

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

INTERACTIVE COMMUNICATIONS INTERNATIONAL, INC.,
Petitioner,

v.

BLACKHAWK NETWORK INC.,
Patent Owner.

IPR2023-01235
Patent 9,865,135 B2

Before LYNNE H. BROWNE, BART A. GERSTENBLITH, and
ARTHUR M. PESLAK, *Administrative Patent Judges*.

GERSTENBLITH, *Administrative Patent Judge*.

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

ORDER
Granting Patent Owner's Motion for Protective Order
and Motion to Seal
37 C.F.R. §§ 42.14, 42.54

I. INTRODUCTION

A. Background

Interactive Communications International, Inc. (“Petitioner”) filed a Petition (Paper 2, “Pet.”) requesting institution of *inter partes* review of claims 1–6 (“the Challenged Claims”) of U.S. Patent No. 9,865,135 B2 (Ex. 1001, “the ’135 patent”). Blackhawk Network, Inc. (“Patent Owner”) filed a confidential Preliminary Response (Paper 6, “Prelim. Resp.”); a redacted, public version of the Preliminary Response (Paper 7); and a combined Motion for Protective Order and Motion to Seal (Paper 8, “Motion” or “Mot.”), which Petitioner did not oppose.¹

An *inter partes* review may be instituted only if “the information presented in the petition . . . and any [preliminary] response . . . shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.” 35 U.S.C. § 314(a) (2018). For the reasons given below, on this record, Petitioner has established a reasonable likelihood that it would prevail in showing the unpatentability of at least one of the Challenged Claims. Accordingly, we institute an *inter partes* review of the Challenged Claims on all grounds raised in the Petition.

B. Related Proceedings

Petitioner identifies PGR2020-00084, PGR2020-00085, and *Blackhawk Network, Inc. v. Interactive Communications International, Inc.*, No. 2022-01650 (Fed. Cir.), as related matters. Pet. 74–75.

¹ Citations herein are to the confidential version (Paper 6) of Patent Owner’s Preliminary Response, but they similarly apply to the redacted, public version (Paper 7).

In PGR2020-00084, Petitioner challenged several claims of U.S. Patent No. 10,769,894 B2 (“the ’894 patent”), which issued from an application filed as a continuation of the application that issued as the ’135 patent.² After trial, the Board held all challenged claims unpatentable (Ex. 1008 (Final Written Decision)) and the United States Court of Appeals for the Federal Circuit affirmed in *Blackhawk Network* (Ex. 1009). In particular, the Federal Circuit determined that “[t]he Board properly construed Szrek’s disclosure of the inter-operational characteristics of a store’s back office, [point of sale (POS)] terminal, and lottery administration system” and that “the Board properly analyzed how a skilled artisan would have interpreted Szrek’s teachings.” *Blackhawk Network*, No. 2022-1650, 2023 WL 3861082, at *2 (Fed. Cir. June 7, 2023). Petitioner raises two of the same challenges based on obviousness that it previously raised in PGR2020-00084 (obviousness over Szrek and obviousness over Llach combined with Szrek). In PGR2020-00085, the Board denied institution. Patent Owner correctly notes that the “PGR proceedings to which . . . Petitioner cites have concluded.” Paper 4 (Patent Owner’s Mandatory Notices), 1.

Petitioner also identifies *Blackhawk Network, Inc. v. SL Card Company Inc.*, No. 2:21-cv-00813-PHX-MTL (Ariz. Superior Court), as a related matter. Petitioner explains that in this proceeding, Patent Owner asserts a breach of contract claim against SL Card, “a company that an affiliate of Petitioner acquired on March 12, 2019.” Pet. 75. The parties

² During prosecution of the ’894 patent, Patent Owner filed a terminal disclaimer to overcome a double patenting rejection in view of the ’135 patent. Ex. 1033 (’894 patent file history), 154; *see also* Pet. 9 (discussing the prosecution history of the ’894 patent).

agree that this state court case does not involve infringement or invalidity of any patent. Pet. 75; Paper 4, 1.

C. Real Parties in Interest

Petitioner identifies Interactive Communications International, Inc. as a real party in interest. Pet. 74. Patent Owner identifies Blackhawk Network Inc. as a real party in interest (owner of all substantial interests in the '135 patent by assignment). Paper 4, 1.

As discussed further below, Patent Owner asserts that Petitioner also should have identified “SL Card Company Inc. (often called ‘Linq3’)” as a real party in interest. Prelim. Resp. 1–2, 32–34.

D. The Asserted Grounds of Unpatentability and Declaration Evidence

Petitioner challenges the patentability of claims 1–6 of the '135 patent on the following grounds:

Claims Challenged	35 U.S.C. §³	Reference(s)/Basis
1–6	103	Szrek ⁴
1–6	103	Llach, ⁵ Szrek

Pet. 2. Petitioner supports its challenge with a Declaration of Michael Hutton (Ex. 1003).

³ The Leahy-Smith America Invents Act (“AIA”) included revisions to 35 U.S.C. § 103 that became effective on March 16, 2013. Because the '135 patent has an effective filing date after March 16, 2013 (*see* Ex. 1001, codes (22), (60)), we apply the current version of § 103 here.

⁴ U.S. Patent No. 7,627,497 B2, issued Dec. 1, 2009 (Ex. 1005, “Szrek”).

⁵ U.S. Patent Publication No. 2013/0041768 A1, published Feb. 14, 2013 (Ex. 1006, “Llach”).

E. The '135 Patent

The '135 patent is directed to “[a] system and method of selling pre-printed lottery tickets for random draw lotteries through the retailers POS without the use of additional lottery hardware.” Ex. 1001, code (57). The '135 patent teaches that, broadly speaking, there are two types of lotteries: (1) “instant win lotteries where a printed ticket provides all of the lottery information;” and (2) a “draw-based lottery or ‘online’ lottery, where a player makes a wager on a subsequently occurring event.” *Id.* at 1:21–28. For the draw-based lotteries, the '135 patent teaches that the typical ticket is printed using a lottery-specific terminal and specialized printing device that is wholly separate from the point of sale (“POS”) terminal. *See id.* at 1:37–48.

The '135 patent teaches that, “[a]lthough the model of a single terminal and printer is effective for single checkout lane environments such as convenience stores and gas stations, it is not ideal for multi-lane environments such as grocery stores, discount and big box retailers.” Ex. 1001, 1:48–52. A drawback of this system, according to the '135 patent, is that it requires a customer to wait in two separate lines (or at a minimum go to two separate locations) to purchase their goods and to purchase a lottery ticket, when in a multi-lane environment. *Id.* at 1:52–56. “This is extremely inconvenient for most customers who simply bypass the lottery counter.” *Id.* at 1:56–58. Other drawbacks the '135 patent teaches are that “[i]ninstalling an approved printer or any other piece of specialized [lottery] hardware at every point of payment within a retail environment is cost prohibitive and not an effective use of capital” because “not all points of

payment are open at all times” and the use of specialized hardware increases the responsibility and training required for a cashier. *Id.* at 1:59–67.

As a result, the ’135 patent states “[i]t would be desirable to enable customers to include a lottery draw ticket in their basket along with other goods and pay for that basket at any point of payment in a retail location” by using existing point of sale equipment and without requiring any additional specialized hardware. Ex. 1001, 2:5–14. And the ’135 patent seeks to provide a “system and method of selling pre-printed lottery tickets for random draw lotteries through the retailers POS without the use of additional lottery hardware.” *Id.* at code (57).

