

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

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

v.

DIOGENES LIMITED,
Patent Owner

IPR2023-00268

U.S. Patent No. 11,200,779

PATENT OWNER'S PRELIMINARY RESPONSE

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LISTING OF EXHIBITS

Exhibit No.	Description
EX-2001	Declaration of Olaf Vancura
EX-2002	WO2012/166243 (“Scott 243”)
EX-2003	Letter from J. Lynn to B. Biggs re Sotera Stipulation (Redacted)
EX-2004	Olaf Vancura CV
EX-2005	Olaf Vancura Selected Patents

I. INTRODUCTION

Patent Owner Diogenes Limited (“PO”) submits this preliminary response to the Petition for *Inter Partes* Review (“Petition”) of US 11,200,779 (“the ’779 patent”) (EX-1001), filed by DK Crown Holdings Inc. (f/k/a DraftKings, Inc.) (“Petitioner”).

Petitioner presents two Grounds: (1) anticipation of Claims 1-3, 5-10, 16-18, and 21-25 (“the challenged claims”) by U.S. Patent Application Publication No. 2012/0309489 (“Scott”) (EX-1006); and (2) obviousness of the challenged claims over Scott in view of the general and common knowledge of a person of ordinary skill in the art (“POSITA”).

Petitioner’s Grounds rely entirely on Scott, but Scott fails to teach several elements of all challenged independent claims, including limitations 1[e]-1[g] and 16[i]-16[k]. Scott’s data collection occurs on an as-needed basis, or “as each event occurs during the wagering game,” as Petitioner acknowledges (Petition, 39), and such a system does not “continuously” collect data as claimed. *E.g.*, EX-2001, ¶¶61-64, 80. Thus, Petitioner has failed to meet its burden of establishing a reasonable likelihood of success that it will prevail in showing that the challenged claims are unpatentable, and the Board should deny institution. Moreover, as set forth herein, the facts support discretionary denial under Sections 314(a).

II. OVERVIEW OF THE '779 PATENT

The '779 patent is generally directed to “a new betting product developed for a wide range of applications, including any event where betting may be utilized.” EX-1001, 3:66-4:1. Players may make selections in a number of different legs of an event, which “can include any of a variety of different discrete events,” such as, for example, innings of a baseball game, a set in tennis, one or more at bats by a particular player, or two sequentially occurring football games. *Id.* at 34:60-35:2. Winning players of each leg “have an opportunity to solely obtain and/or share in the proceeds of the stakes of all the other players ... and have the opportunity to win a prize,” such as “a Jackpot Pool (e.g., for all correct selections), potentially a Bonus Pool (e.g., for one additional outcome the following week, game, or event) and/or a possible Consolation Pool (e.g., for a subset of correct selections, or other pre-defined forms of partial correctness, such as, for example: did a horse place for consolation, rather than win for jackpot).” *Id.* at 35:3-15.

One unique aspect of the '779 patent's invention is that, at any time after the initiation of an event, any desired number of players who remain eligible for a prize “may be offered a ‘buy-out’ or an opportunity to sell their tickets (in whole or alternatively may be in part (i.e., a fractional amount) to the game operator or through the game operator (or alternatively directly) to a third party (e.g., one or

more system operator(s), business entity or entities such as a merchant(s), one or more other persons, other player(s), etc.).” *Id.* at 35:42-57. For example, “the game operator (or any other entity) may offer the player a fractional amount of the potential Jackpot Pool to buy the ticket for the still pending game(s).” *Id.* at 35:58-60. This option provides the benefit of offering “the player the opportunity to cash in and avoid the risk of being eliminated on a later leg or the final event.” *Id.* at 35:61-62.

This unique buy-out feature provides additional decisions for the player, which creates added excitement and engagement during the legs—thus fulfilling the need in the gaming industry “for new products to generate and maintain consumer interest.” *Id.* at 1:49-50. The ’779 patent further discloses a continuous ability to trade or sell tickets back to the system operator, where the bet may be extremely time sensitive, and that the buy-out may occur during live play, which further serves to increase excitement. *Id.* at 23:40-43 (“It is further contemplated that the ability to trade or sell tickets back to the system operator may be continuous, and also in these circumstances, the bid may be extremely time sensitive”).

The ’779 patent also provides servers, networks, and wagering hardware, such as wagering input devices, as part of its invention that allow player interaction through online betting. *Id.* at 5:8-16. As shown in Figs. 1 and 2, the ’779 patent’s

system “includes a network, including a system controller, for example, such as based on a central server system 12 being interconnected through the internet 10 to a plurality of wager input devices such as wagering stations 14, wagering terminals (including self-service wagering terminals) 16, and internet connected computing systems 18, smart phones 20, tablet computers 22 and televisions 24 each of which is representative of a plurality of each type of wager input device (e.g. wagering stations 14A-N).” *Id.*

