

Petition for *Inter Partes* Review of U.S. Patent No. 9,704,338

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, COLOSSUS (IOM) LIMITED,
Patent Owner.

IPR2023-00265
Attorney Docket No.: 087764.0109

**PETITION FOR *INTER PARTES* REVIEW OF
U.S. PATENT NO. 9,704,338**

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PETITIONER’S EXHIBIT LIST

EX[No.]	Description
1001	U.S. Patent No. 9,704,338 (“’338 Patent”)
1002	File History for ’338 Patent
1003	File History for U.S. Patent No. 9,117,341
1004	U.S. Patent Application Publication No. 2008/0113765 A1 (“DeWaal”)
1005	U.S. Patent Application Publication No. 2008/0311981 A1 (“Schugar”)
1006	U.S. Patent Application Publication No. 2012/0309503 A1 (“Scott”)
1007	Declaration of Dwight Crevelt
1008	<i>Curriculum Vitae</i> of Dwight Crevelt
1009	Vishal Jain & Jyoti Moy Chatterjee, <i>Machine Learning with Health Care Perspective</i> (Springer 2020)
1010	Christiani Huguenii, The Value of all Chances in Games of Fortune; Cards, Dice, Wagers, Lotteries, &C. Mathematically Demonstrated (printed 1741)
1011	C.C. Heyde & E. Seneta, <i>Statisticians of the Centuries</i> (Springer 2001)
1012	Jui-Pin Cheng, <i>The Origin of Probability and The Problem of Points</i> (2000), https://sites.math.rutgers.edu/~cherlin/History/Papers2000/cheng.html
1013	Nicholas Hammond, <i>The Cambridge Companion to Pascal</i> (Cambridge University Press 2003)
1014	Prakash Gorroochurn, <i>Thirteen Correct Solutions to the “Problem of Points” and Their Histories</i> , THE MATHEMATICAL INTELLIGENCER (Springer 2014)
1015	Keith Devlin, <i>The Unfinished Game: Pascal, Fermat, and the Seventeenth-Century Letter that Made the World Modern</i> (Basic Books 2008)
1016	Anders Hald, <i>A History of Probability and Statistics and Their Applications before 1750</i> (John Wiley & Sons 2003)
1017	Adam Prügel-Bennett, <i>The Probability Companion for Engineering and Computer Science</i> (Cambridge University Press 2019)

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EX[No.]	Description
1018	Elizabeth A. Killick & Mark D. Griffiths, <i>In-Play Sports Betting: a Scoping Study</i> , 17 INT J MENT HEALTH ADDICTION 1456 (Apr. 16, 2018)
1019	<i>What is In-Play Betting: Live Betting Explained by William Hill</i> , WILLIAMHILL.COM (Apr. 20, 2021), https://news.williamhill.com/betting-guides/in-play-betting/
1020	Mark O’Haire, <i>The History of Betting</i> , TheSetPieces (2021), https://thesetpieces.com/latest-posts/the-history-of-betting/
1021	U.S. Patent No. 9,117,341 (“the ’341 Patent”)
1022	Chris Summers, <i>How Does a Betting Exchange Work?</i> , BBC News (Dec. 7, 2007)
1023	Landi, Gianluca, <i>Betting Exchange: The Sports Trading Revolution</i> (StreetLib 2017)
1024	Declaration of Bernard J. Marantelli, Australian Patent Application No. 2013333573 (Jun. 18, 2016)
1025	Vaughan Williams & Donald S. Siegal, <i>The Oxford Handbook of the Economics of Gambling</i> (Oxford University Press 2013)
1026	Mark Davies <i>et al.</i> , <i>Betfair.com: Five Technology Forces Revolutionize Worldwide Wagering</i> , 23 EUROPEAN MANAGEMENT JOURNAL 533 (Oct. 2005)
1027	U.S. Patent No. 7,909,694
1028	Betfair Trading Software, <i>About Bet Angel Software</i> (via The Wayback Machine dated Dec. 26, 2007)
1029	Green All Over Blog (Dec. 7, 2008)
1030	Dan Thomas, <i>Betfair’s ‘Cash Out’ Trading Tool Used for the Millionth Time</i> , BETTFAIR (Sept. 13, 2011)
1031	Betfair Financial Statement (Jun. 29, 2011)
1032	Dan Thomas, <i>Cash Out Comes to Betfair Mobile</i> , Betfair (Dec. 19, 2011)
1033	Michael Taylor, <i>Cash In My Bet with William Hill</i> , WILLIAMHILL.COM (Dec. 18, 2012)
1034	Tal Grant <i>et al.</i> , <i>UK Gaming</i> , Credit Suisse (Aug. 14, 2017)
1035	James Conrey McMath, <i>Speculation and Gambling in Options, Futures and Stocks in Illinois</i> (Hawkins & Loomis 1921)
1036	LeRoy Gross, <i>The Conservative Investor’s Guide to Trading Options</i> (Wiley 1999)
1037	Stuart Banner, <i>Speculation: A History of the Fine Line Between Gambling and Investing</i> (Oxford University Press 2017)

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EX[No.]	Description
1038	E.V. Smalley, <i>Northern Pacific Railroad Book of Reference</i> (E. Wells Sackett & Rankin 1883)
1039	Wesley A. Sturges <i>et al.</i> , <i>Stock Option and Stock Purchase Plans</i> (U.S. Gov't Printing Office 1952)
1040	Michael C. Thomsett, <i>Getting Started in Options</i> (Wiley 2007)
1041	Lawrence G. McMillan, <i>McMillan on Options</i> (Wiley 2011)
1042	The Sports Trader, <i>The Diary of a Betdaq Trader</i> (Dec. 5, 2007)
1043	Betfair Community, <i>Football Forum</i> (Dec. 11, 2009), https://community.betfair.com/football/go/thread/view/94070/23545078/i-didnt-think-you-got-your-green-until-after-events-were-finished?post_id=421340998#421340998#flvWelcomeHeader
1044	Betfair Community, <i>Golf Forum</i> at 1 (Apr. 9, 2010), https://community.betfair.com/golf/go/thread/view/94086/23563950/masters-day-2---in-running?liveView=0&pg=53
1045	Betfair Community, <i>General Betting Forum</i> (Dec. 10, 2010)
1046	Betfair Community, <i>General Betting Forum</i> at 3 (Jun. 8, 2011)
1047	U.S. Patent Application Publication No. 2001/0136566 A1 (“Acres”)
1048	Exhibit 338.A to Plaintiffs’ Initial Infringement Contentions, <i>Diogenes Limited v. DraftKings, Inc.</i> , C.A. No. 21-1695-MN-CJB
1049	Exhibit 341.A to Plaintiffs’ Initial Infringement Contentions, <i>Diogenes Limited v. DraftKings, Inc.</i> , C.A. No. 21-1695-MN-CJB
1050	Exhibit 439.A to Plaintiffs’ Initial Infringement Contentions, <i>Diogenes Limited v. DraftKings, Inc.</i> , C.A. No. 21-1695-MN-CJB
1051	Exhibit 516.A to Plaintiffs’ Initial Infringement Contentions, <i>Diogenes Limited v. DraftKings, Inc.</i> , C.A. No. 21-1695-MN-CJB
1052	Exhibit 716.A to Plaintiffs’ Initial Infringement Contentions, <i>Diogenes Limited v. DraftKings, Inc.</i> , C.A. No. 21-1695-MN-CJB
1053	Exhibit 779.A to Plaintiffs’ Initial Infringement Contentions, <i>Diogenes Limited v. DraftKings, Inc.</i> , C.A. No. 21-1695-MN-CJB

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EX[No.]	Description
1054	Exhibit 822.A to Plaintiffs' Initial Infringement Contentions, <i>Diogenes Limited v. DraftKings, Inc.</i> , C.A. No. 21-1695-MN-CJB
1055	Exhibit 969.A to Plaintiffs' Initial Infringement Contentions, <i>Diogenes Limited v. DraftKings, Inc.</i> , C.A. No. 21-1695-MN-CJB

I. Introduction

Petitioner requests review of Claims 1, 4-15, 17-19, 32 (the “Challenged Claims”) of U.S. Patent No. 9,704,338 (the “’338 Patent”). The Challenged Claims are directed to a known method of conducting a multi-outcome wagering event that comprises multiple legs, or stages, and presenting a player with a buy-out offer and a partial buy-out offer prior to completion of all the legs. Although the Challenged Claims also recite other limitations, it is this pre-completion “buy-out offer” that the ’338 Patent and the named inventor—Mr. Bernard J. Marantelli—held out as the “unique differentiator” over the prior art. EX[1001] 2:38-54; EX[1024]; EX[1003] 86 (Dec. 18, 2014 Response to Office Action). But the concept of such a “buy-out offer” is as old as the theory of probability itself, while its use in online betting platforms began at least two decades ago. See EX[1007] ¶¶30-39.

To the extent Patent Owner has further sought to distinguish the alleged invention from the prior art based on its provision of a “partial” cash out option, this concept also is older than the named inventor himself. See EX[1007] ¶¶40-43. It is no different than the partial exercise of an option to buy or sell stock at a particular price at some future date, which speculators have been doing since at least the 1800s. See EX[1038] 318-320; EX[1039] 47-48. And the ability to exercise such an option, or cash out a wager, has been in use in online betting platforms for at least fifteen years. See EX[1007] ¶41; EX[1028] 1, 3.

It is no surprise then that these same concepts, and their use in online betting

platforms, are disclosed in patents and printed publications (*i.e.*, prior art available under 35 U.S.C. §311(b)) from well before the earliest claimed priority date of the '338 Patent. For example, U.S. Patent Application Publication No. 2008/0113765 to DeWaal (“DeWaal”)—published May 15, 2008—discloses conducting “a multi-round bonus event [that] includes plurality of outcomes in each round,” and “offer[ing] each advancing player an award to quit the bonus event” (*i.e.*, a buy-out) prior to the completion of the event. EX[1004] ¶[0128], ¶[0141].

Similarly, U.S. Patent Application Publication No. 2008/0311981 to David Schugar (“Schugar”)—published December 18, 2008—discloses an instance in which a player “can be ‘winning’ before the game is over” and, therefore, “may wish to have a way to cash in on the winning state before completing the game.” EX[1005] ¶[0077]. As such, Schugar discloses a method of “cashing out a portion of a current bet in progress.” *Id.* ¶[0127]. Schugar provides an example in which a player made a \$100 wager on a Yankee’s game and, by the fifth inning, the expected payout of that wager is \$132. *Id.* ¶[0120]. Schugar explains how, in that example, the player “may use \$1 of that amount and make a second wager,” which will result in \$1.52 (*i.e.*, the adjusted value of that dollar based on the new odds) being “subtracted from the original \$100 wager to result in a \$98.48 wager ***remaining*** on the Yankees.”¹ *Id.*

¹ Emphasis supplied throughout, unless otherwise noted.

In other words, methods of conducting a multi-outcome wagering event that comprises multiple legs and presenting a player with a buy-out offer and a partial buy-out offer prior to completion of all the legs have been disclosed in patents and printed publications since at least 2008—four years ***before*** the earliest claimed priority date of the '338 Patent. The Challenged Claims are therefore invalid and should be cancelled.

II. Mandatory Notices Under 37 C.F.R. 42.8(a)(1)

A. Real Party-in-Interest under 37 C.F.R. 42.8(b)(1)

DK Crown Holdings Inc. (formerly DraftKings Inc.), a Delaware corporation (“DraftKings” or “Petitioner”) is the Petitioner. DK Crown Holdings Inc. (formerly DraftKings Inc.), a Delaware corporation is a wholly-owned subsidiary of DraftKings Inc., a Nevada corporation, which is a publicly traded company. Crown Gaming Inc. is also a wholly-owned subsidiary of DraftKings Inc., a Nevada corporation. SBTech (Global) Limited is a wholly-owned subsidiary of DK Crown Holdings Inc. (formerly DraftKings Inc.), a Delaware corporation.

No other parties exercised or could have exercised control over this Petition; no other parties funded or directed this Petition. See Office Patent Trial Practice Guide, 77 FED. REG. 48759, 48759-60.

B. Related Matters under 37 C.F.R. 42.8(b)(2)

Patent Owner has asserted the '338 Patent against Petitioner in a co-pending litigation, *Diogenes Limited et al. v. DraftKings Inc.*, Case No. 1-21-cv-01695,

District of Delaware.

C. Lead and Back-Up Counsel under 37 C.F.R. 42.8(b)(3)

Petitioner designates the following: Lead Counsel is Eliot D. Williams (Reg. No. 50,822) of Baker Botts L.L.P.; Back-up Counsel are G. Hopkins Guy III (Reg. No. 35,886), Jamie R. Lynn (Reg. No. 63,666), Thomas C. Martin (Reg. No. 57,677), Bradley S. Bowling (Reg. No. 52,641), and Andrew D. Wilson (Reg. No. 74,093), also of Baker Botts L.L.P. A Power of Attorney is filed concurrently herewith under 37 C.F.R. 42.10(b).

D. Service Information under 37 C.F.R. 42.8(b)(4)

Correspondence to lead and back-up counsel can be provided at the postal and electronic addresses above. Petitioner consents to service by electronic mail at:

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Jamie.Lynn@BakerBotts.com; Tommy.martin@bakerbotts.com;
Brad.bowling@bakerbotts.com; Andrew.Wilson@BakerBotts.com; and
DLDraftKingsvDiogenes@BakerBotts.com.

III. Claim Listing

A. Claim 1

1[a]	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 a player 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:
1[b]	providing one or more wagering input devices in communication with a system controller through which one or more players may participate

	in a multi-outcome wagering event, the system controller comprising a trading exchange module, the one or more wagering input devices comprising one or more of a user input, a payment acceptor, or a link to a customer account for receiving a wager from a player, the one or more wagering input devices further comprising one or more displays for displaying the at least one of the buy-out offer and the partial buy-out offer after the multi-outcome wagering event begins, the one or more wagering input devices further comprising an input for receiving an acceptance of at least one of the buy-out offer and the partial buy-out offer, and the one or more wagering input devices further comprising a user output for issuing a credit, tokens, currency or an award to a player, said system controller being adapted for:
1[c]	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;
1[d]	receiving a wager via one or more of the user input, the payment acceptor or the link of the one or more wagering input devices in response to input from a player desiring to participate in the multi-outcome wagering event, wherein the wager coincides with each of the defined number of legs;
1[e]	generating a record reflecting the wager associated with the player at the system controller;
1[f]	receiving input of an outcome of each of the defined number of legs corresponding to the multi-outcome wager event;
1[g]	generating and causing display via the one or more wagering input devices the outcome of each of the defined number of legs to a player;
1[h]	identifying one or more players eligible to win each of the defined number of legs based on the wager from among players participating in the multi-outcome wagering event,
1[i]	determining any players eligible to win at least one jackpot or a portion thereof based on the potential outcome of each of the defined number of legs in comparison against the record reflecting the wager from among players participating in the multi-outcome wagering event,

	wherein players eligible to win at least one leg are eligible to win at least one jackpot or a portion thereof;
1[j]	initiating via the trading exchange module and causing display of at least one of a buy-out offer and partial buy-out offer via the respective one or more displays of the one or more wagering input devices 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 or partial buy-out offer being initiated by the trading exchange module at any time before the multi-outcome wagering event has been completed;
1[k]	receiving an acceptance of the buy-out offer or partial buy-out offer via the input for receiving acceptance of the one or more wagering input devices in response to input from a particular number of the players eligible to win at least one jackpot that have accepted the buy-out offer or partial buy-out offer, 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 a partial buy-out offer remains eligible to win at least a portion of the at least one jackpot;
1[l]	issuing a credit, tokens, currency or an award via the user output of the one or more wagering input devices to the one or more players accepting the buy-out offer or partial buy-out offer;
1[m]	completing the remainder of the defined number of legs to finish the multi-outcome wagering event;
1[n]	determining if any of the players have won the at least one jackpot or portion thereof;
1[o]	notifying the players that have won the jackpot or portion thereof via the one or more wagering input devices; and
1[p]	issuing a credit, tokens, currency or an award to the players that have won the jackpot or portion thereof via the user output of the one or more wagering input devices.