The ’135 patent describes a system and method that uses a “pre-printed lottery ticket,” which acts as a uniquely identifiable “legal instrument,” to initiate and facilitate the legal transaction necessary between a customer and a lottery administration body at a POS register to enable customers to purchase a chance at winning a prize associated with an upcoming lottery. Ex. 1001, 2:65–3:21. In a more detailed explanation of the invention, the ’135 patent describes an embodiment with components of a POS, transaction processor, and lottery system, as shown in Figure 6 below.

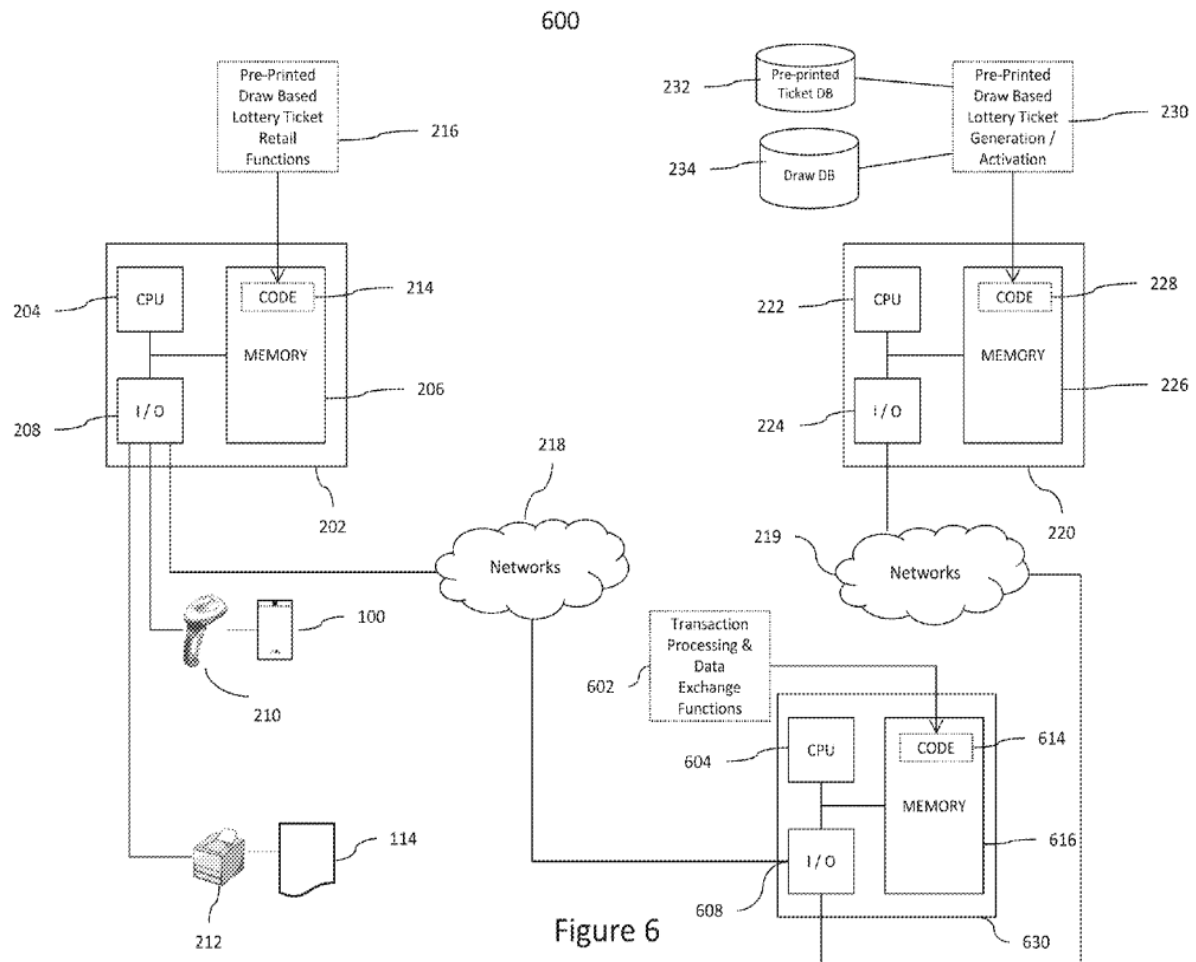


Figure 6

Id. at 2:31–32, Fig. 6. Figure 6 above “depicts components of a lottery system, point of sale environment and a transaction processor” that are “for purchasing a pre-printed lottery ticket.” *Id.* at 7:66–8:2. As shown,

the environment 600 for purchasing a pre-printed lottery ticket includes a retailer’s point of sale terminal 202 for the retail of the pre-printed ticket, a lottery system 220 for the generation and activation of pre-printed ticket wagers and draw date and a transaction processor 630 to facilitate the exchange of data between the retailer’s point of sale 202 and the lottery system 220 each connected to one other through one or more communication networks 218; 219.

Id. at 8:1–8.

The '135 patent states, “[t]he retailer’s POS terminal 202 may include a central processing unit (CPU) 204, memory unit 206 and [I/O] interface(s) 208 for communicating with devices external to the POS terminal.” Ex. 1001, 8:12–25. And the '135 patent teaches that “[t]he POS terminal 202 includes instructions 214 stored in the memory unit, which when executed by the processor unit 204 configure the POS terminal 202 to provide pre-printed draw-based lottery ticketing functionality 216,” including the “functionality for communicating scanned in barcode information of pre-printed lottery tickets with the transaction processor system, and receiving confirmation of the pre-printed ticket’s activation.” *Id.* at 8:20–28.

The '135 patent describes lottery system 220 as including “[a] central processing unit (CPU) 222, memory unit 226 and [I/O] interface(s) 224 for communicating with devices external to the lottery system 220.” Ex. 1001, 8:29–32. When processing unit 222 executes instructions 228 stored in the memory unit 226, it “configure[s] the lottery system to provide pre-printed draw-based lottery ticket activation and cancellation functionality 230,” in addition to having the functionality to “generate draw and wager information and associate the pre-printed ticket information in a draw information database 234.” *Id.* at 8:33–35, 8:45–47.

Transaction processor system 630 is described by the '135 patent as including “a central processing unit (CPU) 604, memory unit 616 and [I/O] interface(s) 608 for communicating with devices external to the transaction processor system 630.” Ex. 1001, 8:51–54. Memory unit 616 stores instructions that the CPU 604 executes to “provide transaction processing and data exchange functionality 602” with a plurality of different retailers to

a single lottery system and enable the activation or cancellation of pre-printed lottery tickets to be performed at a retailer's POS terminal 202. *Id.* at 8:54–62. “Once activated, the pre-printed ticket serves as a lottery ticket and may be verified as any regular lottery ticket purchased from a lottery terminal.” *Id.* at 9:22–24.

