

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 REPLY IN SUPPORT OF
MOTION TO EXCLUDE EVIDENCE**

I. INTRODUCTION

Petitioner fails to provide a compelling reason for the Board to suspend its rules disallowing new expert analysis that should have been presented with its Petition and admit Exhibit 1038 (Hutton's Supplemental Expert Declaration). Additionally, not only are Exhibits 1034-1035 (the later-filed child-patents of the '135 Patent) and 1036 (interrogatory responses addressing these the later-filed child-patents in an Arizona state case) untimely, they are irrelevant. Petitioner's arguments to the contrary rely on a false legal premise. Thus, the Board should grant Patent Owner's motion to exclude exhibits 1034-1036 and 1038 from the record of this proceeding.

II. ARGUMENT

A. Exhibit 1038

1. Paragraphs 4-13

Paragraphs 4-13 of Mr. Hutton's declaration introduce entirely new evidence and argument that should have properly been raised in the Petition, namely, the expert's views on the prosecution history of the '135 Patent. Petitioner argues that it could not have foreseen that Patent Owner would argue prosecution disclaimer because "case law requires that a disclaimer indicate that *the claims* should be read to *exclude the specification's embodiments*." Opp. at 3 (citing *Quest Integrity USA*,

LLC v. Cokebusters USA Inc., 924 F.3d 1220, 1229-30 (Fed. Cir. 2019) (emphasis added). But the prosecution history shows that this standard clearly is met:

See Yacenda at col. 6, l. 44 – col. 7, l. 13 (emphasis added). 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. The instant Specification defines the “pre-printed lottery ticket” as follows:

EX1002.0076. The disavowal plainly refers to the claims of the ’135 Patent (the “instant claims”) and it excludes, from scope of the term “pre-printed lottery ticket” in those claims embodiments where tickets already have numbers associated with them at the time of customer purchase.

The disclaimer is not new. It has sat in the open since 2017. EX1002.0086. Nor is it unforeseeable. Petitioner and its expert cited to this very argument in its recount of the ’135 Patent’s prosecution history. Pet. at 25; EX1003 ¶ 81. Petitioner simply failed to address the prosecution argument on its merits. Petitioner’s error in analysis does not make an argument unforeseeable, and it does not justify presentation of new arguments or evidence.

Petitioner claims that Patent Owner is not prejudiced by Petitioner’s new disavowal arguments because (1) it had the opportunity to depose Mr. Hutton on these new arguments and chose not to; and (2) had the opportunity to respond to these new arguments in its sur-reply. Opp. at 4. Petitioner is wrong on both accounts.

First, prejudice is beside the point. The Petition must identify a full statement of the reasons for the requested relief. 37 C.F.R. § 42.22. Patent Owner is not required to expend additional resources and take Mr. Hutton's deposition for a second time to address arguments that Petitioner failed to present in its petition. And second, the limitations of a sur-reply do not allow Patent Owner to present a fulsome rebuttal. Indeed, when Patent Owner attempted to introduce an additional clarifying portion of the record in the Arizona case to rebut Mr. Hutton mischaracterization of its litigation position, Petitioner moved to exclude this evidence as beyond the bounds of a sur-reply. Clearly, Patent Owner is prejudiced by the evidentiary limitations of a sur-reply at least because it was unable to provide responsive expert analysis to address Mr. Hutton's inaccurate application of the prosecution disclaimer.

2. Paragraphs 14-18

Paragraphs 4-18 of Mr. Hutton's declaration introduce a new obviousness combination of Szrek in view of Gilmore that appears nowhere in the Petition. *See* Pet. Grounds 1 and 2 (no discussion of Gilmore). Petitioner again claims that this combination was necessitated by some new claim construction. But, again, the disavowal is not new. Even if it were, the Petitioner is still limited to the grounds presented in its petition. *See supra* CTPG at 74; *SAS Inst., Inc. v. Iancu*, 584 U.S. 357, 366 (2018) ("The petitioner's petition, not the Director's discretion, is supposed to guide the life of the litigation").

Petitioner points to *Ericsson* to support its position, but *Ericsson* is inapposite. Opp. at 5. In *Ericsson*, the Petitioner presented a reference as background to show the obviousness of the claim element in question. The *Ericsson* court simply permitted a petitioner’s reply to demonstrate that the invalidity ground already presented in the petition was proper. *Ericsson Inc. v. Intell. Ventures I LLC*, 901 F.3d 1374, 1380 (Fed. Cir. 2018) (“The Petition expressly contemplated the possibility that “[t]o the extent that interleaving can also be considered encoding packets into blocks, this is also disclosed by [Reed].”). Here, neither Petitioner nor its expert are expanding on analysis already presented in the Petition.

Unlike *Ericsson*, neither Petitioner nor its expert cited Gilmore in its invalidity grounds, and it never compared Gilmore’s disclosure to any claim element. *See* Pet. Grounds 1 & 2. The declaration’s discussion of “background art” (identified in the Opposition as Ex. 1003 ¶¶ 64-71) merely discussed Gilmore a system that sells lottery tickets through retailers’ existing POS systems. Opp. at 5; Ex. 1003 at ¶ 71; *see also* Pet. at 7-8. Thus, this is not a situation where the Petition’s argument demonstrated that its obviousness theories contemplate the new prior art combination presented in the Reply. The application of Gilmore in combination with Szrek is new, and it should be rejected. 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.”).