B. Claim 4

4	The method of claim 1, wherein the multi-outcome wagering event comprises one or more wagering events, the defined number of legs comprises one or more legs, and wherein each of the defined number of legs comprises at least one of an entire wagering event, a partial wagering event, a divisible component of a wagering event, multiple independent wagering events occurring sequentially or concurrently, and a compilation of related wagering events, wherein the one or more wagering events comprises one or more selected from the group consisting of sporting events, eSports, e-sports, competitive gaming, electronic sports, fantasy events, real games, virtual games, and fantasy games, and wherein the wager comprises a potential outcome for each of the legs.
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C. Claim 5

5	The method of claim 4, wherein the games comprise one or more selected from the group consisting of slot machines, keno, poker, video games, football (“soccer”), American football, Australian rules football, baseball, cricket, basketball, golf, hockey, auto racing, legends, rugby, wrestling, surfing, mixed martial arts, racing, lotteries, live events, pre-recorded events, online events, broadcast events, card games, politics, sales, stocks, celebrity gossip, movies, and reality TV.
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D. Claim 6

6	The method of claim 1, wherein the amount of the buy-out offer and partial buy-out offer are variable and based on at least one of a calculated probability, an originator of the proposal, a negotiation, the one or more players or a third party.
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E. Claim 7

7	The method of claim 1, wherein the one or more wagering devices comprise at least one of a wagering terminal, a wagering workstation, a personal computer, a smart phone, a tablet computing device, a gaming machine, a slot machine, and a lottery machine.
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F. Claim 8

8	The method of claim 1, wherein the one or more jackpots, the portion thereof, or the award comprises one or more selected from the group consisting of monetary awards, nonmonetary awards, a prize, a payment, a designated currency, virtual currency, tokens, credits, coupons, services, personal property, real property, virtual property, assets, investments, negotiable instruments, commodities, food, lodging, entertainment, alleviation of obligations, gaming opportunities and wager enhancement.
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G. Claim 9

9	The method of claim 1 wherein the wager comprises one or more of fixed odds single wagers, multiple wagers, full cover wagers, full cover wagers with singles, ‘Any to Come’ (ATC) or ‘if cash’ wagers, specialty wagers, forecasts, fixed, variable, guaranteed, parimutuel wagering, fixed-odds wagering, accumulator or parlay wagering, fixed odds, a pool, progressive, fixed pool, variable pool or guaranteed pool.
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H. Claim 10

10[a]	The computer-server-based method of claim 1, wherein compensating the player with the player winnings is compensating the player with no monetary winnings.
10[b]	receive a selection of the cash out option from any of the one or more players that desire to fully or partially end the wager;
10[c]	wherein any of the one or more players selecting the cash out option to fully end the wager no longer participates in the multi-outcome wagering event, and any of the one or more players selecting the cash out option to partially end the wager continues to participate in the multi-outcome wagering event; and
10[d]	issue to the one or more players that selected the cash out option one or more of cash, tickets or credit slips redeemable by the player, funding of a player's electronically recordable identification card or online account, or an award.

I. Claim 11

11	The wagering apparatus of claim 10, wherein the system controller is further programmed to at least one of generate and receive the cash out option via one or more of the wagering input devices, a hand held device, a mobile device, a wireless device, a computing system, a smart phone, a telephone, a tablet computer, text messaging, a PDA, an interactive television, email, Internet browser or a cashier.
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J. Claim 12

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.
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K. Claim 13

13	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 buy-out offer.
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L. Claim 14

14	The method of claim 1, wherein the buy-out offer comprises a cash in offer or a cash out offer, and wherein the partial buy-out offer comprises a partial cash in offer or a partial cash out offer.
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M. Claim 15

15	The method of claim 1, wherein the buy-out offer and partial buy-out offer comprises a full cash out on a single.
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N. Claim 17

17	The method of claim 1, wherein the buy-out offer and partial buy-out offer comprises a full cash out on a multiple, accumulator, parlay or pool.
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O. Claim 18

18	The method of claim 1, wherein the buy-out offer and partial buy-out offer comprises a partial cash out on a multiple, accumulator, parlay or pool.
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P. Claim 19

19[a]	The wagering apparatus of claim 1, wherein upon acceptance of the proposal by the one or more players, the server system controller is further programmed to cause the one or more wagering devices to at least one or more of:
19[b]	transfer an entitlement of the one or more players to at least one third party or another player, so that the at least one third party or another player becomes eligible to win;
19[c]	transfer ownership or partial ownership of the one or more players, in at least a portion of the one or more player's wager, to at least one third party or another player, so that the at least one third party or another player obtains ownership or partial ownership and becomes eligible to win;
19[d]	relinquish rights of the one or more players, in at least a portion of the one or more player's wager corresponding to the proposal, before the event has been completed; and
19[e]	initiate and cause display of at least a portion of the one or more player's wager corresponding to the accepted buy-out offer or partial buy-out offer for at least one of bidding and selection by one or more third parties.

Q. Claim 32

32[a]	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 a player 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:
32[b]	providing one or more wagering input devices in communication with

	a system controller through which one or more players may participate in a multi-outcome wagering event, the system controller comprising a trading exchange module, the one or more wagering input devices comprising one or more displays for displaying the at least one of the buy-out offer and the partial buy-out offer after the multi-outcome wagering event begins, the one or more wagering input devices further comprising a buy-out input for receiving an acceptance of at least one of the buy-out offer and the partial buy-out offer, said system controller being adapted for:
32[c]	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;
32[d]	receiving a wager via the one or more wagering input devices in response to input from a player desiring to participate in the multi-outcome wagering event, wherein the wager coincides with each of the defined number of legs;
32[e]	generating a record reflecting the wager associated with the player at the system controller;
32[f]	receiving input of an outcome of each of the defined number of legs corresponding to the multi-outcome wager event;
32[g]	generating and causing display via the one or more wagering input devices the outcome of each of the defined number of legs to a player;
32[h]	identifying one or more players eligible to win each of the defined number of legs based on the wager from among players participating in the multi-outcome wagering event,
32[i]	determining any players eligible to win at least one jackpot or a portion thereof based on the potential outcome of each of the defined number of legs in comparison against the record reflecting the wager from among players participating in the multi-outcome wagering event, wherein players eligible to win at least one leg are eligible to win at least one jackpot or a portion thereof;
32[j]	initiating and selectively causing, via the trading exchange module, the respective one or more displays of the one or more wagering input

	devices to display at least one of a buy-out offer and partial buy-out offer only 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 or partial buy-out offer being initiated by the trading exchange module at any time before the multi-outcome wagering event has been completed, said displayed buy-out offer or partial buy-out offer including a request for acceptance via user input to the respective buy-out input;
32[k]	receiving, responsive to the request for acceptance in the displayed buy-out offer or partial buy-out offer, an acceptance of the buy-out offer or partial buy-out offer via the respective buy-out input of the one or more wagering input devices in response to input from a particular number of the players eligible to win at least one jackpot that have accepted the buy-out offer or partial buy-out offer, 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 a partial buy-out offer remains eligible to win at least a portion of the at least one jackpot;
32[l]	issuing, via the one or more wagering input devices, a credit, tokens, currency or an award to the one or more players accepting the buy-out offer or partial buy-out offer, based on each acceptance received via the respective buy-out input of the one or more wagering input devices;
32[m]	completing the remainder of the defined number of legs to finish the multi-outcome wagering event, based on a number of eligible players remaining after each acceptance received via the one or more wagering input devices;
32[n]	determining if any of the players have won the at least one jackpot or portion thereof;
32[o]	notifying the players that have won the jackpot or portion thereof via the one or more wagering input devices; and
32[p]	issuing a credit, tokens, currency or an award to the players that have won the jackpot or portion thereof via the one or more wagering input devices.

IV. Regulatory Requirements

A. Standing

Petitioner certifies that the '338 Patent is eligible for *inter partes* review and that Petitioner meets the eligibility requirements set forth in 37 C.F.R. 42.104.

B. Statement of Precise Relief Requested

Ground	'338 Patent Claims	Basis for Challenge
1	1, 4-5, 7-9, 13, 19, 32	Anticipated by DeWaal
2	1, 4-15, 17-19, 32	Obvious over DeWaal in combination with Schugar

V. The '338 Patent

The '338 Patent purports to be directed to “any event where betting may be utilized or even scenarios where play is just for fun, such as, and without limitation, any type of actual or virtual sporting event or any type of game,” including casino games. EX[1001] 4:4-8.

The '338 Patent's self-proclaimed “unique differentiator” is the well-known concept of offering players a “‘buy-out’ or opportunity to sell their tickets (in whole or alternatively ... in part (i.e., a fractional amount)” prior to the completion of a multi-leg wagering event (i.e., the Problem of Points). EX[1001] 2:38-54; *see also* EX[1007] ¶¶30-35. The '338 Patent explains that such a “buy-out” may be performed by selling a player's stake “to a third party (e.g., ... one or more other

persons, other player(s), etc.),” just as was done in the early 2000s via betting exchanges. EX[1001] 2:38-54; *see also* EX[1007] ¶¶39-40. The ’338 Patent also contemplates performing a “buy-out” by selling a player’s stake “to the game operator.” EX[1001] 2:38-54. This also was well-known at the time. *See, e.g., infra* §§VIII.A, VIII.B.

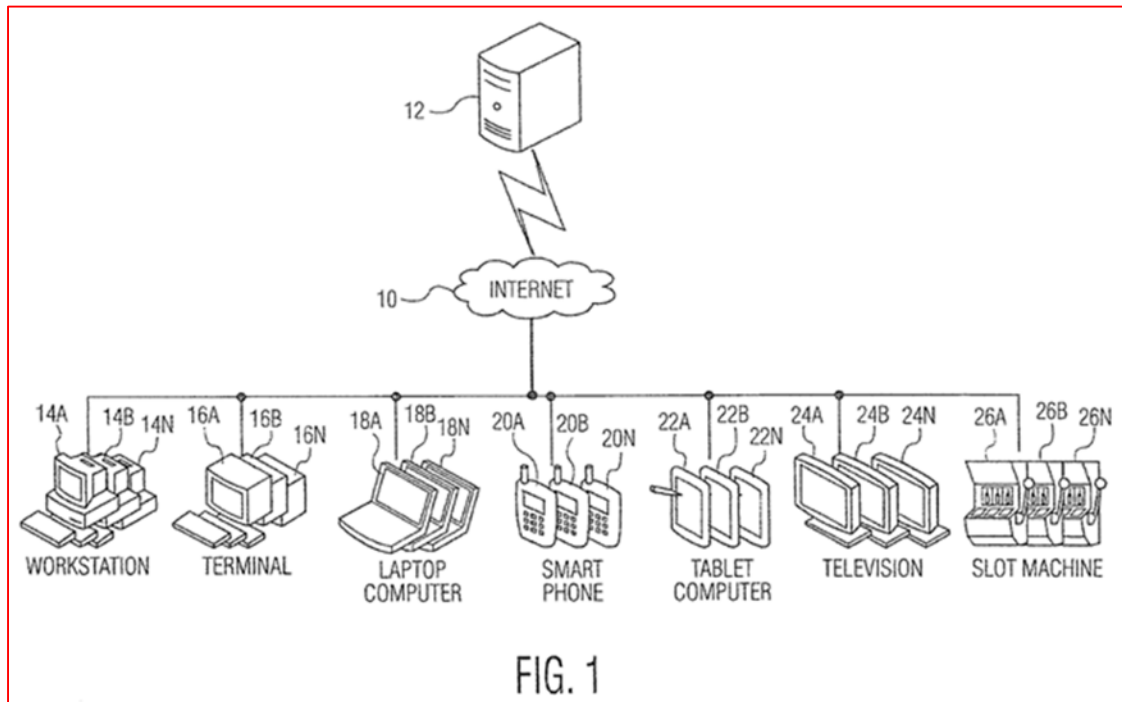
A. Embodiments of the ’338 Patent²

The ’338 Patent describes a multi-leg wagering event as one in which players “make selections in a number of different legs,” which may include “any of a variety of different discrete events (e.g., an auto race), partial events (e.g., an inning of a baseball game, a set in tennis), components of events (e.g., one or more at bats by a particular player in baseball game or numbers selected in a particular position in a lottery drawing), multiple independent events (e.g., two football games that may occur sequentially or concurrently) and/or compilations of events (e.g., a championship series).” EX[1001] 1:54-64. In certain embodiments, a player “may be allowed to decouple a ticket” from the wagering event by “accept[ing] a ***full or partial buy-out*** of only certain parts of a ticket” at the completion of a leg, “with the remaining parts of the ticket being unaffected, so that the player retains the entirely [sic] of these remaining parts of the ticket” until the completion of the last

² Nothing herein is an admission that the ’338 Patent adequately discloses or enables any claim.

leg of the wagering event. *Id.* 21:47-56; 14:65-15:7.

This technique is implemented via a “wagering system hardware and network” including input devices 20N or gaming machines 26A and 26N, and a central server system 12 or system controller:



Id. 4:55-5:7, Figure 1. The '338 Patent acknowledges that this architecture was “known in the art.” *See id.* 5:58-63, 8:6-8, 11:54-57.

B. Priority

The '338 Patent was filed July 18, 2016 and claims priority through a series of continuation and continuation-in-part applications to an application filed September 6, 2012.³ EX[1001].

³ Petitioner does not concede that the '338 Patent is entitled to the claimed priority date and reserves all rights to challenge the priority claim if placed in dispute.

C. Prosecution History

During the prosecution of one of the '338 Patent's parents—U.S. Patent No. 9,117,341 (the "'341 Patent")—Applicant unambiguously argued that limitations directed to presenting and/or initiating “at least one of a buy-out offer and [a] partial buy-out offer” require the presentation and/or initiation of both a “buy-out” offer **and** a “partial buy-out” offer.

Applicant made this argument in response to the Examiner's finding that U.S. Patent Application Publication to 2011/0136566 to Acres (“Acres”) “discloses a wagering event for one or more players, wherein a player is presented with **at least one of a buy-out and partial offer** prior to completion of the wagering event” and, more particularly, that “Acres discloses initiating **at least a buy-out offer** to an eligible player based on the anticipated expected outcome of the player during the course of the game.” EX[1003] 109 (September 29, 2014 Non-Final Office Action). In other words, the Examiner interpreted the limitation “at least one of a buy-out offer and [a] partial buy-out offer” as being written disjunctive, such that either a “buy-out offer” **or** a “partial buy-out offer” satisfied that limitation.

Applicant responded to the Examiner 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). Applicant then argued that “Acres fails to disclose or even contemplate the claimed capability to provide a ‘buy-out’ **and**

‘partial buy-out’ feature,” and 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.* 86, 87.

