UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

PLR WORLDWIDE SALES LTD., Petitioner
v.
FLIP PHONE GAMES INC., Patent Owner.

IPR2024-00133
Patent 8,688,089 B2

Record of Oral Hearing
Held: September 10, 2025

Before DAVID C. McKONE, DANIEL J. GALLIGAN, and SCOTT B. HOWARD, Administrative Patent Judges.

APPEARANCES:

ON BEHALF OF THE PETITIONER:

TODD BRIGGS, ESQ.
of: Quinn Emanuel Urquhart & Sullivan LLP
555 Twin Dolphin Drive, 5th Floor
Redwood Shores, CA 94065
650-801-5020
toddbriggs@quinnemanuel.com

RON HAGIZ, ESQ.
of: Quinn Emanuel Urquhart & Sullivan LLP
295 Fifth Avenue, 8th Floor
New York, NY 10016
212-849-7453
ronhagiz@quinnemanuel.com

ON BEHALF OF THE PATENT OWNER:

MICHAEL MORLOCK, ESQ.
JOSHUA LEE, ESQ.
of: Kilpatrick Townsend & Stockton LLP
1100 Peachtree Street NE
Suite 2800
Atlanta, GA USA 30309
404-815-6003 (Morlock)
404-815-6582 (Lee)
mmorlock@kilpatricktownsend.com
jlee@ktslaw.com

The above-entitled matter came on for hearing Wednesday, September 10, 2025, commencing at 10:02 a.m., at the U.S. Patent and Trademark Office, 300 River Place Drive, Detroit, Michigan.

P-R-O-C-E-E-D-I-N-G-S

10:02 a.m.

JUDGE MCKONE: Please be seated. Good morning, and welcome. We are here for a final hearing in inter partes review IPR2024-00133, *PLR Worldwide Sales v. Flip Phone Games*.

Let me introduce the panel. I am Judge McKone. Up on the screens, you will see Judges Galligan and Howard.

Let's get the parties' appearance. Who do we have appearing on behalf of the Petitioner?

MR. BRIGGS: Good morning, Your Honors. This is Todd Briggs for Petitioner Playrix. And with me today is Ron Hagiz.

JUDGE McKONE: And you'll be doing the speaking?

MR. MORLOCK: That's correct, Your Honor.

JUDGE McKONE: I'll ask the rest of the panel if they're hearing me better now.

JUDGE GALLIGAN: Yes, that's better. There's still some background noise.

JUDGE McKONE: Okay. The background noise doesn't seem to coming from this. I think somebody else needs to put their microphone on mute.

Who do we have appearing on behalf of the Patent Owner?

MR. MORLOCK: Yes, Your Honor. Michael Morlock, lead counsel for Patent Owner Flip Phone Games. With me also is Josh Lee. We'll both be dividing the argument today. And on the live link is the principals for Flip Phone Games, Mr. Josh Hartwell and Mr. Paul Bolten.

JUDGE McKONE: All right. We set forth the procedure for today's hearing in our oral argument order. According to the order, each party will have 60 minutes of total time to present its arguments. Petitioner has the burden of proof, and you'll go first. Patent Owner will then present opposition arguments. To the extent Petitioner has resreved time, Petitioner will present arguments in rebuttal. And then after that, to the extent Patent Owner has reserved sur-rebuttal, Patent Owner may present a short sur-rebuttal.

As we noted in the hearing order, although some of us are appearing in a hearing room, others are appearing virtually from different locations, the public has the option to attend, either here or by a public line. In the oral hearing order, we requested that if there were concerns about the disclosure of confidential information at this hearing, you were to contact the Board. To my knowledge, neither party indicated that they intend to present confidential information.

Petitioner, can you confirm that you do not intend to present confidential information?

MR. BRIGGS: That's confirmed, Your Honor.

JUDGE McKONE: All right. Patent Owner, can you confirm as well?

MR. MORLOCK: Yes, Your Honor.

JUDGE McKONE: Thank you. For clarity of the transcript, since some of the judges are appearing remotely, when you refer to an exhibit on the screen, please identify the exhibit by exhibit number and page, and then when you refer to demonstrative slides, please identify the slide number.

The judges may not be able to view what is on the screen over here, so please indicate to them what you're relying on. Counsel should unmute only when speaking for anyone appearing remotely.

Are there any questions on behalf of Patent Owner at this time?

MR. MORLOCK: No, Your Honor.

JUDGE McKONE: Are there any questions on behalf of Petitioner at this time?

MR. BRIGGS: No, Your Honor.

JUDGE McKONE: Petitioner, would you like to reserve a certain amount of time for rebuttal?

MR. BRIGGS: I would like to reserve 20 minutes, Your Honor.

JUDGE McKONE: And you can see the entire screen up here?

MR. BRIGGS: I can.

JUDGE McKONE: You can proceed whenever you are ready.

MR. BRIGGS: Thank you, Your Honors. If I may proceed.

So we're here today in the IPR 2024-0113 involving the '089 patent. And Petitioner in this IPR, we've raised three separate grounds of invalidity for this patent. They're all obviousness confirmations. The first ground is Ho + Jiau + Choi. The second ground is Ho + Jiau + Choi + Ellis. And the third ground is Sturman + Ho.

And before I get into the individual grounds, I think we should address, or I'd like to address, the claim construction issue that has arisen, and that involves the term, background object, specifically non-promotional background object.

Now, on the institution decision on remand, the Board provided a preliminary construction for that term. And the Board stated that, on the current record, we preliminarily construe the phrase non-promotional background object to mean an object that is not in the foreground and does not display a promotional message unless a hot spot is activated.

And I would say that the current dispute is -- or this agreement that Petitioner has with the Board's preliminary construction centers on the term, background object, itself, not the non-promotional aspect of that entire term. So we're really focused on what does it mean to be a background object. And the portion of the Board's construction that is directed to that states an object that is not in the foreground.

Now, as set forth in our papers, Petitioner's issue with that construction, is that it still is a subjective type of construction for the claim term, and this is what the Director -- the Director didn't address this particular issue, but the Director remanded the case because of a prior construction that involved a subjective term, and so we have concerns that the Board's preliminary construction of an object that is not in the foreground raises the same issues of subjectivity.

Now, the Board in its institution decision performed an analysis under Phillips. The Board first looked at the intrinsic evidence. and went through the specification, and found now guidance in the specification as to what a background object is. Petitioner concurs. We've done the same analysis. We find nothing in the specification that's helpful on that point.

The Board then turned to the prosecution history, and found some guidance in the prosecution history, but found that the guidance in the

prosecution history that was provided was not ultimately helpful because it involved, again, a subjective definition. So the Board then turned to extrinsic evidence, and looked at dictionary definitions for background and foreground, and based its final preliminary construction on those dictionary definitions.

But again, our issue is that we do not believe that those definitions provide the requisite degree of objectivity that's needed here, and furthermore, we believe it's set forth in our papers. If you go back to the prosecution history, there is guidance in the prosecution history that provides an objective basis, an objective definition for the term, background object.

So let me just turn right to that portion of the prosecution history. If we go to Slide 34, on Slide 34 in the upper left-hand corner is an excerpt from the prosecution history. This was also excerpted in the Board's institution decision. And in this portion of the prosecution history, the Patent Applicant is distinguishing the Chu reference, and in doing so, basically the Patent Owner states, that Chu characterizes its objects as game components which appear to be featured objects that a user manipulates in order to play the game. While the recited non-promotional background objects, which is in quotes, are not game components, but instead in the background, outside of the primary focus of game play and as unexpectedly interactive components, and are not themselves needed or required in order to play the game.

In this portion of the prosecution history, the Patent Applicant is providing guidance as to what a background object is.

JUDGE McKONE: Now, for the guidance we need, essentially, it's clear and unmistakable, right? Isn't that what the standard that the Federal Circuit holds us to when we try to find redefinition of a term in the prosecution history? Is that what you're saying here, that this is a clear, unmistakable lexicography?

