website program 404, as well as the accounting programs in the right side block identified as the Micro Tote program 408. The Mid Tier program 402 communicates using an ‘Application Program Interface’ hereinafter ‘API,’ allowing bi-directional

communication to, and through, the Mid Tier program 402, as represented by the Merchant API 406 as between the Website program 404 and the Mid Tier program 402, and the Tote API 410 as between the Micro Tote program 408 and the Mid Tier program 402, reference lines.” *Id.* at 8:18-31. “The Mid Tier program 402, as shown in FIG. 3, may include a Merchant API 420 program, a Cash-in 422 program and an Administration 424 program.” *Id.* at 8:32-34.

The wagering terminals and other wagering input devices “allow a player to place a wager on a series of (or separate discrete) sporting events” or other types of events. *Id.* at 11:36-38. In so doing, “the player would select the winners... for each particular sporting event.” *Id.* at 11:40-42. Thereafter, “the player would receive either a printed ticket or an electronic ticket representing the selections and the amount of the bet.” *Id.* at 11:43-45. “The controller or server system 12 would... determine any payout requirements... in the event of a successful selection of all of the events.” *Id.* at 11:45-50.

Figure 5 shows an exemplary logic of the software subroutine program of the central server system including the unique buy-out feature described above:

FIGURE 5



Id. at FIG. 5.

As shown, steps involve the central server receiving information on the wagering event, *e.g.*, sports matches, counting active tickets based on the number of winning players, pricing the active tickets, determining an attributed price and offer price for the ticket, and communicating the offer price to the active ticket holder. *See id.* at 22:45-67. Players who do not accept a buy-out proceed with the remainder of the game and hold the opportunity to win a jackpot if the player's ticket happens

to be a winning ticket. *See id.* at 27:61-63. Likewise, players who partially buy-out will proceed with the game and hold the opportunity to win a portion of the jackpot should the player win. *See id.* at 15:31-39.

Additionally, if a player retains at least a portion of a ticket that is successful, the player is entitled to play a bonus game, where the player may make an additional selection and be eligible for an additional prize. *See id.* at 3:14-19. In certain examples, the player will be allowed one or more selections, “but will only win the fraction of the Bonus Pool that he holds in the winning ticket.” *Id.* at 21:13-14. But, in other examples, “a player may be allowed to decouple a ticket,” such that “the remaining parts of the ticket,” such as the bonus pool, are unaffected. *Id.* at 21:15-19. In either case, the bonus game leading to the bonus pool and/or prize is triggered after the primary or base game has concluded, *i.e.*, after the player has obtained a “winning ticket,” which is consistent with how a POSITA would understand a bonus game to work. *See* EX-2001, ¶56.

The claims of the '338 patent capture further unique features of a system including buy-out and partial buy-out. *See* EX-1001, Claims 1-34.

III. SUMMARY OF REFERENCES IDENTIFIED BY PETITIONER

Petitioner’s grounds rely on two references: DeWaal and Schugar. A brief discussion of each reference is provided below.

A. DeWaal

The Petition relies on DeWaal as the primary reference in both grounds. DeWaal is titled “Gaming System and Method Providing Venue Wide Simultaneous Player Participation Based Bonus Game” and published on May 15, 2008. DeWaal is generally directed to “a multi-round bonus event to a plurality of players wherein each players’ input(s) determine, at least in part, an award, if any, provided to that player for the bonus event.” EX-1004, ¶[0009].

Like the ’338 patent, DeWaal draws a distinction between primary and secondary games. *See id.* at ¶¶[0003]-[0004]; *see also* EX-2001, ¶¶52-71. In a base or primary game, the player receives an award based on the correct selection of symbols. EX-1004, ¶[0075]. Examples of primary games include poker, multi-hand video poker, and keno. *See id.* at ¶¶[0076]-[0078]. In addition to winning credits or other awards in a primary game, DeWaal discloses that “the gaming device may also give players the opportunity to win credits in a bonus or secondary game or bonus or secondary round,” that “enables the player to obtain a prize or payout in addition to the prize or payout, if any, obtained from the base or primary game.” *Id.* at ¶[0079]. DeWaal explains that bonus games are advantageous because “a bonus or secondary game produces a ***significantly higher level of player excitement than the base or primary game*** because it provides a greater expectation of winning than the

base or primary game and is accompanied with *more attractive or unusual features than the base or primary game.*” *Id.* (emphasis added).

Thus, DeWaal discloses that primary and bonus games are distinct. Unlike primary games, secondary or bonus games “usually provide an additional award to the player” and “usually do not require an additional wager by the player to be activated.” *Id.* at ¶¶[0004], [0079]. Secondary or bonus games “are generally activated or triggered upon an occurrence of a designated triggering symbol or triggering symbol combination in the primary or base game.” *Id.* In other words, bonus games, such as those disclosed by DeWaal and the ’338 patent, are typically triggered by events in the primary game. *See* EX-1001, 18:15-19 (“Those players who correctly select scores and winners of each leg will share the maximum of either the guarantee, or the stakes of all the others (less any applicable deductions) and also gain entry into a bonus pool.”). For example, “a bonus symbol occurring on the payline on the third reel of a three reel slot machine may trigger the secondary bonus game.” EX-1004, ¶[0004]. Bonus games may also be “similar to or completely different from the base or primary game,” but in either case, are distinct games. *Id.* at ¶[0079].

DeWaal further discloses that bonus games provide additional excitement to players above that of a primary game: “Part of the enjoyment and excitement of playing certain gaming machines is the occurrence or triggering of the secondary or

bonus game (even before the player knows how much the bonus award will be). In other words, obtaining a bonus event and a bonus award in the bonus event is part of the enjoyment and excitement for players.” *Id.* at ¶[0003]. The bonus game may include a number of rounds and players can win an additional award associated with each bonus round. *Id.* at ¶[0018]. If the player picks a designated selection in one of the rounds, the central controller offers that player to either quit the bonus event and keep the total award accumulated in the bonus event or continue the bonus event and play a subsequent round. *See id.* If the player chooses to quit, the central controller provides (or causes that player to be provided) with the accumulated award. *See id.* The offers to quit are offered between rounds of the bonus event. *See id.* at ¶[0158].