Based on Applicant’s argument that presenting and/or initiating “at least one of a buy-out offer and [a] partial buy-out offer” is a conjunctive limitation (*i.e.*, requiring both a “buy-out” offer **and** a “partial buy-out” offer), rather than a disjunctive limitation (*i.e.*, requiring either a “buy-out” offer **or** a “partial buy-out” offer), the Examiner withdrew its anticipation rejection over Acres. EX[1003] 69 (March 13, 2015 Office Action). No additional prior art rejections were made in any subsequent Office Action during the prosecution of the application leading to the ’341 Patent. Similarly, the Challenged Claims of the ’338 Patent, which includes similar limitations, issued without a single prior art rejection.

Given Applicant’s unambiguous statements during the prosecution of the ’341 Patent, a person of ordinary skill in the art (“POSITA”) at the time of the ’338 Patent would have readily understood that neither a buy-out offer nor a partial buy-out offer individually is sufficient to satisfy the limitation in the Challenged Claims directed to presenting “at least one of a buy-out offer and a partial buy-out offer.” EX[1007] ¶58. Instead, both must be presented as alternatives, as Applicant argued during the prosecution of the ’338 Patent’s parent. *Id.*

VI. Level of Ordinary Skill in the Art

A person of ordinary skill in the art (“POSITA”) at the time of the ’338 Patent

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. EX[1007] ¶28. A person with less education but more relevant practical experience may also meet this standard. *Id.*

VII. Claim Construction

In view of the plain and unmistakable statements of disavowal of claim scope made by Applicant during the prosecution of the ’338 Patent’s parent—the ’341 Patent—the limitation of presenting “at least one of a buy-out offer and a partial buy-out offer” in the Challenged Claims⁴ should be construed to 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. *See supra* §V.C; *see also Southwall Tech., 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.”) (citations omitted); *cf. Aptalis Pharmatech, Inc. v. Apotex Inc.*, 718 F. App’x 965, 971 (Fed. Cir. 2018) (“[E]ven in the absence of a clear and unmistakable disavowal, we conclude that the prosecution history can be evaluated to determine how a person of ordinary skill would understand a given claim term.”). Moreover, both the U.S. Patent and Trademark Appeal Board (“PTAB”) and the U.S. Court of Appeals have held that, when supported by the

⁴ This limitation appears in at least claims 1 and 32 of the ’338 Patent.

intrinsic record, the plain meaning of certain terms reciting “at least one of A and B” is the conjunctive. *See e.g., Ex parte Jung*, 2016-008290 (PTAB Mar. 22, 2017); *SuperGuide Corp. v. DirectTV Enters., Inc.*, 358 F.3d 870 (Fed. Cir. 2004). Here, the intrinsic record—specifically, Applicant’s arguments during the prosecution of the ’341 Patent—is consistent with such an interpretation.

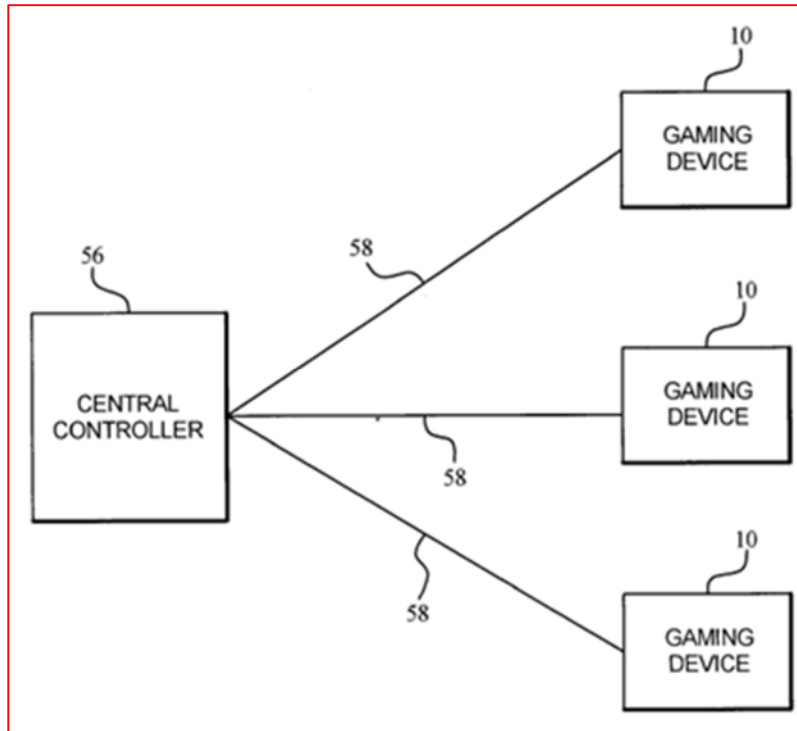
VIII. Summary of Prior Art

A. DeWaal (EX[1004])

U.S. Patent Application Publication No. 2008/0113765 (*i.e.*, DeWaal), introduced *supra* at §I, published May 15, 2008. *See* EX[1004]. It qualifies as prior art under at least 35 U.S.C. §102(b). In fact, the Patent that issued from DeWaal—U.S. Patent No. 8,105,149—is incorporated by reference in the ’338 Patent. EX[1001] 24:17-20. Thus, DeWaal is also applicant admitted prior art.

DeWaal teaches a gaming system and method that “simultaneously provides a multi-round bonus event to a plurality of players.” EX[1004] ¶¶[0009], [0119], [0128]-[0130]. DeWaal “offers each advancing player an award to quit the bonus event” between each round. *Id.* ¶¶[0141], [0147]. Any player that accepts an offer to quit is paid the award and is eliminated from the bonus event. *Id.* ¶¶[0142], [0108].

DeWaal is implemented in a network architecture similar to that in the ’338 Patent, as depicted below:



EX[1004] ¶[0084], Figure 2B.

B. Schugar (EX[1005])

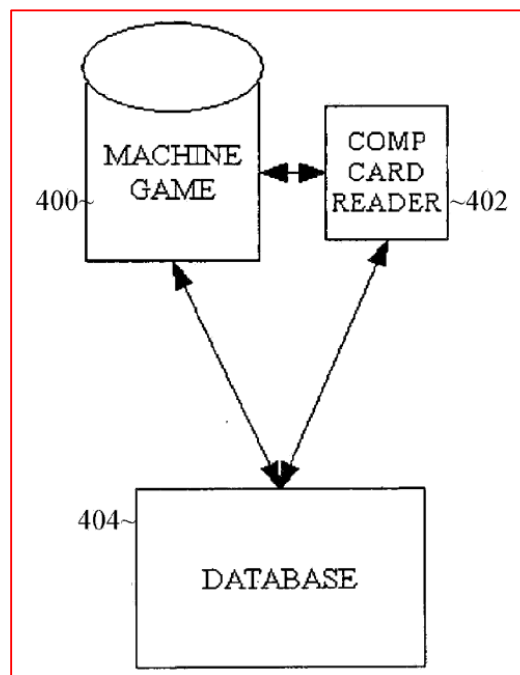
U.S. Patent Application Publication No. 2008/0311981 (*i.e.*, Schugar), introduced *supra* at §I, published on December 18, 2008. EX[1005]. It is prior art at least under 35 U.S.C. §102(b).

Schugar is directed to “a wagering game that allows a player to alter payouts based on an equity position the player has in the wagering game.” EX[1005] ¶[0003]. For example, Schugar teaches allowing players of multi-leg games to leverage equity by “cash[ing] in on [a] winning state before completing the game.” *Id.* ¶¶[0077], [0042].

Schugar recognizes that “[a] player may find it attractive to be able to accumulate (or ‘bank’) a portion of a positive expectation situation for later

redemption” by “cashing out a ***portion*** of a current bet in progress,” so that “even if the player ultimately loses his or her wager, the player has not lost everything because the banking has been performed.” *Id.* ¶¶[0077]-[0079], [0127], [0092].

Schugar teaches its partial cash-out process as being implemented via a machine game 400 and a database 404 that is “accessible by all games in an individual casino or group of casinos,” as depicted below:



EX[1005] ¶¶[0104]-[0105], Figure 4.

C. Analogous Prior Art

The references relied upon in the following grounds—DeWaal and Schugar—are analogous art because they are each directed to cashing out a wager before the completion of a multi-leg wagering event using a networked electronic betting system. EX[1007] ¶¶108, 206; EX[1004] ¶[0119]; EX[1005] ¶[0126].

IX. Grounds of Unpatentability

Depending on the construction of “at least one of a/the buy-out offer and [a] partial buy-out offer” adopted, Claims 1, 4-5, 7-9, 13, 19, and 32 are either anticipated by DeWaal or rendered obvious by DeWaal in view of Schugar. The combination of DeWaal and Schugar further renders obvious Claims 6, 10-12, 14-15, and 17-18 obvious.

A. Ground 1: Claims 1, 4-5, 7-9, 13, 19, and 32 Are Anticipated by DeWaal

If it is determined that presenting “at least one of a buy-out offer and a partial buy-out offer,” is written in the disjunctive (*i.e.*, requires either a “buy-out offer” **or** a “partial buy-out offer”), as the Examiner interpreted that limitation in the ’341 Patent (*see supra* §V.C),⁵ DeWaal anticipates Claims 1, 4-5, 7-9, 13, 19, and 32. As set forth below, DeWaal alone discloses each and every limitation of those claims, including a **full** “buy-out offer.” *See, e.g.*, EX[1004] ¶[0142] (“[O]ne hundred players chose to quit and accept the offered second additional award, such as \$50.”).

1. Claim 1

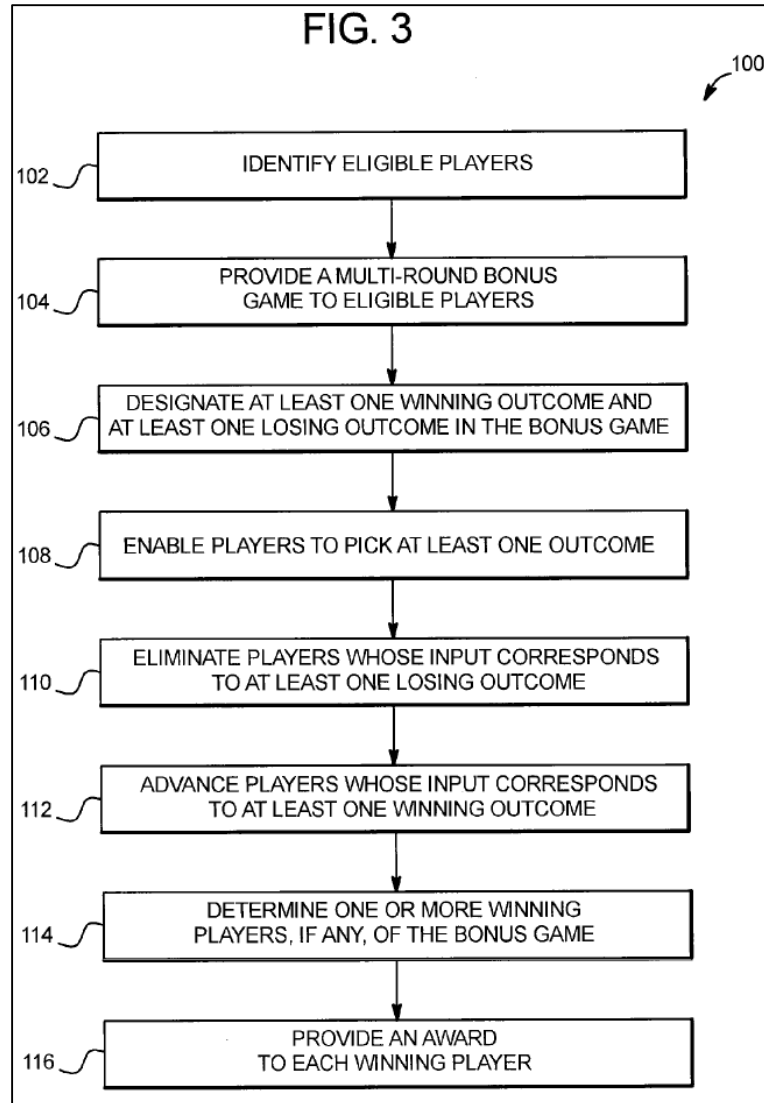
(a) Limitation 1[a]

DeWaal discloses “a gaming system and **method**” for “provid[ing] a multi-

⁵ This also appears to be the Patent Owner’s construction in litigation. Patent Owner alleges that a “Cash Out” feature that gives a player the opportunity to “close out” an active bet satisfies this limitation. *See* EX[1048] (PO’s Infringement Contentions Exhibit 338.A) 1-10; *see also* EX[1007] ¶¶61-62.

round bonus event to a plurality of players.” EX[1004] ¶[0108]. DeWaal discloses that its “bonus event” is a “multi-outcome” event because it discloses that “the bonus event includes a selection game and ***the plurality of outcomes*** include player selectable elements or selections.”⁶ *Id.* ¶[0128]; *see also id.* ¶[0119]. And DeWaal discloses that its “bonus event” is “for one or more players” because it discloses that its gaming system and method “simultaneously provides a multi-round bonus event ***to a plurality of players.***” *Id.* ¶[0108]; *see also id.* at ¶[0109]. DeWaal describes the process 100 depicted in Figure 3 as one that “enables a central controller to cause the system gaming machine to ***provide a multi-round bonus event to a plurality of players***”:

⁶ Outcomes of each round include designated or “winning” outcomes and non-designated or “losing” outcomes. EX[1004] ¶[0012]. The presence of at least these two outcomes make DeWaal’s bonus game “multi-outcome.”



Id. ¶[0124].

In addition, DeWaal’s bonus event is a “wagering event” because DeWaal discloses how its “central controller determines which players are eligible for the bonus event in association with a *separate wager*.” *Id.* ¶[0118]. DeWaal further explains that that such a “separate wager” comprises a “side-wager or entry fee.”

Id.

DeWaal discloses that its bonus event “comprises a defined number of legs”

because it discloses that the bonus event is “**multi-round** selection game” and that each of the multiple rounds are a component of the bonus event. *Id.* ¶[0119]. This interpretation of this limitation is consistent with the ’338 Patent specification, which states that “[t]he term ‘leg’ as used herein should be broadly construed and may comprise any desired number of individual components of any type of event, such as any type of game or sporting event.” EX[1001] 5:7-10; *see also id.* 1:54-64; EX[1007] ¶¶95-96. DeWaal’s multi-leg wagering events may include, for example, “reel/slot games, card games (e.g., poker, blackjack), lottery games, selection games, offer and acceptance games, wheel games, dice games, free spin games, competition games, skill games, perceived skill games or **games that include one or more rounds of game play.**” EX[1004] ¶[0108]. Many of these exemplary games are the same as those which the ’338 Patent admits have multiple “legs.” *See, e.g.,* EX[1001] 5:10-24.

DeWaal discloses “legs” that are of a “defined number” because it discloses that “the number of rounds ... may be **set** by the game implementer to any suitable number.” EX[1004] ¶[0182]; *see also id.* ¶[0128]. Similarly, DeWaal discloses that the “bonus event ends after a **designated** number of rounds including a final round.” *Id.* ¶[0011].