MR. BRIGGS: Your Honor, I think that the clear and unmistakable test applies to prosecution history disclaimer. Here, we're looking at a different issue. We're looking at the patent prosecution for indications of what a term means. So I think the two doctrines are different.

JUDGE McKONE: Okay. But you don't disagree that the ordinary meaning of background is supported by the extrinsic evidence, the dictionary definition. Essentially, the background is not in the foreground. Do you agree that that's the ordinary meaning that we're trying to start with?

MR. BRIGGS: I agree that that's the ordinary meaning. If you look at background object and how that is defined in dictionary definitions, yes, I would agree with that definition. However --

JUDGE McKONE: If we're starting with that as the ordinary meaning, then we're looking at what the prosecution history is doing. So are you saying that there is a disclaimer or a redefinition in the prosecution history?

MR. BRIGGS: A redefinition. I would say it's a redefinition, Your Honor.

JUDGE MCKONE: And what's the Federal Circuit standard for a redefinition of the prosecution history that does not pare down specifically?

MR. BRIGGS: I'm not sure they have a precise standard that has words like clear and unmistakable. I think that what the Federal Circuit does when looking at a claim term, and trying to figure out what it means, and if there are indefiniteness issues with it, they look to see if there's some objective basis for understanding what that term means in the intrinsic record specification of the prosecution history.

So I think in this case, the Federal Circuit would look to the intrinsic record, they would look at this statement by the Patent Applicant, and they would then analyze that for any objective guideposts are guidelines as to what this term means. And if they do that, I think that they would reach the conclusion that the only portion of this definition shown on Slide 34 that provides objective guideposts is the last portion of it that's highlighted in yellow, which states, and are not themselves needed or required in order to play the game. That provides an objective basis for a person of ordinary skill of the art to understand whether an object is a background object or not. The prior --

JUDGE HOWARD: This is Judge Howard.

MR. BRIGGS: Yes, Your Honor.

JUDGE HOWARD: I don't understand why you say that's objective. To me, what's necessary or required to play is subjective on the player. If a player wants to play a game and hit every single hot spot, then every single hot spot would be required to play the game. And under your definition, there would be -- no, none of them could be in the background. There might be another player whose goal is, I want to play this game, and I want to hit no hot spots ever. And in that case, none of the hot spots would be required

to play the game, and again, that would case all them to be in the background. So it depends on how the player wants to play the game.

MR. BRIGGS: I would view it slightly differently than that, Your Honor. I would say that if there is a particular hot spot in a game, and you could play the game for days and years, and you don't have to hit that hot spot, you don't have to click on the hot spot or activate the hot spot in any way to proceed with the game, then that would qualify under this definition as a background object. But there's obviously other aspects of games, which when you're playing them, you have to activate them or you have to engage them to move forward in the game, and those would not be background object.

So I think that there is a clear objective way to distinguish the two.

JUDGE HOWARD: But that language that you're talking about, needing to advance, needing to finish the game, none of that's in the language. The language is just play the game, and people can want to play a game differently, which creates subjectivity.

MR. BRIGGS: Well, Your Honor, I would respectfully disagree. I think what's intended here is that to play the game, you know, that in and of itself connotates moving forward in the game. And I think that that's what's intended by this language. I don't think that somebody would play a game and just, like, sit on one screen and just hit the hot spots and not move forward in the game in any other way, so I think there is a way for a person of skill in the art to distinguish between the two.

JUDGE McKONE: I have a bit of a grammatical concern here. I would expect, if one were redefining a term grammatically, that you would

have background, comma, and then what follows that set in between the commas would be the redefinition. And then the rest of it after the second comma and on up until if needed or required, it's nothing different than that part of a definition of background. Why am I reading that incorrectly?

MR. BRIGGS: Well, I do think that if you read this sentence and the last part of it, it says, but instead they exist in the background, and then what follows that are qualifiers on what the background means. First, it's qualifying background by saying, outside the primary focus of gameplay and as unexpectedly interactive components. Then it qualifies background as saying, and are not themselves needed or required in order to play the game. I think that second part is, again, grammatically qualifying background object.

JUDGE McKONE: Why is it incorrect to read that as, okay, you have one thing, background? That shows you location. And then, and are not themselves needed or required to play the game, that's something having to do with functionality, two different things, two different concepts: location and functionality. Why is that incorrect from the prosecution history?

MR. BRIGGS: I'm not sure that that is, per se, an incorrect reading of the prosecution history. I agree that that second part is functional, but again, I do believe it's describing functionally what a background object is, something that is not needed or required to play the game.

JUDGE GALLIGAN: Counsel, this is Judge Galligan following up on that. We're talking about the prosecution history redefining a term here. It does oddly say there, in that quote there on Slide 34, that non-promotional background objects are not game components. It seems like if we were to

adopt that, obviously your case kind of goes away. Like, Ho, for instance, the hamburger monster is clearly a game component. So why would we not adopt that as well? I don't know how you could ever have an object that isn't a game component because they are game components, but if we're going to treat this as definitional, why are we ignoring that?

MR. BRIGGS: Well yes, the game component aspect of this is curious, I would say. It's not clear what a game component is and isn't. I would say that a game component in the context of this entire definition, and if you read it again with that last portion of this definition, would be something that is required to play the game. Whereas, a background object is something that's not required to play the game, so that's how I would interpret the Applicant's recitation here of a game component. But yeah, that term is also in there, but I think that the game component has some subjectivity issues as to what is and is not a game component.

So moving on, there's one other note I wanted to make about Petitioner's proposed construction, and if we can go to Slide Number 9. Slide Number 9, this includes at the bottom left-hand corner, another portion of the prosecution history. Now, this portion of the prosecution history came from a response to an office action that occurred earlier than the prior statement we were looking at. I think it was a couple years earlier. The Board also references, I believe, this portion of the prosecution history in its institution decision.

But this is, perhaps, instructive in that it states -- the Applicant states here, and I'm referring to Figure 2A, which is on the right-hand side, that, in an exemplary embodiment, the location in-game may be represented by a

non-promotional object, such as a blank chalk board depicted in the background of the gaming environment. And so in Figure 2A, it's referring to the chalk board, which is represented by 220, as an object that is in the background of the gaming environment.

And if you read the description of this figure, you will see that this chalk board is something that's not needed or required to play the game. So this actually is supportive of Petitioner's proposed construction of the term. So that was just one additional note I wanted to make, some additional support in the prosecution history for Petitioner's proposed construction.

So if there are no further questions on claim construction, I would like to move on to the Sturman + Ho ground. So in the institution decision, the majority found that, Sturman combined with Ho, met all of the limitations of Claim 1. And Petitioner's position is that Sturman discloses all of the limitations of all of the claims, independent and dependent, except for the hot spot information limitation.

And so to meet that limitation, Petitioner combines Sturman with Ho. And we believe that that combination has a very strong motivation to combine, which I'll go through. I know that that was something that Judge McKone raised in dissent in the institution decision, and so I'd like to address that. But the majority found that there was a sufficient motivation to combine.

And so first, before we get to the motivation to combine, it's helpful to just provide a short little overview of Sturman and Ho. So Sturman is directed to an advertisement, the delivery scheme that allows advertisers to deliver their campaign messages to specific audiences they wish to target

across one or more multiple game titles played across multiple platforms. So it's directed toward advertising in mobile games and advertising in a more efficient way to target multiple game titles across multiple platforms. So it's definitely a mobile gaming advertising patent.

Ho is very similar. Ho is also dealing with advertisements in mobile games. And what Ho describes in its background is the problem in the prior art are static elements -- static information elements that would appear on a screen in a video game. What Ho talks about as an improvement is making those static information elements interactive. So when you click on them or you engage them in some way or you do something with those information elements, you have some interaction. And that's very engaging to a user. It makes the game, perhaps, less boring and more exciting for a user to play.