Petitioner claims that Patent Owner was not prejudiced by this new combination because “the Petition and Mr. Hutton’s original declaration pointed out that such tickets were well-known, obvious, and cited to Gilmore.” Opp. at 5. But as discussed above, Petitioner was not put on notice of this novel combination of Gilmore and previously undisclosed portions of Szrek. 37 C.F.R. § 42.22 (the Petition must provide a full statement of reasons for the relief requested). Gilmore was cited for an entirely different purpose in the Petition and original expert declaration. And despite Petitioner’s assertion, it is of no consequence that this combination was used in a PGR for a different patent with different claims. Opp. at 5-6. The rules do not impose on Patent Owner a responsibility to respond preemptively to arguments that a Petitioner made elsewhere but did not raise in its petition. 37 C.F.R. § 42.22. If anything, Petitioner’s failure to raise Gilmore in this proceeding should be deemed a waiver by Petitioner, not some kind of notice to Patent Owner. And, again, Patent Owner is at least prejudiced because, due to the limitations of a sur-reply, it was not able to provide expert analysis regarding this new obviousness combination.

3. Paragraphs 19-32

In paragraphs 19-32, Petitioner impermissibly points to previously undisclosed portions of Szrek to argue that Szrek discloses product information that is separate and distinct from unique identification identifier. Petitioner attempts to

justify these new arguments by claiming that they are responsive to Patent Owner's new claim construction. But Patent Owner's Response demonstrates that the ordinary usage of terms within the clause "unique identification information and product information" requires these elements to be separate and distinct from each other. *Kyocera Senco Indus. Tools Inc. v. ITC*, 22 F.4th 1369, 1382 (Fed. Cir. 2022) ("There is ... a presumption that those components [separately listed] are distinct."); *Becton, Dickinson & Co. v. Tyco Healthcare Grp., LP*, 616 F.3d 1249, 1254 (Fed. Cir. 2010) ("Where a claim lists elements separately, 'the clear implication of the claim language' is that those elements are 'distinct component[s]' of the patented invention.") (quoting *Gaus v. Conair Corp.*, 363 F.3d 1284, 1288 (Fed. Cir. 2004)). And Patent Owner's Response demonstrates that the Petition's original theory, which asserted that Szrek's bet combination data or its sequence counter information, is incorrect. *See* POR at 39-43.

Petitioner's Reply, and its new expert declaration, supplied a new theory, arguing that Szrek's disclosure barcode information satisfies the claims. Reply at 21-23 (citing Ex. 1038). But the Petition never asserted that any other information elements constituted the claim's "product information;" it only referred to Szrek's "bet combination" and "sequence counter" information (Pet. at 25-26), which shows that the Reply attempts to take Petitioner's invalidity theories in a new direction. CTPG at 14-15.

Here, Petitioner again claims the Patent Owner was not prejudiced because it had the opportunity to cross-examine Mr. Hutton. Opp. at 7. But as discussed above, this does not cure the prejudice of the late disclosure of this expert testimony.

B. Exhibits 1034-1036

Petitioner fails to justify why it should be allowed to submit two later-filed child-patents of the '135 Patent (Ex. 1034 and 1035) and Patent Owner's interrogatory responses in an Arizona state case (Ex. 1036) for the first time with its Reply, noting only that each of these exhibits were known to Patent Owner and therefore Patent Owner "[was] given notice of the evidence and [had] an opportunity to respond to it," both in its POR and in its Sur-Reply. Opp. at 9. And the availability of a sur-reply does not allow Petitioner to submit evidence that lacks probative value. As explained (Sur-Reply at 5-6), the prosecution of claims in later-filed patents has no relevance to a disclaimer made earlier, which is clear and unmistakable. Petitioner failed to present any authority either in its Reply or on briefing of this motion, that suggests claims filed in child patents will negate a clear and unmistakable disclaimer made during prosecution of a parent patent. This failure demonstrates that Exhibits 1034 and 1035 have no probative value to this proceeding. They should be excluded under FRE 403.

With respect to Ex. 1036, Petitioner's presentation of argument from a state court case that alleges breach of contract is equally irrelevant to the issues before the Board. Thus Exhibit 1036 should be excluded as irrelevant.

Here, Petitioner owner argues that Patent Owner is not prejudiced because it was aware of the prior patents and its own interrogatory responses and therefore had the opportunity to address them in its POR and sur-reply. Opp. at 9. Again, governing rules require Petitioner to identify and explain its invalidity challenges in the petition. 37 C.F.R. § 42.22. They do not require Patent Owner to foresee and respond to invalidity challenges or evidence that Petitioner raised elsewhere but declined to raise, here.

Petitioner's argument that Patent Owner is not prejudiced because it had the opportunity to respond to this new evidence in its sur-reply is undermined by Petitioner's motion to exclude EX2045 (Paper 24), which provides evidence that responds to Petitioner's argument in the Reply. This motion shows that, in fact, Patent Owner is prejudiced by the evidentiary limitations of a sur-reply to address Mr. Hutton's inaccurate understanding of how child-patents (and their treatment in litigation) impact a prosecution disclaimer.

III. 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: November 1, 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 November 1, 2024, on the following:

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