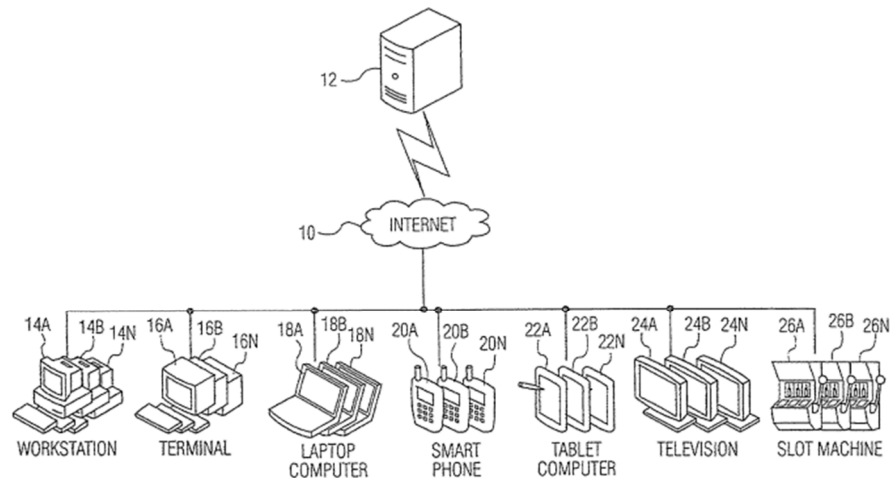


FIG. 1

Id. at FIG. 1.

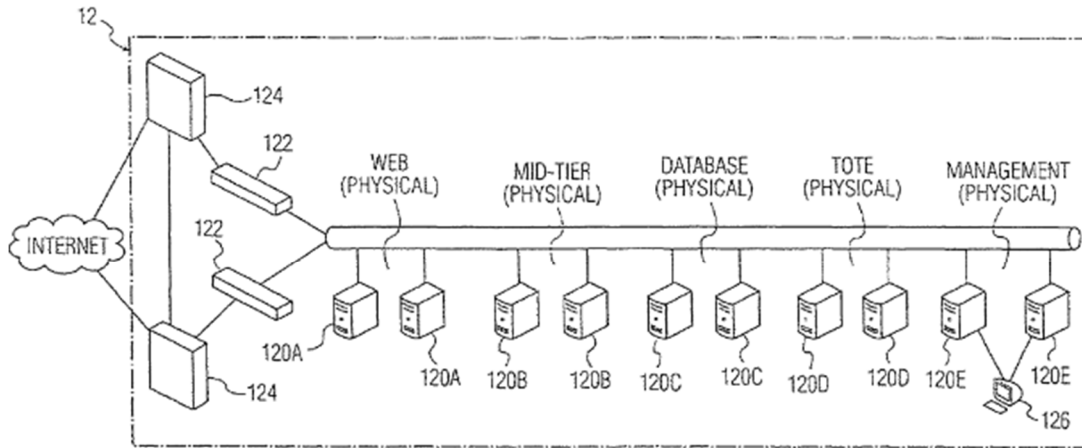
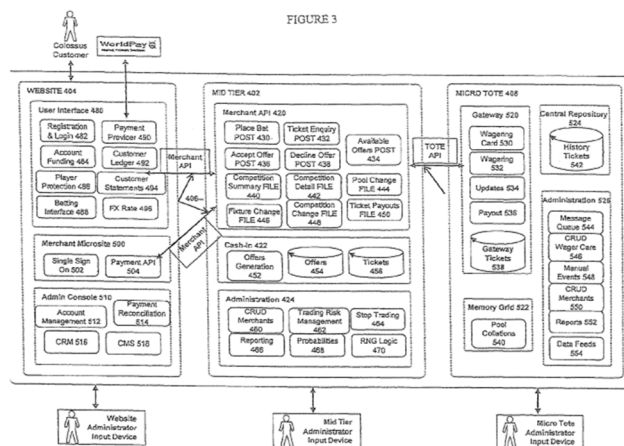


FIG. 2

Id. at FIG. 2.

Figure 3 further illustrates the process steps of the program and operation of the central server system 12 associated with the pool wagering system and represents an exemplary functional architecture of a program hosted or supported by the central server system 12. *Id.* at 8:33-35.



Id. at FIG. 3.

“The core program is represented by the center block identified as the ‘Mid Tier’ program 402. The Mid Tier program 402 interacts with the respective customer and website administrator input programs in the left side block identified as the Website program 404, as well as the accounting programs in the right side block identified as the Micro Tote program 408. The Mid Tier program 402 communicates using an ‘Application Program Interface’ hereinafter ‘API,’ allowing bi-directional communication to, and through, the Mid Tier program 402, as represented by the Merchant API 406 as between the Website program 404 and the Mid Tier program 402, and the Tote API 410 as between the Micro Tote program 408 and the Mid Tier program 402, reference lines.” *Id.* at 8:35-48. “The Mid Tier program 402, as shown in FIG. 3, may include a Merchant API 420 program, a Cash-in 422 program and an Administration 424 program.” *Id.* at 8:49-51.