And so a person of skill in the art, when they would see that, the Ho reference, taking static information elements and turning them into interactive elements to make the game more exciting, and then they pick up the Sturman reference, which talks about having static, and it also describes a kind of interactive element. But it talks about static background objects. A person of skill in the art would be motivated to combine the two, to make the static background objects within Sturman interactive to make the game more engaging overall.

And Sturman, if you look at Sturman, it talks about different types of advertisement objects, and it specifically references billboards -- we're all familiar with billboards -- storefront signs, panel trucks, Jumbotron screens in a sports stadium, posters on a wall, T-shirts on a game character, items used by a game character, and so on. So it discloses a very wide range of

different objects that can have advertisements on them. At least some of these -- I think that the majority agree with this -- at least some of these are clearly background objects, whether you're applying the Board's construction or whether you apply Petitioner's construction, because some of these, like billboards, storefront signs, Jumbotron screens, those may not be required to play the game, and they are also not in the foreground.

JUDGE McKONE: Well, I think you know my concern in the dissent. Things like a Jumbotron, storefront sign, you could probably convince me that those are background. But what I'm having a hard time with is why would those be made interactive? In other words, why would you put a hot spot on the Jumbotron of a game? And where did you explain why one would do that in the petition?

MR. BRIGGS: Let me take both those questions. So first of all, why would one do that? Well, if one read Ho, Ho says that static information elements, like the billboards, storefront signs, and Jumbotron screens, those are not engaging to a user. So you can improve the game -- you can make the game more exciting, more fun, if you turn those into interactive elements.

So a person of skill in the art reading Ho would understand that if Sturman has the static billboards, you could make the static billboard a lot more exciting if you clicked on it and it did something, it had some kind of advertisement that popped up in response to that. The same goes true for the Jumbotron screens and all over these other elements. So a person of skill in the art would actually be motivated to take all of these things that are in

Sturman and potentially change those into interactive elements to make the game more exciting.

Now, where did we describe the motivation to combine in our petition? In our initial petition, it was at pages 50 through 53. There's an entire section that's titled, motivation to combine. It's open right here on my thing. We go through it in pages 50 through 53, and that cites to our expert's declaration, Dr. Zagal. And specifically, it cites to paragraphs 156 thorough 160 of Dr. Zagal's declaration. And I would specifically point you to paragraph 159 of this declaration, where he describes a lot of what I was just summarizing a moment ago.

So we did have this in. And I think if you look at paragraph 159 of Dr. Zagal's declaration, I think -- because I carefully read your dissent, even this morning again, and I looked back at 159, and I believe paragraph 159, directly addresses what you raised, Your Honor.

So again, we believe there's a strong motivation to combine. Both references, Sturman and Ho, are directed to video games, specifically to in-game advertisements and improvements to in-game advertising. We believe the teachings of Sturman and Ho and complementary to one another. I think that's a really important point, because I believe that the Patent Owner is trying to say that somehow these two teachings conflict with one another, the teaching of Ho and the teaching of Sturman. And I think it's actually quite the opposite of that. I think these are complementary.

Sturman is trying to improve advertisements in one way, by delivering advertisements across multiple game titles and making the content available at certain times of day. It's teaching a lot of flexibility in how you do this

targeting advertisement. Ho comes at the advertising and the improvement of the game with advertisements slightly differently, which is complementary, and that's by making these different objects within a screen interactive and exciting when you click on them. So they're a very natural fit with one another.

JUDGE HOWARD: This is Judge Howard. I'm looking at Sturman paragraph 23, and it says, as an example, you might want to have an advertisement that takes place across all these devices at 8:00 o'clock on a Thursday.

MR. BRIGGS: Right.

JUDGE HOWARD: And how is that consistent with the only way you can get your advertisement once you put it in the Ho system is you have to be hitting the hot spot at exactly that time. Why would anybody do that? It seems to me you're taking away this advantage of Sturman, and you no longer have it, since you have Ho's. You only get the advertisement once you interact.

MR. BRIGGS: Yeah. Again, I think they're complementary. I think that what Sturman would do is it would send the advertisements to the hot spots within the game at 8:00 o'clock on, let's say, a Saturday night. And then if a user is playing the game at that time and they hit the hot spot, the advertisement would be relevant to that user, perhaps in a geographic location, maybe that time of the evening. Maybe they're watching football or something, and it pops up a pizza advertisement or something like that. And then, you know, let's take another hypothetical. Let's say it's 8:00 o'clock and --

JUDGE HOWARD: But going to back to the example, you've now limited your advertisement to -- from everyone playing the game to who happens to be interacting with a hot spot at that time. Why would an advertiser be happier with that system?

MR. BRIGGS: I think the advertiser might be happier because people might be -- if they understand that the hot spots are creating more engagement with the game, and users would go click on hot spots and pay more attention to the advertisement, they might want to use that. For example, if you just had a static billboard on your screen that popped up, you know, Domino's pizza, and somebody is playing the game, they may just gloss over it. There might be a lot of those on there, and they might just gloss over it if it's like that.

But if that were a hot spot and the user doesn't know what's behind that billboard, they may be intrigued, and they might be like, what's behind there? And then they hit it, and then they see the Domino's pizza. So there could be situations where the player would be more likely, actually, to actually see that advertisement, using the combination of Sturman and Ho, rather than just using the static Sturman technique.

JUDGE McKONE: Now, why should we read Ho to suggest that we should put advertisement on billboards, in signage, Jumbotron, et cetera? Why shouldn't we read Ho, instead, to say don't put advertisements on billboards and signage and Jumbotrons because no one pays attention to that?

MR. BRIGGS: Actually, I believe Ho itself has a portion of it where it talks about changing billboards. Actually, it said billboards to interactive

elements. I don't have the cite at my fingertips, but I believe it's in there, and it may have -- it doesn't talk about Jumbotrons, I don't believe, but I believe it references billboards. I believe we made that point in our papers as well.

Okay. Yes. So I'm reading from Ho, which is Exhibit 1004, and I'm looking at page 3 of 27. And I'm looking -- this is the background of the invention. It talks about, starting on line 26, however, current forms of advertising in video games are restricted to in-game billboards, in-game signages, in-game product placements and other forms on non-interactive in-game elements. A major disadvantage of the current forms of advertising is the fact that a video game player would probably gloss over all of the different types of advertising when the player is engrossed by the proceedings of the game during gameplay. There is currently no impetus for the player to pay more attention to the static advertisements while playing the video game. Similarly, the existing forms of advertising do not engage the player during the course of gameplay.

JUDGE McKONE: I've got that. What this tells me is that don't put advertisements on billboards and such because no one pays attention to them. Instead, and the rest of Ho seems to describe, put them on things that the player would interact with. Am I reading Ho incorrectly?

MR. BRIGGS: I think you are. I think what this would tell a person of skill in the art is that you can improve the in-game billboards, in-game signages, in-game product placements, and so on and forth by making those elements interactive.

JUDGE McKONE: Now, you said Ho describes examples of making billboards interactive. Is that something that you have at your fingertips?

MR. BRIGGS: I don't have that at my fingertips. I might have been remembering this portion of Ho when I made that statement, Your Honor.

All right. So that is all that I had in this point in time on the Sturman + Ho combination. Are there any other questions, Your Honors, that combination at this time?

JUDGE McKONE: Not for me.

MR. BRIGGS: All right. I'd like to move on now to Grounds 1 and 2, which primarily involve the combination of the Ho and Choi reference. I don't think, given where things have gone with the claim construction on background object, the Jiau reference is as relevant as it might have been when we initially filed the petition, so I'd just like to focus on Ho and Choi. And the Ho reference, again, describes these interactive game elements. And it discloses all of the limitations of the independent claim. That's --

JUDGE GALLIGAN: Counsel.

MR. BRIGGS: Yes, Your Honor.