DeWaal discloses that “a player is presented with at least one of a buy-out offer and a partial buy-out offer” (when construed in the disjunctive) during its bonus event because, as discussed in greater detail *infra* at §IX.A.1(j) as to limitation 1[j],

DeWaal discloses how a “central controller **offers** [a] player to ... **quit** the bonus event and **keep the total** award accumulated.” EX[1004] ¶¶[0018], [0141]. “In this embodiment, the **total accumulated award** is **offered** to each advancing player along with the option to **quit**.” *Id.* ¶[0018]. In other words, DeWaal’s offer to pay a player the “total” award accumulated when the player agrees to “quit” corresponds to “a buy-out offer.”

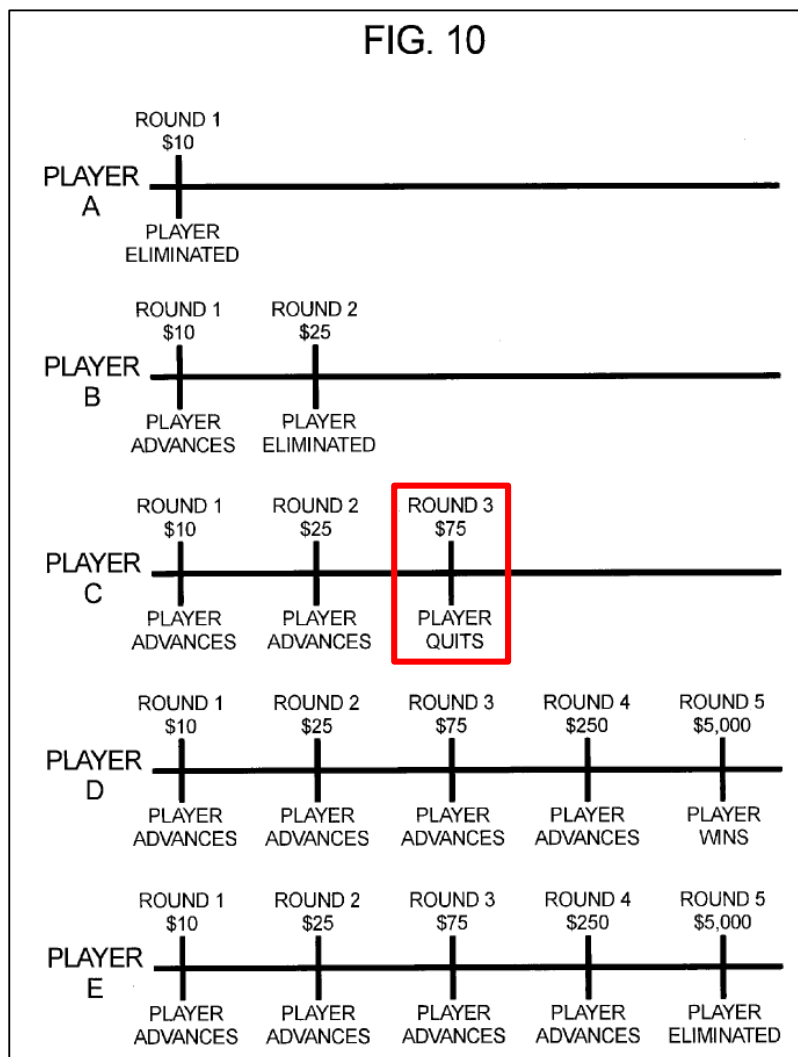
DeWaal’s disclosure of offering a player an award in exchange for quitting the bonus event is consistent with the description of a “buy-out offer” in the ’338 Patent. EX[1007] ¶98. For example, just as with DeWaal’s disclosure of an offer for some value and in exchange for a player quitting a bonus event, the ’338 Patent describes a “buy-out offer [that] is for buying an entire ticket from a player (i.e., 100%) for an indicated value.” EX[1001] 13:32-34.

DeWaal also discloses a player is “presented with” a buy-out offer because it discloses that the “central controller may cause the display device to **display an offer** of \$10 to the advancing players,” and that “[t]he display may include appropriate messages, such as ... ‘YOU MAY QUIT THE BONUS EVENT AND KEEP THE \$10 OR RISK THE \$10 AND PLAY ANOTHER ROUND!’” EX[1004] ¶[0146].

Furthermore, DeWaal’s buy-out offer is presented “prior to completion of all of the defined number of legs” because it is made prior to the final round in DeWaal’s multi-round bonus event. In the context of an exemplary bonus event having five rounds, for example, DeWaal discloses a buy-out offer being made

“*[p]rior to* the second round.” *Id.* ¶[0141]. The process of making such buy-out offers “continues for each round until the central controller determines one or more winning players for the bonus event.” *Id.* ¶[0143].

An example timeline of multiple players participating in a bonus event and being provided with “a buy-out offer ... prior to completion of all of the defined number of legs” is depicted, for example, in DeWaal’s Figure 10:



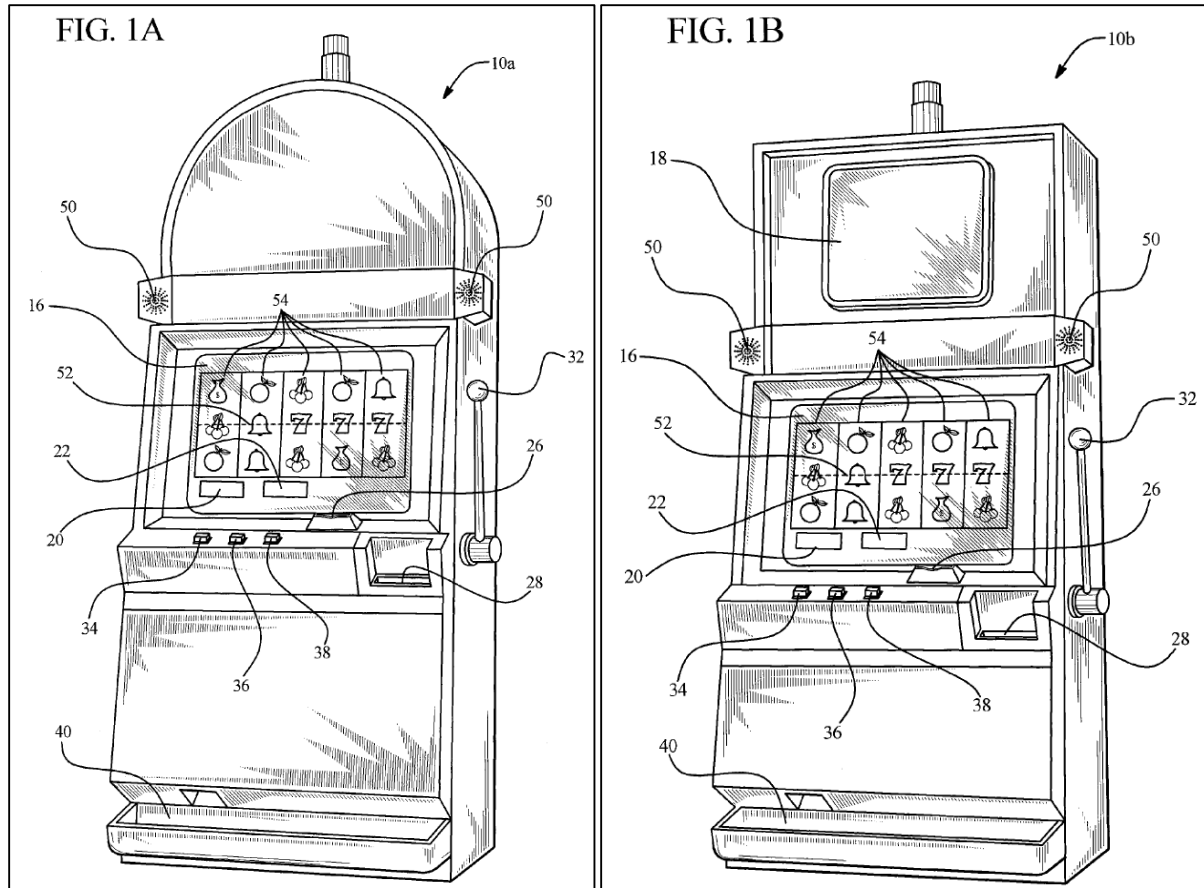
EX[1004] Figure 10 (annotated); *see also id.* ¶¶[0157]-[0160]. As shown above by the red box, upon accepting the award in exchange for quitting the event before

round 3, Player C was provided with the amount of the offer and their participation in the bonus event ended before the third round. *Id.* Figure 10; *see also id.* ¶[0146]. That is, upon accepting the offer, the player was provided a full cash out prior to the final round. Thus, DeWaal discloses limitation 1[a]. EX[1007] ¶¶90-112.

(b) Limitation 1[b]

DeWaal discloses “providing one or more wagering input devices” because it discloses that its system and method “may be implemented in various configurations for ***gaming machines or gaming devices.***” EX[1004] ¶[0042]. Examples of such gaming machines and devices include a “slot machine,” “a desktop computer, a laptop personal computer, a personal digital assistant (PDA), portable computing device, or other computerized platform to implement the present disclosure.” *Id.* ¶¶[0048], [0065]. These are the exact types of “wagering input devices,” or gaming machines, that the ’338 Patent acknowledges are suitable for implementing the alleged invention. *See* EX[1001] 24:17-20.

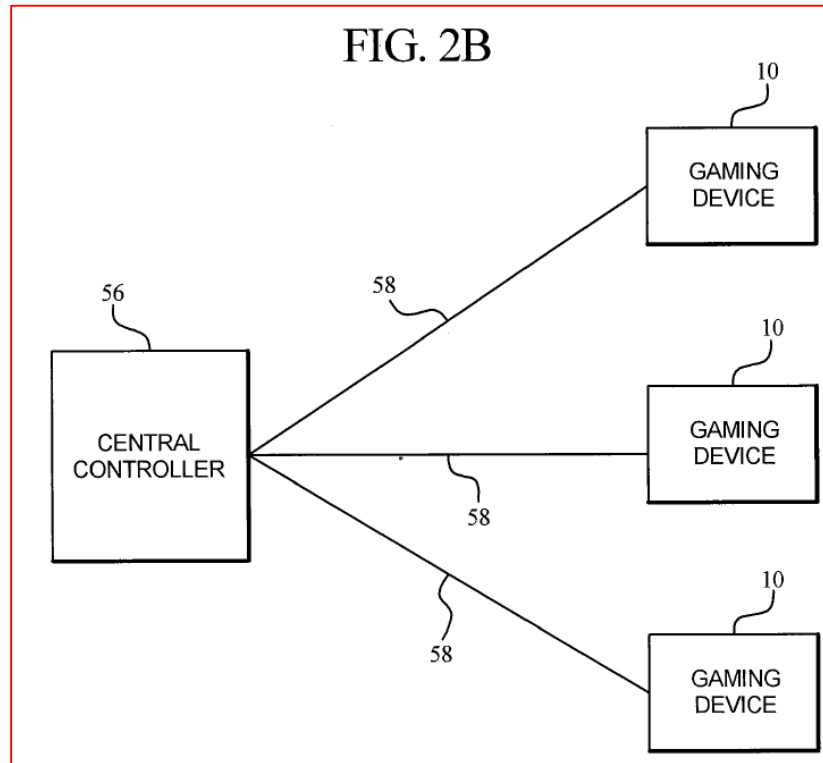
Two exemplary embodiments of DeWaal’s gaming devices are depicted in Figures 1A and 1B:



EX[1004] Figures 1A-1B. DeWaal discloses that the gaming devices include “a plurality of displays, inputs, controls and other features of a conventional gaming machine,” and that “[a] player can make decisions and input signals into the gaming machine by touching the touch-screen at the appropriate places.” *Id.* ¶¶[0045], [0061]. And “the bonus event includes a selection game and the plurality of outcomes include **player selectable elements or selections**” (*i.e.*, selections that can be made with DeWaal’s gaming devices). *Id.* ¶[0128]. Thus, DeWaal discloses “wagering input devices” that “comprise one or more of a user input ...” among the other disjunctively recited options. EX[1007] ¶121-124.

DeWaal discloses that these “wagering input devices” are also “in

communication with a system controller” because it discloses “a plurality of gaming terminals *in communication with a central controller*,” as depicted in Figure 2B:



EX[1004] ¶[0032], Figure 2B. DeWaal further discloses that “the processor of the central server is designed to transmit and receive events, messages, commands or any other suitable data or signal between the central server and each of the individual gaming devices,” and that “[t]he central server processor is operable to execute such communicated events, messages or commands in conjunction with the operation of the central server.” *Id.* ¶[0084]. A POSITA would understand this to mean that DeWaal’s gaming machines are in communication with a system controller. EX[1007] ¶116.

Moreover, DeWaal’s central controller is a “system” controller because it “remotely controls any games (or other suitable interfaces) and the gaming device is

utilized to display such games (or suitable interfaces) and receive one or more inputs or commands from a player, such as in a “thin client” configuration. EX[1004] ¶[0123]; *see also id.* ¶[0088].

In such a configuration, a POSITA would likewise understand that DeWaal discloses a plurality of gaming devices in communication with a system controller “through which one or more players participate in the multi-outcome wagering event.” EX[1007] ¶118. For example, DeWaal discloses that, in addition to the “thin client” configuration, the “central controller” causes “the system gaming machine to provide a multi-round bonus event to a plurality of players” and “enables each eligible player to make an input in association with the plurality of outcomes in each round as indicated by block 108.” EX[1004] ¶¶[0124], [0129]. A POSITA would understand that the central controller enabling players to make inputs of the selected outcomes of the bonus event via the gaming devices constitutes “participat[ing] in the multi-outcome wagering event” through the central controller and the gaming device. EX[1007] ¶118.

A POSITA would understand that the claimed “trading exchange module” is software that initiates the cash out offer by generating and publishing the offers based on the ’338 Patent, which describes an analogous⁷ “trading engine” as follows:

Offers Generation routine 452 is the ***trading engine*** that, when

⁷ The ’338 Patent specification does not recite or describe a “trading exchange module.”

triggered, will ***generate a set of offers*** over all of the tickets that are still potential winners and then publish the offers and ***receive/process the acceptance of these offers*** via the Merchant API 420.

EX[1001] 9:9-14. DeWaal discloses such a “module” included in its central controller. Specifically, DeWaal discloses that the central controller initiates a cash out offer by offering “each advancing player an additional award to quit the bonus event,” which a POSITA would have understood to be performed by software. EX[1004] ¶[0141]; EX[1007] ¶120.

DeWaal also discloses that display devices on its gaming machines “display” a buy-out offer as discussed in §IX.A.1(a) *supra* regarding “present[ing]” a buy-out offer. This buy-out offer is displayed “after the multi-outcome wagering event begins” because, as discussed in that same section, the offer is “displayed” after “ROUND 1” (*i.e.*, after the start of the bonus event). EX[1004] ¶[0146].

DeWaal also discloses that “the processor of each gaming device is designed to transmit and receive events, messages, commands or any other suitable data or signal between the individual gaming device and the central server” and that when a player accepts the offer to quit, “the central controller provides these players with the accumulated awards associated with the first and second rounds.” EX[1004] ¶¶[0084], [0159]. Thus, DeWaal’s gaming machines also include “input devices” for “receiving an acceptance” of the buy-out offer because DeWaal discloses that the

central controller receives input signals regarding player selections during the bonus event and the central controller takes specific and direct actions in response to a player accepting the offer to quit. EX[1007] ¶128.

DeWaal also discloses gaming machines with a “user output” that issues “a credit, tokens, currency or an award” because DeWaal discloses how, “[i]f any of the players quit the bonus event, the central controller provides these players with the **accumulated additional awards** associated with the first and second rounds.” EX[1004] ¶[0159]. As shown in Figure 7 and explained in ¶[0142] of DeWaal, these “awards” may be issued in the form of dollars (*i.e.*, “currency”):

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.