Also within the Micro Tote 408 is a Memory Grid 522 program that includes a Pool Collations 540 routine. “The odds and all information calculated by the Pool Collations 540 routine is routed through the Tote API 410 to the Mid-Tier 402, and specifically to the Merchant API 420, Cash-in 422 and Administration 424 routines.” *Id.* at 10-14. The continuous reception of real time information from the wagering event and the wager itself, along with the continuous recalculation of this

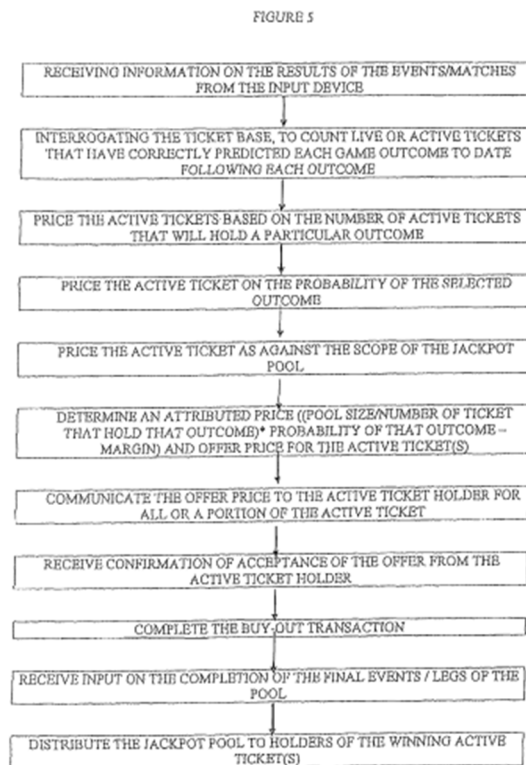
information allows for “cash-in buy back [to] also operate during live play and offer continuous cash-in ability as soon as it is technically possible.” *Id.* at 23:5-7.

The wagering terminals and other wagering input devices “allow a player to place a wager on a series of (or separate discrete) sporting events” or other types of events. *Id.* at 11:57-58. In so doing, “the player would select the winners... for each particular sporting event.” *Id.* at 11:60-62. Thereafter, “the player would receive either a printed ticket or an electronic ticket representing the selections and the amount of the bet.” *Id.* at 11:63-65. “The controller or server system 12 would... determine any payout requirements... in the event of a successful selection of all of the events.” *Id.* at 11:65-12:3.

In accordance with the buy-out option, “[w]hen the player decides to end the game play, he can select the cash out button at which time the player may receive cash or other payout mechanisms such as tickets or credit slips redeemable by a cashier (or other suitable redemption system) or funding to the player's electronically recordable identification card or the player's online account.” *Id.* at 27:48-53. In one embodiment, “the player may be offered the option of cashing out a percentage of the potential Jackpot Pool, for example by depressing the cash out button the players sells 10% or 25% of the potential Jackpot Pool for the amount offered on the

display.” *Id.* at 27:37-41. An “authorized player or manager may then elect to cash out the ticket by selecting the ‘cash out’ icon” that is displayed. *Id.* at 44:10-12.

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



Id. at FIG. 5.

As shown, steps involve the central server receiving information on the wagering event, *e.g.*, sports matches, counting active tickets based on the number of winning players, pricing the active tickets, determining an attributed price and offer price for the ticket, and communicating the offer price to the active ticket holder.

See id. at 24:57-25:12. Players who do not accept a buy-out proceed with the remainder of the game and hold the opportunity to win a jackpot if the player's ticket happens to be a winning ticket. *See id.* at 29:66-30:7. Likewise, players who partially buy-out will proceed with the game and hold the opportunity to win a portion of the jackpot should the player win. *See id.* at 15:55-63.

The claims of the '779 patent capture further unique features of a system including cash out. *See* EX-1001; *see also* EX-2001, ¶¶ 35-55.

III. SUMMARY OF REFERENCES IDENTIFIED BY PETITIONER

Petitioner relies on a single reference, Scott, entitled "Value Engine Providing Current Cash Value for Wagering Game Indicia" and published on December 6, 2012 from an application filed on June 3, 2011. A brief discussion of this reference is provided below. Scott is directed to "a gaming machine configured to provide value for partial or incomplete game outcomes." EX-1006, ¶[0003].

The gaming machine includes a "value engine... configured to evaluate game outcomes at various stages of a game." *Id.* at ¶[0033]. The value engine can then "determine a monetary or cash value for the current game outcome and present this value to a player." *Id.* The value engine "can be used to enhance traditional games, such as to encourage new players to play or to entice existing players to continue playing." *Id.* at ¶[0037]. The value engine "may evaluate game information to

determine a current cash value.” *Id.* at ¶[0058]. For example, the value engine “may receive game information identifying the game symbols or indicia the player currently has, the odds the player will win (or lose), the amount the player has wagered, or various combinations thereof.” *Id.* “If the player accepts the current cash value for his or her game symbols... the current cash value may be paid to the player.” *Id.* at ¶[0076].

The player’s acceptance is “based on the current situation of the game being played.” *Id.* at ¶[0065]. To illustrate this, Scott points to FIG. 3A where “the player has four cards to a royal flush and thus is close to achieving the royal flush.” *Id.* As such, “the value engine has determined a current cash value for this set of cards 304 as 30 credits.” *Id.* In one embodiment, once the current cash value of 30 credits is determined and displayed to a user, a response is required from the user. EX-2001, ¶90. The player “may be required to accept or decline the current cash value before the game will continue.” EX-1006, ¶[0065]. In another embodiment, “the value engine will present current cash values and the game may proceed according to its rules, unless the player engages an ‘accept’ button 108 D or the like to indicate that he or she wishes to take the current cash value offered by the value engine.” *Id.* However, in either embodiment, the value engine would not, and need not,

recalculate the current cash value until another trigger occurs, as described above. EX-2001, ¶90.