JUDGE GALLIGAN: I'm sorry. I'm sorry to interrupt. It's Judge Galligan. Let me just verify what you said. You said given where the claim construction has gone. So can you clarify under your claim construction, you don't think Jiau is relevant? Under our preliminary construction, you don't think Jiau is relevant?

I'm thinking about the figure you annotated, Figure 11D in Jiau, I think where you had proposed that one of the blocks is behind the other, and

therefore, it's in the background relative to the other block. Are you now saying that that's not in the background?

MR. BRIGGS: Well, we reason that to illustrate something with background and foreground. That argument is not, per se, one we made in our papers. The reason we initially used Jiau was because we thought that the construction for background object might involve the unexpectedly interactive component, but that has now -- you know, we're past that. That's not going to be part of the construction. And so we're not relying on Jiau for that. But I know the figure you're referring to, Your Honor, and we were using Jiau just as a demonstrative to sort of explain, you know, and illustrate background and foreground objects.

JUDGE HOWARD: This is Judge Howard. Just so I can be clear, are you still relying on Jiau for anything, or when we write our decision, can we just go and say, Petitioner is no longer relying on Jiau, and move on?

MR. BRIGGS: I would say we're not directly relying on Jiau. Again, we used it as an example of something in our slides that wasn't exactly the example that we provided in our petition, so in that sense we're still relying on Jiau. But really our Grounds 1 and 2 and centered on the Ho Choi combination and then Ellis for a couple of the dependent claims.

So again, our position is that under both the Board's construction and Petitioner's construction, Ho discloses all of the limitations of the independent claims, including the background object limitation. And if we turn to -- I think it's Slide 9. Maybe I'll just try and do my hard copy here. My computer has frozen up, so I'm going to have to revert to my hard copy slides.

So if we can look at Slide 12. What Slide 12 depicts is, on the left-hand side, it's a portion of Ho that describes Figure 3, and on the right-hand side is Figure 3 of Ho. And Figure 3 of Ho, as we all know, that's an important figure that we've been focusing on for this petition. And what Petitioner's position is that in Figure 3, this has objects that, even under the Board's construction, could be foreground objects and background objects. Under the Board's construction, which relies on the plain and ordinary meaning definitions of background and foreground, there's a sense of depth. Something in the foreground is closer to a user, than something that's in the background. And I think there can be elements, you know -- there's a distance, a distance and a depth.

And so if you look in a scene at the items that are all the way at the back of the scene in terms of depth compared to other items, relative to other items that might be considered in the foreground, then that item that is furthest back would be in the background. And so if you apply that reasoning, and that definition to Figure 3, you can see that the hamburger monster is the furthest item back in this scene at this particular time. This is, again, a snapshot of a video game that's being played in real time, so the relative position of all of these elements can be moving.

And so under the Board's construction, the hamburger monster is something that is not in the foreground. The player character --

JUDGE HOWARD: This is Judge Howard. So what happens when the player character with this sword moves to go and fight the hamburger monster and is now right in front of the hamburger monster?

MR. BRIGGS: Well, they --

JUDGE HOWARD: Hasn't the position now changed?

MR. BRIGGS: It --

JUDGE HOWARD: It's now in the foreground?

MR. BRIGGS: Exactly. It has changed. So these different objects, as you're playing the game, might change positions depending on where they are in the perception of depth, right, that's built into the ordinary meaning of background and foreground. So it could be that before the player even gets to this point, he could be further back, and the hamburger monster could be at the very top of the screen and perhaps even smaller. And so it would be even further in the background.

But at least what we have right here, is a snapshot of a player playing this game of Ho, and at least in this figure, we can, using the Board's construction, determine that the hamburger monster is in the background, you know, relative to the other items, the player, perhaps the wing, perhaps the car.

So Petitioner's position is that under the Board's construction, the hamburger monster would be in the background, and would qualify as the -- would meet the hot spot information limitation of the claim. And again --

JUDGE McKONE: I will note that you're using rebuttal time.

MR. BRIGGS: Thank you, Your Honor. Thank you, Your Honor.

And again, the hamburger monster, it's an interactive element. The player can fight it. It can then -- once the fight is over, it can display something like an advertisement at that spot, so it otherwise qualifies under the Board's construction.

And so because I ran out of time, I think I will reserve the remainder of my time and address any issues that the Patent Owner raises. Thank you.

JUDGE McKONE: Thank you. You have about 18 minutes left.

MR. BRIGGS: Thank you.

MR. LEE: I assume you want your device back.

MR. BRIGGS: Yes.

MR. MORLOCK: Your Honor, would you like a hard copy of the demonstratives?

JUDGE McKONE: No, thank you. Will you be requesting any sur-rebuttal time?

MR. LEE: Yes, Your Honor. Josh Lee for Patent Owner. We would like to request 15 minutes of sur-rebuttal.

JUDGE MCKONE: Okay. Just tell me when you're ready to start.

MR. LEE: Appreciate the possibility. Again, this Josh Lee for the Patent Owner. With Your Honor's permission, my co-counsel and I plan to split up the argument today. I would like to first respond to Petitioner's arguments on the Sturman and Ho ground, Ground 3, which I believe you heard from Petitioner really stem on the motivation to combine. My co-counsel, Mr. Morlock, will then address claim construction and Grounds 1 and 2 related to, I guess now, just the Ho reference, no longer Jiau.

With respect to Ground 3, Sturman and Ho, those are the only two references presented in this ground. And as Petitioners can see here, Sturman does not disclose the claimed hot spot or hot spot information. The ground is based on Petitioner's argument that a POSITA would have modified Sturman in view of Ho to arrive at the information, but that's

nothing more than impermissible hindsight, which ignores the disclosures and goals of Sturman.

Fundamentally, as we see on Slide 28 of Patent Owner's demonstratives, Petitioner's challenge is based on Sturman's ad units. We all agree those ad units do not disclose or render obvious the claimed "hot spot" or "hot spot information." Indeed, as shown on Slide 29, Petitioner's own expert, Dr. Zagal, concedes this. "Sturman does not expressly describe its ads as containing "hot spots." That's because Sturman nowhere discloses or teaches that the advertisements displayed in Sturman's ad units are hidden as required in the claims.

The petition concedes as much as well, stating on page 58, Sturman does not expressly teach that promotion content is hidden and only displayed when the hot spot is activated. Additionally, as shown on Slide 30, in the petition at 51, Petitioner concedes that a number of Sturman's ad units, including those ad units that Petitioner contends are background objects -- billboards, storefront signs, Jumbotron screens -- that those are non-interactive elements, that they are just these static advertisements that show promotional material.

So recognizing all these shortcomings in Sturman, as we see on Slide 31 of Patent Owner's demonstratives, Patent Owner resorts to contending that a POSITA would have been motivated to apply Ho's teachings regarding its interactive information elements to Sturman's promotional ads. And in particular, Petitioner argues that a POSITA would have modified Sturman's ad units, such that the advertisement in that ad unit is only presented if and when a player interacts with that unit. In other words,

Petitioner contends that a POSITA would have been motivated to hide the advertisements in Sturman until a player activates the ad unit. As Judge McKone pointed out, Petitioner has not set forth any sufficient motivation for this combination.

I previously looked at, and I looked at again, at the pages of the petition and Dr. Zagal's testimony or opinion in paragraph 159 of his declaration. In those pages 50 to 53 of the petition and in Dr. Zagal's paragraph, the only specific motivation this provided is an allegation that a POSITA would have modified Sturman's ad units in view of Ho to make the ad units more engaging. But that modification by Petitioner ignores what is being taken away from Sturman's ad units.

As a number of the judges have already remarked today, Sturman describes a broadcast advertisement delivery system, and we see this reproduced on Patent Owner's Slide 32, that is focused on an advertiser's specific control of the timing of a display of an advertisement, in particular, its background. Exhibit 106 in paragraph 3, Sturman notes the problem in the art at the time. And it's these hardcoded that are built into the game basically at manufacturer that are only going to be shown at the same place and same time in the day.

