

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 OPPOSITION TO PETITIONER'S MOTION TO
EXCLUDE EVIDENCE**

I. INTRODUCTION/STATEMENT OF MATERIAL FACTS

If the Board admits Petitioner's late-submitted exhibit Ex. 1036 into the record of this IPR, it also should admit Patent Owner's exhibit Ex. 2045. Ex. 2045 is directly responsive to a new argument that Petitioner presented for the first time in its Reply, namely, that Patent Owner's disavowal arguments here are inconsistent with its arguments in a state court litigation. Paper 18 § II.A.3 (discussing Ex. 1036). As explained in Patent Owner's Sur-Reply, there is no inconsistency; Patent Owner explained in the state court litigation, just as it has done here (Paper 20 § II.A.4), that the disavowal that applies to the claims of the '135 Patent do not apply to other patents due to differences in those patents' claim sets. Patent Owner submitted Ex. 2045 to show that it is Petitioner, not Patent Owner, that is making inconsistent arguments across these proceedings. Compare Paper 18 at 8 ("The applicant did not make a "clear and unmistakable" disclaimer."); Ex. 2045.0017 ("[I]n a document submitted to the Patent Trial and Appeal Board on May 15, 2024 in connection with an inter partes review ("IPR") proceeding brought against the 135 Patent, Blackhawk admitted to having disavowed all rights to the embodiment disclosed in the 135 Patent in which preprinted lottery tickets bear preprinted draw numbers ..."). Ex. 2045 demonstrates that it is Petitioner that seeks tactical advantages among these disparate proceedings by denying the existence of the disavowal in this IPR but embracing it in the state court litigation.

The Board is entitled to suspend applications of its rules in appropriate circumstances. 37 C.F.R. § 42.5(b). Here, if the Board decides to admit Petitioner's late-submitted exhibit Ex. 1036, it is appropriate to suspend the ordinary rule against introduction of new evidence and also admit Ex. 2045 because Ex. 2045 corroborates Patent Owner's account of the factual misrepresentations made in Petitioner's Reply. Moreover, it addresses an issue that Petitioner had not raised in its Petition. The Petition makes no mention of the state court litigation, other than to identify it as a related litigation (Paper 2 at 75). And, of course, Patent Owner could not discuss Ex. 2045 in its Patent Owner's Response because it did not exist at the time Patent Owner's Response was filed; Ex. 2045 was prepared after Patent Owner's Response was filed. Basic fairness compels the Board to admit Ex. 2045 if it decides to admit the exhibit (Ex. 1036) to which it responds.

II. STANDARDS

A petitioner "may not submit new evidence or argument in reply that it could have presented earlier." USPTO, *PTAB Consolidated Patent Trial Practice Guide* (Nov. 21, 2019), at 74; *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). But the Board “may waive or suspend” such requirements in appropriate cases. *See* 37 C.F.R. § 42.5(b). Indeed, while new evidence is not “typically” permitted with sur-replies, if the Petitioner submits new evidence in its Reply without permission, the Board should allow an appropriate opportunity for a patent owner to submit evidence with its sur-reply. *Axonics, Inc. v. Medtronic, Inc.*, 75 F.4th 1374, 1384 (Fed. Cir. 2023).

III. ARGUMENT

Petitioner first attempts to exclude Exhibit 2045 by pointing to the provision of 37 C.F.R. § 42.23(b), which states a sur-reply “may not be accompanied by new evidence other than deposition transcripts of the cross-examination of any reply witness.” But Petitioner fails to note that 37 C.F.R. § 42.23(b) also states that “[a] reply may only respond to arguments raised in the corresponding opposition, patent owner preliminary response, patent owner response, or decision on institution.” *See* CTPG at 74 (A petitioner “may not submit new evidence or argument in reply that it could have presented earlier.”). Indeed, the purpose of rules such as 37 C.F.R. § 42.23(b) is to ensure that the Patent Owner has the opportunity to respond to the

