

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

INTERACTIVE COMMUNICATIONS INTERNATIONAL, INC.,
Petitioner,

v.

BLACKHAWK NETWORK INC.,
Patent Owner.

Case No. IPR2023-01235

U.S. Patent No. 9,865,135

PATENT OWNER'S SUR-REPLY

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EXHIBIT LIST

EXHIBIT	DESCRIPTION
EX2001	Complaint, <i>Blackhawk Network, Inc. v. SL Card Company Inc.</i> , No. 2022-051638 (Superior Court of Ariz.), dated May 23, 2022.
EX2002	SL Card Company's Amended Answer to Complaint, Affirmative Defenses and Counterclaims, <i>Blackhawk Network, Inc. v. SL Card Company Inc.</i> , No. 2022-051638 (Superior Court of Ariz.), dated July 19, 2023.
EX2003	Product Distribution Agreement between Blackhawk Network, Inc., SL Card Company Inc., and Linq3 Technologies LLC, effective January 1, 2017.
EX2004	Blackhawk confidential presentation entitled "New Products Discussion: BHN Linq3," dated May 2018, and May 8, 2018 cover e-mail.
EX2005	Correspondence, California Lottery to Linq3, dated November 9, 2017.
EX2006	Blackhawk and Linq3 e-mail correspondence, dated February 14, 2018, re "Texas-Gary Grief, Lottery Director."
EX2007	Blackhawk and Linq3 e-mail correspondence, dated April 26, 2018, re "AZ Update 4-26-2108."
EX2008	Blackhawk and Linq3 e-mail correspondence, dated November 9-11, 2018, re "Hugo Lopez: Response to Your Letter."
EX2009	Ontario Lottery & Gaming Annual Report 2017-2018
EX2010	Blackhawk and Linq3 e-mail correspondence Nov. 10-13, 2017 re "California Lottery – Lopez Summary."
EX2011	Blackhawk and Linq3 e-mail correspondence, dated Dec. 7, 2017, re QuickTicket.
EX2012	Blackhawk confidential presentation entitled "QuickTicket," dated December 2017.

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EX2013	Blackhawk confidential e-mail correspondence, dated May 1, 2018, re “New Products Deck- BHN Linq3,” and attachment.
EX2014	Blackhawk and Linq3 e-mail correspondence, dated September 17, 2018, re “Linq3-Blackhawk Amendment re QuickTicket.”
EX2015	Canadian Patent Application 2 855 434, entitled “Pre-Printed Lottery Tickets Systems and Methods,” filed July 3, 2014.
EX2016	Patent Assignment OLG to BHN Canada, March 2016
EX2017	Patent Assignment Agreement, dated August 30, 2016.
EX2018	U.S. Patent 10,229,561, entitled “Processing of a User Device Game-Playing Transaction based on Location,” filed June 18, 2018.
EX2019	U.S. Patent 10,217,326, entitled “Processing of a User Device Game-Playing Transaction based on Location,” filed November 20, 2017.
EX2020	U.S. Patent No. D877,812, entitled “Quick ticket for lottery,” filed August 22, 2018.
EX2021	U.S. Patent No. 1020,943,432, entitled “Processing of a Game-Playing Transaction based on Location,” filed March 12, 2019.
EX2022	U.S. Patent No. 10,943,438, entitled “Processing of a Game-Playing Transaction based on Location,” filed March 11, 2019.
EX2023	Prosecution History of Trademark Appl’n. 87/953,104 to QUICKTICKET
EX2024	Motion To Dismiss Second Amended Complaint Under Federal Rules of Civil Procedure 12(B)(1), 12(B)(2), and 12(B)(6) by Defendants Interactive Communications International, Inc. and E2interactive, Inc., <i>Blackhawk Network, Inc. v. SL Card Company Inc.</i> , c.a. CV-21-00813-PHX-MTL (D. Az.), filed August 18, 2021, with Exhibit A thereto.
EX2025	Press Release, “InComm Expands into Lottery Industry with Linq3 Technologies Acquisition,” dated March 12, 2019.

EXHIBIT	DESCRIPTION
EX2026	InComm Webpage, “About Us - InComm Payments,” https://www.incomm.com/about-us/ (retrieved Nov. 9, 2023).
EX2027	InComm Webpage, “Helping Consumers Cash In With Ease,” https://www.incomm.com/products/lottery-gaming/ (retrieved Nov. 6, 2023).
EX2028	USPTO Assignment Record Search
EX2029	U.S. Patent No. 11,580,823, entitled “Processing of a Game-Playing Transaction based on Location,” filed March 9, 2021.
EX2030	U.S. Patent No. 11,776,355, entitled “Processing of a Game-Playing Transaction based on Location,” filed March 9, 2021.
EX2031	USPTO Patent Center report re Continuity of U.S. Appl’n. 16/010,398 (dated November 6, 2023).
EX2032	Scheduling Order, <i>Blackhawk Network, Inc. v. SL Card Company Inc.</i> , No. 2022-051638 (Superior Court of Ariz.), dated March 13, 2023.
EX2033	Notice of Conference Reset, <i>Blackhawk Network, Inc. v. SL Card Company Inc.</i> , No. 2022-051638 (Superior Court of Ariz.), dated November 11, 2023.
EX2034	Declaration of James McDonald
EX2035	Protective Order [Proposed for this <i>Inter Partes</i> Review]
EX2036	Declaration of Jason Hoffman in Support of Patent Owner’s Motion for <i>Pro Hac Vice</i> Admission
EX2037	<i>Interactive Communications International, Inc., v. Blackhawk Network Inc.</i> , PGR2020-00084, Paper 22 (Patent Owner’s Response)
EX2038	Declaration of Jeffrey Miller, Ph.D.
EX2039	Jeffrey Miller curriculum vitae