Sturman sought to improve upon that. It said that these hardcoded advertisements constrain advertisers because there's no way to deliver advertisements in a short time period, on a given night, to specific target audiences. And Sturman specifically says in paragraph 4, therefore, advertisers have been constrained by a lack of certainty around audience reach and timing and have no way to measure campaign effectiveness.

Sturman sought to resolve that through its broadcast advertisement delivery scheme to where it allows advertisers to reach audiences across gaming titles near simultaneously. That's a direct quote from Sturman in paragraph 18.

And Sturman provides multiple examples of this as Judge Howard, you noted, noting that through the advertisement delivery scheme, advertisers can reach millions of game players in a single night. That's from paragraph 24 reproduced here in Slide 32. Sturman also allows advertisers to meet specific ad campaign needs. Quote, reach one million men ages 18 to 34 at precisely 8 p.m. on Thursdays.

Again, Sturman goes on and on. We put this in our briefing. We see paragraph 18 of Sturman.

JUDGE HOWARD: This is Judge Howard. But on that point, you know, Sturman also talks about other types of ads, for example, in paragraph 20, which are not going to be limited by time. Might come in as part of mini games or after mini games or between levels. So it looks to me like Sturman teaches multiple types of ads, some which are designed to hit everybody at a certain time or everybody within a certain group at a certain time, and that there are other ads that are going to come up based on gameplay. Why is that, therefore, that the person skilled in the art would have said Sturman teaches both of these types of ads and Ho's are going to make one of those types of ads better, so I'm going to use it to help with those parts, but I'm going to leave the other ads the same? That seems pretty reasonable.

MR. LEE: I understand your interpretation of Sturman. I think that would ignore the problem that Sturman was trying to solve. It wants to improve the advertiser's campaign needs so they can have, again, this

certainty regarding the display of their ads, the impressions of those ads. The modification that Petitioner is promoting there and that we see on Slide 33, Dr. Akl, Patent Owner's expert, has evaluated and responded to this -- the modification that Patent Owner, or excuse me, Petitioner is advocating for removes all this ad content from Sturman's ads.

There is no certainty as to whether any game player is going to view the advertisement in Sturman's ad units because, as I believe Your Honor noted, now they've got to slay the hamburger monster or they've got to do some other activity to display the advertisement. So even if an advertisement in Sturman may not be focused on publishing at a precise time, Sturman makes very clear that the goal of this broadcast advertising delivery scheme is to broadcast and deliver advertisements, not hide them from view by the game players.

And again, Dr. Akl evaluated this. Unlike Dr. Zagal, looked at Sturman's teachings in depth on this, and we can see excerpts of Dr. Akl's opinions from paragraph 85 and 86 from Exhibit 2005 on Slide 33, Patent Owner's demonstrative, noting that under the modification proposed by the Petitioner, the advertisement may never be displayed to a recipient if the recipient doesn't sufficiently engage or interact with this hypothetical interactive ad unit in Sturman. And at best, even if they do that, that that's going to occur at different times, different days, over a span of potentially days, weeks, or months. That frustrates the advertiser's goal. Again, the focus of Sturman was to allow these advertisers to be very targeted, very precise with their advertising campaigns.

The hypothetical or anecdote that keeps coming to my mind is if I put myself in an advertiser's position and I tell an associate of mine I want to advertise in these games through the Sturman method, and I trust that my associate goes and works with Sturman and implements that.

I check with him the next day. Okay. I want to be sure out advertisements went out. I want to check our website. I want to check our store purchases. I want to see how effective this advertising campaign that we issued is. And my associate turns to me and says, well, I actually decided to hide all those advertisements and no one actually clicked on them, so no, that delivery scheme that we paid for was a total failure because no one accessed our ads. Our ad campaign needs have not been met because I decided to modify Sturman and take away the focus and the goal of Sturman of broadcasting these ads across game titles.

So this modification that Petitioner is lobbying for, it effectively renders Sturman inoperable if it beats the goal of Sturman, and we've included case law in our briefing, including the *In re: Gordon* decision at 733 F.2d 900. It's a Federal Circuit decision from 1984 that's directly on point. You can't completely revise a prior art system to meet some hypothetical combination. There in that case it was a mechanical apparatus, a filtering device, that required on gravity to do the work. And the proposed modification was to invert the device in view of the prior art such that gravity no longer did the work. And the Federal Circuit said, well, that's not right. That makes it inoperable." It's the same thing with Sturman here.

I think notably, Petitioner tries to combat that with a different line of cases. I've seen it in their slides. It's on their Slide 67. It's just not

applicable. They cite *In re Ethicon, In re Fulton, University of Maryland*. This was in their briefing as well. And this has to do with alternatives.

So *In re Ethicon,* the prior art said, well, a polymer can either be biostable or bioabsorbable, but the second is more desirable, and the Patent Owner argued, well, that's a teaching away. No, that's not a teaching away. The prior art disclosed two alternatives. That's not teaching away. That's not inoperability. Same thing in *In re Fulton,* and we have a similar decision in *University of Maryland* where it was just replacing a carbon dioxide sensor that was known in the art and using it for the exact same function in another physical arrangement.

We're not talking about alternatives here. Sturman doesn't say, oh, yeah, sometimes you want to hide these ads." Sturman never says that. The goal of Sturman is to immediately broadcast these advertisements to meet these advertisement campaign needs. And that goal is not met under Petitioner's proposed modification.

And moreover, Judge McKone, I thought you asked some very targeted questions to Petitioner's counsel, and I want to respond to some of those in furtherance of what Petitioner has attempted to do. Because in addition to there being no motivation, Petitioner hasn't shown any motivation to modify Sturman to hide these ads, Petitioner certainly hasn't shown any motivation to hide these ads in the billboards or the Jumbotrons or the storefront screens in view of Ho.

We have the exact same reading that you do, Your Honor, as to Ho, that in the paragraph at Exhibit 1004, 1:26–33 where Ho describes this, it talks about the other forms of advertisement and it criticizes the billboards,

the signs. It says, no, we're going to incorporate our advertisement into these gaming components, these avatars, these players, the hamburger monsters, et cetera, that are going to be in the forefront that you have to interact with, right, as opposed to, under Petitioner's logic, some billboards or Jumbotrons in the background.

And additionally, to really, I mean, fully resolve this and making this cursory allegation that, well, Petitioner says, you would have modified Sturman in view of Ho to make it more engaging. Petitioner, and notably Dr. Zagal, ignores that Sturman already talks about ways to make its ad units more engaging without sacrificing the function of its ad units. As we see on Slide 34 of Patent Owner's demonstratives, Exhibit 1006 on paragraph 20, Sturman describes that some ad units may be interactive. And Sturman describes precisely what it means by that, a game character eating a brand name energy bar to boost her power in the game.

So Sturman has already contemplated manners in which these ad units can be more engaging to players, again, without sacrificing the goal of Sturman's ad delivery system. The candy bar, the energy bar is already going to have that brand name on there, so the advertisement is being displayed but now can be interactive beyond that because the player can eat it to gain power in the game.

JUDGE McKONE: I wouldn't be able to click through an advertisement on a billboard or a Jumbotron. Click-through advertising was one of the examples here in your claim.

MR. LEE: Sturman contemplates that, but again, that's a click-through advertisement on a billboard that's already displaying an

advertisement, right? That's a promotional object. That's not a non-promotional object. So again, the claim language required this hot spot information that has to be represented by that non-promotional object and the content has to be hidden. Even if there's some type of click through in Sturman or they may be additional content displayed, again, Sturman is going to be displaying advertising content in these ad units as they are named.