F. Illustrative Claim

Claims 1, 2, 4, 5, and 6 are the independent claims challenged in this proceeding. Claim 1 is illustrative of the claimed subject matter and is reproduced below with Petitioner's annotations added for reference (*see* Pet. vi):

- 1[pre]. A method of providing a lottery ticket for a random draw comprising:
 - [a] scanning at a point-of-sale (POS) terminal a pre-printed lottery ticket to obtain unique identification information and product information from the pre-printed lottery ticket;
 - [b] transmitting the unique identification information and product information from the POS terminal to a lottery administration system;
 - [c] receiving at the POS terminal payment confirmation;
 - [d] transmitting payment confirmation from the POS terminal to the lottery administration system;
 - [e] receiving at the POS terminal from the lottery administration system draw details associated with the pre-printed lottery ticket; and
 - [f] printing the draw details on a receipt.

Ex. 1001, 10:25–40.

II. DISCRETIONARY DENIAL

Patent Owner's Preliminary Response is focused entirely on urging us to exercise our discretion to deny institution and does not address the merits

of Petitioner’s challenges. *See generally* Prelim. Resp. In particular, Patent Owner contends that the Board should exercise its discretion and not institute *inter partes* review of the ’135 patent because of Petitioner’s “unclean hands and the unclean hands of SL Card Company Inc. (often called ‘Linq3’), a real-party-in-interest that the Petition fails to identify.” Prelim. Resp. 1.

Patent Owner contends that this *inter partes* review “derives from a contract dispute between Patent Owner and Linq3.” Prelim. Resp. 1. In short, Patent Owner and Linq3 “were partners in an effort to develop a ticketless lottery product,” but the “collaboration effort terminated when InComm, a [Patent Owner] competitor, acquired Linq3.” *Id.* Patent Owner asserts that Linq3 caused patent and trademark applications to be filed directed to one of Patent Owner’s products, thus leading to “a state court action to enforce [Patent Owner’s] ownership rights.” *Id.* at 2. Patent Owner also contends that Petitioner intends to influence the state court contract dispute by challenging the ’135 patent via this *inter partes* review proceeding. *Id.*

Even assuming Linq3 is a real party in interest to Petitioner and assuming we may exercise our discretion to deny institution based on unclean hands (*see Kavo Dental Techs, LLC v. Osseo Imaging, Inc.*, IPR2020-00659, Paper 10 at 19 (PTAB June 10, 2020)), Patent Owner essentially asks us to resolve multiple factual issues related to its contract dispute with Linq3 to justify denial of institution. *See, e.g.*, Prelim. Resp. 1–26. Many, if not all, of these issues appear to be involved in the contract dispute, which will be resolved by the Arizona state court. We are not in a good position to make determinations about these particular issues at this

stage of the proceeding, on the limited record before us. Rather, we find that the state court is better suited to address the conduct of Linq3 of which Patent Owner complains. Accordingly, we do not dive headfirst into these matters that are better addressed by the state court. To the extent Patent Owner seeks to pursue its argument that Linq3 is a real party of interest to Petitioner, even though no time bar under 35 U.S.C. § 315(b) has been asserted, Patent Owner may raise the issue of real party in interest again in its Patent Owner Response and the parties may brief and argue the issue during trial.

Additionally, although acknowledging that this *inter partes* review “does not present a classic *General Plastic* fact-pattern”—because the Petition challenges a different patent than the prior post-grant review proceeding in PGR2020-00084—Patent Owner asserts that, by waiting to file the Petition until after the Federal Circuit issued its decision in PGR2020-00084, this proceeding “represents a variation of the kind of harassment that the Board considers” when determining whether to institute an *inter partes* review. Prelim. Resp. 38–40 (citing *General Plastic Co. v. Canon Kabushiki Kaisha*, IPR2016-01357, Paper 19 at 16–17 (PTAB Sept. 6, 2017) (precedential)).

We disagree. First, we agree with Patent Owner that the fact pattern presented here is not the typical situation in which the factors from *General Plastic* are considered. In particular, this proceeding challenges claims of a different patent than at issue in IPR2020-00084. Second, although the parties may have gained insight as to how the Board would handle challenges based on the same references asserted in the earlier proceeding, that insight (to the extent it gives an advantage) applies to both parties.

Third, the first proceeding was a post-grant review that had a specific timing requirement (*see* 35 U.S.C. § 321(c)), in contrast to the present proceeding in which the filing of the Petition did not have the same or similar time constraint.⁶ In these circumstances, we find it appropriate to give less weight to factors based on the mere passage of time such as whether Petitioner knew of the prior art at the time of filing the petition in PGR2020-00084 (clearly Petitioner did because two of the same references are asserted here) and whether Petitioner had received Patent Owner’s preliminary response from PGR2020-00084 at the time of filing the instant Petition.

Accordingly, we decline to exercise our discretion to deny institution.

III. ANALYSIS

A. Legal Standards – Obviousness

The U.S. Supreme Court set forth the framework for applying the statutory language of 35 U.S.C. § 103 in *Graham v. John Deere Co. of Kansas City*, 383 U.S. 1, 17–18 (1966):

Under § 103, the scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent art resolved. Against this background, the obviousness or nonobviousness of the subject matter is determined. Such secondary considerations as commercial success, long felt but unsolved needs, failure of others, etc., might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented.

⁶ Neither party asserts that the time period set forth in 35 U.S.C. § 315(b) has been triggered by the service of a complaint alleging infringement of the ’135 patent.

The Supreme Court explained in *KSR International Co. v. Teleflex Inc.* that

[o]ften, it will be necessary for a court to look to interrelated teachings of multiple patents; the effects of demands known to the design community or present in the marketplace; and the background knowledge possessed by a person having ordinary skill in the art, all in order to determine whether there was an apparent reason to combine the known elements in the fashion claimed by the patent at issue. To facilitate review, this analysis should be made explicit.

550 U.S. 398, 418 (2007) (citing *In re Kahn*, 441 F.3d 977, 988 (Fed. Cir. 2006) (“[R]ejections on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness.” (alteration in original))).

“Whether an ordinarily skilled artisan would have been motivated to modify the teachings of a reference is a question of fact.” *WBIP, LLC v. Kohler Co.*, 829 F.3d 1317, 1327 (Fed. Cir. 2016) (citations omitted). “[W]here a party argues a skilled artisan would have been motivated to combine references, it must show the artisan ‘would have had a reasonable expectation of success from doing so.’” *Arctic Cat Inc. v. Bombardier Recreational Prods. Inc.*, 876 F.3d 1350, 1360–61 (Fed. Cir. 2017) (quoting *In re Cyclobenzaprine Hydrochloride Extended-Release Capsule Patent Litig.*, 676 F.3d 1063, 1068–69 (Fed. Cir. 2012)).

B. Level of Ordinary Skill in the Art

Petitioner proposes that the level of ordinary skill in the art is an artisan with a working knowledge of POS activation systems and lottery systems that was gained through a mixture of training and work experience in the relevant field such as (i) having a Bachelor’s degree in computer science, computer

communications, electrical engineering, or equivalent degree, coupled with at least three years of work experience; (ii) having a Master's degree in computer science, computer communications, or electrical engineering, but having less work experience; or (iii) having no formal degree, but having experience in the relevant field of at least six years of work experience.

Pet. 2–3 (citing Ex. 1003 ¶ 13).⁷ Patent Owner does not propose a level of ordinary skill in the art in its Preliminary Response. *See generally* Prelim. Resp.