B. Schugar

The Petition relies on Schugar as the secondary reference in Ground 2. Schugar is titled “Wagering Game That Allows Player To Alter Payouts Based on Equity Position” and published on December 18, 2008. Schugar is directed to a wagering game that “allows a player to borrow money against the player's position in a game already in progress.” EX-1005, ¶[0020]; *see also* EX-2001, ¶¶73-82. A POSITA would have understood and continue to understand that Schugar’s disclosure “is solely directed to a primary game.” EX-2001, ¶73.

Schugar notes that when a player “is playing a game in which the player can be ‘winning’ before the game is over, the player may wish to have a way to cash in on the winning state before completing the game.” EX-1005, ¶[0077]. That player “may find it attractive to be able to accumulate (or ‘bank’) a portion of a positive expectation situation for later redemption.” *Id.* In this manner, “even if the player ultimately loses his or her wager, the player has not lost everything because the banking has been performed.” *Id.* “This can be prompted by an automatic pop-up window which allows the player to choose whether he wishes to bank some or all of his recent gains in expectation for later redemption (with a return of the game state to the prior or other position with lesser expected value than the current state).” *Id.* at ¶[0092]. A player can bank his or her positive expectation “for later retrieval when the player is playing a same or different game at a later point in time.” *Id.* at ¶[0093].

Schugar, too, draws a distinction between its primary base game and bonus games, noting that, in one specific example, “a further bonus game can be initiated.” *Id.* at ¶[0130]. Schugar only discusses the ability to bank a positive expectation in a primary game. There is no disclosure of the bonus game including this feature. EX-2001, ¶80.

IV. CLAIM CONSTRUCTION

PO disagrees with Petitioner’s allegation that there have been “plain and unmistakable statements of disavowal of claim scope,” Petition, 18, such that terms

that require “at least one of a buy-out offer *and* a partial buy-out offer” must be read conjunctively—*i.e.*, that *both* a full and a partial buy-out offer must be presented at the same time. *Id.* (emphasis added).

Petitioner argues that PO’s statements made in the prosecution history of the related 9,117,341 (“the ’341 Patent”) patent to overcome the Examiner’s rejection based on US Pat. App. Pub. No. 2011/0136566 to Acres (“Acres”) not only disclaimed any construction with full “*or*” partial buy-out offer construed disjunctively, but also should be understood that the claims require “the presentation of both a buy-out offer and a partial buy-out offer that a player can alternatively select, or accept or decline.” *Id.* at 18.

But PO made no such disclaimer. As further explained below, the plain language of the record—and the ’338 patent itself—supports a construction of claims that recite “at least one of a buy-out and a partial buy-out” to require a system that has the *ability* to offer both a full and a partial buy-out, not that a full and partial buy-out must both be presented:

Claim Term	Petitioner’s Proposed Construction	PO’s Proposed Construction
“at least one of a buy-out offer and a partial buy-out offer”	“the presentation of both a buy-out offer and a partial buy-out offer that a player can alternatively select, or accept or decline” Petition, 18.	“the ability to offer a full buy-out and partial buy-out”

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As a preliminary matter, PO acknowledges that claims including “one of A and B” implies a conjunctive list under normal grammatical rules, meaning that one of A **and** one of B would have to be selected. *Citrix Sys. v. Workspot, Inc.*, C.A. No. 18-588-LPS, 2020 U.S. Dist. LEXIS 172576, at **9-10 (D. Del. Sep. 21, 2020) (citing *SuperGuide v. DirecTV Enters., Inc.*, 358 F.3d 870, 886 (Fed. Cir. 2004)). “But the result is sometimes different in the context of claim construction,” where claims are read in light of the intrinsic record. *Id.* In other words, claims including “one of A and B” may be read in any manner that is supported by the intrinsic record. *See, e.g., id.* (construing “one of...and” disjunctively); *Joao Bock Transaction Sys., LLC v. First Nat’l Bank*, 2013 WL 3199981, at *6-7 (N.D. Ill. June 24, 2013) (construing “one of a limitation and a restriction” disjunctively); *see also Sun Pharm. Indus., Ltd. v. Eli Lilly and Co.*, 611 F.3d 1381, 1388 (Fed. Cir. 2011) (explaining that courts should construe claim terms “in light of the entirety of the patent, including its specifications,” thereby attempting to “stay true to the claim language and most naturally align[] with the patent's description of the invention”).

PO further acknowledges that the Examiner rejected the claims of the ’341 patent over Acres, arguing that Acres disclosed a “full” buy-out alone. However, PO overcame this rejection by arguing that “Claim 1, for example, recites a unique **ability** to offer both a buy-out offer and a partial buy-out offer to any number of players that are involved in a wagering event.” EX-1003, 86 (Dec. 18, 2014)

Response to Office Action) (emphasis added).³ PO then reiterated that “Acres fails to disclose or even contemplate the claimed *capability* to provide *both* a ‘buy-out’ and ‘partial buy-out’ feature” and argued that “Acres does not appear to disclose the claimed feature of a ‘partial buy-out’ and ‘buy-out’ that *may* be offered as alternatives to players.” *Id.* at 86-87 (emphasis added).

Petitioner argues that, given the above statements, PO disclaimed the disjunctive interpretation, and therefore the conjunctive interpretation is automatically correct. *See* Petition, 18. But just because the disjunctive interpretation is incorrect does not mean that the direct opposite construction (the conjunctive construction) is automatically correct—the claims must be reviewed in light of the full record.