EXHIBIT	DESCRIPTION
EX2040	U.S. Patent No. 10,769,894, entitled “Methods for Selling Pre-Printed Online Lottery Tickets.”
EX2041	U.S. Patent No. 6,322,446, entitled “System and a Method for Operating On-Line State Lottery Games.”
EX2042	<i>Interactive Communications International, Inc., v. Blackhawk Network Inc.</i> , PGR2020-00084, Paper 11 (Institution Decision).
EX2043	<i>Interactive Communications International, Inc., v. Blackhawk Network Inc.</i> , PGR2020-00084, Paper 7 (Patent Owner’s Preliminary Response).
EX2044	Deposition of Michael Hutton (May 2, 2024)
EX2045	SL Card Company, Inc.’s Seventh Supplemental Rule 26.1 Disclosure Statement, <i>Blackhawk Network, Inc. v. SL Card Company Inc.</i> , No. 2022-051638 (Superior Court of Ariz.), dated June 11, 2024.

I. INTRODUCTION

As explained in Patent Owner's Response ("POR"), Patent Owner disavowed, from the claims of the '135 Patent, coverage to lottery tickets that have lottery numbers associated with them prior to purchase:

Based on the foregoing, Yacenda's system is directly opposite of the instant claims, as *the instant claims require a "pre-printed lottery ticket" which has no lottery numbers associated with it at the time of customer purchase.*

EX1002.0076-77 (emphasis added). The disavowal is clear and unmistakable. The Petition acknowledges this argument but fails to account for it in its invalidity challenges. Now, faced with its oversight, Petitioner concocts various Reply arguments to evade this clear disavowal. None of them are persuasive.

The POR also demonstrates that the Petition's theory that the prior art's transmission of a ticket identifier, a sequence counter and/or bets combination fails to meet "transmitting ... product information ... to a lottery administration system" under claims 1-3 and 5-6. In Reply, Petitioner refers to other disclosures from the prior art describing other features (such as a barcode) that allegedly represent transmitted product information, but the new argument is untimely, and it is unsupported in the prior art.

The Board should reject the Petition's invalidity challenges in this IPR.

II. “PRE-PRINTED LOTTERY TICKET”

A. The Prosecution History’s Clear, Unmistakable Disavowal Applies to the Challenged Claims.

1. The Reply’s characterization of the ’135 Patent’s prosecution history is wrong.

The Board should reject Petitioner’s argument that Patent Owner distinguished Yacenda on grounds different than those presented in the disavowal. Reply at 8-9 (“In other words, applicant distinguished Yacenda because it does not disclose any pre-printing of a ticket, but instead discloses virtual tickets with player selections [which] would also distinguish Yacenda, since they do not allow a player to select lottery numbers in a terminal.”). The Reply’s account of the prosecution history is incorrect. Patent Owner did not distinguish Yacenda on the basis that it discloses virtual tickets but, instead, on the basis that “[i]nstead of disclosing a pre-printed lottery ticket, *Yacenda* discloses that *its system allows the customer to select the numbers it wishes to play* - i.e., not a pre-printed lottery ticket.” EX1002.0075-76 (emphasis added). And Patent Owner’s disavowal is explicit. *Id.* at 0076-0077 (quoted above). The fact that Patent Owner could have distinguished Yacenda on additional grounds does not detract from the clear, unmistakable disavowal that was made during prosecution. *Tech. Props. Ltd. v. Huawei Techs. Co., Ltd.*, 849 F.3d 1349, 1359 (Fed. Cir. 2017) (“The question is what a person of ordinary skill would understand the patentee to have disclaimed during prosecution, not what a person of

ordinary skill would think the patentee needed to disclaim during prosecution.”). The Board should reject this argument.

2. Specification lexicography is not required for disavowal.

Similarly, the Board should reject Petitioner’s argument (Reply at 9-10) that the disavowal should not be recognized because there is no lexicographical definition of “pre-printed lottery ticket” in the specification. No matter whether the specification sets forth a lexicographical definition, the prosecution history clearly establishes the disavowal. Disavowal occurs when a patentee “makes statements during prosecution that would cause ‘a competitor [to] reasonably conclude that the applicant clearly and unmistakably limited’ the scope of its claims.” *TMC Fuel Injection Sys., LLC v. Ford Motor Co.*, 682 Fed. App’x 895, 898 (Fed. Cir. 2017); *see also Poly-America, L.P. v. API Indus., Inc.*, 839 F.3d 1131, 1136 (Fed. Cir. 2016). Disavowal applies in the case of the ’135 Patent because the statements made during *prosecution* show clearly and unmistakably that Patent Owner limited the Challenged Claims to a ticket “which has no lottery numbers associated with it at the time of customer purchase.” EX1002.0076-77.

3. The disavowal is fully consistent with the ’135 Patent’s specification.

Petitioner’s next argument, that applying the disavowal would cause the claims to exclude all embodiments disclosed by the ’135 Patent (Reply at 10-12), advances a distorted reading of the specification, one that equates a ticket “purchase”

with payment for the ticket. *See id.* at 11-12 (“[T]he specification only describes associating lottery numbers with the ticket by the time it is ***scanned***, which happens ***before*** the time of purchase. ... Yet if payment is never received, the ticket cannot be said to be purchased.”) (emphases original). Petitioner misreads the specification.