At this stage of the proceeding and on the present record, we find that Petitioner's uncontested level of ordinary skill in the art is consistent with the level of ordinary skill in the art reflected by the '135 patent and the prior art of record. *See Okajima v. Bourdeau*, 261 F.3d 1350, 1355 (Fed. Cir. 2001); *In re GPAC Inc.*, 57 F.3d 1573, 1579 (Fed. Cir. 1995); *In re Oelrich*, 579 F.2d 86, 91 (CCPA 1978). Therefore, we adopt Petitioner's level of ordinary skill in the art, as articulated above, in our consideration of the issues presently before us.

C. Claim Construction

In this *inter partes* review, claims are construed using the same claim construction standard that would be used to construe the claims in a civil action under 35 U.S.C. § 282(b). *See* 37 C.F.R. § 42.100(b) (2020). The claim construction standard includes construing claims in accordance with the ordinary and customary meaning of such claims as understood by one of ordinary skill in the art at the time of the invention. *See id.*; *Phillips v. AWH*

⁷ Petitioner proposes the same level of ordinary skill in the art that the Board adopted in PGR2020-00084. Pet. 2–3 (citing Ex. 1008, 11).

Corp., 415 F.3d 1303, 1312–14 (Fed. Cir. 2005) (en banc). In construing claims in accordance with their ordinary and customary meaning, we take into account the specification and prosecution history. *Phillips*, 415 F.3d at 1315–17.

Additionally, only terms that are in controversy need to be construed, and these need be construed only to the extent necessary to resolve the controversy. *See Realtime Data, LLC v. Iancu*, 912 F.3d 1368, 1375 (Fed. Cir. 2019) (“The Board is required to construe ‘only those terms . . . that are in controversy, and only to the extent necessary to resolve the controversy.’”) (quoting *Vivid Techs., Inc. v. Am. Sci. & Eng’g, Inc.*, 200 F.3d 795, 803 (Fed. Cir. 1999)).

Petitioner contends that we should follow the Board’s decision in PGR2020-00084 and construe “transaction processor” and “data package” in accordance with each term’s plain and ordinary meaning. Pet. 13; *see id.* at 13–19. Patent Owner does not take a position as to claim construction at this stage of the proceeding. *See generally* Prelim. Resp.

In PGR2020-00084, the Board construed “transaction processor”⁸ in accordance with its plain meaning as “a processor . . . that processes transactions between two devices” and specifically “decline[d] to limit processors . . . to ‘third party’ processors . . . because the intrinsic record does not justify such a modification and it would create uncertainty.” Ex. 1008, 22. And, as Petitioner indicates, the Board determined that “data package” also is understood in accordance with its plain and ordinary meaning. *Id.* at 22–24; *see id.* at 24 n.10. At this stage of the proceeding

⁸ In that proceeding, the Board also construed “transaction processor system.” Ex. 1008, 13–22.

and on the present record, we need not construe any claim terms expressly because none are in dispute. *See Realtime Data*, 912 F.3d at 1375.

D. Ground 1: Obviousness over Szrek

Petitioner asserts that Szrek would have rendered the subject matter of claims 1–6 obvious to one of ordinary skill in the art at the time of the invention. Pet. 19–54.

1. Scope and Content of the Prior Art

a. Szrek (Ex. 1005)

Szrek’s stated goal “is to enable the secure sale of lottery tickets at general retail point of sale (POS) checkout points, such as standard cash registers, and other similar devices.” Ex. 1005, 1:16–19. Szrek teaches that “[l]otteries and other gaming organizations [are] continuously look[ing] for ways to increase their lottery ticket sales” and that one known way to accomplish this is “by widening their market presence and improving [the] ticket sale experience for the public.” *Id.* at 1:20–23. An obstacle with widening the market presence that Szrek seeks to address is created by how lottery tickets are traditionally sold. According to Szrek, “[t]raditionally lottery tickets [were] sold at the dedicated lottery terminals, usually located in small convenience stores and in supermarkets which is typically a single terminal at a service desk.” *Id.* at 1:23–26. Although studies show a dedicated lottery terminal placed at the regular POS lanes in a supermarket was well received by customers, such a configuration did not prove financially successful, partly because of the relatively high cost of in-line lottery terminals compared to the levels of sale per lane. *Id.* at 1:26–34. To address this obstacle, Szrek teaches that “there [was] consideration in the

industry to effectuate lottery ticket sales by existing store cash registers.” *Id.* at 1:37–38.

However, Szrek states, because of the wide variety of hardware and software used for cash registers, the conventional thinking was that developing a solution would be “difficult if not impossible” without significant security, operational, and printing problems. Ex. 1005, 1:50–60, 1:63–66. Szrek teaches that skilled artisans viewed regular cash register paper stock as inadequate for lottery ticket use “because it is insecure, non-durable and non-uniform from manufacturer to manufacturer.” *Id.* at 1:57–60. These paper requirements existed because it was “understood in the industry that a lottery ticket is considered a bearer’s bond,” which serves as “proof of a valid transaction and of the bet wagered.” *Id.* at 2:4–6. As a result, “[l]ottery tickets usually contain[ed] information about [the] wagered bet, date when [the] ticket was purchased and date of [the] game draw, selling entity information . . . and a unique transaction identifier.” *Id.* at 2:6–10. Thus, Szrek states that “there is a demand for the ability to sell lottery tickets at cash registers.” *Id.* at 2:60–61.

Szrek discloses a method and system for selling lottery tickets at POS registers, which “completely obviates the need for the local printing of lottery tickets at the point of sale” because “[o]nly a receipt of [the] lottery transaction is printed locally at the cash register which does not need to be printed in as secure fashion as a lottery ticket.” Ex. 1005, 5:21–25. To carry out the disclosed system and method, Szrek states, “it is assumed that an environment is provided where the cash register is capable of communicating with the game provider (directly or indirectly) and the game provider system (or some other system on behalf of [the] game provider

system) is authorizing [the] cash register's lottery transactions," which may be "stored in [the] game provider system or in another system." *Id.* at 3:14–20.

Szrek describes the following as a "novel" aspect of the disclosed method: "instead of printing the lottery ticket, from a legitimate and authorized game provider, on the cash register, the ticket is preprinted (printed ahead of the ticket sale . . .)." Ex. 1005, 3:22–28. Szrek teaches that the preprinted ticket contains many elements of a traditional lottery ticket, including bet selections, unique ticket identifier, barcode that includes ticket identifier, duration for number of eligible draws (if activated), and ticket price. *Id.* at 5:65–6:2. However, the preprinted ticket "does not have a play value until it is activated at the cash register." *Id.* at 3:38–40.

Szrek teaches that the cash register activates the ticket by scanning the ticket barcode, which "originates a transaction to the game provider requesting ticket activation" and, in response, the game provider authorizes the activation as well as provides the lottery product description, price, and the activation receipt identifier. Ex. 1005, 3:41–45, 4:56–64. Once the preprinted ticket is activated, the cash register prints a receipt, which may include product type, the original preprinted ticket identifier, activation identifier, security codes, an activation price, and a valid draw identifier, such as draw number or draw time. *Id.* at 6:54–59. "Because [the] lottery ticket is preprinted in a secure fashion, and only an activation receipt for the transaction is printed at [the] cash register, the [preprinted] ticket could be regarded as secure." *Id.* at 3:55–57. As a result, Szrek teaches that the preprinted ticket may be used as a valid bearer's bond only once the ticket is

activated and the cash register receipt serves only as proof that the ticket was activated. *Id.* at 4:26–31.