And the full record does not support Petitioner’s construction. Indeed, Petitioner supports its construction by selectively describing and misquoting the prosecution history. For example, Petitioner argues that a buy-out and partial buy-out “*must* be presented as alternatives, as Applicant argued during the prosecution of the ’338 Patent’s parent.” Petition, 17 (emphasis added). But PO never argued that a buy-out and partial buy-out “must” be presented as alternatives—instead, PO

³ Petitioner does not dispute, for the purposes of this Preliminary Response, that the statements made in the ’341 patent prosecution history apply to the same claim terms found in the ’338 patent prosecution history.

argued that the buy-outs “*may* be offered as alternatives to players.” EX-1003, 87 (emphasis added). Thus, the record fails to support Petitioner’s proposed construction that requires both a full and partial buy-out to be presented as alternatives. *See* Petition, 17.⁴

Conversely, the record does support a construction that a buy-out and a partial buy-out *may* be offered as alternatives to players. This is captured by PO’s construction, where “at least one of a buy-out and partial buy-out” means “the ability to offer a buy-out and partial buy-out.” Under PO’s construction, the claims require that the system have the ability to generate both a buy-out and partial buy-out, but any instance of a buy-out, a partial buy-out, or a buy-out and partial buy-out “may” be presented as alternatives.

PO’s construction is further supported by the prosecution history, where—while overcoming Acres—PO referred to the “ability” and “capability” to offer/provide “both” a buy-out and partial buy-out. *See* EX-1003, 86 (“Claim 1, for example, recites a unique *ability* to offer both a buy-out offer and a partial buy-out

⁴ Further, courts, including the Federal Circuit, have held that a “capability” is a proper claim construction. *See e.g., Duncan Parking Techs., Inc. v. IPS Grp., Inc.*, 914 F.3d 1347, 1365 (Fed. Cir. 2019) (“we therefore hold that the term ‘receivable within’ should be construed as ‘capable of being contained substantially inside’ the housing base”); *Computer Docking Station Corp. v. Dell, Inc.*, 519 F.3d 1366, 1375 (Fed. Cir. 2008) (“This court agrees that the plain meaning of ‘portable’ and its use in the specification and prosecution history require the computer to be ‘capable of being moved about’”).

offer to any number of players that are involved in a wagering event. ... Acres fails to disclose or even contemplate the claimed *capability* to provide a ‘buy-out’ and ‘partial buy-out’ feature.”).

Thus, as shown by the above prosecution statements, PO never argued that presentation of “both” a buy-out and partial buy-out is mandatory, as required by Petitioner’s proposed construction. Petitioner, while pointing to these prosecution statements, completely ignores and leaves out the words “ability” and “capability” in its proposed construction, selectively cherry picking portions of the prosecution history to arrive at its construction.

Another prosecution statement—again in the same document where PO overcame Acres—that supports PO’s construction is where PO noted that “Claim 1 is directed toward ... a buy-out offer *or* a partial buy-out offer prior.” EX-1003, 87. This statement directly conflicts with, and makes no sense under, Petitioner’s construction because the statement uses the term “or.” In light of these conflicting statements, Petitioner’s disclaimer argument is far from “clear and unmistakable” as required by law. *See Thorner v. Sony Comput. Ent. Am., LLC*, 669 F.3d 1362, 1367 (Fed. Cir. 2012) (finding no disclaimer where there was no “clear and explicit” statement of disavowal).

Conversely, under PO’s construction, this statement—and all statements in the file history—make perfect sense because the use of “or” here is merely noting

that the system has an *ability* to offer both, but can still offer one or the other. Notably, Petitioner completely ignores this statement from the file history in the Petition. Thus, PO's proposed construction is the only construction that adequately aligns with and joins together all statements in the '341 prosecution history.

Moreover, Petitioner's proposed construction would improperly render some dependent claims superfluous. For example, Claims 12 and 13 of the '338 patent claim "caus[ing] display" (i.e., *presenting*) solely a partial buy-out offer or a buy-out offer, respectively:

- "12. The method of claim 1, wherein initiate and cause display of at least one of a buy-out offer and a partial buy-out offer comprises initiate and cause display of a partial buy-out offer."
- "13. The method of claim 1, w wherein initiate and cause display of at least one of a buy-out offer and a partial buy-out offer comprises initiate and cause display of a buy-out offer."

Under Petitioner's conjunctive construction, Claims 12 and 13 would not make sense because Claim 1 *always* requires presenting *both* a full and partial buy-out, meaning that a buy-out and partial buy-out could not be presented alone as required by Claims 12 and 13.

But under PO's construction, Claims 12 and 13 properly narrow the "ability" to present both a buy-out and partial buy-out to presenting either a buy-out or partial buy-out alone. Courts, and the PTAB, apply a presumption towards constructions

that do not render other claims superfluous under the doctrine of claim differentiation. *Curtiss-Wright Flow Control Corp. v. Velan, Inc.*, 438 F.3d 1374, 1381 (Fed. Cir. 2006) (“claim differentiation takes on relevance in the context of a claim construction that would render additional, or different, language in another independent claim superfluous.”); *Merck & Co. v. Teva Pharmaceuticals USA, Inc.*, 395 F.3d 1364, 1372 (Fed. Cir. 2005) (reversing the district court’s construction in part because the district court’s construction would render some claims superfluous. “A claim construction that gives meaning to all the terms of the claim is preferred over one that does not do so.”); *Gen. Am. Transp. Corp. v. Cryo-Trans, Inc.*, 93 F.3d 766, 770 (Fed. Cir. 1996) (rejecting the district court's claim construction because it rendered superfluous the claim requirement for openings adjacent to the end walls).

Accordingly, PO submits that there has not been a “*clear and unmistakable*” disclaimer that comports with Petitioner’s proposed construction, nor is that construction correct in light of the specification, claims, and prosecution histories of the ’338 and ’341 patents. Thus, the Board should adopt PO’s proposed construction over Petitioner’s construction and reject Petitioner’s disclaimer argument for at least these additional reasons.

The remaining terms can be afforded their plain and ordinary meaning. *See Phillips v. AWH Corp.*, 415 F.3d 13030 (Fed Cir. 2005) (en banc). PO reserves the

right to fully proffer its own constructions for any claim terms in its Patent Owner's Response under 37 C.F.R. § 42.120 should an *inter partes* review be instituted.