JUDGE HOWARD: But a Jumbotron doesn't necessarily have to have been playing an ad beforehand. It might have been having a score of the game. If you click on it, and now it plays the ad, you now have exactly a non-promotional background object. It's in the background, wasn't displaying an ad. You click on it so you've activated the hot spot. Now it plays the ad. That's exactly what paragraph 21 when you combine it with paragraph 19 tells you to do, so I don't see how this is any different if you take this idea from Ho and put it in as how you're going to activate the hot spot.

MR. LEE: Again, respectfully, Your Honor, I believe that ignores the overall teaching of Sturman. Sturman did not teach hiding its advertisements. Again, it wants its advertisers to have that certainty regarding delivery and timing of their ads, that, if you order ads with our system, they are going to be displayed. We are not requiring or conditioning display of your advertisement on some activity of a user that we cannot control nor prevent.

JUDGE HOWARD: But that's not what Sturman says. Sturman gives examples where it is going to be issues of -- even whether it's going to

be hit or not, you have it presented between levels in paragraph 20. He had never hit the level, that ad is never going to played to that person.

Yes, Sturman teaches, like for example in paragraph 18 and paragraph 23, that maybe you want some specific topics, and that's clearly a teaching of Sturman, but Sturman isn't so limited, and you're trying to limit it to this one example. That doesn't seem to be appropriate.

MR. LEE: Respectfully, we don't believe that we're limiting Sturman to a particular example. Again, our understanding as we read Sturman as it has a very specific focus from its background of these issues with the hardcode advertisements that only appear at a certain time in the day, that did not give certainty or predictability to advertisers knowing their advertising campaign needs are going to be met. And Sturman sought to do that by allowing advertisers to --

(Simultaneous speaking.)

JUDGE HOWARD: That's not what Sturman says at all. If you look at paragraph 3, it talks about the problem where they're being displayed consistently. And the example that I gave, a Jumbotron that you have to click to put on the ad on, fixes that problem. It's not being displayed consistently. So I don't see how it is inconsistent. It looks to me like you're just trying to take one aspect of Sturman, which I agree is present, but you're trying to take that aspect and say that's all of Sturman. I think Sturman is a little broader than you're trying to make it out to be.

MR. LEE: Again, we respectfully disagree. I think potentially more relevant, none of that is set forth in the petition or Dr. Zagal's declarations for the petition. I think some of the judges remarked in I think even the

institution decisions of the original and on remand remarked this was a very cursory petition, cursory arguments, and somewhat repetitive testimony from Dr. Zagal. I certainly understand and appreciate your view of Sturman, but while we may disagree with that, I think one thing we can agree on is none of that detail has been set forth in the petition or the papers by petition nor Dr. Zagal.

And somewhat in that same vein, we believe that the petition is also fatally defective with respect to a number of the dependent claims in the '089 Patent. As we see, Dependent Claim 3 and Dependent Claim 7 on Slide 35 of the Patent Owner's demonstratives here require that the hidden promotional content in the independent claims must be pre-selected based on the proximity of the device to a physical location.

On Slide 36 of Patent Owner's demonstrative, petition at page 60, this is the entirety of Petitioner's arguments with respect to the Sturman-Ho combination, and notably, there's really nothing to highlight to here because it doesn't address the pre-selected aspect of the claim limitation. It states only that Sturman teaches that advertising content may be targeted based on demographics.

JUDGE McKONE: Well, it says a little more than that. It says, for delivery to a user. If we're going to deliver something, don't we have to select it before we deliver it?

MR. LEE: Maybe that's a fair question. It certainly hasn't been addressed by Petitioner. It hasn't been addressed by Dr. Zagal. All we see in Petitioner's reply is, respectfully, what we believe appeared to be a new argument, maybe to Your Honor's question that well -- in the reply, they

say, well, these ads would have been selected from a pool of ads pre-selected based on criteria such as geographic location.

And I think what's telling about this new argument at reply 26 is it doesn't cite any portion of Sturman in support of that. It doesn't cite any testimony from Dr. Zagal in support of that assertion. Rather, what it cites is a final written decision in a different proceeding regarding a different patent that was dealing with different prior art references. So I think there's a lot of speculation being introduced to this new argument that has no foundation in the record and certainly no foundation in the petition and Dr. Zagal's arguments as they were presented in support of that decision.

JUDGE McKONE: Now, what are you reading "pre-selected" to mean? What does that mean? How should we evaluate that, whether something is pre-selected or not?

MR. LEE: Selected in advance, I think, for practical import.

JUDGE MCKONE: Okay. How far in advance?

MR. LEE: I mean, prior to the selection. So the hidden promotional content is pre-selected based on proximity, so before the hidden promotional content has been downloaded to the device as required in the claims, that it must have been determined that based on some proximity to geography, this is the hidden promotional content that is going to be downloaded.

JUDGE McKONE: Is there any practical way to deliver something or download something that hasn't been decided in advance what is going to be downloaded?

MR. LEE: Certainly whatever is going to be downloaded has to exist somewhere and had been determined, but again, we see nothing in the

petition, nothing from Dr. Zagal that states that that determination would have been based on the proximity of a device to a physical location related to that hidden promotional content. So I certainly agree with practically your comment, Judge, but I think there's just this lack of connection with the full claim language in the petition and from Dr. Zagal.

JUDGE McKONE: So it's not pre-selected you're taking issue with. It's based on the proximity of the mobile communication device that you --

(Simultaneous speaking.)

MR. LEE: It would be the full claim limitation, yes, Your Honor.

JUDGE McKONE: Okay.

MR. LEE: We see, again, similar albeit slightly different flaw with Dependent Claim 8 of the '089 Patent, which we show here on Patent Owner's demonstrative Slide 38. Again, I think what's notable here, we see the pre-selected term, but I actually want to draw your attention to a different aspect of this. Claim 8 requires that the hot spot information, the hot spot information, so that's of course referring to the hot spot information that is recited in Independent Claim 6 which makes clear that that hot spot information includes two things, a location in-game associated with that hot spot and the hidden promotional content itself.

In its petition, Petitioner argues that the Sturman Ho combination renders Claim 8 obvious solely because Sturman teaches that you're going to select an advertisement. That's just the promotional content. There is no discussion in the petition about selecting, let alone pre-selecting, the hot spot information that's both the location for activating the hot spot and the promotional content. The petition fails to address the other half of that

claimed hot spot information. So again, it fails on its face because it does not address all the claim language.

And likewise, and being mindful of time, likewise for Dependent Claim 4 and Dependent Claim 9, which are quite similar, we see both these claims require, Dependent 4 and 9 require tracking the hot spot information. So again, we know hot spot information is a two-prong element, both the location and the hidden promotional content. With respect to the Petitioner's ground, Petitioner concedes that Ho doesn't do this. Ho does not disclose tracking the hot spot information that has been downloaded. That's at petition 46.

So again, what it relies on is solely Sturman, but it's only Sturman with respect to recording the advertisement. There is no discussion in Sturman, and certainly none in Ho, about tracking the location in-game, that non-promotional object, the hamburger monster, the billboard, whatever it is. Again, it's just an oversight of the petition not addressing the full claim language.

Mindful of time, unless there's any other questions on the Sturman-Ho combination, I'll refer to my colleagues that address the remaining portions of the petition.

JUDGE McKONE: I have nothing further.

MR. MORLOCK: Thank you, Your Honor. Once again, Michael Morlock for Patent Owner.

Starting back with the claim construction issue that was discussed previously, this is a dispute that isn't addressed in the petition because the Petitioner and its expert started the frontend by saying the plain and ordinary

meaning in that the claims don't use any specialized terms that would require any additional explanation or express definition. And the Board's institution decision on remand recognized that.

JUDGE McKONE: Make sure you're telling us the slide --

(Simultaneous speaking.)

MR. MORLOCK: Thank you, Your Honor. I started on Slide 9. I'm now on Slide 10, which we can see on Slide 10 is paper 14, the institution decision on remand where the Board construed background to mean the part of the pictorial representation that is not in the foreground.