Id. Figure 7, ¶[0142] (describing “an award portion of **\$10**”). In addition, DeWaal discloses that a player “may push the cash out button and cash out to receive **a cash payment or other suitable form of payment** corresponding to the number of remaining credits.” EX[1004] ¶[0060]. DeWaal therefore discloses limitation

1[b]. *Id.* ¶¶113-130.

(c) *Limitation 1[c]*

DeWaal discloses a “multi-outcome wagering event for one or more players” that is “comprised of the defined number of legs,” as set forth in §IX.A.1(a) *supra* as to limitation 1[a]. DeWaal also discloses “initiating” such a wagering event because it discloses how its “central controller ... **cause[s] the system gaming machine to provide** a multi-round bonus event to a plurality of players.” EX[1004] ¶[0124]; *see also id.* ¶[0126]. DeWaal also discloses how its central controller “causes a display device ... to display the bonus event to ... eligible players” only after “a suitable triggering event occurs.” *Id.* ¶¶[0109], [0119]; *see also id.* ¶[0139] (equating “initiated” and “triggered” with respect to the bonus event).

In addition, DeWaal discloses that “one or more jackpots, or a portion thereof, is awarded” because DeWaal discloses that players in its bonus event may compete for “a designated award, such as **a top-level award** or an award or relatively high value,” which may include a “**pool**” or a “**progressive jackpot[]**.” *Id.* ¶¶[0087], [0102], [0187]. And DeWaal discloses that such jackpots are awarded “at least where a particular number of the defined number of legs are completed” because DeWaal discloses that “players must pick a designated outcome (i.e., a winning outcome) **in each round** to win all or a share of an award associated with the bonus event.” *Id.* ¶[0119]. This portion of limitation 1[c] also is disclosed for the same reasons a “wagering event [that] comprises a defined number of legs” is disclosed

in limitation 1[a], as set forth in §IX.A.1(a) *supra*. Thus, DeWaal discloses limitation 1[c]. EX[1007] ¶¶131-136.

(d) *Limitation 1[d]*

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” because DeWaal discloses that its wagering machines include a “payment acceptor,” such as a coin slot 26 and a payment, note or bill acceptor 28, where the player inserts money, coins or tokens.” EX[1004] ¶[0057]. DeWaal also discloses how wager selections may be input by a player “via any suitable input device of the gaming machine, such as a touch screen,” and that they are received by the central controller via wagering machines as claimed. *Id.* ¶[0129]. Submitting a wager as described by DeWaal demonstrates an outward manifestation of the player’s “desire” to participate in an event. EX[1007] ¶141. For example, DeWaal discloses how the amount wagered is entered at the gaming device and sent to an on-line accounting system via the gaming machine in response to a wager amount input by the player. EX[1007] ¶¶138; EX[1004] ¶¶[0094]-[0096].

In addition, DeWaal discloses that “the wager coincides with each of the defined number of legs” because DeWaal discloses how players of its bonus event “***make an input*** in association with the plurality of outcomes ***in each round*** as indicated by block 108” of process 100. EX[1004] ¶[0129]. Thus, DeWaal

discloses limitation 1[d]. EX[1007] ¶¶137-142.

(e) *Limitation 1[e]*

DeWaal discloses “*generating a record reflecting the wager associated with the player at the system controller*” because DeWaal discloses how its “real-time or on-line accounting and gaming information system” (which coupled to the system controller, as set forth in §IX.A.1(b) *supra*) includes a “player database” and a “player tracking system” that “tracks ... amounts wagered, ***average wager amounts and/or the times these wagers were placed***” by a particular player. EX[1004] ¶[0094], ¶[0096]. The “player tracking system” also may include “the player’s ***recent*** gaming sessions.” *Id.* ¶[0096]. The “player tracking system” necessarily generates some form of persistent “record” to track such things as “average wager amounts,” “the times ... wagers were placed,” and “recent” gaming sessions. EX[1007] ¶144. DeWaal therefore discloses limitation 1[e]. *Id.* ¶¶143-145.

(f) *Limitation 1[f]*

DeWaal discloses how its “***central controller receives*** a signal from gaming machines in the gaming system corresponding to ***an input from each player in each round***,” and that those inputs by the players for each round are the players’ selections “from a plurality of potential ***outcomes***” in each round such that the input signals received by the central control correspond to “an outcome” for each round of the multi-round bonus event. EX[1004] ¶[0013]; *see also id.* ¶[0129] (“The central controller enables each eligible player to make an input in association with the

plurality of **outcomes** in each round as indicated by block 108” in FIG. 3).

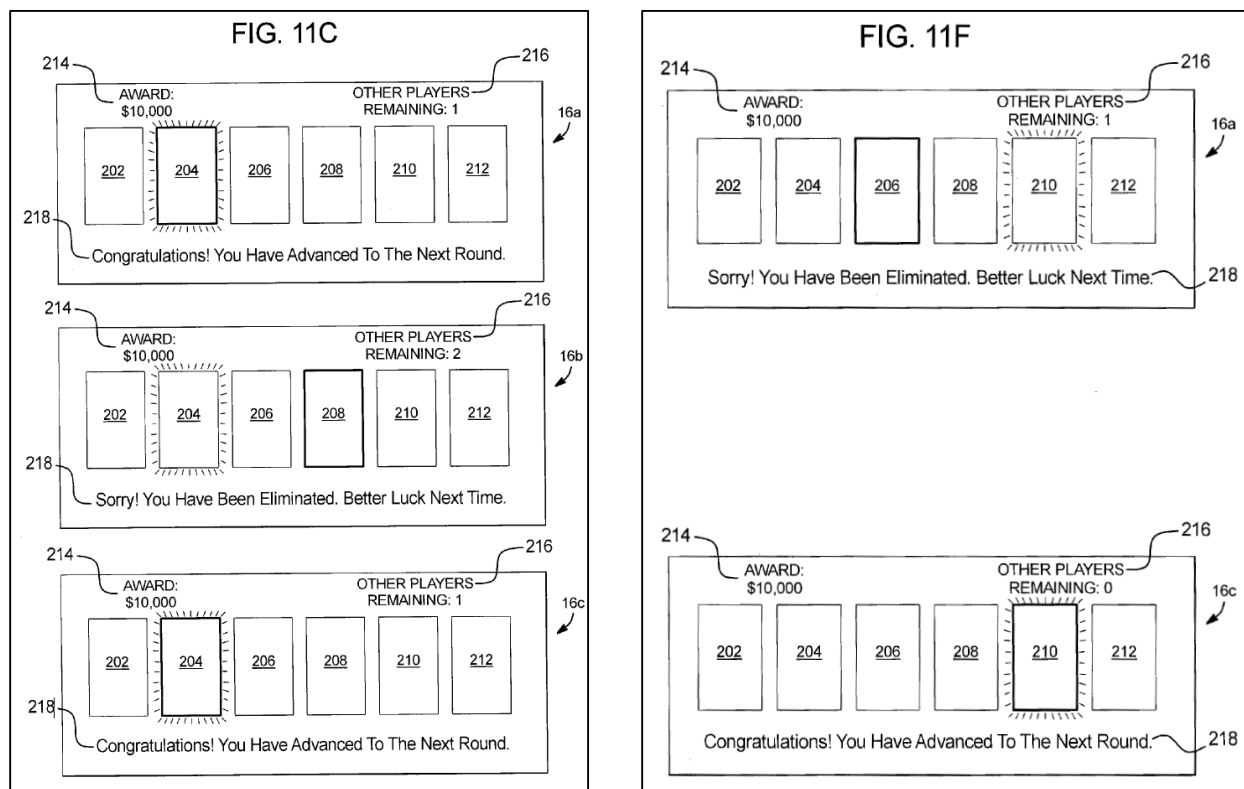
A POSITA would understand that selecting a **potential** outcome is still selecting an “an outcome” in the context of the multi-outcome bonus event of DeWaal, where each leg of the event has more than one possible outcome. EX[1007] ¶148. This understanding is confirmed by the ’338 Patent itself, which states that “players ... select the **outcomes of each leg**” before that leg is complete. EX[1001] 2:10-15; *see also id.* 12:63-65 (referring to “the selected **outcome** of each of the games/matches/legs of the pool wager”).

Regardless, DeWaal also discloses how “the **results** of the first round ... may be stored” at the completion of that round and then used by the “central controller ... to determine a winning player and/or an amount of the award for the second round.” EX[1004] ¶[0164]. A POSITA would understand that this necessarily involves “receiving” these results. EX[1007] ¶150. DeWaal therefore discloses limitation 1[f]. *Id.* ¶¶146-150.

(g) *Limitation 1[g]*

DeWaal discloses “*generating ... the outcome of each of the defined number of legs*” because DeWaal discloses how its “central server or controller randomly **generates a game outcome** for the secondary game based on probability data.” EX[1004] ¶[0086]. This “secondary game” is a multi-round bonus event. *See, e.g., id.* ¶[0004]. And DeWaal discloses providing different “outcomes” for the different rounds of its bonus event. *See, e.g., id.* ¶[0011].

DeWaal discloses “causing display ... to a player” of these outcomes “via the one or more wagering input devices” because it discloses “how the generated or selected game outcome is to be **presented or displayed** to the player,” and how such an outcome “is ... determined by the central server or controller and **communicated to the initiated gaming device** to be presented or displayed to the player.” EX[1004] ¶[0088]. This process is repeated for “each of the defined number of legs,” as depicted in Figures 11C and 11F and disclosed in paragraphs [0178]-[0179] of DeWaal:



Id. Figures 11C and 11F, ¶¶[0178]-[0179]. Thus, DeWaal discloses limitation 1[g]. EX[1007] ¶¶151-156.

(h) *Limitation 1[h]*

DeWaal discloses “*identifying one or more players eligible to win each of the defined number of legs*” because it discloses how, “[d]uring play of the selection bonus game, players who pick the designated selection (i.e., a winning outcome) in an initial round may be deemed **eligible** for advancement to a subsequent round,” as depicted by the columns in red and blue boxes in Figure 7 below:

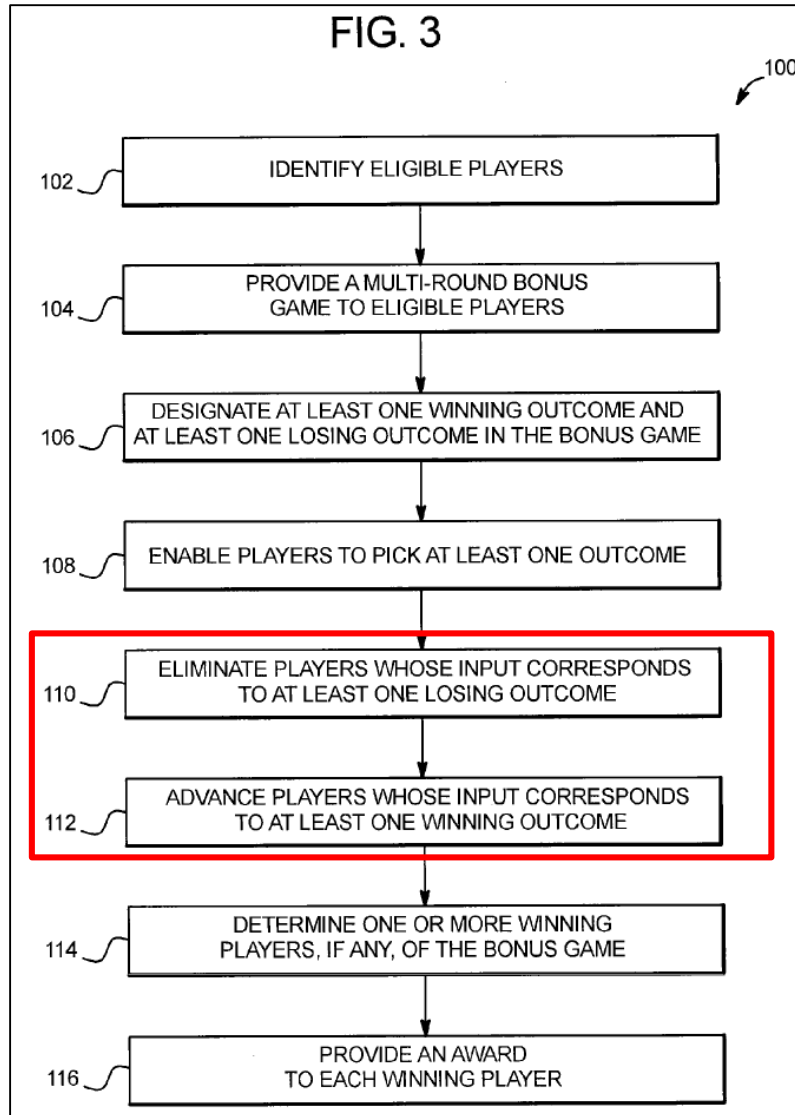
FIG. 7

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.

EX[1004] ¶[0130], Figure 7 (annotated). To remain eligible to “win all or a share of an award associated with the bonus event,” a player “must pick a designated outcome (i.e., a winning outcome) in **each round**.” *Id.* ¶[0119]; ¶[0143]. “[T]his process continues for **each round** until the central controller determines one or more winning players for the bonus event,” as depicted by the steps in the red box in Figure 3 below:



Id. ¶[0143], Figure 3 (annotated).

DeWaal’s discloses how this identification of eligible players as being “*based on the wager from among players participating in the multi-outcome wagering event*” because DeWaal discloses how, “[b]ased on the players’ input,” its “central controller ***designates (or causes a designation of) certain players*** to advance to a subsequent round.” EX[1004] ¶[0130]. This player input includes players’ wagers and selection of an outcome, as set forth in §IX.A.1(d) and §IX.A.1(f) *supra*

as to limitations 1[d] and 1[f]. And it is only those players who provide such input in the first instance that may be deemed eligible for advancement to a subsequent round. *Id.* ¶[0119] (“During any of the plurality of rounds, once a player does not make an input associated with the designated selection, that player is eliminated from the bonus event and disqualified from winning the award.”). For example, a player may accept a cash out offer prior to the last round, as set forth in §IX.A.1(a) *supra* as to limitation 1[a]. DeWaal therefore discloses limitation 1[h]. EX[1007] ¶¶157-162.

(i) *Limitation 1[i]*

DeWaal’s disclosure of identifying players that are eligible to win each round of a bonus event, as set forth in §IX.A.1(h) *supra* as to limitation 1[h], also is a disclosure of “*determining any players eligible to win at least one jackpot or a portion thereof based on the potential outcome of each of the defined number of legs in comparison against the record reflecting the wager from among players participating in the multi-outcome wagering event*” because players are determined to be eligible to win the jackpot or a portion thereof based on whether they make a winning wager. This necessarily involves a “comparison against the record reflecting the wager,” which is created in the manner set forth in §IX.A.1(e) *supra* as to limitation 1[e].

Such a comparison is depicted, for example, in Figure 7, which includes the decreasing number of “eligible players” and “continuing players” and the increasing

“ineligible” players from one round to the next, as indicated by the red and blue boxes below:

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.