V. GROUND 1 IS INAPPLICABLE AND FAILS FOR AT LEAST THAT REASON

As discussed above, the Petition is structured such that “[d]epending on the construction of ‘at least one of a/the buy-out offer and [a] partial buy-out offer’ adopted [by the Board], Claims 1, 4-5, 7-9, 13, 19, and 32⁵ are either anticipated by DeWaal [under Ground 1] or rendered obvious by DeWaal in view of Schugar [under Ground 2].” Petition, 22.

Petitioner argues that “DeWaal alone” discloses every limitation of the challenged claims, including a *full* “buy-out offer” if the disjunctive interpretation is adopted and that DeWaal discloses a “full” buy-out, not a partial buy-out. *Id.* at 22, 28. Petitioner thus admits (or at least does not argue) that DeWaal does not disclose any type of partial buy-out—meaning Ground 1 based solely on DeWaal does not apply if a partial buy-out is a required claim element.

Neither party proposes a disjunctive interpretation. Although PO presents a different construction than Petitioner, both constructions require at a minimum the ability to present/offer a partial buy-out:

⁵ Petitioner only argues that claims 6, 10-12, 14- 15, and 17-18 are obvious in view of the combination of DeWaal and Schugar. Petition, 22.

Claim Term	Petitioner’s Proposed Construction	PO’s Proposed Construction
“at least one of a buy-out offer and a partial buy-out offer”	“the presentation of both a buy-out offer and a partial buy-out offer that a player can alternatively select, or accept or decline” Petition, 18.	“the ability to offer a full buy-out and partial buy-out”

Because DeWaal does not even have the ability to present/offer a partial buy-out, Ground 1 is inapplicable under either parties’ construction and fails for that reason alone.

VI. GROUND 2: PETITIONER HAS NOT ESTABLISHED A REASONABLE LIKELIHOOD OF SUCCESS

Petitioner’s arguments that DeWaal and Schugar meet the limitations of claims 1, 4-15, 17-19, and 32 fails to demonstrate a reasonable likelihood of success of unpatentability of any claim of the ’338 patent. First, the record supports PO’s proposed construction, not Petitioner’s, meaning that the Petition’s Ground 2 relies on an incorrect claim construction and is legally deficient. Second, a POSITA would not have been motivated to combine DeWaal and Schugar and Petitioner’s allegations regarding motivation to combine these reference and the different embodiments within DeWaal are insufficient. Third, DeWaal fails to meet certain claim limitations. Fourth, the facts support discretionary denial under Sections 314(a) and 325(d). The motivation to combine, insufficiency of DeWaal, and

discretionary denial considerations apply regardless of which construction is adopted.

A. Ground 2 Relies on an Incorrect Claim Construction

As discussed in Section IV, Petitioner’s claim construction argument is incorrect—and the Board should adopt PO’s construction, which is supported by the whole record.

Because Ground 2 is “keyed to an incorrect claim construction,” it is therefore deficient, and the Board should deny institution. *See United Microelectronics Corp. v. Lone Star Silicon Innovations LLC*, IPR2017-01513, Paper 10, 4-5 (PTAB May 22, 2018) (“[T]he Board may, and routinely does, decline to institute trial where the patentability challenge asserted in a petition is keyed to an incorrect claim construction.”); *see also, e.g., Schlumberger Tech. Corp. v. EnerPol, LLC*, IPR2018-00077, Paper 16, 6– 17, PTAB Apr. 25, 2018); *United Patents, Inc. v. Uniloc Luxembourg S.A.*, IPR2018-00057, Paper 9, 3–8 (PTAB May 11, 2018); *Duo Security Inc. v. Strikeforce Tech., Inc.*, IPR2017-01064 Paper 7, 6–11 (PTAB Oct. 16, 2017); *Google Inc. v. InfoGation Corp.*, IPR2017-00819, Paper 16, 7–14, 17–19, 21–22 (PTAB Sept. 11, 2017); *Eiko Global, LLC v. Blackbird Tech LLC*, IPR2017-00980, Paper 16, 5–36 (PTAB Sept. 1, 2017). The Board should not undertake “the burden and expense of discovery and trial where a petition,” as in this

case, “asserts patentability challenges that are keyed to an incorrect claim construction.” *United Microelectronics*, IPR2017-01513, at 5.

B. Under Any Construction, Petitioner Fails to Provide a Sufficient Motivation to Combine

Ground 2 is deficient regardless of claim construction because a POSITA would not have been motivated to combine DeWaal and Schugar and Petitioner’s motivation to combine allegations are insufficient. An IPR petition alleging obviousness is required to show a motivation to combine, and Petitioner has failed to adequately allege a motivation to combine because Petitioner failed to provide a motivation to combine the differing embodiments of DeWaal’s bonus game with Schugar’s primary game.

The differences between a bonus game and a primary game are well known in the art, as demonstrated by the ’338 patent, Petitioner’s references, and other references cited herein. EX-2001, ¶¶54-56, 83-113. The ’338 patent, for example, differentiates between a primary game containing a “jackpot pool” and a bonus game or “bonus pool.” EX-1001, 16:13-15 (“In addition, in certain examples, games may include a Consolation Pool and/or a Bonus Pool in addition to a jackpot.”). Specifically, a bonus game or consolation game may be offered *in addition* to a regular jackpot, where “[t]hose players *who correctly select scores and winners of each leg* will share the maximum of either the guarantee, or the stakes of all the others (less any applicable deductions) and also *gain entry into a bonus pool.*” *Id.*

at 18:15-19 (emphasis added). In other words, a player gains entry to the bonus game only after winning the base game. *See also id.* at 18:19-22 (“The Bonus Pool may be won or shared by any individuals that successfully choose one or more correct score(s) ***the following week***, or a nominated time or similar.”), *id.* at 19:32-37 (“In a first embodiment of the system and product, with respect to each ticket purchased the split following the takeout (e.g., set at 25%) may be as follows: 75% to fund the Jackpot Pool, 15% to fund the Bonus Pool, and 10% to fund the Consolation Pool(s). Other splits may be desirable and are expressly contemplated.”), *id.* at 19:45-49 (“The following week, winners would get the opportunity to select a correct score (for each successful ticket) from a featured match to be in with a chance of winning the Bonus Pool. Anyone who correctly predicts that correct score would therefore net a share of the Bonus Pool.”), *id.* at 19:50-52 (“Should the Jackpot Pool and Bonus Pool not be won for a few weeks, then those pools may build up to very significant amounts.”).