The ’135 Patent shows that the purchase to which the disavowal refers is a process in which a buyer presents a pre-printed lottery ticket at point of sale equipment, and it is scanned, activated, and paid for:

Pre-printed lottery tickets allow a consumer to purchase a lottery ticket for a subsequently occurring draw by including that ticket in their shopping basket. The pre-printed lottery ticket ***may be purchased*** as any other common product through the point of sale terminal.

EX1001, Abstract (emphasis added).

During the checkout process, the pre-printed ticket is scanned by the cashier in the retailer's POS as they would scan any other product ***being purchased***. ...

Upon receiving information for activating a pre-printed ticket ***being purchased***, the lottery system may initiate a pre-printed ticket wager by validating the pre-printed ticket details, generating the appropriate lottery wager information, for example generating an appropriate number of random numbers for the draw.

Id. col. 4:18-35 (emphases added). Therefore, Petitioner’s purported distinction—a ticket “scan” cannot be part of a ticket “purchase”—is incorrect. There is no

inconsistency between Patent Owner's disavowal and the '135 Patent's specification.

4. Patent Owner's other patents do not negate the clear and unmistakable disavowal that applies to the '135 Patent.

The Board should reject Petitioner's argument (Reply at 12-15) that Patent Owner's other patents renders the disavowal ineffective. There are several reasons:

First, Petitioner cites no authority to suggest that prosecution activity undertaken in later-filed patents somehow negates a clear, unmistakable disavowal in a parent patent. Petitioner's cases, *Cordis* and *Omega Engineering*, both address circumstances in which courts carried disclaimers from parent patents forward to child patents. *See Cordis Corp. v. Boston Scientific Corp.*, 658 F.3d 1347, 1354 n.4 (Fed. Cir. 2011); *Omega Engr'g. Inc. v. Raytek Corp.*, 334 F.3d 1314, 1334 (Fed. Cir. 2003). Neither suggests that a disavowal made in a parent patent is undone when a later, child patent presents a different claim set.

Second, Petitioner's arguments overstate the law. Disclaimers do not carry forward robotically from parent to child, as Petitioner suggests. Instead, as Petitioner's *Omega Engineering* case recognizes, when a disclaimer occurs in a parent patent, courts "***presume, unless otherwise compelled,***" that the same claim term in related patents carries the same meaning. 334 F.3d at 1334 (emphasis added). It may occur, however, that claims in a later-filed patent contain recitations

that are inconsistent with a disavowal made during prosecution of an earlier patent, which causes the disavowal not to apply to that later patent. *See, e.g., Trading Techs. Int'l, Inc. v. Open E Cry, LLC*, 728 F.3d 1309, 1323 (Fed. Cir. 2013) (Earlier prosecution-based restrictions were inapplicable to a later-filed patent that retains claim language of its predecessors, when it differs from the prior patents in both its claims and its relevant supporting disclosures).

The claims of the '135 and '894 Patents show that the '135 Patent's disavowal does not extend to the '894 Patent's claims. The '894 Patent, claim 21 recites that "one or more randomly determined lottery numbers [are] associated with the pre-printed lottery ticket prior to the time the pre-printed lottery ticket is purchased at the POS." EX1034. Because the '894 Patent's claims contain materially different recitations than those of the '135 Patent, the ordinary presumption that a disclaimer carries forward to the '894 Patent cannot apply. There is no inconsistency.

In this IPR, the Board need not decide what effect, if any, the disavowal has on any other patent. This IPR reviews only the claims of the '135 Patent. As explained in the POR, a disavowal applies because the prosecution history contains clear and unmistakable evidence that the claims "require a 'pre-printed lottery ticket' which has no lottery numbers associated with it at the time of customer purchase." EX1002.0076-77.

5. The disavowal raises no indefiniteness issue.

Petitioner’s indefiniteness argument (Reply at 15-17) should be rejected because it pushes the same distortion of the ’135 Patent’s specification as in its prior argument. *Id.* at 16 (“Claim 4 generates draws details (such as lottery numbers) before purchase.”). But, as explained (§ II.A.3 *supra*), the specification does not equate a “purchase” with payment, as the Reply suggests. The purchase is a process in which a buyer presents a pre-printed lottery ticket at point of sale equipment, and it is scanned, activated, and paid for.

6. 37 C.F.R. § 42.73 does not estop Patent Owner from defending the ’135 Patent.

Petitioner’s argument (Reply at 17-18) that the outcome of PGR2020-00084 somehow bars Patent Owner from making its present disavowal arguments lacks legal support. Rule 42.73 does not preclude a patent owner from defending the patentability of claims that issued prior to an adverse judgment. *Softview LLC v. Apple Inc.*, 108 F.4th 1366, 1375 (Fed. Cir. 2024); *see also Apple Inc. v. Contentguard Holdings, Inc.*, IPR 2015-00458, Paper 9 at 8 (PTAB July 15, 2015). Here, the ’135 Patent issued before the ’894 Patent granted and long before the Board decided PGR2020-00084. EX1034, EX1008. Patent Owner’s disavowal, which was made in 2017 (EX1002.0086), had been in place for years. 37 C.F.R. § 42.73 presents no impediment to the disclaimer argument.