EX[1004] Figure 7 (annotations added). It is only the players in the “eligible players” column that are eligible to win the “award” in each round, including a portion of the jackpot (*i.e.*, \$25, \$50, \$200, or \$2,000) prior to the final round or the jackpot itself (*i.e.*, \$10,000) in the final round, as indicated by the orange box above. *Id.* ¶[0141]. Thus, DeWaal also discloses “*wherein players eligible to win at least one leg are eligible to win at least one jackpot or a portion thereof.*” DeWaal therefore discloses limitation 1[i]. EX[1007] ¶¶163-170.

(j) *Limitation 1[j]*

DeWaal discloses “*initiating ... and causing display of at least one of a buy-out offer and partial buy-out offer ... to any number of the one or more players ... at any time before the multi-outcome wagering event has been completed*” by virtue of

its disclosure of “present[ing] ... at least one of a buy-out offer and partial buy-out offer” to “a player” (*i.e.*, **any** number of the one or more players) “prior to completion of all of the defined number of legs,” as set forth in §IX.A.1(a) *supra* as to limitation 1[a]. For example, DeWaal discloses that the “central controller may cause the display device to **display an offer** of \$10 to the advancing players,” and that “[t]he display may include appropriate messages, such as ... ‘YOU MAY QUIT THE BONUS EVENT AND KEEP THE \$10 OR RISK THE \$10 AND PLAY ANOTHER ROUND!’” EX[1004] ¶[0146].

As discussed in §IX.A.1(b) above, DeWaal discloses that this functionality is performed by a trading exchange module implemented in *software* included in its central controller that initiates a cash out offer by offering “each advancing player an additional award to quit the bonus event.” DeWaal ¶ [0141]; EX[1007] ¶¶120, 173. While the offer is “initiated” by this central controller module, DeWaal discloses display “*via the respective one or more displays of the one or more wagering input devices*” because the “display device” on which DeWaal’s buy-out offer is displayed is a component of DeWaal’s gaming machine, as set forth in §IX.A.1(b) *supra* as to limitation 1[b]. See also EX[1004] ¶[0052] (“[T]he gaming device includes one or more display devices controlled by the processor.”).

In addition, DeWaal discloses displaying this offer only as to “*players that are eligible to win at least one jackpot for at least a portion of said at least one jackpot*” by virtue of its disclosure of “determining any players eligible to win at

least one jackpot or a portion thereof based on the potential outcome of each of the defined number of legs,” as set forth in §IX.A.1(h) and §IX.A.1(i) *supra* as to limitations 1[h] and 1[i]. Thus, DeWaal discloses limitation 1[j]. EX[1007] ¶171-193.

(k) *Limitation 1[k]*

This limitation recites “acceptance of the buy-out offer **or** partial buy-out offer” in the disjunctive, and can be satisfied by the acceptance or **either** type of buy-out offer, regardless of whether limitations 1[a] and 1[j] require **both** to be “presented” and “display[ed],” respectively. Thus, DeWaal discloses this limitation regardless of the correct construction of limitations 1[a] and 1[j]. EX[1007] ¶194.

DeWaal discloses “*receiving an acceptance of the buy-out offer via the input for receiving acceptance of the one or more wagering input devices in response to input from a particular number of the players eligible to win at least one jackpot that have accepted the buy-out offer*” because DeWaal discloses how “the processor of each gaming device” and “[t]he processor of the central server” are “designed to **transmit and receive** events, messages, commands or any other suitable data or signal” between each other, including “an *input* from each player in each round” that may include either a selection of an outcome, as set forth in §IX.A.1(f) *supra* as to limitation [f], or acceptance of a cash out offer, as set forth in §IX.A.1(a) *supra* as to limitation 1[a]. EX[1004] ¶[0084], ¶[0129]. For example, DeWaal discloses how, “[i]f fifty players **accept** the offer and quit the bonus event, the central

controller provides these fifty players with an award portion of \$10.” *Id.* ¶[0146]; *see also id.* ¶[0159].

DeWaal also discloses that “*each of the players accepting the buy-out offer will no longer be eligible to exclusively win the at least one jackpot*” and “*wherein each of the players not accepting the buy-out offer will remain eligible to win the at least one jackpot*” because DeWaal discloses how, “[i]f a player **accepts** the offered portion of the award pool, the player is **eliminated** from the bonus event,” and “[i]f a player **rejects** the offered portion of the award, that player risks the offered portion of the award to **play a subsequent round** of the bonus event.” EX[1004] ¶[0146]. This also is set forth in §IX.A.1(a) and §IX.A.1(i) *supra* in limitations 1[a] and 1[i] in the explanation of how DeWaal identifies eligible and ineligible players from one round to another. Therefore, DeWaal discloses limitation 1[k]. EX[1007] ¶¶194-203.

(l) *Limitation 1[l]*

Similar to limitation 1[k], this limitation is recited in the disjunctive, such that it can be satisfied by the acceptance or **either** type of buy-out offer. Thus, for the reasons set forth in *supra* as to limitation 1[k], DeWaal discloses “*accepting the buy-out offer or partial buy-out offer.*” EX[1007] ¶204.

DeWaal also discloses accepting a buy-out offer by “*issuing a credit, tokens, currency or an award*” because DeWaal discloses how, “[i]f any of the players quit the bonus event, the central controller provides these players with the **accumulated**

additional awards associated with the first and second rounds.” EX[1004] ¶[0159]. As shown in Figure 7 and explained in ¶[0142] of DeWaal, these “awards” may be issued in the form of dollars (*i.e.*, “currency”):

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.

Id. Figure 7, ¶[0142] (describing “an award portion of **\$10**”). As discussed in §IX.A.1(b), DeWaal discloses issuing this award via a “user output” of the gaming machine. EX[1004] ¶[0060]. Thus, DeWaal discloses limitation 1[l]. EX[1007] ¶¶204-208.

(m) *Limitation 1[m]*

DeWaal discloses this limitation because it discloses “completing the remainder of the defined number of legs to finish the multi-outcome wagering event” by “advanc[ing] any remaining eligible players to a subsequent round until the remaining award pool is provided to one of the remaining eligible players.” EX[1004] ¶[0147]. This is depicted, for example, in Figure 7, as indicated by the red box

around the “advancing players” column below:

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.

Id. Figure 7. DeWaal further describes how “the bonus event ends after a designated number of rounds including a final round.” *Id.* ¶[0181]. Thus, DeWaal discloses limitation 1[m]. EX[1007] ¶¶209-210.

(n) *Limitation 1[n]*

DeWaal discloses this limitation because DeWaal discloses how, “[i]n the final round, the central controller determines **one or more winning players, if any**, of the bonus event.” EX[1004] ¶[0132]; *see also* EX[1007] ¶187. DeWaal also discloses the awards for winning bonus events as a “progressive jackpots.” EX[1004] ¶[0102].

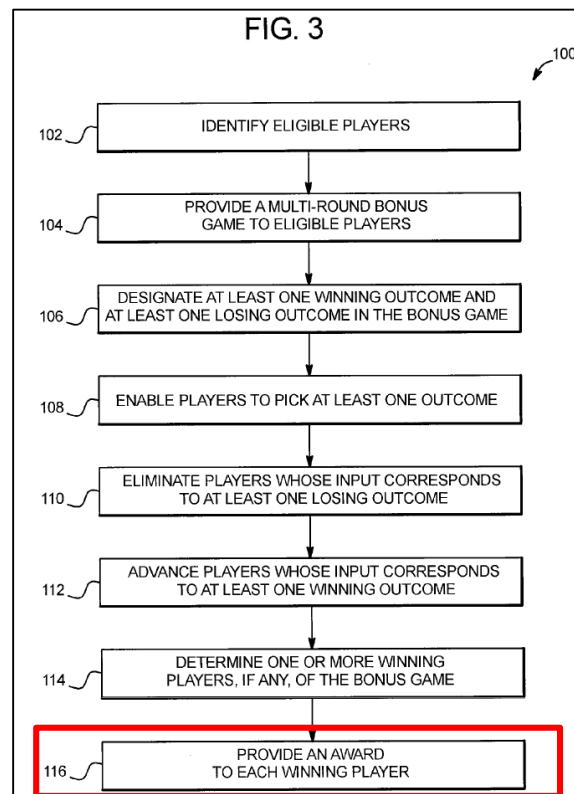
(o) *Limitation 1[o]*

DeWaal discloses this limitation by disclosing the that, when a player “wins the award (i.e., \$10,000) of the bonus event,” which is the top level jackpot for this

example bonus event, “appropriate messaging may be provided to the players visually, or through ... audiovisual displays,” such as “CONGRATULATIONS! YOU HAVE WON \$10,000.” EX[1004] ¶[0179]. DeWaal discloses displaying this “messaging” on a display device of the respective gaming machines. DeWaal ¶[0175]. DeWaal therefore discloses limitation 1[o]. EX[1007] ¶¶212-214.

(p) Limitation 1[p]

DeWaal discloses this limitation because it discloses how “[i]n the ***final round***, if one of the remaining players makes an input that is associated with the winning outcome, the central controller ***provides that player (or causes the player to be provided) with the award.***” EX[1004] ¶[0012]; see also EX[1007] ¶189. This step is depicted in in Figure 3 of DeWaal, as indicated by the red box below:



EX[1004] Figure 3. DeWaal discloses that this “award” may be a “jackpot” issued in the form of “currency,” dispensed via a “user output” of the gaming machine as set forth in §IX.A.1(l) *supra* as to limitation 1[l]. EX[1007] ¶¶215-217.

2. Claim 4

As discussed in §IX.A.1(a), DeWaal discloses a multi-outcome “bonus event” with a defined plurality of rounds, or legs. DeWaal further discloses that each leg in the plurality of rounds of the bonus event is a “wagering event” that requires a player to make an individual selection (i.e., wager). DeWaal ¶ [0129]. Therefore, since the bonus event includes “a plurality of rounds,” a POSITA would understand that the bonus event comprises a plurality of *entire* “wagering events,” and that the bonus event also includes a plurality of *partial* wagering events—one for each leg. EX[1007] ¶¶219-221.

DeWaal also discloses that its “bonus event includes, but is not limited to, reel/slot games, card games (e.g., poker, blackjack), lottery games, selection games, offer and acceptance games, wheel games, dice games, free spin games, competition games, skill games, perceived skill games or games that include one or more rounds of game play.” EX[1004] ¶[0108]; *see also id.* ¶[0127]. A POSITA would understand the enumerated examples can be implemented as both “real games” with mechanical gaming devices or “virtual games” with computer implementation. EX[1007] ¶¶222-224.

DeWaal also discloses a “wager that comprises a potential outcome for each

of the legs” because players of the bonus event “***make an input in association with the plurality of outcomes in each round***” as discussed in §IX.A.1(d) *supra*. EX[1004] ¶[0129]; EX[1007] ¶227. Accordingly, DeWaal discloses this claim. EX[1007] ¶¶218-227.

3. Claim 5

DeWaal discloses Claim 4, from which this claim depends, for the reasons set forth above in §IX.A.2. That section addressed DeWaal’s disclosure that “***the bonus event includes***, but is not limited to, reel/***slot games***, card games (e.g., ***poker***, poker, blackjack), ***lottery games***,” which also demonstrates DeWaal’s disclosure of “one or more” of the disjunctively recited elements of this claim: “slot machines, ... poker, ... [or] lotteries.” EX[1004] ¶[0108]. DeWaal therefore discloses Claim 5. EX[1007] ¶¶228-236.

4. Claim 7

DeWaal discloses wagering devices that include at least “gaming machines,” among other enumerated devices disjunctively listed in this claim. EX[1004] ¶[0042]; EX[1007] ¶¶244-246.

5. Claim 8

DeWaal discloses monetary awards and prizes in the form of a designated currency, such as an award of “\$10,000” U.S. dollars, among other enumerated jackpots listed in this claim. EX[1004] ¶¶[0141], [0169]; EX[1007] ¶¶247-248.

6. Claim 9

A POSITA would have understood that DeWaal's bonus event is an accumulator or parlay-type of wagering event because both types of wagers involve placing a single wager that contains multiple individual sub-wagers linked together and where each sub-wager selection must be correct in order to win the bet. EX[1007] ¶251-252; *see also* EX[1001] 23:6-10, 23-30. This is identical to DeWaal's bonus event, where players must make multiple, individual selection (*i.e.*, sub-wagers) on the outcome of each round of the bonus event, and each individual selection must be correct in order for the player to advance to the next round and possibly win the final accumulated award (*i.e.*, jackpot). EX[1004] ¶[0119]; EX[1007] ¶¶251-252.

DeWaal also discloses that the bonus event (*i.e.*, wagering event) is a "multi-round selection game that includes ***a plurality of rounds*** and a number of available outcomes in each round" (DeWaal ¶ [0119]) such that the wager for DeWaal's bonus event comprises "multiple wagers." EX[1007] ¶250.

7. Claim 13

See supra §IX.A.1(j).

8. Claim 19

(a) 19[a]

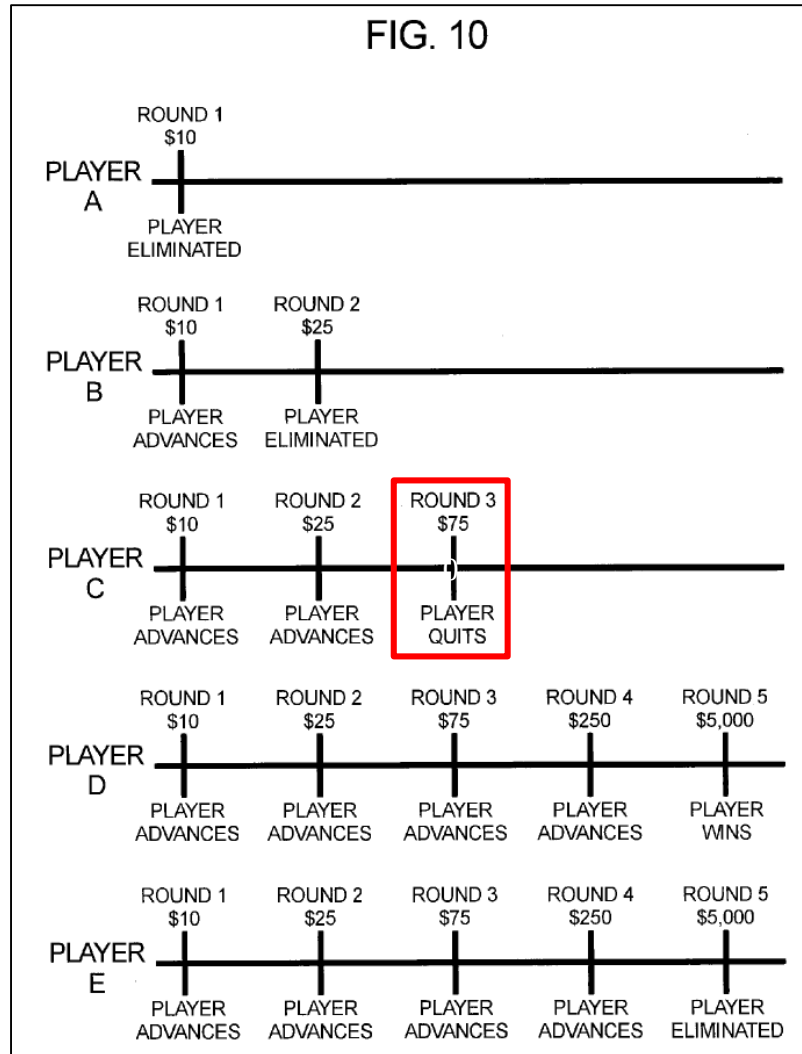
As an initial matter, Claim 1, from which this claim depends, does not recite a "wagering apparatus," a "proposal," or a "server system controller" as recited here. Nevertheless, it is assumed that "the proposal" refers to the "buy-out offer and partial

buy-out offer” that are initiated and displayed to a player, which are disclosed in DeWaal as discussed with regard to limitation 1[j] in §IX.A.1(j). It is also assumed that “the server system controller” refers to the “system controller” recited in limitation 1[b] and is therefore also met by DeWaal’s central controller or server as discussed in §IX.A.1(b). Thus, DeWaal discloses “acceptance of the proposal by the one or more players” for the same reasons discussed in §IX.A.1(j) *supra* as to acceptance of a buy-out offer in limitation 1[j].

