

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 MOTION TO EXCLUDE EVIDENCE

I. INTRODUCTION/STATEMENT OF MATERIAL FACTS

Patent Owner moves the Board to exclude exhibits 1034-36 and 1038 from the record of this proceeding. The exhibits are improper for the following reasons:

- **Exhibit 1038** is a supplemental expert declaration that contains new expert opinions and argument that do not appear in the initial expert declaration (Ex. 1003) submitted with the Petition:

First, Mr. Hutton’s supplemental expert declaration presents an entirely new interpretation of the prosecution history including new analysis of how the patent was distinguished over Yacenda. (Ex. 1038 ¶¶ 6-13).

Second, the supplemental declaration proffers the new argument that it would have been obvious to modify Szrek to include generating lottery numbers at the time of purchase to meet the “pre-printed lottery ticket” claim element (Ex. 1038 ¶¶14-18). The initial declaration includes no discussion of modifying Szrek to meet this element and, to the contrary, specifically notes that Szrek discloses that “[t]he ticket can be preprinted ... as [] computer generated selections (quick pick).” Ex. 1003 ¶106 (citing Ex. 1005, 3:28-31).

Third, the supplemental declaration proffers the new argument that it would have been obvious to modify Szrek to transmit product information that is separate and distinct from the unique identification information to a lottery

administration system (Ex. 1038 ¶¶ 25-32). This is at direct odds with the initial declaration, which points to the unique identification information as the product information that is transmitted. Ex. 1003 ¶118 (citing Ex. 1005, 3:47-50, 6:36-39, 7:21-31).

The above proffered opinions relate to arguments that do not appear in the Petition and were not addressed in the initial expert declaration (Ex. 1003) provided with the Petition, and are not proper reply opinions. Accordingly, Exhibit 1038 should be excluded both as untimely and as prejudicial as the rules to not provide an opportunity for Patent Owner to submit a responsive supplemental expert declaration.

- **Exhibits 1034 and 1035** are later-filed patents that claim priority to the '135 Patent that is at issue in this IPR. Petitioner cites to claims in Exhibits 1034 and 1035 (Reply at 13) to show that they possess different recitations than those of the '135 Patent, as if these later-filed patents somehow suggest that a claim disavowal made during prosecution of the '135 Patent is unclear. These exhibits are not relevant to this proceeding and Petitioner is relying upon these exhibits for new arguments that should have been presented at the time the petition was filed.
- **Exhibit 1036** is the Patent Owner's interrogatory responses in an Arizona state court lawsuit between Patent Owner and Petitioner's affiliate in which

Patent Owner explained that the claim disavowal made during prosecution of the '135 Patent does not extend to the Patent Owner's later-filed patents because those patents employ different recitations. Petitioner cites to Exhibit 1036 to suggest that the claim disavowal made during prosecution of the '135 Patent is somehow negated by these litigation positions without any legal support. Exhibit 1036 is not relevant to this proceeding and Petitioner is relying upon this exhibit for a new argument that should have been presented at the time the petition was filed.

II. STANDARDS

A petitioner “may not submit new evidence or argument in reply that it could have presented earlier.” *See* 37 C.F.R. §42.23(b). Considering new grounds at a late stage in an IPR may constitute reversible error. *M&K Holdings, Inc. v. Samsung Elecs. Co.*, 985 F.3d 1376, 1385 (Fed. Cir. 2021). The rules ensure that the patent owner has notice of and a fair opportunity to meet and respond to the alleged grounds of invalidity. *Belden Inc. v. Berk-Tek LLC*, 805 F.3d 1064, 1080 (Fed. Cir. 2015). Submitting new evidence in a reply that could have been raised earlier indicates a new ground has been raised. *See* Consolidated Trial Practice Guide (“CTPG”) at 73, 74 (Nov. 2019); *accord* 37 C.F.R. §42.23(b). New evidence, presented without prior authorization, should be excluded. CTPG at 73; 37 C.F.R. §42.23(b). The Federal Rules of Evidence govern IPRs. *Legend3D, Inc. v. Prime Focus Creative Servs. Can.*

Inc., IPR2016-00806, Paper 73 at 8-9 (PTAB Sept. 18, 2017); *see also* 37 C.F.R. §42.62. A party may submit a motion to exclude inadmissible evidence, describing “why the evidence is not admissible (e.g., relevance or hearsay).” CTPG at 73.

III. ARGUMENT

A. Exhibit 1038 should be excluded because it presents new expert opinions that were not presented in the Petition or its accompanying expert declaration.

First, in his initial declaration Petitioner’s expert, Mr. Hutton, provides a single paragraph discussion of the prosecution history specifically noting that “[t]he applicant successfully argued that the prior art cited by the examiner failed to disclose a ‘pre-printed lottery ticket.’” Ex. 1003 ¶ 81. In this initial declaration, Mr. Hutton provides no discussion of how the Patent Owner overcame the prior art or how the claim disavowal in the prosecution history should be understood. *Id.*

But in his supplemental declaration, Mr. Hutton provides a detailed analysis of Yacenda, the prior art that was overcome during the prosecution that was referenced in passing in the initial declaration. Mr. Hutton goes on to opine that “Yacenda itself does not describe pre-printing of tickets at all, but instead discloses a user selecting lottery numbers and then the system displaying virtual tickets” and that he “interpret[s] the applicant as generally distinguishing Yacenda from preprinted tickets.” Ex. 1038 ¶¶ 8-10. Mr. Hutton now seeks to use his new analysis

of the prior art overcome during the prosecution of the '135 patent to inform his interpretation of “pre-printed lottery ticket.”