Alternatively, Scott contemplates that a player may sell his or her wager in a marketplace. EX-1006, ¶[0096]. To do so, a player “may engage a ‘sell’ button or the like to suspend the current game and solicit wagers or credits from other players who may purchase the symbols from the player.” *Id.* “The player’s symbols may then enter an electronic marketplace for sets of symbols.” *Id.* While the player’s symbols are in the marketplace, the current game is suspended, so “[t]he player may play a new game at this point, while awaiting the sale of the symbols ... [or] the player could simply wait for the symbols to be sold before playing again.” *Id.*; EX-2001, ¶75.

IV. CLAIM CONSTRUCTION

Patent Owner agrees, for the purposes of this preliminary response, that that the claim terms can be afforded their plain and ordinary meaning. *See Phillips v. AWH Corp.*, 415 F.3d 13030 (Fed Cir. 2005) (en banc). Patent Owner reserves the right to fully proffer its own constructions for any claim terms in its Patent Owner’s Response under 37 C.F.R. § 42.120 should an *inter partes* review be instituted.

**V. PETITIONER HAS NOT ESTABLISHED A REASONABLE
LIKELIHOOD OF SUCCESS**

Petitioner’s arguments that Scott meets the limitations of the challenged claims, alone or in combination with knowledge of a POSITA, fail to demonstrate a reasonable likelihood of success of unpatentability of any claim of the ’779 patent. First, Scott fails to meet certain claim limitations. Second, the facts support discretionary denial under Sections 314(a).

A. Petitioner Fails to Show That Scott Meets Any of Elements 1[e]-1[g] and 16[i]-16[k].

Petitioner fails to show that Scott meets any of elements 1[e]-1[g] and 16[i]-16[k] because Scott discloses a gaming machine that operates in stages rather than the claimed continuous system. EX-2001, ¶¶63-73, 80-101. As such, Scott fails to disclose, teach or suggest each of “continuously retriev[ing]... data in real time related to a progress of the wagering event,” “recalculate[ing]... the wager information in real time based on the continuously retrieved data,” and “continuously evaluat[ing]...the recalculated wager information”—in all challenged independent claims because Scott’s system simply does not perform these operations. *Id.* at ¶¶61-62, 80-84. Petitioner stretches the meaning of Scott’s disclosure beyond any reasonable interpretation. *Id.* at ¶101; *see also* Petition, 38-50.

Regarding limitation 1[e], Petitioner argues that “[w]ith respect to ‘continuously’ retrieving ... [data related to a progress of a wagering invent] ‘in real time,’ Scott discloses that ... ‘current cash value may be determined and presented....in real time or in substantially real time’ as each event occurs during the wagering game, such as ‘as each individual playing card or slot symbol is revealed’ during the wagering game.” Petition, 39 (quoting EX-1006, ¶¶[0083], [0067]). Petitioner goes on to argue that “in addition to being a real time process, Scott discloses that the calculation and presentation of the current cash value is ‘*continuous*[,]’ throughout the wagering game in that it ‘may continue with newly presented game symbols until the game is over...or until the player accepts a current cash value for his or her set of symbols.’” Petition, 39 (quoting EX-1006, ¶[0081]).

But Petitioner misinterprets Scott. A POSITA would have understood that Scott’s data retrieval occurs only “*as each event occurs during the wagering game,*” as Petitioner acknowledges, which is data collection in stages, *e.g.*, on demand or as-needed—not a *continuous* real time data retrieval as required by the challenged claims. EX-1006, ¶[0067]); EX-2001, ¶¶63-73, 80-100.

Scott’s disclosure makes clear that a “current cash value” is determined in stages rather than “continuous” basis because the current cash value is determined and presented *intermittently* (*i.e.*, at each game event) rather than *continuously* (*i.e.*,

at all times). EX-2001, ¶86. Scott discloses that “the current cash value may be presented at *stages* of the game.” EX-1006, ¶[0067]. “For example, current cash value may be *determined*,” through data retrieval, “*after each card or other game symbol is dealt* to a player. This may occur in real time or in substantially real time. For example, *as each individual playing card or slot symbol is revealed, a new current cash value may be calculated.*” *Id.*; EX-2001, ¶¶87-88.

Conversely, a continuous real time data collection system, such as the one claimed by the '779 patent, would collect data “continuously,” or “at all times,” under the plain and ordinary meaning of the term. EX-1001, 23:5-7 (“The continuous reception of real time information from the wagering event and the wager itself, along with the continuous recalculation of this information allows for “cash-in buy back [to] also operate during live play and offer continuous cash-in ability as soon as it is technically possible.”); EX-2001, ¶¶42-49.

A POSITA would have understood and continue to understand the difference between as-needed and continuous data retrieval. EX-2001, ¶¶80-84. As explained by PO’s expert, “[a]s-needed, or on-demand, data retrieval refers to a process where data are retrieved only when requested (e.g., by the user or a process) at discrete points in time or function. This type of retrieval is common in applications where data are not needed continuously. Examples of as-needed or on-demand data

retrieval include accessing a specific record in a database, requesting a file from a server, reading the next random number in a data file or refreshing a particular page on a website when directed by the user.” *Id.* at ¶82.