2. *Claim 1*

a. *1[pre]*

The preamble of claim 1 recites “[a] method of providing a lottery ticket for a random draw comprising.” Ex. 1001, 10:25–26. Petitioner contends, “[t]o the extent the preamble is limiting, Szrek discloses **a method for providing a ticket for a random draw.**” Pet. 20 (citing Ex. 1003 ¶ 106). Petitioner points to multiple disclosures from Szrek in support of its assertion. *Id.* Petitioner points to Szrek’s title—“Method for **selling lottery tickets** from a POS terminal”—and abstract, which states it “is directed to a ‘method and system for **selling game of chance tickets** at a point of sale cash register.’” *Id.* (quoting Ex. 1005, codes (54), (57)). Petitioner also asserts “Szrek discloses that these tickets include a ‘**draw** identifier 460, such as **draw number** or **draw time.**’” *Id.* (quoting Ex. 1005, 6:58). Petitioner contends “Szrek further discloses that ‘[t]he ticket can be preprinted . . . as a computer generated selections (quick pick),’” and asserts that a person of ordinary skill in the art would understand the term “quick pick” refers to an option for a customer to have a computer choose random numbers for a random draw. *Id.* (alteration and omission in original) (quoting Ex. 1005, 3:28–81) (citing Ex. 1003 ¶ 106). Petitioner asserts that “[b]ecause Szrek discloses lottery/games of chance tickets with draw information, a [person of ordinary skill in the art] would therefore understand that Szrek discloses the **sale of lottery tickets for a random draw.**” *Id.*

Additionally, Petitioner contends that, in PGR2020-00084, the Board found Szrek teaches the preamble of claim 7 of the '894 patent, which identically recites “[a] method of providing a lottery ticket for a random draw.” Pet. 20 (alteration in original) (citing Ex. 1008, 30; Ex. 1007, 53–54; Ex. 1003 ¶ 107).

At this stage of the proceeding, Patent Owner does not challenge Petitioner’s argument and evidence directed to the preamble of claim 1. *See generally* Prelim. Resp.

We find Petitioner’s arguments persuasive as to the preamble of claim 1 and supported on the record before us for the reasons explained by Petitioner.⁹

b. Element 1[a]

Element 1[a] recites “scanning at a point-of-sale (POS) terminal a pre-printed lottery ticket to obtain unique identification information and product information from the pre-printed lottery ticket.” Ex. 1001, 10:27–30. First, addressing “scanning at a point-of-sale (POS) terminal a pre-printed lottery ticket to obtain unique information . . . from the pre-printed lottery ticket,” Petitioner asserts

Szrek discloses “[*p*]reprinted tickets (PT) 300,” where “[e]ach ticket 300 preferably has a barcode 310 that could be *scanned* on the cash register [*i.e. POS terminal*], with information allowing identifying this *barcode as lottery ticket 300* and *uniquely identifying* the ticket 330,” element 330 being the “*unique ticket identifier 330*.”

⁹ We need not determine whether the preamble of claim 1 is limiting because we find, on the present record, that Petitioner has shown it is met by Szrek.

Pet. 21 (alterations in original) (quoting Ex. 1005, 5:57, 5:67, 6:7–10). Thus, Petitioner contends “Szrek discloses that a pre-printed lottery ticket contains a *barcode* which *uniquely identifies* the ticket when *scanned at a POS terminal*.” *Id.* (citing Ex. 1003 ¶¶ 108–109).

Second, addressing “scanning . . . to obtain . . . product information from the pre-printed lottery ticket,” Petitioner asserts “Szrek provides a number of teachings that the scanned barcode contains product information, *i.e.* information about the lottery ticket product.” Pet. 22 (citing Ex. 1003 ¶ 111). Specifically, Petitioner contends “Szrek discloses that the ‘fixed part of the [pre-printed lottery ticket’s] barcode should *indicate the product type*,’ *i.e. product information*. *Id.* (alteration in original) (quoting Ex. 1005, 6:11–12). Additionally, Petitioner asserts “Szrek also discloses that ‘the information in the barcode . . . may contain other information such as *lottery product code, ticket price or other data*,’ *i.e. product information*.” *Id.* (omission in original) (quoting Ex. 1005, 4:44–46). Petitioner further contends “Szrek discloses that the ticket identifier itself (which as discussed above is scanned from the barcode) also contains *product information*.” *Id.* Petitioner asserts “Szrek discloses that ‘part of ticket identifier 330 could correspond to *the bet combination* 350 chosen by the players [or] some element making this ticket unique, such as issued tickets *sequence counter* on said self-service terminal 130 or kiosk 130,’ *i.e. product information*.” *Id.* (alteration in original) (citing Ex. 1005, 7:21–31). Petitioner contends one of ordinary skill in the art “would understand that product type, product code, ticket price, bet combination, or sequence counter are all examples of *product information* because they are

information about the product that was purchased, *i.e.* the lottery ticket.” *Id.* (citing Ex. 1003 ¶ 111).

Further, Petitioner points to the Board’s decision in PGR2020-00084, asserting the Board found Szrek teaches subject matter substantially similar to element 1[a]. Pet. 21–22 (citing Ex. 1008, 33, 46; Ex. 1003 ¶ 110), 23 (citing Ex. 1008, 56; Ex. 1003 ¶ 112).

At this stage of the proceeding, Patent Owner does not challenge Petitioner’s argument and evidence directed to element 1[a]. *See generally* Prelim. Resp.

We find Petitioner’s arguments persuasive as to element 1[a] and supported on the record before us for the reasons explained by Petitioner.

c. Element 1[b]

Element 1[b] recites “transmitting the unique identification information and product information from the POS terminal to a lottery administration system.” Ex. 1001, 10:31–33. Petitioner analyzes element 1[b] in three parts, starting with “transmitting . . . information from the POS terminal to a lottery administration system,” then “transmitting the unique identification information,” and then “transmitting . . . the product information.” Pet. 23–26.

First, for the recitation of “transmitting . . . information from the POS terminal to a lottery administration system,” Petitioner asserts “Szrek discloses that ‘[a]fter the barcode has been scanned, a cash register [*i.e.* **POS terminal**] originates a **transaction** to the game provider [*i.e.* **lottery administration systems**] requesting ticket activation.” Pet. 23 (alterations in original) (quoting Ex. 1005, 4:56–58). Petitioner further asserts that Szrek “discloses that ‘the checkout register 230’ (*i.e.* **POS terminal**) sends a

‘transactional request to the game provider 250 [*i.e. lottery administration system*] who verifies if this Checkout Play 300 was already activated.’” *Id.* (alterations in original)(quoting Ex. 1005, 6:32–38).

Second, for the recitation of “transmitting the unique identification information,” Petitioner asserts “Szrek discloses that the transaction request sent to the game provider includes the ticket identifier (*i.e. unique identification information*) obtained from the lottery ticket’s barcode.”

Pet. 23. Petitioner contends Szrek teaches that, “‘during ticket activation, the game provider . . . recognizes *from the ticket identifier* what transaction is activated (e.g. lotto, 6 specific boards known to the system and the player),’ which means the game provider must have received the ticket identifier.” *Id.* at 23–24 (omission in original) (quoting Ex. 1005, 3:47–50) (citing Ex. 1005, 6:36–39). Petitioner then asserts that,

[s]ince the ticket identifier originates from scanning the ticket at the POS terminal, a [person of ordinary skill in the art] would understand based on this disclosure that the POS terminal also sent the ticket identifier to the game provider via the transaction request in order to provide the game provider the necessary information to activate the correct ticket.