Petitioner’s own references also acknowledge the differences between a bonus and primary game. For example, DeWaal discloses that, unlike primary games, secondary or bonus games “usually provide an additional award to the player” and “usually do not require an additional wager by the player to be activated.” EX-1004, ¶[0004]. Secondary or bonus games “are generally activated or triggered upon an

occurrence of a designated triggering symbol or triggering symbol combination in the primary or base game.” *Id.*

DeWaal further discloses that a bonus game offers different incentives from primary games. *See also* EX-2001, ¶¶53-66. Specifically, DeWaal discloses that bonus games provide additional excitement to players above that of a primary game: “Part of the enjoyment and excitement of playing certain gaming machines is the occurrence or triggering of the secondary or bonus game (even before the player knows how much the bonus award will be). In other words, obtaining a bonus event and a bonus award in the bonus event is part of the enjoyment and excitement for players.” EX-1004, ¶[0003].

Schugar also draws a distinction between its primary base game and bonus games by noting that a bonus game can be triggered by a base game when the primary game ends (*e.g.*, results in a tie). EX-1005, ¶[0130] (“If the hunted pieces escape, then the game results in a tie or a further bonus game can be initiated.”). Despite Schugar’s reference to a bonus game, Schugar makes no attempt to state or imply that its banking disclosure is equally applicable to a bonus game.

The differences between a primary and bonus game are further apparent by directly comparing the differences in how DeWaal’s game and Schugar’s game function. In DeWaal, the “secondary or bonus games usually provide an ***additional*** award to the player.” EX-1004, ¶[0004] (emphasis added); EX-2001, ¶104. Any

player that accepts the “offer to quit” in exchange for the “additional award” between rounds is paid the award and is eliminated from the bonus event. EX-1004, ¶[0142]. On the other hand, “[i]f the player rejects the offer, the player is advanced to the subsequent round.” *Id.* at ¶[0162].

In contrast, Schugar teaches an offer of an award that the player can accept if he or she also reverts to a previous game position. EX-1005, ¶[0084]. For example, “the player wishes to bank his or her \$15 expected profit, the game state can return to the previous state (e.g. the puck is at +2 with a \$10 wager on the left side).” *Id.* at ¶[0082]. This arrangement would not work for DeWaal. EX-2001, ¶104. As mentioned above, DeWaal only offers its “award to quit” in the bonus event (i.e., only after a primary or base game is concluded). A player cannot revert in DeWaal because the primary or base game is already over. Further, the entire purpose of the “award to quit” in DeWaal is to *end* the bonus round, not continue playing. If the player wishes to continue playing, he or she has to reject the “award to quit.”

Moreover, nothing in DeWaal and/or Schugar suggest that base and bonus games are equivalent or combinable. Accordingly, Petitioner has not shown a motivation to combine these references with a reasonable expectation of success. *E.g., Tris Pharma, Inc. v. Actavis Lab’ys FL, Inc.*, No. 2021-1495, 2022 WL 2525318, at *4-6 (Fed. Cir. July 7, 2022) (holding that there was no motivation to combine with a reasonable expectation of success).

Other references, such as patented inventions to PO's expert, Dr. Vancura, further describe the differences between a bonus game and a primary game. *See* EX-2001, ¶¶88-102. For example, U.S. Patent No. 7,073,793 ("Vancura I") (EX-2002), filed in 2003, discloses a system and method for a "survey-based casino game as a bonus game for an underlying casino game." EX-2002, Abstract; EX-2001, ¶88. Vancura I discloses, like the other references discussed above, that the bonus game is played on top of or in addition to an underlying game. *See* EX-2001, ¶89. This arrangement is clearly shown in FIG. 2:

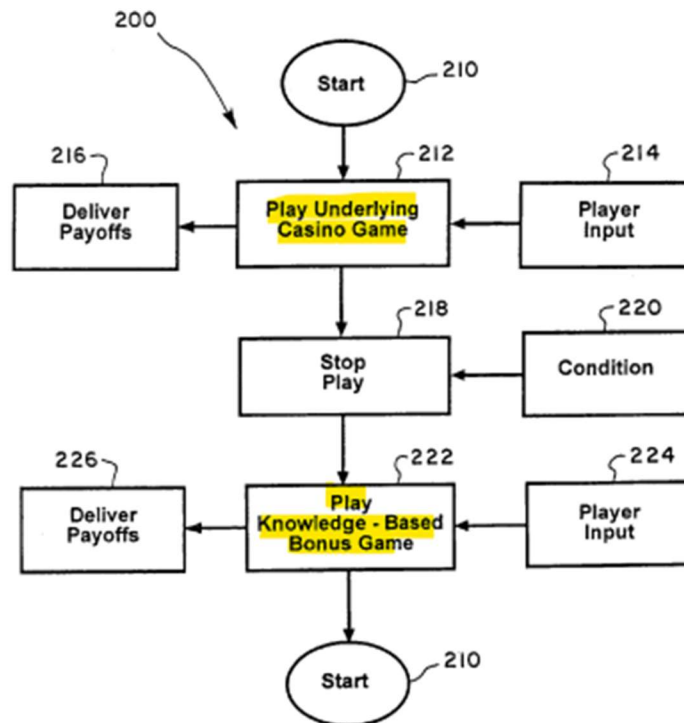


Fig. 2

EX-2002, FIG. 2 (annotated).

As shown, the underlying game 212 stops at 218 before the bonus game play begins 222. *Id.*; EX-2001, ¶89. Vancura I further explains that:

[A] knowledge-based bonus game is provided in combination with an [underlying] game of chance. A wager is received from a player to play both the underlying game of chance and potentially the knowledge-based bonus game. The underlying game of chance is played and the underlying game of chance has a first house advantage based upon the received wager. Play of the knowledge-based bonus game occurs at a given statistical frequency.