Conversely, PO’s expert explains that “[c]ontinuous data retrieval ... refers to a process where data is retrieved continuously and in real-time. This type of retrieval is common in applications where data are needed constantly (or frequently) or where the data are continually changing. Examples of continuous data retrieval include monitoring systems that collect and display real-time data, such as stock prices or weather conditions, or applications that require continuous data streaming, such as may be utilized in video or audio streaming services.” *Id.* at ¶83.

In summary, the main difference between as-needed and continuous data retrieval is the frequency and timing of data retrieval. *See id.* at ¶84. As-needed data retrieval is initiated by the user and occurs only when needed, while continuous data retrieval is ongoing and occurs automatically and in real-time. *Id.* Thus, since data retrieval in Scott is only as-needed and not “at all times,” as claimed by the ’779 patent, Scott fails to disclose this limitation.

Moreover, nothing in Scott’s written description suggests that Scott’s data retrieval is continuous. *Id.* at ¶¶85-90. Petitioner argues that ¶[0081] of Scott discloses that “the operation of value engine and game enters a loop that ‘continues’

until it is determined that the game is over at step 412 or until it is determined that the player has accepted the current cash value at step 432.” Petition, 40. But what Scott actually discloses is that “the process of presenting current cash value for a player’s game symbols may continue with newly presented game symbols until the game is over ... or until the player accepts a current cash value for his or her set of symbols.” EX-1006, ¶[0081]. In other words, Scott only discloses that the process for presenting a cash value “*may* continue,” *i.e.*, keep going until the game ends—not that the process and data retrieval for presenting a cash value is “continuous,” *i.e. ongoing at all times*. EX-2001, ¶89. Simply put, just because Scott’s cash value process “may continue” until it ends does not mean that the entire process, including the data retrieval, is “continuous,” particularly where Scott’s disclosure shows that data retrieval is on an as-needed basis as explained above. *Id.*

Moreover, simply because Scott discloses that the current cash value may be “dynamic” does not counsel a different result because this dynamic offer is still “based on the current situation of the game being played.” EX-2001, ¶90 (quoting EX-1006, ¶[0065]). To illustrate this, Scott points to FIG. 3A where “the player has four cards to a royal flush and thus is close to achieving the royal flush.” EX-1006, ¶[0065]. As such, “the value engine has determined a current cash value for this set of cards 304 as 30 credits.” *Id.* Once the current cash value of 30 credits is

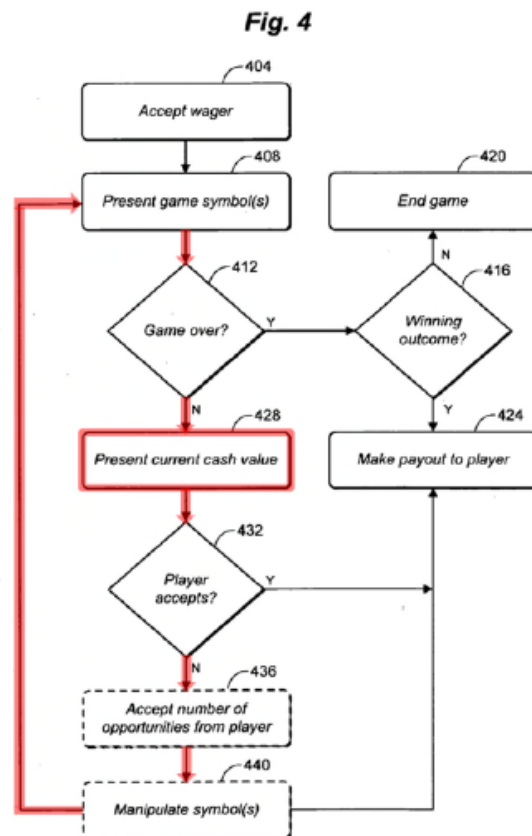
determined, the value engine pauses and waits for a response from the user. EX-2001, ¶90; EX-1006, ¶[0064] (“the player may be required to accept or decline the current cash value before the game will continue.”).

Scott also notes that, “[i]n a similar vein,” if a player decides to sell his or her symbols, “the player may engage a ‘sell’ button or the like *to suspend the current game* and solicit wagers or credits from other players.” EX-1006, ¶[0096]. During this suspended play, Scott’s gaming machine does not: (1) continuously retrieve in real time any additional data related to a progress of the wagering event (limitations 1[e], 16[i]), (2) recalculate the wager information in real time based on the continuously retrieved data (limitations 1[f], 16[j]), or (3) continuously evaluate the recalculated wager information (limitations 1[g], 16[k]). EX-2001, ¶92.