7. **Patent Owner is not prevented from defending the '135 Patent under judicial estoppel principles.**

Petitioner's argument, that judicial estoppel prevents Patent Owner from defending against Petitioner's invalidity challenges (Reply at 18-20), should be rejected for several reasons. *First*, Petitioner has not shown that Patent Owner is "tak[ing] a later position that is 'clearly inconsistent' with its earlier position." Reply at 19. Patent Owner's position in this IPR is *identical* to its position in 2017, when it made the disavowal.

Petitioner's suggestion that Patent Owner's presentation of different claims in the '894 and '451 Patents creates some kind of inconsistency is legally wrong. Again, a disavowal made in one patent filing does not automatically extend to every related patent filing. *See Omega Engr'g.*, 334 F.3d at 1334 (courts "presume, unless otherwise compelled," that a disclaimer will apply from case-to-case). The disavowal from the '135 Patent's prosecution history does not extend to the '894 and '451 Patents because, as Petitioner acknowledges (Reply at 13, 19), those patents have materially different claims. *Trading Techs.*, 728 F.3d at 1323 (describing circumstances where the presumption was overcome).

And, of course, Petitioner has shown no unfairness. Petitioner's concern (Reply at 19-20) that the '894 Patent would be used unfairly against it is misplaced. As Petitioner likes to remind us, claims of the '894 Patent were held invalid in

PGR2020-00084. Pet. at 1, 9-10, 74. The '451 Patent is subject to its own IPR, and it will be evaluated on its own merits. But, in this proceeding, which involves the '135 Patent's claims, it is entirely fair to apply Patent Owner's disavowal consistently from prosecution to post-grant proceedings. Contrary to Petitioner's argument, consistency and fairness are *promoted* by applying the disavowal.

In truth, it is Petitioner, not Patent Owner, that seeks to advance inconsistent positions among these various proceedings. While Petitioner denies, in this IPR, that the disavowal applies, its affiliate argues, in the related Arizona state court case, that Patent Owner's disavowal applies to all related patents. EX2045.0017 ("Blackhawk admitted to having disavowed all rights to the embodiment disclosed in the 135 Patent in which preprinted lottery tickets bear preprinted draw numbers").¹ There, Petitioner's affiliate argues that Patent Owner has no intellectual property rights to a ticket that has preprinted draw numbers (EX2045.0018) despite Petitioner's admission, here, in its Reply (p. 19), that the '894 and '451 Patent have claims directed to such embodiments. Of course, neither position is correct. As explained, the disavowal applies to the claims of the '135 Patent but not to those of the '894 or '451 Patents due to their different claim sets.

¹ The Quinn Emmanuel firm is pushing these inconsistent positions in both the state court case and this IPR. EX2045.0001.

Therefore, judicial estoppel is no impediment to Patent Owner's arguments.

B. The Board Should Reject Petitioner's New, Untimely Invalidity Challenges.

1. The Reply's new theory, that Szrek discloses a "pre-printed lottery ticket" that has no lottery numbers associated with it at the time of purchase, is incorrect.

The Board should reject Petitioner's new theory (Reply at 24-26), that "Szrek also discloses an alternative embodiment where the game provider ... 'issues a processing request for preprinted ticket 300,' i.e. with no indication that the lottery number is included with the ticket identifier" (Reply at 24 (citing EX1005 col. 7:13-15)), because it distorts Szrek's disclosure.

First, the cited statement, read in full, demonstrates that Szrek's game provider understands the relationship between a ticket's identifier and its data bet. EX1005 col. 7:13-18 (the game provider agrees with the commercial printer on assignments of data bets to a ticket). This passage does not establish that Szrek's lottery tickets lack lottery numbers at the time of purchase.

Second, Petitioner's theory is belied by Szrek's other disclosure, which demonstrates that a game provider provides lottery numbers in its processing request to a commercial printer:

The game provider will either provide *bets information* to the commercial printer or agree on the method of generation of selections.

EX1005 col. 4:1-3 (emphasis added); *see also id.* col. 3:32-34 (the commercial printer's tickets have computer-generated selections), EX2044 at 36:9-37:2 (the game provider system generates lottery numbers for tickets printed by the commercial printer), EX2038 ¶¶ 87-88, 101. The bet information represents a ticket's lottery numbers. EX2044 at 14:6-15:13.

Third, the passage cited from Szrek at col. 7:13-15, does not describe new functionality of Szrek's system but, instead, provides an introduction for other functionality of Szrek's system that encodes player bet selections in a ticket identifier 330. *See* EX2044 at 40:10-42:18 (Petitioner's expert interprets Szrek's disclosure to say that player bet combinations can be extracted from a ticket identifier), 18:5-19:6 (lottery numbers are embedded into a ticket identifier 330). Szrek nowhere states that lottery tickets are preprinted without having lottery numbers associated with them. Petitioner's expert agrees. *Id.* 11:14-22 (all data elements in FIG. 3 are preprinted on a ticket), 16:16-22 (these data elements include the ticket's lottery numbers), 32:24-35:13 (the game provider stores information for preprinted tickets, including player selected lottery numbers), 37:4-38:9 (same), 45:5-17 (a player walks away from a service terminal 130 with a printed ticket that includes lottery numbers).

Thus, Petitioner's argument, that Szrek discloses at col. 7:13-15 an embodiment where lottery numbers are not associated with a ticket, is unfounded.