This is an impermissible new opinion that Mr. Hutton was required to disclose in his initial declaration. Presenting this new argument is prejudicial at this stage of the proceeding and should be excluded. *See SAS*, 138 S. Ct. at 1356; 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.”).

Second, in his supplemental declaration, Mr. Hutton for the first time argues that it would have been obvious to modify Szrek to incorporate the generation of lottery numbers. Ex. 1038 ¶16. This opinion is not only new but contrary to Mr. Hutton’s initial declaration where he notes that Szrek discloses that “[t]he ticket can be preprinted ... as [] computer generated selections (quick pick).” Ex. 1003 ¶106 (citing Ex. 1005, 3:28-31). Because the initial declaration asserts that a pre-printed lottery ticket (as used in the claims) is disclosed in Szrek, there is no need for (nor are there) any opinions about modifying the disclosure of Szrek to meet this claim limitation.

Mr. Hutton makes clear that his supplemental declaration is in fact advancing a new Szrek combination, stating: “a POSITA would have had a reasonable expectation of success in this combination, since it could be accomplished by deferring the generation of lottery numbers to the time of purchase, and performing

generation of lottery numbers at Szrek’s game provider or cash register, which was a generally-known and ubiquitous process by the time of the ’135 patent.” Ex. 1038 ¶17. Because no combination or motivation to combine Szrek with generation of lottery numbers was presented in the initial declaration, this opinion should be excluded. *See 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.”).

Third, on the issue of whether Szrek discloses “transmitting...the product information,” Mr. Hutton’s new declaration states that even if the feature is not expressly disclosed in Szrek, “it would have been obvious to communicate the barcode, including both product type and ticket identifier, to the game provider.” Again, this new theory does not clarify Mr. Hutton’s initial declaration but offers new interpretations and modifications of Szrek.

The Board should exclude Mr. Hutton’s new opinions. *See* 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). Further, the supplemental declaration is prejudicial under FRE 401-

403, as the rules do not provide an opportunity for Patent Owner to submit a responsive supplemental expert declaration. Therefore, Exhibit 1038 should be excluded.

B. Exhibits 1034-36 should be excluded because they have no probative value

Exhibits 1034 and 1035 are later-filed patents that claim priority to the '135 Patent that is at issue in this IPR that have no probative value in the current action. Petitioner attempts to point to these patents to baselessly argue that the disavowal from the '135 Patent's prosecution is somehow undermined by claim recitations in these later filings. Reply at 12-13. But points to no authority that holds or even suggests that prosecution activity undertaken in later-filed patents somehow negates a claim 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 claim disavowal or lack thereof in a child patent can in anyway impact a claim disavowal in the parent patent's prosecution.

Petitioner also submits Patent Owner's interrogatory responses in an Arizona state court lawsuit between Patent Owner and Petitioner's affiliate for this same

misguided purpose. Reply at 14. Petitioner asserts that because Patent Owner argued that the claim disavowal in the '135 Patent did not apply to its intellectual property encompassed by its later filed patents, the claim disavowal in the '135 patent is somehow put into question. But again, there is no support for this contention and the cases cited by petitioner are inapposite.

Where, here, the Board is asked to determine how the claim disavowal made in the prosecution of the '135 patent should be understood in the context of the '135 patent (and not how the claim disavowal applies to any later patents or intellectual property), this evidence is irrelevant and should be excluded.

Finally, Petitioner submitted Exhibits 1034-36 with its reply without authorization. Petitioner made no attempt to justify why these late exhibits were an exception to the rule disallowing new evidence. Submitting new evidence in a reply that could have been raised earlier indicates a new ground has been raised. *See* Consolidated Trial Practice Guide (“CTPG”) at 73, 74 (Nov. 2019); *accord* 37 C.F.R. §42.23(b). New evidence, presented without prior authorization, should be excluded. CTPG at 73; 37 C.F.R. §42.23(b).

Patent Owner timely objected to these exhibits under FRE 401-403, 702 (Ex. 1038 only), and 37 C.F.R. § 42.23(b). Patent Owner is relying on these exhibits for a new argument which should have been presented at the time the petition was filed. Therefore, Exhibits 1034, 1035, and 1036 should be excluded.

IV. CONCLUSION

Based on the rules governing IPR proceedings, the Board should grant Patent Owner's Motion to Exclude the evidence discussed above.

Respectfully submitted,

Date: October 18, 2024

By: /Robert L. Hails/

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CERTIFICATE OF SERVICE

The undersigned certifies that the foregoing Patent Owner's Sur-Reply was served electronically via email on October 18, 2024, on the following:

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