Moreover, a POSITA would have understood that a “dynamic” gaming machine display as disclosed in Scott is not necessarily continuous. EX-2001, ¶¶91-99. For example, a display that changes once every five minutes is no doubt “dynamic,” *but it is not continuous*. *Id.* at ¶91. Here, as discussed previously, Scott’s current cash value is updated “as each event occurs,” *i.e.*, in defined *intervals*. *Id.*

Petitioner further argues that “FIGS. 4 and 5 of Scott further demonstrate that the data related to the progress of the wagering event is continuously retrieved in

real time.” Petition, 39. More specifically, Petitioner includes the following annotated screenshot of FIG. 4,¹ arguing that “once the wager is accepted, the operation of value engine and game enters a loop that ‘continues’ until it is determined that the game is over at step 412 or until it is determined that the player has accepted the current cash value at step 432.” *Id.* at 40; EX-2001, ¶¶93-94.



¹ Petitioner notes that Steps 436 and 440 are optional steps and not relied on as part of its analysis, but with or without these steps, Scott’s data retrieval is not continuous.

However, Petitioner's implication that this "loop" corresponds to the claimed "continuous" limitations is simply wrong. Scott discloses that at step 428, "a current cash value for the player's current game symbols may be generated and presented by the value engine of the gaming machine." EX-1006, ¶[0073]. The current cash value is determined after "one or more game symbols or indicia belonging to a player" and "additional information" including "the amount wagered, cards or symbols remaining to be dealt, credits remaining, and other information related to a wagering game" is received by the value engine. *Id.* at ¶¶[0082]-[0083]; EX-2001, ¶¶93-95.

Petitioner argues that because the generation and presentation of the current cash value "may occur in real time or in substantially real time," a "POSITA would have understood that steps 504 and 508 are performed '*continuously*' because they are invoked during step 428 of the continuous loop illustrated in FIG. 4 and are performed in '*real time*' because they are part of the 'real time' process for generating a current cash value." Petition, 41-42; EX-2001, ¶¶95-96.

But Petitioner mischaracterizes how the system in Scott functions. FIGs 4 and 5 of Scott illustrate the intermittent and as-needed operation of Scott's gaming machine. EX-2001, ¶¶96-97. As shown in FIG. 4, the system presents the user's game symbol(s) at step 408 and then determines whether the game is over at step

412. *Id.* at ¶97. If it is determined the game is not over, the system presents a current cash value to the user at step 428. *Id.* Even if this presentation occurs “in real time or in substantially real time,” as alleged by the Petitioner, the current cash value is only “determined” through data retrieval “*after each card or other game symbol is dealt to a player*” and is thus determined in stages and not continuously. *Id.* (quoting EX-1006, ¶[0067]).

Accordingly, while Scott’s gaming machine may, at discrete points during the event, retrieve data related to the progress of the event to determine/present the current cash value, once that current cash value is presented to the user at step 428, the system sits idle until a player either accepts or rejects the current cash value at step 432. EX-2001, ¶98. If, and only if, the user rejects the current cash value does the process return to step 408 and start over again. In other words, the data collection stops—even if momentarily—when an offer is made. *Id.* A POSITA would have understood that any break in retrieving data related to a progress of the wagering event is **not** continuous retrieval as claimed. *Id.* at ¶99.

Thus, because the system of Scott does not “continuously retrieve... data in real time related to a progress of the wagering event,” it cannot “recalculate... the wager information in real time based on the continuously retrieved data,” or “continuously evaluate... the recalculated wager information.” *Id.* at ¶100.

Petitioner stretches the meaning of Scott and fails to adequately allege that any of elements 1[e]-1[g] and 16[i]-16[k] of the challenged claims are met. *Id.* at ¶101.

B. Grounds 1 and 2 Fail to Show That Scott Meets Any of Elements 1[d], 16[c], and 16[h], or the “Plurality” Elements of Claim 16.

The Petition fails to show that Scott meets any of Elements 1[d], 16[c], 16[h], or the “Plurality” Elements of Claim 16 in Ground 1. Petitioner acknowledges these weaknesses in Ground 1 by attempting to fill the missing elements with the knowledge of a POSITA in Ground 2, but Ground 2 fails under the *Arendi* standard. Moreover, the expert declaration supplying the knowledge of a POSITA to fill the missing elements may be discounted because the statements in the declaration are nearly identical to the Petition.

1. The Petition Fails to Show That Scott Anticipates Any of Elements 1[d], 16[c], and 16[h], or the “Plurality” Elements of Claim 16 in Ground 1.

Petitioner fails to show (1) that Scott anticipates any of elements 1[d], 16[c], and 16[h] and (2) the plurality elements of claim 16. EX-2001, ¶¶102-113. First, regarding “storing the wager in a record within a database” of elements 1[d], 16[c], and 16[h], Petitioner argues that Scott discloses that wager information may be stored “in a memory device.” Petition, 36. But Scott’s disclosure makes no mention

of a “database,” let alone storing wager information *in a record* within a database as claimed. *Id.* at ¶102.

Petitioner attempts to show that Scott stores wager information in a record by pointing to Scott’s ¶[0047] that discloses a “player tracking account” that performs “player tracking.” Petition, 37. But all ¶[0047] says is that “[t]he player might also elect to cash out by having a ticket or other media dispensed, such as via a printer, or electronically such as by transferring credits or currency to the player’s bank account or player tracking account.” EX-1006, ¶[0047]. This disclosure is clear that Scott’s “player tracking account” is merely an alternative to using a bank account used to track funds—not wager information. Moreover, PO’s expert explains that “player tracking systems store a player’s wagering information (primarily for ‘comp’ purposes in casino slot clubs) as may be delivered from the gaming device to the player tracking system via, e.g., a slot machine interface board (“SMIB”). However, this game information flow is one-way, and such data are not thereafter accessible by the gaming device from a player tracking system.” EX-2001, ¶103

Furthermore, as explained by PO’s expert, there is no need in Scott for storing a record in a database. EX-2001, ¶¶104-105. Thus, Scott fails to disclose that wager information is stored *in a record* as claimed.