And the Board properly relied on extrinsic evidence showing this construction as appropriate. This is a common term. Background is known to know what it means. And Patent Owner submitted additional extrinsic evidence all confirming essentially background has no meaning. This is a meaning that people know: the part of a scene, picture, et cetera, behind the objects that are in the background. And that's where the Board's construction came from, and that construction is appropriate.

JUDGE McKONE: Would you agree that it's subjective what is in the background and what maybe lies in the foreground?

MR. MORLOCK: Do I agree it's objective?

JUDGE McKONE: Subjective.

MR. MORLOCK: Subjective. No, Your Honor, I don't believe this is a subjective term. I think this is something that is easily determined by reviewing the context of the game. Even if it were partially subjective, and addressing that argument that Petitioner made, I think that's just a thinly

veiled indefiniteness argument. But just assuming the arguendo that there was some amount of subjectivity, that's not improper.

The cases that the Petitioner cited, *Datamize, Interval Licensing*, those address something entirely different. The claim elements in *Datamize* were aesthetically pleasing. Beauty is in the eyes of the beholder. That's not what we're looking at with background and foreground. When you're looking at background and foreground, could that be a term of degree? Okay, potentially, but that's not improper. The Federal Circuit decision in *Sonix* -- that's at 844 F.3d 1370 from 2017 -- confirms that terms of degree are acceptable. *Accenture*, 500 Fed. Appx. 922 from 2013 confirmed that terms like near are not indefinite despite their being dictated by context.

So there's a worse construction. Is it dictated by context of the game? Sure. I mean, what's in the background in Tetris is different from a dart game, is different from the background in Mario, but that doesn't mean that this is not something that is readily discernible from the context of the game.

JUDGE GALLIGAN: Mr. Morlock, do you think the prosecution history redefined the term, or do you think it's proper to apply the plain and ordinary meaning of the term background?

MR. MORLOCK: I do not think the prosecution history redefined the term, Your Honor. I think the prosecution history is clarification of what the plain and ordinary meaning is, and that's what's captured by the Board's construction.

JUDGE GALLIGAN: Okay. Can you go to your Slide 11? I'm looking at the definitions. I don't see how a chalkboard in Figure 2A of the '089 Patent is background in any of these definitions, and I don't see how

chalk board in that figure is a background at all. Can you please explain your position that it is?

MR. MORLOCK: Certainly, Your Honor, as I said, it has to do with the context of the game. I may have Figure 2A here. This is close to Figure 2A. This is 2B. Well, 2A is very similar. The point with respect --

JUDGE MCKONE: This slide?

MR. MORLOCK: I'm looking at Slide 6, but that's showing Figure 2B, which is similar to Figure 2A. The point of --

JUDGE GALLIGAN: There's no chalk board in Figure 2B. That's kind of the key here because you keep making reference to the chalk board. If we're reading the claim in light of the specification, which we would have to, you know, ordinary meaning and all that, and if we're gauging what the background is by looking at this in Figure 2A and saying, chalk board is the background in this picture, I'm just trying to figure out why that's the background.

MR. MORLOCK: Certainly, Your Honor. It's because within the specification, as you noted, Figure 2A is showing the dart game. Within the game of darts, the foreground is the dart board. The purpose of a dart game is throwing darts at the board. Things outside of the dart board, that's the background. It's contextual based on the type of game.

JUDGE GALLIGAN: But I don't know if a person skilled in the art would know this, the computer engineer, but a person who has darts would know that the chalk board is an integral part of the game because that's used to keep score.

MR. MORLOCK: Well, it's the score board, it's not the playing field. It's not the thing you're trying to hit. The purpose of the game darts is to hit the dart board.

JUDGE GALLIGAN: So it sounds like we're getting back to the prosecution history arguments about what the primary focus of the game is or whether a game component is a primary focus or something like that, which maybe strays from the ordinary meaning of just background.

MR. MORLOCK: I don't agree with that, Your Honor, because when we look at the prosecution history, the point, as we see highlighted on Slide 12 highlighting page 85 of the prosecution history, is that the objects that are being distinguished, at least because they're featured in the forefront of gameplay, the forefront of gameplay, which matches the Board's preliminary construction. In the forefront of gameplay within a dart game is going to be the dart board.

JUDGE GALLIGAN: Just talking about the prosecution history for a minute, we don't know where the treasure chest is, for instance. In paragraph 65, it says when you approach a room that has a treasure chest, you might download some stuff, but you're approaching a room, the treasure chest isn't visible yet because you have to go through a door.

Presumably the treasure chest is in the room somewhere and you would advance toward it, which would be in the background to some extent that you're talking about, you know, your perspective versus a user or a player. But it's all speculation as to where the treasure chest is. I mean, the Applicant said that was in the background, said that it was a background

object, but we don't know if it was or not. We don't know where in the frame it was because it's not depicted.

MR. MORLOCK: Yes, Your Honor. That's why relying on the prosecution history to fully redefine a term is sometimes not proper with the degree of context you have from the full prosecution history, but here the prosecution history is characterizing what's not covered as something -- what is not covered by a background object is something that would be in the forefront of gameplay.

JUDGE GALLIGAN: And the forefront would have to do with the purpose of the object in the game is what you're saying?

MR. MORLOCK: I think it's context within the game itself. I mean, for example, Petitioner's now proposed construction, you say something is not required for gameplay. Well, I mean, if you flash back to playing Mario Bros. as a kid, Mario could jump over the turtle. That did not mean the turtle was somehow in the background. That turtle was directly in front of the player as, you know, Mario jumped over it.

JUDGE GALLIGAN: Yeah. I am somewhat sympathetic to Petitioner's plight here because, like you mentioned, the prosecution history might not be the model of clarity here, but that's what the prosecution history said, I mean, that they're not required to be used in gameplay. Maybe that is an objective way to measure this, if we're not sure what plane things exist in, like foreground or background. Whether it provides relief is another thing I think you said in the sur-reply, that a thing in the background provides relief for something in the foreground, and I don't see how the chalk board provides relief.

MR. MORLOCK: I'm not sure I know the specific cite you're referring to, Your Honor. With respect to background and foreground, I think there's something that a user playing a game can determine what's in the background and what's in the foreground, and I think that's captured by the Board's construction. I think the full prosecution history here, I mean, we are distinguishing that Chu's objects are not in the background.

JUDGE GALLIGAN: That was Patent Owner's sur-reply at page 16.

MR. MORLOCK: Okay.

JUDGE GALLIGAN: It says, the plain and ordinary meaning of the term "background" refers to the grounds or parts, as of a scene, situated in the rear, and also, that provides relief for the principal objects in the foreground. So we're resorting to all of this extrinsic evidence, and none of it seems to support the one thing that you point to in the intrinsic, the specification. The prosecution history is intrinsic evidence, but none of it seems to support why the chalk board would be in the background.

MR. MORLOCK: I believe what Patent Owner's argument with respect to the chalk board in the background, Your Honor, is that -- that was also prosecution history from an earlier office action. And as I said, I believe the reason the chalk board is in the background is we're talking about a dart game where the foreground is the dart board.

JUDGE GALLIGAN: And -- I'm looking at Exhibit 1002. This is the prosecution history page 85.

MR. MORLOCK: Yes, Your Honor.

JUDGE GALLIGAN: And this was a -- been a center point of this case, obviously, and I think on your Slide -- was it Slide 6? I don't know. We just had prosecution history up on this slide, but I was --

MR. MORLOCK: Slide 26, Your Honor.

JUDGE GALLIGAN: You have a quote there, which has been discussed a lot. The very next paragraph of that, office action response, was kind of interesting to me because Chu also defines those objects as referring to, the representation of any game component such as but not limited to a game character, weapon, device, equipment, landmark, or scenery that may contain areas in which advertisements may appear. And so Chu disclosed the background. It disclosed scenery.