Id. at 2:43-50; *see* EX-2001, ¶90. In other words, the base game is played by initiating a wager, while the bonus game is played at a given frequency in combination with the primary game. *See* EX-2001, ¶91.

Vancura I further explains that certain game types are more suitable to be played as bonus games rather than primary games: “A knowledge-based casino game, under the teachings hereof, works well as a bonus game to a conventional underlying casino game of chance.” EX-2002, 4:40-42; EX-2001, ¶¶90, 109 (“Generally, base games do not make good bonus games, and bonus games do not make good base games.”).

Numerous other bonus game disclosures, including those naming PO’s expert as an inventor, further confirm and solidify the different incentives and other well-known distinctions between bonus games and base games. *See* EX-2001, ¶95. PO’s expert, Dr. Vancura, has over 25 years of relevant gaming industry experience and

multiple patents in this area, including many patents on bonus games that demonstrate that bonus games and primary games do not naturally align. A selection of those patents discussing bonus games is provided below:

- U.S. Patent 7,284,756 (“Vancura II”) (EX-2003) describes the need for certain forms of bonus games in “an underlying game such as a slot machine.” EX-2003, 1:33-35; EX-2001, ¶96.
- U.S. Patent 7,172,505 (“Vancura III”) (EX-2004) teaches that bonus games are “*games within a game*” that typically “provide[] a break from the traditional reel-spinning base-game portion of the wagering experience.” EX-2004, 1:29-31 (emphasis added); *see* EX-2001, ¶97. Moreover, Vancura III describes that “[o]nce in the bonus game, the player is treated to an experience” that is unique from the base game, such as where “no additional wager is required, and yet the player is generally assured of winning an award.” EX-2004, 1:32-34; EX-2001, ¶97. The bonus game also plays “quite differently than the base game.” EX-2004, 1:34-36; EX-2001, ¶97. “For example, it may involve the player choosing from among several objects (WMS Filthy Rich, Atronic Sphinx, IGT Little Green Men, etc.), a game of strategy (Mikohn Yahtzee, Mikohn Battleship), spinning a physical wheel located in the top-box (Anchor Wheel of Gold, IGT Wheel of Fortune), dropping a ball through a Pachinko forest (Mikohn Boingo), or other

possibilities (Anchor Pinball, Barcrest Run for the Money, etc.).” EX-2004, 1:36-43; EX-2001, ¶97. A bonus game “is generally initiated via a special combination of so-called trigger symbols within the base game.” EX-2004, 1:44-45; EX-2001, ¶97. Moreover, “a major goal of most players is to achieve the bonus game ... [and] since the typical base game is simply a ‘wager and wait’ affair, the player missing out on the bonus game is also missing out on player interaction and missing out leads to additional discouragement.” EX-2004, 2:22-28; EX-2001, ¶97.

- U.S. Patent 6,918,834 (“Vancura IV”) (EX-2005) teaches that “[c]asino bonusing games are increasingly popular *when placed in operation with underlying casino gaming machines* such as, for example, slot machines.” EX-2005, 1:11-13 (emphasis added); EX-2001, ¶98. Such bonus games “not only attract players but provide additional gaming excitement.” EX-2005, 1:13-14; EX-2001, ¶98.
- U.S. Patent 6,645,071 (“Vancura V”) (EX-2006) teaches that “[w]hen utilized as a bonus game, a player tends to play underlying games longer, because with each play the player draws closer to solving the puzzle in the bonus game.” EX-2006, 2:9-12; EX-2001, ¶99.
- U.S. Patent 6,033,307 (“Vancura VI”) (EX-2007) teaches that “[i]t is well known in the gaming industry that bonus games attract and keep players at a

gaming machine.” EX-2007, 1:16-17; EX-2001, ¶100. The bonus game “is typically another gaming machine or a random selection device which is enabled by a bonus qualifying signal from an underlying or primary gaming machine.” EX-2007, 1:17-21; EX-2001, ¶100.

- U.S. Patent 8,795,055 (“Vancura VII”) (EX-2008) identifies that “[a] need exists in the casino gaming industry to create methods of playing features or bonus games, as often players are motivated to play slot machines to get into the bonuses themselves.” EX-2008, 1:18-22; EX-2001, ¶101.
- U.S. Patent 8,496,524 (“Vancura VIII”) (EX-2009) states that “[s]lot machines having an underlying casino base game with an accompanying bonus game are also well known.” EX-2009, 1:22-24; EX-2001, ¶102. In particular, “a bonus game manifested as a ‘*game within a game*’ is popular... Typically, bonus games are triggered, or activated, based on the random play of the underlying base game.” EX-2009, 1:24-27 (emphasis added); *see also* EX-2001, ¶102.

Reviewing these references, among others, a POSITA would have understood that “[b]onus games operate inherently differently from primary/base games.” EX-2001, ¶86. Specifically, bonus games offer different incentives from base games in that “they typically require no additional wager, offer different gameplay, have a

positive expected value for the player, and the player enjoys “earning” a reward that is risk-free.” *Id.*

PO’s expert explains that in typical slot machines, for example, “the overall game comprises a primary game, which is the game initiated as a result of making a wager (e.g., primary game comprises the slot reels that initiate spinning upon a wager being placed) and one or more bonus games. The base game occurs with each wager. A bonus game, however, randomly and infrequently occurs, typically results in a win for the player and is constructed such that a range of win amounts (including, as a design choice, zero) is possible. A base game always yields an average win less than the wager. In contrast, a bonus game, on average (or, as a design choice, always), yields a win significantly greater than the wager.” *Id.* at ¶87. “A bonus game is an additional game mathematically layered onto (or into) the primary/base game,” and that base games and primary games occur with different frequencies and different mathematical probabilities. *Id.* at ¶¶88, 91-94.

Based on the evidence cited above, a POSITA would have understood, and continue to understand, that Petitioner’s argument that the games in DeWaal and Schugar “naturally align” is simply wrong. *Id.* at ¶105. More specifically, Petitioner’s argument that “the multi-round bonus events taught by DeWaal naturally align with the multi-game (e.g., the World Series) and multiquarter (e.g., a

football game) sporting events taught by Schugar,” Petition, 58, is simply incorrect. EX-2001, ¶¶ 4, 105, 110.