The Board should reject Petitioner’s argument, that “permissive but not mandatory language” in Szrek’s disclosure (Reply at 24-25), somehow makes up for Szrek’s failure to disclose a pre-printed ticket as claimed. It is improper to take prior art statements out of context and give them meanings they would not have had to a POSITA having no knowledge of the claimed invention. *In re Wright*, 866 F.2d 422, 426 (Fed. Cir. 1989); *Bausch & Lomb, Inc. v. Barnes-Hind/Hydrocurve, Inc.*, 796 F.2d 443, 448 (Fed. Cir. 1986). Here, the Reply’s cited passages (EX1005 cols. 3:29-31, 7:21-22, and 7:26-27) all demonstrate that Szrek’s tickets *do* have lottery numbers associated with them at the time of purchase. Petitioner’s attempt to invert the import of Szrek’s disclosure should be rejected.

2. The Reply’s second, new theory, that the Challenged Claims are invalid over Szrek and Gilmore, is untimely and wrong.

The Board should reject the Reply’s new theory, that the claims are invalid over Szrek and Gilmore, U.S. Publ’n. No. 2005/0233797 as untimely. The Petition advances no invalidity grounds based on Gilmore:

Ground	Reference(s)	Basis	Claims
1	Szrek	§103	1-6
2	Llach, Szrek	§103	1-6

Pet. at 2. The Petition does not reference Gilmore in any of its substantive invalidity analysis. *See id.* §§ XI.A (Ground 1 invalidity challenges), XI.B (Ground 2). This

IPR is limited to the invalidity grounds presented in the Petition. *See* 35 U.S.C. §§ 311(b), 312(a)(3); *SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348, 1356 (2018).

The Petition gives Gilmore only passing mention when it discusses sale of lottery tickets, but it says nothing about whether lottery numbers are or are not associated with tickets at the time of purchase:

Gilmore describes a system for selling tickets through a retailer POS system by scanning said tickets. Ex. 1029; Ex. 1003, ¶71. A lottery system controller 12 receives the data from the scan and sends an activation request to the lottery system. The lottery system 28 confirms the lottery numbers are recorded, and the controller 12 provides confirmation to the POS system.

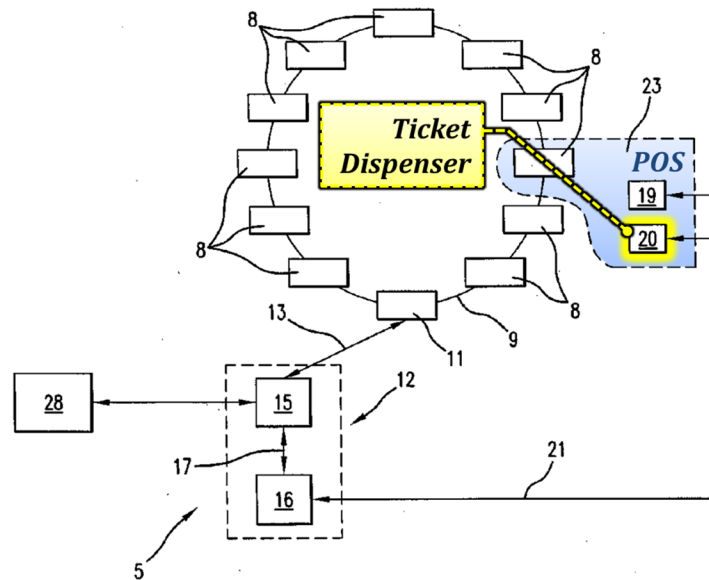
Pet. at 7-8. Petitioner’s expert likewise failed to present Gilmore in any meaningful fashion in his initial declaration (EX1003), which necessitated his eleventh-hour supplemental declaration (EX1038).

The Reply’s presentation of this new ground is improper because it should have been presented in its initial Petition to make out a *prima facie* case of unpatentability. *See SAS*, 138 S. Ct. at 1356; *Axonics, Inc. v. Medtronic, Inc.*, 75 F.4th 1374, 1383 (Fed. Cir. 2023) (while a party may provide argument and evidence in reply to a new claim construction, “[t]hat is not to say a petitioner may rely on new prior art in response to a new claim construction presented in the patent owner response.”); Consolidated Trial Practice Guide November 2019 (“CTPG”) at 14–15

(It is improper, in a reply, to “proceed in a new direction with a new approach as compared to the positions taken in a prior filing.”).

The Reply makes no effort to justify the Petition’s failure to account for the disavowal made during prosecution of the ’135 Patent. The Petition cites directly to the prosecution arguments that distinguished then-applied prior art (Pet. at 8-9), but it fails to apply those arguments in its analysis of the Challenged Claims. The Petition states only that “[t]he applicant successfully argued that the prior art cited by the examiner failed to disclose a ‘pre-printed lottery ticket.’” *Id.* Of course, the disavowal at issue, here, was that successful argument. Having acknowledged the disavowal, Petitioner’s failure to address it substantively in the Petition is inexcusable.