Id. at 24 (citing Ex. 1003 ¶ 115).

Petitioner contends one of ordinary skill in the art would have considered it obvious “to transmit the ticket identifier to the game provider because the game provider ‘recognizes *from the ticket identifier* what transaction is activated,’ and thus transmitting the ticket identifier beneficially allows the game provider to know which ticket to activate and to perform the recited function of activating the ticket.” Pet. 24 (quoting Ex. 1005, 3:47–50) (citing Ex. 1003 ¶ 116). Petitioner asserts “[i]t would have also been beneficial to transmit the ticket identifier with the transaction

request because sending them separately would be slower, less efficient, and more difficult to implement than sending them in a single transaction.” *Id.* Petitioner additionally argues that, “[s]ending them separately would require some mechanism for the game provider to map requests with ticket identifiers—whereas sending them together would allow the game provider to handle the activation request in its entirety.” *Id.* Petitioner further contends one of ordinary skill in the art “would have reasonably expected transmitting the ticket identifier with the transaction request to succeed since transmitting information was a conventional computer process and implementation was within the capabilities of a [person of ordinary skill in the art], and indeed would be trivial.” *Id.* at 24–25.

Third, for the recitation of “transmitting . . . the product information,” Petitioner asserts Szrek discloses that the transmitted transaction request contains product information. Pet. 25 (citing Ex. 1003 ¶ 118). Petitioner reiterates its position that “Szrek discloses or renders obvious that the ticket identifier 330 is sent by the cash register (*i.e.* **POS terminal**) to the game provider (*i.e.* **lottery administration system**) via a transaction request.” *Id.* (citing Ex. 1005, 3:47–50, 6:36–39). And Petitioner contends “[t]he ticket identifier contains product information” because “Szrek discloses that ‘part of ticket identifier 330 could correspond to the bet combination 350 chosen by the players [or] some element making this ticket unique, such as issued tickets sequence counter on said self-service terminal 130 or kiosk 130,’ *i.e.* **product information.**” *Id.* (second alteration in original) (quoting Ex. 1005, 7:21–31). Thus, Petitioner asserts “Szrek discloses that the POS terminal transmits a transaction request to the game provider, and the transaction

request contains the ticket identifier 330 which includes product information such as bet combination or sequence counter.” *Id.* at 25–26.

Further, Petitioner points to the Board’s decision in PGR2020-00084, asserting the Board found Szrek teaches subject matter substantially similar to element 1[b]. Pet. 25 (citing Ex. 1008, 42; Ex. 1003 ¶ 117), 26 (citing Ex. 1008, 56; Ex. 1003 ¶ 119).

At this stage of the proceeding, Patent Owner does not challenge Petitioner’s argument and evidence directed to element 1[b]. *See generally* Prelim. Resp.

We find Petitioner’s arguments persuasive as to element 1[b] and supported on the record before us for the reasons explained by Petitioner.

d. Element 1[c]

Element 1[c] recites “receiving at the POS terminal payment confirmation.” Ex. 1001, 10:34. Petitioner asserts “Szrek discloses that ‘[t]he preprinted ticket is not eligible to win unless **payment** and activation occurs’ and that ‘[a] cash register receipt is used by the ticket holder to prove that the ticket was activated.” Pet. 26 (alterations in original) (quoting Ex. 1005, 4:28–31). Petitioner contends one of ordinary skill in the art “would understand that a ‘cash register receipt’ indicates that the POS terminal received payment confirmation, for a ‘receipt’ is proof (and therefore confirmation) of payment.” *Id.* (citing Ex. 1003 ¶¶ 120–121). And Petitioner further asserts one of ordinary skill in the art “would further understand that payment confirmation is received at the POS terminal because Szrek discloses that the POS terminal is where a customer purchases the ticket, *i.e.* provides proof of payment in order to receive an activated ticket.” *Id.* (citing Ex. 1003 ¶ 122; Ex. 1005, 1:16–19). Petitioner contends

“[t]he sale of a lottery ticket by definition requires confirmation of payment, otherwise no sale has occurred.” *Id.* (citing Ex. 1003 ¶ 122).

Additionally, Petitioner points to Szrek’s teaching that “lottery terminals or kiosks [are] equipped with **bill acceptors for payment**,” which Petitioner asserts is another form of payment confirmation. Pet. 27 (alteration in original) (citing Ex. 1005, 2:55–57). Petitioner contends one of ordinary skill in the art “would understand that bill acceptors are devices that accept and scan bank notes (*i.e.* physical cash) and, after scanning and verifying the value of the bank note, will confirm that payment was received.” *Id.* (citing Ex. 1003 ¶ 123).

At this stage of the proceeding, Patent Owner does not challenge Petitioner’s argument and evidence directed to element 1[c]. *See generally* Prelim. Resp.

We find Petitioner’s arguments persuasive as to element 1[c] and supported on the record before us for the reasons explained by Petitioner.

e. Element 1[d]

Element 1[d] recites “transmitting payment confirmation from the POS terminal to the lottery administration system.” Ex. 1001, 10:35–36. Petitioner asserts “Szrek renders obvious that the POS terminal transmits payment confirmation to the game provider (*i.e.* **lottery administration system**). Pet. 27 (citing Ex. 1003 ¶¶ 126–131). Petitioner contends “Szrek discloses that, after a ticket is activated, the game provider (*i.e.* lottery administration system) determines ‘the ticket is a winner and authorize[s] winner payment’ to the POS terminal.” *Id.* (alteration in original) (citing Ex. 1005, 6:44–47). Petitioner argues “Szrek further discloses that ‘[t]he preprinted ticket is not eligible to win unless **payment** and activation

occurs,’ *i.e.* payment of the lottery ticket must be confirmed before a ticket is eligible to win.” *Id.* at 27–28 (quoting Ex. 1005, 4:28–29).

Additionally, Petitioner contends one of ordinary skill in the art would have understood (1) “that, because a winning ticket is not eligible unless ticket payment is confirmed (*i.e.*, the ticket must have been bought in the first place to be eligible to win), the game provider must receive ticket payment confirmation before it can authorize winner payment” (Pet. 28 (citing Ex. 1003 ¶ 127)); (2) “that, since the POS terminal receives ticket payment confirmation when the customer pays for the ticket . . . the POS terminal would have also sent the ticket payment confirmation to the game provider so it can be used to authorize winner payment” (*id.* (citing Pet. § IX.A.1(d) (discussing element 1[c] in Ground 1); Ex. 1003 ¶ 127)); and (3) “that an authorization for payment of a winning ticket from the game provider, as described in Szrek, would reflect that the game provider received payment confirmation” (*id.* (citing Ex. 1003 ¶ 127)).

Petitioner contends, “[t]o the extent it is not expressly disclosed, a [person of ordinary skill in the art] would have found that Szrek renders obvious that its POS terminal transmits payment confirmation to the game provider.” Pet. 28 (citing Ex. 1003 ¶¶ 128–130). Relying on Mr. Hutton’s testimony, Petitioner asserts that it would have been obvious to one of ordinary skill in the art “for the POS terminal to transmit payment confirmation to the game provider in the form of the transaction request” and that it would have been “obvious and beneficial to have the game provider treat the transaction request as ticket payment confirmation.” *Id.* at 29 (citing Ex. 1003 ¶ 129). Petitioner contends one of ordinary skill in the art would have “reasonably expected having the game provider treat the

transaction request as payment confirmation to succeed, since implementing such functionality was trivial and well-within the capabilities” of one of ordinary skill in the art and “the use of lottery-owned POS terminals and a retailer’s contractual obligations was typical in the industry.” *Id.* at 29–30 (citing Ex. 1003 ¶ 129).