Petitioner is further incorrect that a POSITA would have looked to Schugar to address DeWaal’s stated need for “new and different ways to provide awards to players including bonus awards,” *id.*, because Schugar’s banking disclosure accesses equity in a primary game wager and does not disclose innovative ways to provide awards to players. EX-2001, ¶113. To the contrary, due to the differences between a bonus game and a primary game described above, “[a] POSITA would not have looked to DeWaal to modify a primary/base game and would not have looked at Schugar to modify a bonus/secondary game.” EX-2001, ¶112.

And to the extent that bonus game could be combined with a primary game, Petitioner was required to provide a proper motivation to combine these different gaming embodiments and has failed to do so. Petitioner’s failure to provide a motivation to combine DeWaal with Schugar in view of the large number of clear differences between primary and bonus games that were well known in the art and described in Petitioner’s own references is fatal error. Petitioner’s motivation to combine arguments are simply insufficient to support Ground 2.

C. Petitioner Further Mixes the Disclosures of Different Embodiments Within the Same Reference Without Providing a Motivation to Combine

The Petition further mixes different embodiments of the same references without providing a motivation to combine. Petitioner argues that DeWaal discloses “receiving a wager via one or more of the user input [or] the payment acceptor ... in response to input from a player desiring to participate in the multi-outcome wagering event” by citing to DeWaal’s *primary game* disclosure—not its bonus game disclosure. Petition, 35 (citing EX-1004, ¶¶[0057], [0094]-[0096], [0129], and [0141]).⁶ But paragraphs [0057] and [0094]-[0096] refer to wagering input devices and player tracking, which a POSITA would have understood, and continue to understand, is describing wagering in a primary game because DeWaal discloses that bonus games “usually do not require an additional wager by the player.” EX-1004, ¶[0004]; EX-2001, ¶54.⁷ Indeed, DeWaal separately discusses that a “separate wager” may be made in connection with a bonus game, and Petitioner does not cite to this disclosure as “receiving a wager.”

⁶ This argument applies to all challenged independent claims because each independent claims discloses receiving a wager and Petitioner refers to the same argument in Element 1[d] (Petition, 35) for each claim. *See* Petition, 53.

⁷ Paragraph [0129] of DeWaal discusses input, but does not meet the “receiving a wager” limitation because it does not discuss wagering.

This is problematic because Petitioner argues that the “wagering event” is DeWaal’s bonus event—thus combining “receiving a wager” from a primary game “from a player desiring to participate in the multi-outcome wagering event” in a bonus event. Receiving a wager for the primary game also cannot be a “response to input from a player desiring to participate” in the bonus event because the wager expresses a desire to participate in the primary game only.

Petitioner was required to provide a motivation to combine these different embodiments but did not do so. This is fatal to the Petition. *In re Stepan Co.*, 868 F.3d 1342, 1346 n.1 (Fed. Cir. 2017); *Abiomed, Inc. v. Maquet Cardiovascular, LLC*, IPR2017-01204, -01205, Paper 8 at 8-12 (PTAB Oct. 23, 2017). This is one more reason why Ground 2 fails.

D. Under Any Construction, DeWaal Fails to Meet a “Wagering Event” in All Challenged Independent Claims (1 and 32)

DeWaal fails to disclose a “wagering event” as claimed by each of the challenged independent claims (1 and 32) because the wagering event of the ’338 patent is a primary game, not a bonus game, and Petitioner relies on DeWaal’s bonus game to meet this limitation.

Petitioner argues that “DeWaal’s bonus event is a ‘wagering event’ because the system’s ‘central controller determines which players are eligible for the bonus event in association with a separate wager.’” Petition, 24. But the ’338 patent makes clear that the “wagering event” is not a bonus event because the ’338 patent

differentiates between a bonus event and a primary event—but only claims a primary event in the challenged independent claims.

As discussed above, the '338 patent's specification heavily differentiates between a primary game containing a “jackpot pool” and a bonus game or “bonus pool.” EX-1001, 16:13-15 (“In addition, in certain examples, games may include a Consolation Pool and/or a Bonus Pool in addition to a jackpot.”). Specifically, a bonus game or consolation game may be offered *in addition* to a regular jackpot, where “[t]hose players *who correctly select scores and winners of each leg* will share the maximum of either the guarantee, or the stakes of all the others (less any applicable deductions) and also *gain entry into a bonus pool.*” *Id.* at 18:15-19 (emphasis added). In other words, a player gains entry to the bonus game only after winning the base game.

Claims 1 and 32 of the '338 patent specifically require a “jackpot”—not a bonus pool. *Id.* Claim 1 (“initiating the multi-outcome wagering event for one or more players, said multi-outcome wagering event comprised of a 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”); Claim 32 (“initiating the multi-outcome wagering event for one or more players, said multi-outcome wagering event comprised of a 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”).

Thus, Petitioner’s argument that DeWaal’s “bonus event” is the “wagering event” as claimed in the challenged independent claims is simply wrong.

E. The Board Should Exercise its Discretion to Deny the Petition Under Sections 314(a) and 325(d)

1. DeWaal was previously presented to the Patent Office

DeWaal was cited by PO in an information disclosure statement (“IDS”) during prosecution, which is sufficient for discretionary denial under *Advanced Bionics, LLC v. MED-EL Elektromedizinische Geräte GmbH*, IPR2019-01469, Paper 6 (PTAB Feb. 13, 2020). More specifically, and contrary to Petitioner’s arguments, the Board established that “[p]reviously presented art includes art made of record by the Examiner, and art provided to the Office by an applicant, such as on an Information Disclosure Statement (IDS), in the prosecution history of the challenged patent.” *Id.* at 7-8; *see also Peloton Interactive, Inc. v. Ifit Health and Fitness Inc.*, IPR2022-00029, Paper 13, 13 (PTAB Apr. 22, 2022) (finding that the Examiner’s initialing of references as having been considered during prosecution of the challenged patent demonstrates that the Examiner considered the references under the first part of the *Advanced Bionics* framework).