As an aside, Petitioner’s arguments, that a POSITA would be motivated to combine features of Gilmore into Szrek’s system (Reply at 25-26), are conclusory and underdeveloped. Gilmore proposes to print the lottery tickets with quick pick numbers at ticket dispensers 20 (*yellow*), which are to be added to all POS terminals 8 (*blue*) of the system:



Gilmore (EX1029), FIG. 1 (annotated)

See EX1029 [0018], [0023], [0047], [0061]-[0062], [0068], [0074]. Obviously, this modification incurs enormous cost in retrofitting ordinary POS hardware. The modification also runs counter to Szrek's goals; his "approach does not require additional gaming equipment, such as a secure printer or a special gaming terminal at the cash register." EX1005 Abstract; *see also id.* col 1:30-36 (identifying high cost of specialized lottery equipment as a reason in-lane sales of lottery tickets has not succeeded). Neither Petitioner nor its expert attempt to explain why a POSITA would be motivated to apply Gilmore's technique, with its hardware complexities and expense, into a system that is purposefully designed to avoid adding such hardware.

The Board should reject Petitioner's new invalidity ground based on Szrek and Gilmore.

III. “PRODUCT INFORMATION”

Claims 1-3 and 5-6 require two distinct types of information to be “transmitt[ed] ... to a lottery information system.” Unique identification information and product information. The Petition alleges that Szrek’s disclosure of a transmitted ticket identifier 330 meets this recitation because “the transaction request sent to the game provider includes the ticket identifier (i.e. *unique identification information*)” (Pet. at 23 (emphasis original)) and “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.* at 25 (emphasis original)). The POR demonstrates the flaws in the Petition’s invalidity theory. First, the ticket identifier and the sequence counter represent only unique identification information. Second, in Szrek’s system, the bet combination 350 represents the ticket’s lottery numbers; as the disavowal establishes, the bet combination cannot be part of a “pre-printed ticket.” *See* POR §§ VI.A.1, VI.B.1. Petitioner’s Reply arguments fail to show that the ticket identifier 330, the bet combination 350, or the sequence counter represent “transmit[ed] ... product information” under the claims.

A. The Reply's Claim Construction Arguments are Unpersuasive.

On claim construction (Reply at 21), Petitioner's argument that product information should be construed to include wagers doubles down on Petitioner's failure to acknowledge the clear, unmistakable disavowal made during prosecution of the '135 Patent. As explained, the claims recite that product information is obtained from a scan of a pre-printed lottery ticket, which is then transmitted to a lottery administration system. Product information cannot include wagers (i.e., lottery numbers) because, under the disavowal, a preprinted lottery ticket cannot include lottery numbers prior to purchase.

Petitioner's review of the '135 Patent specification (Reply at 21-23) confirms that a unique identifier and product information are separate and distinct types of information. *See* Reply at 21 (quoting EX1005 col. 3:1-5: "One bar code may contain both pieces of information."). Importantly, the Reply improperly conflates mere disclosure of product information with disclosure of a ***transmission*** of product information. *Id.* at 21-23, 26-27. It is on this latter issue that Szrek's disclosure fails.

While Szrek's barcode 310 may contain both a unique identifier 330 and various product information, Szrek has no disclosure of transmitting any type of data to a game provider 250 during ticket activation except the ticket identifier 330. *See* EX1005 col. 3:47-49 ("[T]he game provider system merely recognizes ***from the***

ticket identifier what transaction is activated.” (emphasis added)); col. 4:22-25 (“*After the ticket identifier is obtained*, an authorization request is sent to the game provider either directly from the cash register or indirectly via the store “back office” (emphasis added)). Petitioner’s expert agreed that Szrek’s game provider 250 only needs a ticket identifier to activate a ticket. EX2044 at 70:20-23 (“And all you would need is the ticket identifier to look up that ticket in the case where the tickets are preloaded into the game provider system.”). Szrek has no disclosure that any part of the barcode 310, beyond the ticket identifier, is transmitted to a game provider 250.

Petitioner’s review of the ’894 Patent’s claim language (Reply at 23) reveals no contradiction with the construction mandated by these claims’ recitations. Claim 14 refers to a “wager amount” and a “number of wagers,” not to a “wager,” which the patents’ specification describes as the lottery numbers. EX1001 col. 2:65-67 (“[P]re-printed lottery tickets [] do not have a ... wager (i.e. lottery numbers) assigned or associated to the pre-printed ticket.”); EX1034 col. 3:1-4 (same). Claim 15 refers to “retrieving” unique identification information from received product information, not to transmitting product information, which is the subject matter recited in the Challenged Claims. Thus, the cited claims from the ’894 Patent do not disturb clear recitations from claims 1-3 and 5-6 or the disavowal made during prosecution.

Petitioner's estoppel argument (Reply at 23) should be rejected. As explained (§ II.A.6 *supra*), Patent Owner is entitled to defend patentability of the '135 Patent, which predates both the '894 Patent and PGR2020-00084. *Softview*, 108 F.4th at 1375.

B. The Reply's New Invalidity Theories are Untimely and Wrong.

The Petition asserts that Szrek's ticket identifier 330, its bets combination, and its sequence counter represent product information that is transmitted to a lottery administration system. Pet. at 25-26. These theories are wrong because Szrek discloses that the ticket identifier 330 and the sequence counter merely are data elements that uniquely identify a ticket (they are "unique identification information") and because the bet combination represents a ticket's lottery numbers, something that cannot be associated with a pre-printed ticket, under the claims. See POR §§ VII.A.2, VII.B.2. Faced with this error, Petitioner conjures alternative theories that are not presented in the Petition and are not supported by the prior art. These theories should be rejected as untimely and wrong.