Second, Petitioner also fails to show that Scott meets any of the elements of claim 16 that require a “plurality” of features. *Id.* at ¶106. This includes: (1) “a plurality of input devices” in elements 16[d], 16[e], 16[g]; (2) “a plurality of wagers” in elements 16[g], 16[h]; and (3) “a plurality of participants” of the plurality of input devices in elements 16[g], 16[h], 16[l]. Petitioner cites to a single paragraph in Scott, ¶[0096], which discloses “a number of players electronically connected,” to support its allegations that Scott discloses a “plurality” of input devices, participants, and wagers as claimed. Petition, 77-78.

But this single paragraph is insufficient to disclose a plurality of input devices, wagers, and participants because ¶[0096] merely states that a player wishing to sell his or symbols to another player “may engage a ‘sell’ button or the like to *suspend* the current game and solicit wagers or credits from other players.” EX-2001, ¶107 (quoting EX-1006, ¶[0096]). In other words, “a number of players” are only “electronically connected” while play is *suspended*.

Moreover, a POSITA would have understood and continue to understand that, where a wagering event can be suspended by a single player, that wagering game is inherently only played by one player—not a “plurality of participants” as claimed. *Id.* at ¶¶108-109. It would be undesirable and impractical to allow a game played by a plurality of participants to be suspended by a single player because it

would create player collusion and synchronization issues, and it would allow one player to unilaterally stop play for all players, which would decrease enjoyment for players who did not wish to suspend the game. *Id.* at ¶¶110-11. Thus, Scott does not disclose a wagering event with “a plurality of participants” as claimed. *Id.*

And suspended play cannot meet the elements of the claims for other reasons. *Id.* at ¶111. Suspended play could not possibly, for example, “determine that one or more participants of the plurality of participants is eligible to win an award,” as required by element 16[l]. *Id.* And, with respect to the plurality of wagers, suspended play could not “*continuously* retrieve data in real time” and “*continuously*” recalculate the wager information and evaluate the recalculated wager information as required by claim 16. *Id.*

Moreover, far from a plurality of input devices, Scott consistently refers to a singular gaming machine throughout its entire specification. EX-2001, ¶¶112-13; *see also, e.g.*, EX-1006, ¶[0009]. Additionally, a continuation-in-part to Scott, EX-2002, discloses “multiplayer” features—suggesting that Scott itself, EX-1006, as relied upon in the Petition does not disclose a plurality of input devices, participants, or wagers.

2. Ground 2 Fails Under the *Arendi* Standard and Petitioner’s Expert Evidence May Be Largely Discounted.

Petitioner attempts to fill the missing gaps in the Petition described above regarding elements 1[d], 16[c], and 16[h], and the “Plurality” elements of claim 16 using “common sense” and the knowledge of a POSITA. But the Federal Circuit has made clear that common sense may be applied to fill a missing limitation only in limited, unusual circumstances. *Arendi S.A.R.L. v. Apple Inc.*, 832 F.3d 1355, 1361-62 (Fed. Cir. 2016). *Arendi* notes that “common sense is typically invoked to provide a known motivation to combine, not to supply a missing claim limitation.” *Id.* Common sense can only be invoked to fill in a missing limitation when “the limitation in question was unusually simple and the technology particularly straightforward.” *Id.* at 1362 (referring to *Perfect Web Techs., Inc. v. Info USA, Inc.*, 587 F.3d 1324 (Fed. Cir. 2009)).

Here, the technology is not “unusually simple” or “particularly straightforward.” EX-2001, ¶¶35-55. The ’779 patent describes wagering systems that include a continuous reception of real time information from a wagering event and a wager, along with the continuous recalculation of this information, which allows for “cash-in buy back [to] also operate during live play and offer continuous

cash-in ability as soon as it is technically possible.” EX-1001, 23:5-7; *see also* Section II, *supra*.

Petitioner attempts to oversimplify the technology by analyzing the claim limitations in a vacuum, arguing that “[a] generic database for performing the generic functions of ‘stor[ing]’ a record as claimed here is simple technology and this limitation is minor and trivial in view of the cash out concept to which the ’779 Patent is directed. ... Indeed, the use of the database to store the wager is not linked to the cash out limitations of the claims, or any other claim limitation—it stands alone.” Petition, 83-84.