Additionally, Petitioner asserts one of ordinary skill in the art would have considered it obvious “to send data representing payment confirmation concurrent with the transaction request. . . . in order to allow the game provider to independently confirm payment of the ticket before authorizing the ticket and winner payment.” Pet. 30 (citing Ex. 1003 ¶ 130). Petitioner contends one of ordinary skill in the art “would have found this desirable because it would add an extra layer of security to have both POS terminal and game provider confirm ticket payment.” *Id.* And Petitioner asserts one of ordinary skill in the art “would have reasonably expected this to succeed, as implementing a POS terminal to send payment confirmation concurrently with the transaction request was trivial and well-within the capabilities of” one of ordinary skill in the art. *Id.* (citing Ex. 1003 ¶ 130).

Further, Petitioner points to PGR2020-00084, contending the Board found “‘it logically follows that the game provider system possessed the information necessary to establish payment’ and that ‘a natural result flowing from the game provider system being able to determine a winning ticket *and* provide authorization of a winning payment is that the store back office provided payment confirmation for the ticket to the game provider system *before* that determination.’” Pet. 30–31 (quoting Ex. 1008, 44). Petitioner also notes that the Federal Circuit found the “Board’s findings were supported by substantial evidence” and specifically that “because Szrek

taught that from scanning a ticket, the lottery administration system could alone determine whether the ticket was eligible to win a prize, it logically followed that the lottery administration system possessed the information necessary to establish payment.” *Id.* (quoting Ex. 1009, 4).

At this stage of the proceeding, Patent Owner does not challenge Petitioner’s argument and evidence directed to element 1[d]. *See generally* Prelim. Resp.

We find Petitioner’s arguments persuasive as to element 1[d] and supported on the record before us for the reasons explained by Petitioner.

f. Element 1[e]

Element 1[e] recites “receiving at the POS terminal from the lottery administration system draw details associated with the pre-printed lottery ticket.” Ex. 1001, 10:37–39. Petitioner asserts “Szrek discloses that the game provider (*i.e. lottery administration system*) sends an activation receipt (which contains **draw details**) to the POS terminal.” Pet. 31 (citing Ex. 1003 ¶¶ 132–135). Specifically, Petitioner contends “Szrek discloses that after the game provider (*i.e. lottery administration system*) activates a ticket, it ‘sends activation receipt info to the cash register’ (*i.e. POS terminal*) and that ‘**only** an activation receipt for the transaction is printed at [the] cash register.’” *Id.* (quoting Ex. 1005, 3:53–56). Petitioner further asserts “Szrek also refers to the ‘activation receipt’ as a ‘cash register receipt [which] is used by the ticket holder to prove that the **ticket was activated**.” *Id.* (alteration in original) (quoting Ex. 1005, 4:29–30). Petitioner also contends one of ordinary skill in the art “would understand that in Szrek, the ‘cash register receipt’ is simply another name for the ‘activation receipt’ because the activation receipt is the ‘only’ receipt that is ‘printed at [the]

cash register’ and the cash register receipt ‘prove[s] that the ticket was activated.” *Id.* at 31–32 (alterations in original) (quoting Ex. 1005, 3:53–56, 4:29–30) (citing Ex. 1003 ¶ 133).

Additionally, Petitioner asserts “Szrek discloses that the ‘activation receipt’/’cash register receipt’ contains ***draw details associated with the pre-printed lottery ticket.***” Pet. 32 (citing Ex. 1003 ¶ 134). Specifically, Petitioner contends Szrek discloses that, “[o]nce the ticket 300 is activated, product type 410 . . . , the ***original preprinted ticket identifier 330***, activation identifier 430, security codes 440, an activation price 450 and valid ***draw identifier 460, such as draw number or draw time***, [*i.e. draw details*] are preprinted on cash register receipt.” *Id.* (alterations in original) (quoting Ex. 1005, 6:54–59). Petitioner asserts one of ordinary skill in the art “would understand from these teachings that the game provider (*i.e. lottery administration system*) transmits to the cash register (*i.e. POS terminal*) an activation receipt, which includes the draw identifier, draw number and draw time (*i.e. draw details associated with the pre-printed lottery ticket*). *Id.* (citing Ex. 1003 ¶ 134).

Further, Petitioner points to the Board’s decision in PGR2020-00084, asserting the Board found Szrek teaches subject matter substantially similar to element 1[e]. Pet. 32 (citing Ex. 1008, 30; Ex. 1007, 45–47; Ex. 1003 ¶ 135).

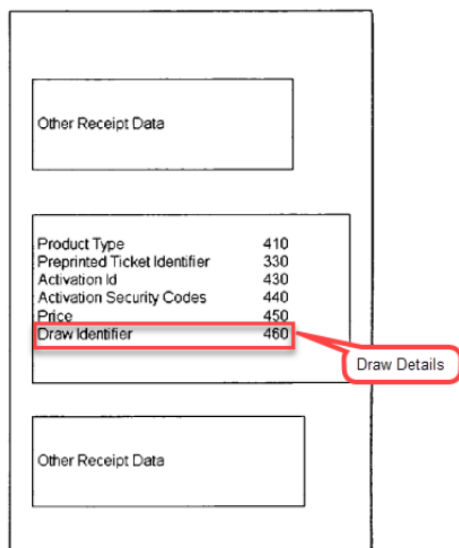
At this stage of the proceeding, Patent Owner does not challenge Petitioner’s argument and evidence directed to element 1[e]. *See generally* Prelim. Resp.

We find Petitioner’s arguments persuasive as to element 1[e] and supported on the record before us for the reasons explained by Petitioner.

g. Element 1[f]

Element 1[f] recites “printing the draw details on a receipt.”

Ex. 1001, 10:40. Petitioner asserts “Szrek discloses ***printing the draw details on a receipt.***” Pet. 33 (citing Ex. 1003 ¶¶ 136–138). Specifically, Petitioner contends “Szrek discloses that ‘[o]nce the ticket 300 is activated, product type 410 . . . , the original preprinted ticket identifier 330, activation identifier 430, security codes 440, an activation price 450 and valid ***draw identifier 460, such as draw number or draw time, [i.e. draw details]*** are ***printed on cash register receipt.***” *Id.* (alterations in original) (quoting Ex. 1005, 6:54–59). Petitioner asserts Szrek’s Figure 4 “is a ‘diagrammatic view of activation information printed on the cash register receipt’” and depicts draw details printed on the receipt. *Id.* (quoting Ex. 1005, 5:48–49). Petitioner’s annotated version of Szrek’s Figure 4 is reproduced below.



400
Cash Register
Receipt Figure 4

Id. at 34. Szrek’s Figure 4 “is [a] diagrammatic view of activation information printed on the cash register receipt” (Ex. 1005, 5:48–49), which

Petitioner annotated to include a red box around “Draw Identifier 460” and a callout referring to “Draw Identifier 460” as “Draw Details” (Pet. 34).