They are untimely because they rely on new theories that are not presented in the Petition. The Petition does not allege that Szrek transmits other data elements from the barcode 310 as the Reply now asserts. See Pet. at 25-26. The Reply's new arguments rely on new disclosure from Szrek relating to newly-identified data elements and, as such, it is improper. 37 C.F.R. § 42.104(b)(5) (The *Petition* must

identify specific portions of the evidence that support an invalidity challenge), CTPG at 14-15; *see also Ariosa Diagnostics v. Verinata Health, Inc.*, 805 F.3d 1359, 1367 (Fed. Cir. 2015) (it is proper to reject unidentified portions of a prior-art reference to make a meaningfully distinct contention).

1. **Szrek does not disclose that the barcode 310 is transmitted to a game provider, only the ticket identifier 330.**

Petitioner’s new argument, that Szrek discloses product information, as claimed, because its barcode 310 is made up of “one ‘fixed part [that] indicate[s] the product type’ (*i.e. information that identifies a product*) and another ‘variable part [that] contain[s] ticket identifier 330’ (*i.e. unique identification information*)” (Reply at 26 (emphases original)), fails to show obviousness. As explained, the issue is not whether Szrek discloses product information at all but rather whether Szrek discloses “*transmitting* ... product information ... to a lottery administration system.” Szrek has no disclosure that any part of the barcode 310 except the ticket identifier 330 is transmitted to Szrek’s game provider 250.

Szrek discloses that the game provider 250 activates tickets based solely on the variable ticket identifier 330. EX1005 col. 3:47-49 (“[D]uring ticket activation, the game provider’s system merely recognizes *from the ticket identifier* what transaction is activated”) (emphasis added). Szrek’s cash register does not *transmit* product information, instead, it “*requests* the product type and price” from the game

provider. *Id.* col. 4:56-61. When the game provider activates a ticket, it sends product information ***back to the cash register*** in response. *Id.* col. 4:61-64 (it “sends back lottery product description, price, and [an] activation receipt identifier”). Petitioner’s speculative theory, that Szrek discloses transmission of other elements of the barcode lacks support in the reference.

2. Szrek’s ticket identifier is just that, a unique ticket identifier, not product information.

Petitioner’s Reply distorts Szrek’s disclosure when it argues that “‘Szrek also discloses that a part of the ‘ticket identifier’ indicates ‘what transaction is activated,’ i.e. the lottery product type, such as ‘lotto.’” Reply at 26-27. Szrek’s disclosure is specific. Szrek’s tickets are “‘preloaded’ in the game provider’s system.” EX1005 col. 3:46. The ticket identifier “may indicate, in an algorithmic fashion, what transaction was being activated and game provider system would ‘load’ this transaction.” *Id.* col. 3:50-53. This disclosure does not teach that product information is ***transmitted*** to a game provider but, rather, that the game provider ***looks up*** previously-stored product information in response to a transmitted ticket identifier. Petitioner’s expert agrees:

So a person of ordinary skill would say that -- basically what a person of ordinary skill would interpret [Szrek at col. 3:46] as is that an embodiment of this or the ticket identifier is the lookup key to the ticket that's preloaded in the database. And all you would need is the ticket identifier to look up

that ticket in the case where the tickets are preloaded into the game provider system.

EX2044 at 70:3-25. Szrek’s discussion at col. 3:47-50 does not show “transmitting ... product information ... to a lottery administration system,” as claimed.

Petitioner’s Reply returns to its theory that “Szrek discloses that the barcode information (which includes the product type) is sent to the lottery administration system” (Reply at 28-29) several times. *See also id.* at 30 (it would be obvious to transmit the barcode to a game provider, relying on a new declaration from Petitioner’s expert). These arguments are untimely and wrong. Again, Szrek’s game provider activates tickets based on their ticket identifiers 330, nothing else. EX1005 col. 3:46-50. The game provider already is preloaded with ticket information by the time an activation request is received. *Id.* When it activates a ticket, Szrek’s game provider transmits product information **back to** a store back office 240 (*id.* col. 4:61-64), which involves a transmission flows in a direction opposite to what is claimed.

The Board should reject Petitioner’s new argument that it would have been obvious to alter Szrek’s system to transmit a barcode to the game provider as underdeveloped and unsupported by Szrek’s disclosure. Petitioner bases its new theory on a perception that Szrek’s cash register “must ‘know how to separate it from the barcode’ [which] is less efficient and desirable than having the game provider receive the barcode information and separate the ticket identifier from the

product type.” Reply at 30. But Szrek describes that the barcode 310 is a “standard barcode.” EX1005 col. 6:10-11. Szrek further explains that its technique “doesn’t require any custom software changes in cash register software.” *Id.* Abstract. Petitioner’s new eleventh-hour invalidity theory and its conclusory expert testimony should be rejected because it makes no attempt to reconcile the contradictions between its arguments and Szrek’s disclosure. *BJ's Wholesale Club Holdings, Inc. v. Walmart Apollo, LLC*, IPR2022-01509, Paper 29 at 27 (PTAB Apr. 3, 2024) (the Board assigns little weight to expert testimony that is not supported by the prior art’s disclosure).