A POSITA would understand that the four following elements 19[b]-19[e] are disjunctively recited options based on the intrinsic record as a whole and limitation 19[a]’s use of the term “at least one or more of.” EX[1007] ¶295. Thus, Claim 19 is disclosed based on DeWaal’s further disclosure of limitation 19[d].

(b) 19[d]

DeWaal discloses “relinquishing rights” in the bonus game upon acceptance of the “proposal” because DeWaal teaches that “the player is ***eliminated*** from the bonus event” after accepting the offer to quit and is no longer eligible to win the final award. EX[1004] ¶¶[0146], [0141]. In addition, as discussed in §IX.A.1(a) *supra* with regard to DeWaal’s Figure 10 (reproduced below), the rights are relinquished “before the event has been completed” because DeWaal teaches that Player C relinquishes rights in the bonus event in the third round, but the wagering event was not completed until the fifth round:



EX[1004] Figure 10 (annotated); *see also id.* ¶¶[0157]-[0160]. DeWaal therefore discloses Claim 19. EX[1007] ¶¶296-299.

9. Claim 32

Claim 32 is substantially identical to Claim 1, except for certain trivial distinctions discussed below. DeWaal therefore discloses each limitation of Claim 32 for the reasons discussed above with regard to the substantially parallel limitations of Claim 1. *See supra* §§IX.A.1(a)-IX.A.1(p); EX[1007] ¶¶316-340.

(a) *Limitation 32[b]*

This limitation parallels limitation 1[b] but adds a “buy-out input” that receives the claimed acceptance, instead of an “input.” The input devices of DeWaal’s gaming machine, such as the touch screen, satisfy this element because the touch screen receives user input designating acceptance of the buy-out offer as set forth above in §§IX.A.1(k), and IX.A.1(b), *supra*. EX[1007] ¶317.

(b) *Limitation 32[j]*

This limitation parallels limitation 1[j], but adds “***selectively causing*** ... display” of the buy-out offer and that “said displayed buy-out offer or partial buy-out offer including a request for acceptance via user input to the respective buy-out input.” DeWaal discloses selective display of a buy-out offer because the offer is *selectively* only presented to “*advancing* player[s]”—not players that lost a prior round and are no longer eligible. EX[1004] ¶[0144].

A POSITA would also understand DeWaal’s disclosed example buy-out message and offer and acceptance feature discussed in §IX.A.1(a) to include a “request for acceptance” because the offer is part of an “offer and acceptance” feature and an offer, by its nature as an offer, is something that a player may accept or reject as desired, such as by touching the corresponding location on the touchscreen indicating acceptance of the offer. EX[1007] ¶329; EX[1004] ¶[0061].

(c) *Limitation 32[k]*

This limitation parallels limitation 1[k] but adds that the acceptance of the

buy-out offer is received “responsive to the request for acceptance.” DeWaal discloses this as set forth in §IX.A.1(k) regarding the processor of the gaming device transmitting messages to the central server, such as a “request for acceptance,” responsive to user input to the gaming machine. EX[1007] ¶¶330-331.

(d) Limitation 32[m]

This limitation parallels limitation 1[m], but adds that the remaining legs are completed to finish the event “based on a number of eligible players remaining after each acceptance.” DeWaal discloses this. Since players that accept the buy-out offer “quit the bonus event” and only eligible players that reject the buy-out offer may advance to the next round, a POSITA would understand that the bonus event is “complet[ed] ... based on a number of eligible players remaining after each acceptance received.” EX[1007] ¶335. Indeed, DeWaal discloses that “if no players advance to a final round, the bonus event ends,” thus demonstrating that completion of the wagering event is based on the number of eligible players remaining. DeWaal ¶ [0023]; EX[1007] ¶¶335-337.

B. Ground 2: Claims 1, 4-15, 17-19, 32 Are Rendered Obvious by DeWaal in view of Schugar

If it is determined that “at least one of a buy-out offer and a partial buy-out offer prior” in limitations 1[a], 1[b], 1[j] and the parallel limitations of Claim 32 is written in the conjunctive (*i.e.*, requires both a “buy-out offer” **and** a “partial buy-out offer”), as Applicant argued during the prosecution of the ’338 Patent’s parent

(see *supra* §V.C), or if it is determined that DeWaal does not disclose a full “buy-out” offer, the Challenged Claims are rendered obvious by DeWaal in view of Schugar. Specifically, Schugar discloses both a “buy-out offer” **and** a “partial buy-out offer,” to the extent required by these limitations and certain other dependent claims as discussed herein. EX[1007] ¶¶86-88, 107-112, 181-188.

For example, while Petitioner maintains that DeWaal discloses limitations 1[a], 1[b], and 1[j] (and corresponding limitations of other claims) for the reasons set forth in §§IX.A.1(a), IX.A.1(b), and IX.A.1(j) *supra*, these and other limitations also are disclosed in Schugar and can be relied upon to further demonstrate that the Challenged Claims are invalid as obvious over DeWaal in view of Schugar.

1. Limitations 1[a], [b], and [j], 32[a], [b], and [j], and Claims 12 and 13 – Schugar Discloses Both a “Buy-out Offer” and a “Partial Buy-Out Offer”⁸

Schugar discloses that, “[w]hen the 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]. In addition to **fully** “cash[ing] in” a bet and “surrender[ing]” it, “[t]he player can also bank **a portion** of the expected profit the player has earned for later use.” *Id.*

⁸ Though not individually addressed below, because the proposed combination impacts limitations of the independent claims, each dependent claim analyzed in §IX.A *supra* is also rendered obvious by DeWaal and Schugar for these same reasons.

¶¶[0078]-[0079].

For example, in one disclosed embodiment where a player has placed a \$100 wager, “the house can take a portion of the player’s wager (such as 10%), so that the player now has \$90” wagered on the event, and “[t]he taken portion can be stored for later redemption by the player” and “can be accumulated and dispersed to the player at a later time.” *Id.* ¶[0079]. The banked portion can be “redeemed for cash instantly” or “redeemed for cash at a later time.” *Id.* ¶[0083]. In this way, the player can “***continue to wager***, but limit his losses by ensuring that some amount is still saved for later.” *Id.* ¶[0079]; EX[1007] ¶107.

Schugar suggests that this technique is widely applicable to other wager types, such as “sporting events, either at intervals on individual games or series of games.” EX[1005] ¶[0072]; EX[1007] ¶¶108-109. For example, Schugar discloses accepting a full or partial buy out in a seven-game series like the baseball World Series, or a four-quarter football game like the Patriots versus the Giants. EX[1005] ¶[0072], ¶[0120], ¶[0126]. In the seven-game series, “[a]fter each game in the series ... payout odds for each team winning the series can change to reflect the current conditions (as described herein and/or known in the art) and players can make wagers during the series.” *Id.* ¶[0072]. And in a four-quarter football game, a similar modification of payout odds is performed at halftime. *Id.* ¶[0126]; *see also id.* ¶[0120].

Schugar also discloses *accepting* a partial buy-out offer as implicated in at

least limitations 1[g] and 26[g]. In one example, a player accepts an offer for a 10% buy-out of a \$100 wager (*i.e.*, \$10), which the player can “bank[] ... for later redemption” while “continu[ing] to wager” with the remaining 90% (*i.e.*, \$90). *Id.* ¶[0079].

2. Motivations to Combine

As an initial matter, DeWaal and Schugar are analogous art because both are directed to directed to cashing out a wager before the completion of a multi-leg wagering event using a networked electronic betting system. *See supra* §§VIII.A-VIII.B, VIII.C; EX[1007] ¶¶63-73. And the multi-round bonus events taught by DeWaal naturally align with the multi-game (*e.g.*, the World Series) and multi-quarter (*e.g.*, a football game) sporting events taught by Schugar. EX[1007] ¶¶109, 182. Thus, a POSITA would have looked to Schugar to address the “continuing need to provide new and different gaming machines and gaming systems as well as ***new and different ways to provide awards to players including bonus awards***” described in DeWaal. EX[1004] ¶[0008].

In view of this need, and Schugar’s explanation that “[a] player may find it ***attractive*** to be able to accumulate (or ‘bank’) ***a portion*** of a positive expectation situation for later redemption” (EX[1005] ¶[0077]), a POSITA would have been motivated to improve the system and method of DeWaal by including Schugar’s offer of a partial cash-out (EX[1007] ¶¶86-89, 112, 184-193). As Schugar explains, providing the additional option of a partial cash-out keeps players more engaged

because it allows them to “continue to wager, but limit his [or her] losses by ensuring that some amount is still saved for later.” EX[1005] ¶[0079]. The ability to partially cash out a portion of a bet also allows players to place additional bets that can put them “in a no-lose situation” so that they “can relax and enjoy the game without worry.” *Id.* ¶[0126]. Not only is such a feature beneficial for the player, it also benefits the house—“[t]he house makes money ... and the player gets the peace of mind of the sure win.” *Id.* ¶[0078]. Thus, Schugar itself provides an express motivation to combine its partial cash-out with DeWaal’s betting system and method.

Specifically, a POSITA would have been motivated to modify DeWaal’s system and method for providing a bonus event, and in particular the offer and acceptance feature thereof, to add Schugar’s ability to partially cash out a portion of a wager and keep playing the wagering event but with a lower expectation/paytable. EX[1007] ¶187. For example, when DeWaal’s system provides the player with the offer to fully quit in exchange for some value, a POSITA would expect the system to also present the alternative offer to partially quit or cash out and continuing playing the bonus event in exchange for a different (*e.g.*, reduced) pay table with “appropriate messaging” as described in DeWaal. *Id.* ¶180; EX[1004] ¶[0146]. In the combination, DeWaal’s ability to fully cash out a player’s wager and eliminate them, and Schugar’s ability to partially cash out a player’s wager but allow them to keep playing, are alternatives that compliment, rather than interfere with, one

another. EX[1007] ¶188.

The computerized instructions for providing such appropriate messaging, receiving user input in response to the partial buy-out offer, and sending the appropriate signals to DeWaal's controller in response thereto would parallel and could be bundled with, the existing instructions for handling DeWaal's offer to fully quit functionality. EX[1007] ¶187. The only new feature that would have to be added is to DeWaal's server would be a method to reduce or change the partially cashing out player's pay table to credit the amount of the wager that was cashed out, but as Schugar's examples demonstrate, such a function involves only basic math that is well within the capabilities of a POSITA, who would anticipate success with the combination. *Id.*; EX[1005] ¶[0120] ("Therefore, \$1.52 can be subtracted from the \$100 original wager to result in a \$98.48 wager remaining on the Yankees."). These are routine computer functionalities—"[n]o specialized or advanced computer programming skills would be required" to make the combination. EX[1007] ¶187. If a partial buy-out is accepted and the player goes on to win the remaining rounds of DeWaal's bonus event, DeWaal's system would simply award the portion of the bonus award according to the modified pay table as taught by Schugar in satisfaction of the remaining limitations. *Id.*

DeWaal provides additional motivation in its discussion of how "enabl[ing] players to make inputs or choices that affect the award provides **increased excitement** and enjoyment for players because the players are provided with the

ability to make inputs or choices in the bonus game that affect the outcome of the bonus game.” EX[1004] ¶[0012]. A POSITA would have therefore been motivated to add additional ways to increase excitement and enjoyment for players, including through the addition of Schugar’s partial buy-out option. EX[1007] ¶190. By contrast, a player might be discouraged from using or hesitant to use DeWaal’s full cash out feature because accepting the offer would remove the player from the bonus event and leave them worrying if they could have won more had they rejected the offer and remained in the bonus event. *Id.*

The limitations “wherein a player 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” and “initiating ... and causing display” of the same would also have been obvious because it is only a combination of prior art elements according to known methods to yield predictable results. See EX[1007] ¶186. For example, a POSITA could have combined DeWaal’s offer to fully surrender or cash out a player’s wager and Schugar’s offer to cash out a portion of a players wager by simply adding standard machine readable and executable instructions to DeWaal’s controller and adding the ability to partially cash out to the graphical user interface of DeWaal’s gaming machine, as would be known by a POSITA. *Id.* ¶187. The computer instructions to handle providing the partial cash out offer on the display of the gaming device, receive a user input in response to the offer, send a signal to the central controller from the gaming device indicating the player’s choice in response

to the offer would have paralleled those, and likely could be easily bundled with, the existing signals and methods in DeWaal for handling the full cash-out offer (*i.e.*, the offer to quit). *Id.*

Regarding the limitation of “receiving an acceptance of the buy-out offer or partial buy-out offer” from the eligible players, a POSITA would understand that in the combination of DeWaal and Schugar described herein, DeWaal’s central controller would receive an acceptance of the partial buy-out offer from the eligible players that have accepted it in the exact same manner that DeWaal already discloses with respect to its full cash-out offer. EX[1007] ¶201. As described above, because DeWaal already discloses receiving an acceptance of a full cash-out offer, the additional instructions for handling the partial cash-out offer of Schugar would be minimal, and the signals could be bundled with those that already implement DeWaal’s offer and acceptance feature. *Id.* In this regard, a POSITA would recognize that, because DeWaal’s system is capable of receiving the claimed acceptance with respect to a full cash-out offer, it would also be capable of receiving an acceptance to partially quit or cash out, as disclosed in Schugar. *Id.*

In the combination proposed herein, DeWaal’s full cash-out offer and Schugar’s partial cash-out offer would not interfere or obstruct one another in any way and would perform the identical functions as they do individually. EX[1007] ¶188. Adding Schugar’s ability for partially cashing out simply adds another choice or selection for the user to make, and DeWaal’s system for providing a bonus

event with an offer and acceptance feature would be compatible with Schugar's partial cash-out functionality. *Id.* Further, the results of the combination are entirely predictable and expected—the system would provide the option to fully cash out the players wager and end the player's participation in the bonus event, as described in DeWaal, as well provide the option to partially cash out the players wager and continue participating in the bonus event, as described in Schugar. *Id.* In other words, the two options, while both related to the ability to capitalize on a player's equity position in the bonus event, largely operate independent of one another as separate options and choices for the user to make. *Id.*

Furthermore, a POSITA would have a reasonable expectation of success in adding Schugar's ability and offer to cash out a portion of the player's wager to DeWaal's offer and acceptance feature of the bonus event because both references teach that these techniques are useful and practicable in the same types of multi-round or multi-stage games. *See* EX[1007] ¶192; EX[1004] ¶¶[0104], [0127]; EX[1005] ¶[0075]. Further, just as each round of the bonus event in DeWaal is associated with a progressing potential award, each game state in Schugar “may have a different expected return for the player based on the player's wagers and the current game state.” EX[1005] ¶[0054]. A POSITA would have therefore found the combinations of DeWaal and Schugar discussed herein to be obvious.