Additionally, Petitioner points to the Board’s decision in PGR2020-00084, asserting the Board found Szrek teaches subject matter substantially similar to element 1[f]. Pet. 34 (citing Ex. 1008, 46; Ex. 1007, 66–67).

At this stage of the proceeding, Patent Owner does not challenge Petitioner’s argument and evidence directed to element 1[f]. *See generally* Prelim. Resp.

We find Petitioner’s arguments persuasive as to element 1[f] and supported on the record before us for the reasons explained by Petitioner.

3. *Claims 2–6*

Petitioner provides a similarly detailed analysis with argument supported on the present record showing how Szrek would have rendered obvious the subject matter of claims 2–6 to one of ordinary skill in the art at the time of the invention. Pet. 35–54.

At this stage of the proceeding, Patent Owner does not challenge Petitioner’s argument and evidence directed to claims 2–6. *See generally* Prelim. Resp.

We have reviewed Petitioner’s detailed arguments and evidence, and we find Petitioner’s arguments persuasive as to claims 2–6 and supported on the record before us for the reasons explained by Petitioner. Pet. 35–54.

4. *Objective Indicia of Nonobviousness*

Neither party presents evidence of objective indicia of nonobviousness at this stage of the proceeding.

5. *Weighing the Graham Factors*

“Once all relevant facts are found, the ultimate legal determination [of obviousness] involves the weighing of the fact findings to conclude whether the claimed combination would have been obvious to an ordinary artisan.” *Arctic Cat*, 876 F.3d at 1361. On balance, considering the record presently before us, Petitioner has established a reasonable likelihood that it would prevail in showing that Szrek would have rendered the subject matter of claims 1–6 of the ’135 patent obvious to one of ordinary skill in the art at the time of the invention.

E. Ground 2: Obviousness over Llach and Szrek

Petitioner asserts Llach and Szrek would have rendered the subject matter of claims 1–6 obvious to one of ordinary skill in the art at the time of the invention. Pet. 54–74. As noted above, Patent Owner does not challenge Petitioner’s argument and evidence under this Ground in the Preliminary Response. *See generally* Prelim. Resp. Because we have determined above that, at this stage of the proceeding and on the present record, the information presented in the Petition shows that there is a reasonable likelihood that Petitioner will prevail with respect to its challenge based on Szrek (Ground 1), we need not address, in this Decision, Petitioner’s additional challenge. *See* 35 U.S.C. § 314(a); *SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348, 1356 (2018) (“Section 314(a) does not require the Director to evaluate every claim individually. Instead, it simply requires him to decide whether the petitioner is likely to succeed on ‘at least 1’ claim. Once that single claim threshold is satisfied, it doesn’t matter whether the petitioner is likely to prevail on any additional claims; the Director need not even consider any other claim before instituting review.”).

IV. PATENT OWNER’S MOTION FOR PROTECTIVE ORDER AND MOTION TO SEAL

Patent Owner filed an unopposed, combined Motion for Protective Order and Motion to Seal requesting the entry of the Board’s default protective order and seeking to seal Exhibits 2004, 2006–2008, and 2010–2014 as well as portions of Patent Owner’s Preliminary Response discussing Patent Owner’s allegedly confidential information. Mot. 2 Patent Owner explains that the information it seeks to seal consists of “Patent Owner’s sensitive business information that is not publicly available.” *Id.* Patent Owner asserts the information specifically pertains to “several confidential disclosures of its intellectual property” to Linq3 during a period of time in which Patent Owner and Linq3 were engaged in a Product Distribution Agreement (Ex. 2003), which Agreement included restrictions on confidential information exchanged by the parties (*see id.* at 9 (paragraphs 8.1–8.3)). Mot. 2; *see id.* at 4–5 (providing a general description of each exhibit and confidential information contained therein).

The standard for granting a motion to seal is “for good cause.” 37 C.F.R. § 42.54(a). The moving party bears the burden to show entitlement to the requested relief and to establish that the information sought to be sealed is confidential information. *Id.* § 42.20(c). The “good cause” standard for granting a motion to seal reflects the strong public policy for making all information in an *inter partes* review open to the public. *Argentum Pharms. LLC v. Alcon Rsch., Ltd.*, IPR2017-01053, Paper 27 at 3 (PTAB Jan. 19, 2018) (informative). When assessing whether the standard has been met, we may consider whether the information at issue is truly confidential, whether harm would result upon public disclosure, and whether

the interest in maintaining confidentiality as to the information outweighs the strong public interest in an open record. *Id.* at 3–4.

We have reviewed the documents at issue and we agree with Patent Owner that they reflect confidential business strategy and information which is worthy of protection via a protective order. We find that Patent Owner’s public filing of its redacted Preliminary Response (Paper 7) strikes the right balance “between the public’s interest in maintaining a complete and understandable file history and the parties’ interest in protecting truly sensitive information.” Consolidated Trial Practice Guide (Nov. 2019) (“CTPG”),¹⁰ 19. Further, the general nature of Patent Owner’s reliance on the sealed exhibits is discernable from the public version of the Preliminary Response. *See generally* Paper 7.

Additionally, Patent Owner requests that we enter the Board’s default protective order. Mot. 7 (citing Ex. 2035). The Motion, however, indicates that the proposed protective order (Exhibit 2035) was taken from the Board’s July 2019 Trial Practice Guide Update. *Id.* (hyperlink included in Motion). We remind Patent Owner that the CTPG is the current governing practice guide, including the default protective order therein (although substantively the same as the default protective order included in the July 2019 Update). *See* CTPG 117–22. Going forward, the parties should refer to the CTPG for all relevant practice guide information.

For the reasons noted above, Patent Owner’s Motion for Protective Order and Motion to Seal is *granted*. And, as indicated in the Order below, Exhibit 2035 is now the protective order applicable to this proceeding.

¹⁰ Available at <https://www.uspto.gov/TrialPracticeGuideConsolidated>.

V. CONCLUSION

For the reasons discussed above, we do not exercise our discretion to deny institution. Additionally, Petitioner has demonstrated a reasonable likelihood that it would prevail in showing that at least one claim of the '135 patent is unpatentable. Our analysis is based on the preliminary record developed thus far and may change after the record is developed fully, during trial.

VI. ORDER

Accordingly, it is:

ORDERED that, pursuant to 35 U.S.C. § 314(a), *inter partes* review is instituted as to claims 1–6 of the '135 patent on each ground set forth in the Petition;

FURTHER ORDERED that Patent Owner's Motion for Protective Order and Motion to Seal (Paper 8) is *granted*;

FURTHER ORDERED that the Protective Order filed as Exhibit 2035 will govern this proceeding; and

FURTHER ORDERED that, pursuant to 35 U.S.C. § 314(c) and 37 C.F.R. § 42.4(b), *inter partes* review of the '135 patent shall commence on the entry date of this Decision, and notice is hereby given of the institution of a trial.

IPR2023-01235
Patent 9,865,135 B2

For PETITIONER:

James M. Glass
Quincy Lu
QUINN EMANUEL URQUHART & SULLIVAN LLP
jimglass@quinnemanuel.com
quincylu@quinnemanuel.com

For PATENT OWNER:

Robert L. Hails, Jr.
Jason F. Hoffman
BAKER & HOSTETLER LLP
rhails@bakerlaw.com
jhoffman@bakerlaw.com