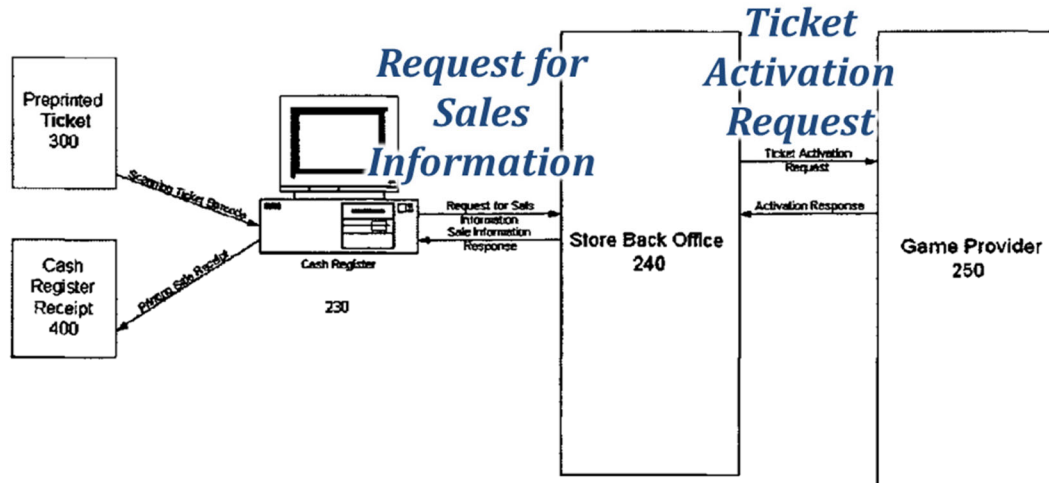
3. **Szrek’s sequence counter is another example of a unique ticket identifier, not product information.**

Petitioner’s argument that the sequence counter represents product information (Reply at 27) is unavailing. Szrek discloses that the sequence counter makes a ticket unique, nothing more. EX1005 col. 7:27-30. Petitioner’s expert agrees. EX2044 at 46:13-14 (A “sequence counter can be considered a serial number.”), 51:13-52:10 (when a ticket identifier is not previously known to the game provider system, a sequence counter “essentially [is] a serial number for that particular ticket, but it would be generated at the kiosk.”). This evidence demonstrates that the sequence counter is unique identification information for a ticket, but it provides no other information. Because claims 1-3 and 5-6 require “transmitting ... *product information* ... to a lottery administration system” in

addition to unique identification information, Szrek's disclosure of a transmitted sequence number is insufficient to meet those claims.

4. Petitioner's Reply distorts Szrek's discussion of transformed cash register requests.

Petitioner's argument regarding the back office's transform of the cash register's request (Reply 29) misses the point. The point is that Szrek discloses that a request for sale information exchanged between a cash register 230 and the store back office 240 is transformed before a ticket activation request is send to a game provider 250, which teaches that the data exchanged in these communications are different from each other:



Szrek, FIG. 2 (annotated)

EX1005 col. 4:59-60, 6:34-38. Szrek discloses that, for a ticket activation request, Szrek's game provider 250 activates tickets based on the ticket identifier 330. *Id.* col. 3:46-50. And, given Szrek's disclosure that the game provider is "preloaded"

with ticket information (*id.*) and the game provider sends product information back after ticket activation (*id.* col. 4:62-64), there is no basis to infer that any product information that might be exchanged between a cash register 230 and the store back office 240 is transmitted further to the game provider 250 in a ticket activation request. Any argument otherwise from Petitioner is speculation, and it falls short of the preponderance of the evidence standard required to prevail on this IPR.

5. **Llach, when modified as the Petition proposes, also fails to transmit product information to a lottery administration system.**

Petitioner's new theory with respect to Llach (Reply at 30-91) also should be rejected. The Petition alleges a combination in which Llach is modified "to send and receive the data disclosed in Szrek." Pet. at 56; *see also id.* at 58 ("the proposed combination [applies] Szrek's known techniques for activation lottery tickets to Llach's known system"). The Petition's analysis of the transmitting step, element 2[c] in the Petition, alleges that "Llach's card issuer's authorization system 160 is modified to perform the same functions as Szrek's gaming provider [which] include, as discussed in Ground 1, receiving unique identification information for Szrek's pre-printed lottery ticket, activating the lottery ticket, authorizing winner payment, sending activation receipt info." *Id.* 62-63. The Petition never identified the Llach system as having significance to the step of "transmitting ... product information ... to a lottery administration system," as claimed.

A POSITA would not be motivated to transmit product information to a game provider system because Szrek's game provider activates tickets based only on the tickets' unique identifier 330. EX1005 col. 3:46-50. While product information may have a role when Llach's system processes non-lottery products, for example, when determining to augment a cash value card (EX1006 [0016]), such product information has no role when processing Szrek's lottery tickets. As discussed, Szrek's game provider activates tickets based on the tickets' identifier.

The whole premise of the Petition's invalidity challenge under Ground 2 is that "Llach's card issuer's authorization system 160 is modified to perform the same functions as Szrek's gaming provider." Pet. at 62. Thus, Llach as modified "to send and receive the data disclosed in Szrek" (Pet. at 56), would *not* send product information to a lottery administration system.

IV. CONCLUSION

Because the Petition fails to meet its burden to prove invalidity of the Challenged Claims by a preponderance of the evidence, Patent Owner requests the Board to reject the IPR's invalidity grounds.

Respectfully submitted,

Date: September 13, 2024

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CERTIFICATE OF WORD COUNT

The undersigned certifies that the foregoing Patent Owner's Sur-Reply, exclusive of the Table of Contents, Table of Authorities, and Exhibit List has a word count of 5,572 words as computed by Microsoft Word.

Date: September 13, 2024

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CERTIFICATE OF SERVICE

The undersigned certifies that the foregoing Patent Owner's Sur-Reply was served electronically via email on September 13, 2024, on the following:

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