Petitioner admits that DeWaal “was cited by Patent Owner during prosecution,” Petition, 72, but nevertheless argues that denial is inappropriate.

However, the cases Petitioner cites to, *Weber, Inc. v. Provisur Techs., Inc.*, IPR2019-01467, Paper 7 at 9-13 (PTAB Feb. 14, 2020); *Intuitive Surgical, Inc. v. Ethicon LLC*, IPR2018-01247, Paper 7 at 45-47 (PTAB Jan. 15, 2019), are outdated cases—decided before the PTAB designated *Advanced Bionics* as precedential on March 24, 2020.

Here, Petitioner relies on DeWaal alone for Ground 1. Even though Ground 1 is inapplicable under both parties’ proposed constructions, if the Board grants institution, the Board is required to institute on *all* grounds. Accordingly, the Board would be forced to review and analyze a ground that both parties agree is inapplicable and was previously considered by the Patent Office. In addition, although Schugar was not cited by the Patent Office, the Petition relies on DeWaal for the vast majority of limitations under Ground 2, meaning that the Board would spend substantial resources rehashing arguments that were previously considered by the Patent Office. The Board should refuse to do so and deny institution.

2. Petitioner’s “Sotera-style” Stipulation Argument Does Not Favor Institution

Under Section 314(a), the PTAB will consider exercising discretionary denial when there is a parallel district court proceeding pursuant to *Fintiv* in certain circumstances. *See Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (precedential).

However, consistent with *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 (PTAB Dec. 1, 2020) (precedential as to § II.A), the PTAB will not discretionarily deny institution in view of parallel district court litigation where a petitioner presents a stipulation not to pursue in a parallel proceeding the same grounds or any grounds that could have reasonably been raised before the PTAB. Here, Petitioner makes the following purported stipulation:

Petitioner makes a *Sotera*-style stipulation not to pursue, in the co-pending proceeding district court proceeding, any argument that the Challenged Claims are invalid on any ground that was raised or could have been reasonably raised in this IPR, should a Final Written Decision issue here. See Memorandum, Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation at 3 (June 21, 2022).

Petition, 70.

However, the metes and bounds of this stipulation are unclear because it does not inform the Board whether Petitioner intends to assert at the district court (1) product art, even where the limitations of those products are defined by printed publications; and/or (2) art that could reasonably have been presented in this IPR, only combined with product art. Indeed, Petitioner has asserted in a letter to PO that they intend to do exactly that if the Petition is instituted. EX-2010. Moreover, the district judge in the litigation has taken the position that IPR estoppel does not apply to product art, *even if publications describing the product could have been raised*

in the IPR. Chemours Co. FC, LLC v. Daikin Indus., Ltd., C.A. No. 17-1612-MN, 2022 WL 2643517, at *1 (D. Del. July 8, 2022) (declining to apply IPR estoppel to prior art products, regardless of whether those products were “cumulative” of prior art patents or printed publications).

And the lack of IPR estoppel can also extend to product and publication combinations. *See Id.* at n. 1 (patent owner asserted that estoppel applied to products alone or in combination with publications and the court found no estoppel). Other judges have come to different conclusions. *See Wasica Fin. GmbH v. Schrader Int’l*, 432 F. Supp. 3d 448, 453 (D. Del. 2020) (holding defendant estopped from asserting product art where “all the relevant features” of the art were in a printed publication that could have been raised in an IPR).

The Board should decline to institute review with the current state of Petitioner’s vaguely represented *Sotera*-style stipulation. Under the current stipulation, Petitioner may, at the district court, assert exactly the same prior art presented herein—or any prior art that reasonably could have been raised, except with a single limitation substituted with product art. And Petitioner could further assert product art for any limitation, even if that product for that limitation is described in printed publications that reasonably could have been raised in the Petition. This violates the spirit of IPRs as alternatives to district court litigation.

Under this scheme, there is no alternative—and Petitioner gets two bites at the invalidity apple.

If the PTAB does decide to institute, it should only be with the understanding that Petitioner’s agreement to not pursue in the district grounds that were raised or “reasonably could have been raised” in the IPR includes relevant features of product systems to the extent those features are described in printed publications. Regardless of what the district court may allow, a *Sotera* stipulation is stronger than ordinary estoppel—and is intended to streamline litigation.

VII. CONCLUSION

For each of the foregoing reasons, the Petition should be denied as to the requested grounds.

Dated: March 27, 2023

Respectfully submitted,

/s/ Gianni Minutoli

Gianni Minutoli
Reg. No. 41,198
DLA Piper LLP (US)
One Fountain Square
11911 Freedom Drive, Suite 300
Reston, Virginia 20190-5602
Tel: (703) 773-4045
Email: gianni.minutoli@dlapiper.com

CERTIFICATE OF COMPLIANCE

I, Gianni Minutoli, certify that this paper complies with the type-volume limitation of 37 C.F.R. § 42.24 because it contains 9,466 words, excluding the parts of the paper exempted by 37 C.F.R. § 42.24(a).

Dated: March 27, 2023

/s/ Gianni Minutoli

Gianni Minutoli

Reg. No. 41,198

CERTIFICATE OF SERVICE

Pursuant to 37 C.F.R. § 42.6, I hereby certify that on March 27, 2023 the foregoing Patent Owner Preliminary Response was served via email on the following counsel of record for the Petitioner:

Eliot Williams
G. Hopkins Guy III
Jamie R. Lynn
Thomas C. Martin
Bradley S. Bowling
Andrew D. Wilson
Eliot.Williams@BakerBotts.com;
Hop.Guy@BakerBotts.com;
Jamie.Lynn@BakerBotts.com;
Tommy.Martin@bakerbotts.com;
Brad.Bowling@bakerbotts.com;
Andrew.Wilson@BakerBotts.com; and
DLDraftKingsvDiogenes@BakerBotts.com.

/s/ Gianni Minutoli
Gianni Minutoli