arguments made by the Petitioner. *Belden v. Berk-Tek*, 805 F.3d at 1080 (“the rules and practices of the Board generally protect against loss of patent rights without the required notice and opportunity to respond.”); 5 U.S.C.A. § 556 (“A party is entitled to . . . submit rebuttal evidence . . . as may be required for a full and true disclosure of the facts.”); *see also Intelligent Bio-Sys., Inc. v. Illumina Cambridge Ltd.*, 821 F.3d 1359, 1369 (Fed. Cir. 2016) (“It is of the utmost importance that petitioners in the IPR proceedings adhere to the requirement that the initial petition identify with particularity the evidence that supports the grounds for the challenge to each claim.”).

Here, a strict application of Rule 42.23(b) works an unfairness to Patent Owner by denying Patent Owner the opportunity to present evidence that corroborates its correction of factual misrepresentations made by Patent Owner in its Reply. Ex. 2045 shows that, while Petitioner denies the existence of the disavowal that is at issue here, Petitioner seeks to exploit it in the related state court litigation. Ex. 2045 shows that Petitioner’s seeks to distort the disavowal made during prosecution of the ’135 Patent, which expressly refers to the “instant claims” then-pending before the Office, and convert it into some kind of all-encompassing foreclosure against prosecution of claims directed to other embodiments disclosed in the ’135 Patent’s specification. Basic fairness requires the Board to admit all evidence on this issue, which is newly-presented in Petitioner’s Reply. *See Axonics*,

75 F.4th at 1384 (noting, “[w]e are confident that in circumstances [where the Petitioner introduces new evidence in its Reply without leave], the Board will allow an appropriate opportunity for a patent owner to submit evidence with a sur-reply.”).

Further, Petitioner’s claim of prejudice has it backwards: Patent Owner will suffer prejudice if it is not permitted to present evidence that responds to Petitioner’s new argument and evidence presented in the Reply. Petitioner necessitated the introduction of Exhibit 2045 by accusing ***Patent Owner*** of an inconsistency where there was none. As explained in Patent Owner’s Sur-Reply (Paper 20) and Motion to Exclude (Paper 25), in Arizona state court Patent Owner argued that the presumption that the disavowal made during the prosecution of the ’135 Patent ***applies to the later-filed child-patents*** is overcome because the children have materially different claims. This is not inconsistent with Patent Owner’s position here that the clear disavowal made during the prosecution of the ’135 Patent limits the claims ***of the ’135 patent***. Patent Owner submitted the initial disclosures from the Arizona case [Ex. 2045] to show that not only has Patent Owner consistently maintained that the disavowal made during the prosecution of the ’135 Patent limits the claims of the ’135 Patent, but Petitioner (through its affiliate SL Card) has acknowledged this disavowal. 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”).

Petitioner's arguments, that SL Card's disclosures are irrelevant to this proceeding, fly in the face of its protest, set forth in the Reply, that Patent Owner's disavowal argument represents "a clear attempt to gain an unfair advantage against Petitioner's affiliates." Paper 18 at 20. Petitioner submitted Ex. 1036 to support its skewed characterization of the state court litigation. If Petitioner's evidence describing the state court litigation somehow is relevant to this proceeding—and Patent Owner believes it is not for the reasons set forth in Paper 25—then Ex. 2045 must be relevant as well. After all, when deciding whether any party is attempting to gain an unfair advantage in a litigation, as Petitioner theorizes (Paper 18 at 20), the Board must review all evidence. If Petitioner's evidence taken from the state court litigation has relevance, then so must Ex. 2045.

IV. CONCLUSION

If Patent Owner's Motion to Exclude is not granted with respect to Ex. 1036, the Board Should deny Petitioner's Motion to Exclude Exhibit 2045.

Respectfully submitted,

Date: October 25, 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 October 25, 2024, on the following:

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