3. Claim 4

As discussed in Ground 1 above, DeWaal discloses the configurations of

wagering events, legs, and types of wagering events recited by this claim. *Supra* §IX.A.2. The application of Schugar’s partial buy-out teachings is compatible with these bonus events and does not otherwise impact DeWaal’s teaching of these limitations. *Supra* §IX.B.2. The combination therefore renders this claim obvious. EX[1007] ¶¶218-227.

4. Claim 5

As discussed in Ground 1 above, DeWaal discloses slot machine game, poker, lotteries, in addition to other enumerated games. *Supra* §IX.A.3. The application of Schugar’s partial buy-out teachings is compatible with these games and do not otherwise impact DeWaal’s teaching of these limitations. *Supra* §IX.B.2. The combination therefore renders this claim obvious. EX[1007] ¶¶228-236.

5. Claim 6

The combination of DeWaal and Schugar teaches a “buy-out offer ***and*** partial buy-out offer,” as discussed in §IX.B.1-2. In addition, both DeWaal and Schugar teach buy-out offers that are “variable.” For example, DeWaal discloses that “the results of the first round (i.e., which players advance to the second round or which players win the award or a portion of the award) may be stored. The central controller is operable to determine a winning player and/or ***an amount of the award for the second round based on this stored information.***” EX[1004] ¶[0164]. Thus, DeWaal’s buy-out offer (i.e., “award for the second round”) is variable, based on the

number of the “one or more players” advancing to the next round. EX[1007] ¶239.⁹

As also discussed in §IX.B.2 *supra*, the proposed combination applies Schugar’s teachings to modify the paytables of DeWaal for a *partial* buy-out offer, which would allow a player to partially cash out a portion of a wager and keep playing the wagering event but at a lower payable. EX[1007] ¶187. Thus, the combination teaches “variable” full and partial buy-out offers by further modifying the already variable buy-out offers generated by DeWaal partial buy-outs.

6. Claim 7

As discussed in Ground 1 above, DeWaal discloses wagering devices recited by this claim. *Supra* §IX.A.4. The application of Schugar’s partial buy-out teachings in the combined system is compatible with such devices and does not otherwise impact DeWaal’s teaching of these limitations. *Supra* §IX.B.2. The combination therefore renders this claim obvious.

7. Claim 8

As discussed in Ground 1 above, DeWaal discloses the monetary awards and prizes recited by this claim. *Supra* §IX.A.5. The application of Schugar’s partial buy-out teachings in the combined system is compatible with such awards and does not otherwise impact DeWaal’s teaching of these limitations. *Supra* §IX.B.2. The

⁹ Schugar also independently discloses numerous “variable” full and partial buy-out offers that a POSITA would have been motivated to apply to the combined system. EX[1007] ¶¶241-244 (citing EX[1005] ¶¶[0072], [0101], [0090]).

combination therefore renders this claim obvious.

8. Claim 9

As discussed in Ground 1 above, DeWaal discloses the types of wagers recited by this claim. *Supra* §IX.A.6. The application of Schugar’s partial buy-out teachings in the combined system is compatible with such wagers and does not otherwise impact DeWaal’s teaching of these limitations. *Supra* §IX.B.2. The combination therefore renders this claim obvious.

9. Claim 10

(a) 10[a]-[b]

The ’338 Patent states that “the terms buy-out and cash-in as used herein have the same intended meaning,” and appears to use the terms “in” and “out” with regard to “buying” and “cashing” interchangeably. EX[1001] 29:28-30; *see also id.* 28:28-42; EX[1007] ¶257. A POSITA would therefore understand that the “cash out option” recited in claim 10 is effectively the same as the full and partial “buy-out offer” recited in Claim 1 in that the **offers** provide the player with **options** for cashing out. *Id.* These limitations are therefore met for the reasons discussed in §§IX.A.1(a), IX.A.1(k), and IX.B.1-2, *supra*.¹⁰ EX[1007] ¶257-261.

¹⁰ Patent Owner’s infringement allegations for this claim, which cross-reference back to limitations of Claim 1 reciting a “buy-out” offer, confirm a POSITA’s understanding of this term. EX[1048] at 106; EX[1007] ¶¶257-260.

(b) 10[c]

As discussed in §IX.B.2 *supra*, the proposed combination teaches a system that provides players with an offer to **fully end** the bonus event in exchange for some value, as taught by DeWaal, while also presenting an alternative offer to partially quit or cash out and **continues to participate** in the bonus event in exchange for a different (*e.g.*, reduced) pay table, as taught by Schugar. The combination therefore teaches this limitation. EX[1007] ¶¶262-264, 180.

(c) 10[d]

See supra §IX.A.1(l). EX[1007] ¶¶265-267.

10. Claim 11

Claims 10, and 1, from which this claim depends, recite “methods.” It is therefore assumed that the claimed “wagering apparatus” refers to the system controller DeWaal discloses a “wagering apparatus” and/or the gaming devices previously shown to be disclosed by DeWaal in §§IX.A.1(a) and IX.A.1(b) *supra*. Additionally, as discussed in §IX.B.2, the combination of DeWaal and Schugar teaches a system controller that is programmed to initiate, or generate, and receive a full and partial buy-out option, which, as demonstrated with regard to Claim 10, corresponds to the claimed “cash out option”. Similarly, §IX.A.1(k) and IX.A.1(a) *supra* demonstrate DeWaal’s disclosure of receiving acceptance of a cash out offer via a “wagering input device” such as via DeWaal’s “gaming machines”. The combination of DeWaal and Schugar therefore renders this claim obvious.

EX[1007] ¶¶268-271.

11. Claim 12

See supra §§IX.B.1-2; EX[1007] ¶271.

12. Claim 13

See supra §§IX.B.1-2; EX[1007] ¶272.

13. Claim 14

As discussed in §IX.B.9, the '338 Patent states that whether the offer is referred to as “buying” or “cashing” “in” or “out,” these terms “have the same intended meaning.” Accordingly, this claim is rendered obvious for the same reasons discussed in §§IX.B.1-2.

14. Claim 15

A POSITA would have understood that a “single” as recited in this claim refers to a type of bet in which the bettor bets on a single outcome of a certain event, such as selecting the winner of a card game or the winner of a selection game. EX[1007] ¶277. DeWaal discloses numerous games for its bonus event that constitute a “single” and where a “full cash out” is offered because the disclosed blackjack and lottery games, for example, require betting on a single outcome. EX[2007] ¶279. Schugar also discloses offering a “full cash out” on such a game because Schugar discloses “an even money bet,” such as “+100 moneyline” that “the Yankees will beat the Braves outright.” EX[1005] ¶[0120]. This too is a “single” bet because it is a bet that a single outcome will occur, i.e., the Yankees beating the

Braves outright in a baseball game. EX[1007] ¶280. Thus, the combination renders obvious a configuration in which both full and partial buy-outs are offered and comprise a “full cash out on a single.” *Id.* ¶275-280.

15. Claim 17

See supra §§IX.A.6, IX.B.2; EX[1007] ¶¶281-285.

16. Claim 18

Schugar discloses that the feature of “cashing out a portion of a current bet in progress” can be applied when wagering “on individual games or *series of games*.” EX[1005] ¶¶[0072], [0127]. When implemented in DeWaal’s bonus event comprising multiple legs of, for example, a selection game, Schugar’s partial cash feature teaches “partial cash out on a multiple, accumulator, parlay, or pool” type bet for the same reasons explained above with regard to §§IX.A.6 and IX.B.2 *supra*. EX[1007] ¶¶286-291.

17. Claim 19

As explained in Ground 1, DeWaal discloses “relinquishing rights” of a player in a bonus game upon acceptance of an offer to quit. The combination with Schugar adds the ability to *partially* cash out a wager, and thus only relinquish a portion of those rights. *Supra* §IX.B.2. Specifically, the combined system would modify the offer and acceptance feature of DeWaal’s bonus event to allow a player to bank at least some value and to keep playing in the wagering event but with a lower expectation/paytable, thus retaining some rights while relinquishing a portion.

EX[1005] ¶¶[0077]-[0078]; EX[1007] ¶¶181, 190. Thus, where “the proposal” accepted is a partial buy-out offer, the combination renders obvious this claim.

18. Claim 32

See supra §§IX.A.6, IX.B.2; EX[1007] ¶¶316-340.

X. Secondary Considerations

Petitioner is aware of no evidence of secondary considerations that would meaningfully rebut a finding of obviousness.

XI. Discretionary Denial Is Not Appropriate

A. § 314(a)

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).

B. § 325(d)

The factors considered under the two-step framework established in *Advanced Bionics* (IPR2019-01469, Paper 6 (PTAB Feb. 13, 2020) (designated precedential Mar. 24, 2020)) do not support discretionary denial of this Petition under 35 U.S.C. §325(d). First, this Petition relies on the entirely new prior art of Schugar to meet the “partial buy-out” limitation, which is the only limitation Patent Owner alleged

to be novel over the art of record. The *Advanced Bionics* inquiry therefore fails at step one because no similar art or arguments were presented to the Examiner, who relied on Patent Owner's statements narrowing the Challenged Claims to **require** the "partial buy-out" limitation in line with Petitioner's proposed construction.

Second, the Examiner's decision to allow the claims over a prior art reference that disclosed each and every limitation except a "partial buy-out" is incongruent with Patent Owner's anticipated, litigation-inspired construction, where that limitation is merely an **optional** alternative. If the Board adopts that construction, the Examiner necessarily erred because he applied an overly narrow construction, only faulting the prior art for lacking disclosure of a limitation that need not be met.

Institution is therefore warranted under either Petitioner's or Patent Owner's anticipated construction.

1. Advanced Bionics: Step One

This Petition does not present "substantially the same art" or "substantially the same arguments previously presented to the Office." *See Advanced Bionics*, Paper 6 at 7. While Patent Owner admitted during prosecution that the art of record disclosed "a full buy-out offer" (EX[1003] 86 (emphasis in original)), the prosecution history is devoid of any art or arguments regarding the concept of a *partial* buy-out. Schugar, which was not cited or considered by the Examiner during prosecution, is not "substantially the same" as the prior art of record because it expressly discloses the missing "partial buy-out" concept.

Although U.S. Patent No. 8,105,149 (“DeWaal ’149”)—which issued from the same DeWaal publication that is the primary reference here—was cited by Patent Owner during prosecution (EX[1002] 316), the Examiner did not rely on, cite to, or demonstrate consideration of DeWaal (or DeWaal ’149) in any Office Action. “The fact that [the reference] was not the basis of rejection weighs strongly against exercising [the Board’s] discretion to deny institution.” *Intel Corp. v. Qualcomm Inc.*, IPR2019-00047, Paper 8 at 13 (P.T.A.B. July 9, 2019).

The ’338 Patent’s incorporation by reference of DeWaal ’149 is of no moment. EX[1001] 24:17-20. DeWaal ’149 is merely cited for its description of standard “gaming machines or wager terminals known in the art” that have “computerized instructions” and are therefore suitable for implementing the “concept of the present disclosure.” *Id.* 24:4-31. Critically, the ’338 Patent does not acknowledge, address, or distinguish the key portions of DeWaal regarding buy-out offers and bonus games relied upon here, nor did the Examiner address it. *See, e.g., Weber, Inc. v. Provisur Techs., Inc.*, IPR2019-01467, Paper 7 at 9-13 (PTAB Feb. 14, 2020) (declining to exercise discretion to deny institution where reference was incorporated by reference in the challenged patent because the Examiner never applied or discussed the reference); *Intuitive Surgical, Inc. v. Ethicon LLC*, IPR2018-01247, Paper 7 at 45-47 (PTAB Jan. 15, 2019) (same).

Moreover, even where substantially the same arguments were made during prosecution with respect to the *primary* reference in a Petition, the Board has held

that where “neither [the secondary reference] nor similar prior art was before the examiner ... the prosecution history does not include any overlapping arguments directed to this prior art” under the first prong of *Advanced Bionics. Godbersen-Smith Constr. Co., D/B/A/ Gomaco Corp. v. Guntert & Zimmerman Const. Div., Inc.*, IPR2021-00050, Paper 24 at 20-21 (PTAB May 7, 2021). Where, as here, the Examiner only considered art disclosing a *full* buy-out offer, and not the *partial* buy-out concept disclosed by Schugar, the Board “need not address part two of the [*Advanced Bionics*] analysis.” *Id.*, 21.

2. Advanced Bionics: Step Two

Even if the Board considers step two of *Advanced Bionics*, institution should be granted. As an initial matter, step two is only relevant if the Board adopts Patent Owner’s broader, anticipated construction, where a “partial buy-out” is not required by the claims.¹¹ The Examiner clearly erred under that construction because he interpreted the claims to **require** this allegedly optional limitation, and allowed the claims over the art of record based on that (hypothetically flawed) interpretation.

Specifically, the Examiner interpreted the Challenged Claims in light of

¹¹ As discussed directly above, the prosecution history lacks any evidence of prior art disclosing the partial buy-out concept. But even if any such art were before the Office, it would have been error to fail to consider it in a manner “material to the patentability of the challenged claims” (*Advanced Bionics*, Paper 6 at 8 n.9) given that this limitation was the sole basis for allowance over the art of record.

Patent Owner’s repeated disclaimers in a parent¹² application, stating that the claims “recite a unique ability to offer **both** a buy-out offer **and** a partial buy-out offer,” and distinguishing the prior art of record for “fail[ing] to disclose or even contemplate the claimed capability to provide a ‘buy-out’ **and** ‘partial buy-out’ feature.” EX[1003] 11 (some emphasis added).¹³ In apparent reliance on these disclaimers from the parent application, the Examiner did not issue a single prior art rejection before allowing the Challenged Claims over the art of record. EX[1002] 140-43 (first Office Action without any prior art rejections for Challenged Claims), 43-45 (Notice of Allowance).

In a complete reversal, Patent Owner *now* claims that same “partial buy-out” limitation is merely *optional* in asserting infringement. *See supra* §VII. If Patent Owner’s new interpretation is adopted here, the Examiner committed error in applying a materially narrower and thus improper construction that resulted in allowance over prior art disclosing the full buy-out concept—disclosures that would now be deemed anticipatory under Patent Owner’s anticipated proposal.

Accordingly, the Board should decline to exercise its discretion under 35 U.S.C. §325(d).

¹² As discussed in §VII *supra*, disavowal in a related application is effective against similar limitations in later filed applications.

¹³ These same statements inform Petitioner’s proposed construction here.

XII. Conclusion

Petitioner respectfully requests that IPR of claims 1, 4-15, 17-19, 32 of the '338 Patent be instituted and that the Challenged Claims be cancelled.

Respectfully Submitted,

December 1, 2022

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CERTIFICATE OF SERVICE

In accordance with 37 C.F.R. §§42.6(e) and 42.105, the undersigned certifies that on December 1, 2022, a complete and entire copy of the **PETITION FOR *INTER PARTES* REVIEW OF U.S. PATENT NO. 9,613,338 UNDER 35 U.S.C. §§311-319 AND 37 C.F.R. §§42.100 *ET SEQ.*** (“Petition”) including exhibits and testimony relied upon were served on the Patent Owner at the correspondence address of record for the subject patent and counsel for Patent Owner in the District Court Litigation, as included below:

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CERTIFICATION UNDER 37 C.F.R. §42.24(d)

Pursuant to 37 C.F.R. §42.24(d), the undersigned hereby certifies that the word count under §42.24(a)(1) for the foregoing Petition for *Inter Partes* Review totals 13,150 words, within the 14,000 word limit allowed under §42.24(a)(1)(i).

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