But Petitioner is wrong. The stored wager information is linked to multiple other claim limitations, as the claims require, for example, that the system “recalculate” and “continuously evaluate” the wager information in connection with the status of the wagering event to “generate” a cash out option. EX-2001, ¶105. Petitioner’s description of the stored wager as “stand[ing] alone” and not linked to any other claim limitation demonstrates that Petitioner and Petitioner’s expert have fundamentally misunderstood how the claims operate—demonstrating that the technology here is not at all simple. *Id.*

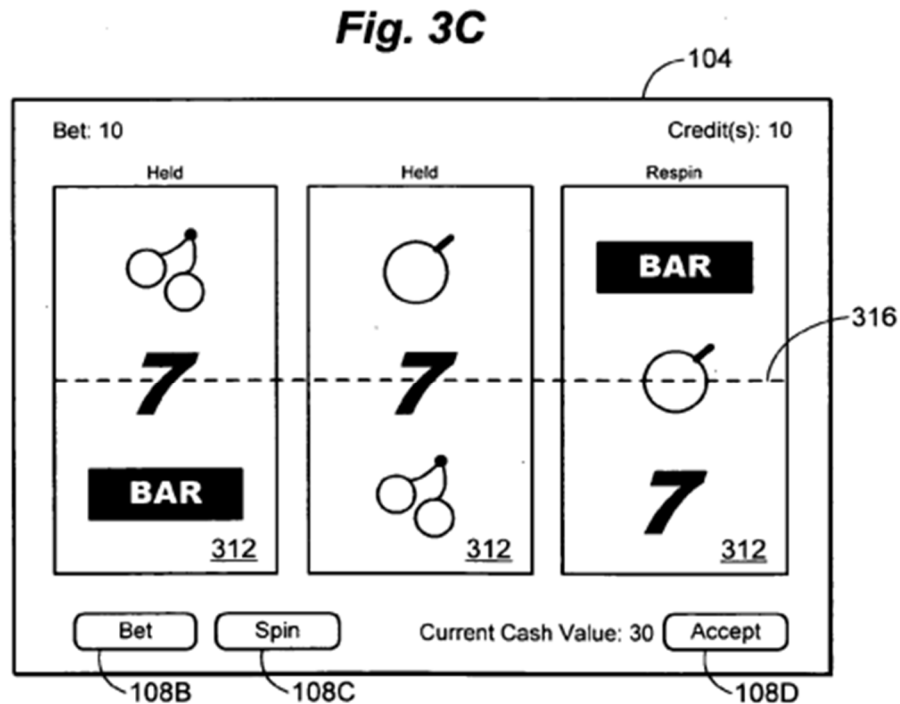
Petitioner further argues that “[a] POSITA would have known that the ‘various storage technologies’ disclosed in Scott include databases because

databases were and still are a well-known and conventional storage structure for storing records of a player's wagers." Petition, 84. But this again oversimplifies the technology. Although databases are common, storing *wager* information in a *record* format for later continuous and real-time retrieval to calculate a cash out offer as claimed by the '779 patent is not "well-known" or "conventional."

Moreover, *Arendi* states that common sense "cannot be used as a wholesale substitute for reasoned analysis and evidentiary support, especially when dealing with a limitation missing from the prior art references specified." *Arendi*, 832 F.3d at 1361-62. Here, Petitioner relies primarily on conclusory statements over reasoned analysis and evidentiary support. For example, Petitioner without explanation or evidentiary support beyond conclusory expert statements states that "databases were and still are a well-known and conventional storage structure for storing records of a player's wagers." Petition, 84. Additionally, Petitioner argues that it would have been obvious to add multiple players to Scott's gaming machine.

But Petitioner again oversimplifies the concept of multiplayer. While multiplayer games are common, many games exist that are solely played as single player games. EX-2001, ¶113. Indeed, Scott's specification and figures show that Scott is primarily directed to slot machines, which are traditionally only single player

games. A POSITA would not have found it obvious to add multiple players to slot machine games without altering the gameplay. *E.g.*, EX-1006, Figs. 3A-C.



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

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

However, consistent with *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 (PTAB Dec. 1, 2020) (precedential as to § II.A), the PTAB will not

discretionarily deny institution in view of parallel district court litigation where a petitioner presents a stipulation not to pursue in a parallel proceeding the same grounds or any grounds that could have reasonably been raised before the PTAB.

Here, Petitioner makes the following purported stipulation:

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

Petition, 70.

However, the metes and bounds of this stipulation are unclear because it does not inform the Board whether Petitioner intends to assert at the district court (1) product art, even where the limitations of those products are defined by printed publications; and/or (2) art that could reasonably have been presented in this IPR, only combined with product art. Indeed, Petitioner has asserted in a letter to PO that they intend to do exactly that if the Petition is instituted. EX-2003. Moreover, the district judge in the litigation has taken the position that IPR estoppel does not apply to product art, *even if publications describing the product could have been raised*

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

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

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

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

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

VI. CONCLUSION

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

Dated: May 15, 2023

Respectfully submitted,

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CERTIFICATE OF COMPLIANCE

I, Gianni Minutoli, certify that this paper complies with the type-volume limitation of 37 C.F.R. § 42.24 because it contains 6219 words, excluding the parts of the paper exempted by 37 C.F.R. § 42.24(a).

Dated: May 15, 2023

/s/ Gianni Minutoli

Gianni Minutoli

Reg. No. 41,198

CERTIFICATE OF SERVICE

Pursuant to 37 C.F.R. § 42.6, I hereby certify that on May 15, 2023 the foregoing Patent Owner Preliminary Response was served via email on the following counsel of record for the Petitioner:

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