And that's why I'm actually confused as to what the prosecution history tells us, and I think it doesn't provide a level of redefinition for that reason, but it seems to be the mission that Chu already disclosed some of the -- which would be background, in all of your extrinsic evidence definitions it seems like.

MR. MORLOCK: I mean, the extrinsic evidence, certainly the first two definitions describe scenery. I'm not sure the specific cite you're referring to within Chu, Your Honor. I don't have Chu in front of me, unfortunately.

With respect to the arguments that are addressed on Slide 12, paragraph 85 -- or I'm sorry, page 85 of the Exhibit 1002, the prosecution history -- there is, I think, some distinction with respect to the arguments that have been presented by Petitioner wherein there are arguments distinguishing two different things. One is the object, and the other is the

location of the object. The prosecution history cites that Petitioner is pointing to, although they are all on the same page, is a different paragraph that is addressed to the object and not the location of the object. The paragraph we have cited on the Slide 12 is related to the location that is describing things featured in the forefront of gameplay.

JUDGE GALLIGAN: I understand that. When we talk about the object, which is part of the disputed limitation here, why isn't Petitioner correct that they are objects that are not needed or required in order to play the game? Non-promotional background objects. Isn't --

MR. MORLOCK: Sorry, Your Honor. Proceed. Sorry. Go ahead.

JUDGE GALLIGAN: Go ahead.

MR. MORLOCK: Your Honor, I think with respect to Petitioner's construction, I mean, it's based entirely on its suggestion that during the prosecution, the Applicant didn't distinguish Chu based on the location but rather because they were not themselves needed or required. But that's not what we see here. The distinction is based on location. That's one of the distinctions.

I agree with Your Honor that the prosecution history doesn't fully redefine the term background, and the plain meaning of background, if it's redefined to mean not needed or required in order to play the game, that's a pretty substantive re-writing beyond the plain meaning, which is not in the foreground.

JUDGE GALLIGAN: Right. And so I'm going to turn to your Patent Owner response, and this is the interplay between object and background that I'm trying to get to, because -- I think, you know, maybe we can know

what background is. I think we have a genuine dispute, you and I, as to whether the chalk board is in the background. I do not think it's in the background, but that's my opinion. I guess reasonable minds differ on that.

At page 20 of the Patent Owner response, it says, Ho describes its interactive information elements are game elements that a user is prominently presented with and encouraged to engage and interact with, not background objects. What does that say about the location? What you're talking about is the primary purpose of the object, which is what Petitioner points to in the prosecution history and says Ho says that these aren't needed for play. That's what the Patent Owner said was a distinguishing feature of object in the claims in the prior art; therefore, Ho seems commensurate with the meaning imparted by the prosecution history, right?

MR. MORLOCK: Well, the prosecution history says something is not a background object if it's featured in the forefront of gameplay, and what this paragraph is describing is that Ho describes interactive information elements, like the hamburger monster 56, as something that the user directly interacts with. That's what it's set out to. It is a entity to which the user can do battle, so it's directly in the front of the user as part of gameplay.

JUDGE GALLIGAN: So then we're sort of going back to the purpose of the object rather than whether it's not in the foreground, because our definition says if it's not in the foreground and it doesn't display the ad until the hot spot is activated. You're saying it has to do with the purpose. That's what I'm trying to get at. Are you building in a purpose requirement?

MR. MORLOCK: No, Your Honor, I'm not building in a purpose requirement, but I think if something has the purpose of the user directly

fighting it, it necessarily has to be in the foreground. The user isn't fighting with something in the background.

JUDGE GALLIGAN: You can't have a -- I don't game, but I've done it in my life. And if you have a three-dimensional game, I'm thinking of Wolfenstein or something where you used to actually walk into a room, I would think the background of the room as for this part. And as you approach something, you approach the background. You're saying that there's something to interact with in the background. Well, what would consider background -- like break a window. You would say that's not in the background because you would actually interact with it is what I'm hearing you say.

MR. MORLOCK: It's not directly the interaction, Your Honor. It's not about the intent. It's that if there is an object, like a hamburger monster, which is what we're looking at in the prior art, that is directly intended to fight with the user, that is an object placed in the user's way to prevent them from advancing in the game, that's in the forefront. And if you think of something like, oh, there's a broken window, I mean, that could very well be in the background because it's a window. You referred to Wolfenstein. I forget exactly -- I think that might have been mutant Nazis. Thinking back to eighth grade now.

JUDGE GALLIGAN: It was a three-dimensional game that was made or whatever, but yeah, that's a long time.

MR. MORLOCK: Yeah. One of the enemies that you're fighting, that's necessarily in the foreground because you're fighting it.

JUDGE GALLIGAN: Okay. And then one last question on this. I appreciate your answers. I'm just trying to get my --

MR. MORLOCK: Sure.

JUDGE GALLIGAN: -- my head on sort of the construction because it's obviously a big issue. In the Figure 3 of Ho, which we've talked about a lot, and I don't have your slide, but Petitioner is saying, look, the person standing there -- fighter 52, I think -- is in the foreground vis-à-vis the hamburger monster 56 because if you look at that arrow pointing, it's going diagonally, in which case it's going into a screen or whatever. Do you agree with just that aspect that the player is moving into the screen towards a hamburger monster who would be behind the player?

MR. MORLOCK: Your Honor, for reference, I've pulled our Slide 14, which shows Figure 3, I believe. Yes.

JUDGE GALLIGAN: Yes.

MR. MORLOCK: Showing Slide 16 with Paper 14, which is the institution decision on remand, which in the institution decision, those four items shown I've already found to be in the foreground. But there is a context given, there is a description within Ho as to whether or not that interpretation of the user moving in that direction is correct. That's based purely on Dr. Zagal's supplemental declaration because this interpretation of that hamburger monster being sort of perspectively drawn comes fully from briefing after the petition, a supplemental declaration. This was not included in the original declaration.

Further, I don't think that is a proper interpretation of this figure in view of the description of Ho just because Ho doesn't tell us that. It shows

these four items in a two-dimensional drawing. I can't say that that's the direction the user is moving. There's just an arrow there.

JUDGE GALLIGAN: Thank you very much. Appreciate that.

JUDGE MCKONE: And you are into your sur-rebuttal time.

MR. MORLOCK: And I think with that, Your Honor, unless there's other questions, we'll reserve the remainder of our time.

JUDGE McKONE: You've got about 14 minutes.

MR. MORLOCK: Thank you, Your Honor.

JUDGE McKONE: We'll start off your time whenever you tell me you're ready to start.

MR. BRIGGS: I'm ready to proceed, Your Honor.

So I'll address Patent Owner's argument in a little bit of the reverse order. I'll pick up on the claim construction argument. I just have a few points to make with the claim construction argument.

The first one is if we turn back Petitioner's Slide 9, this is Figure 2A of the patent, and it also has that portion of, I believe it's the 2011 remark made during the prosecution history, where the Patent Applicant states that in Figure 2A, the chalk board 220, is in the background of the gaming environment. You know, I would respectfully submit that this statement is hard to square with the Board's preliminary construction for this term, which contemplates a foreground and a background, something that's not in the foreground.

I would say that this point is further confused by the Patent Owner themselves and in their sur-reply. In their sur-reply, they make the -- Patent Owner makes the statement on page 5 of their sur-reply that they state,

Applicant described chalkboard 220 as being in the background of the darts game illustrated in Figure 2A of the '089 Patent, whereas dart board 201 is in the foreground.

So, Patent Owner is now taking the position that in Figure 2A, the dart board is in the foreground and the chalk board is in the background, but if you look at Figure 2A, those two items appear in exactly the same plane. There's no distal relationship or depth change between the two. So it's hard to understand how the Patent Owner is advocating that the Board's construction is correct and consistent with the prosecution history when they make that statement right there.

So for that reason, I again would advocate for the Petitioner's position on claim construction. Again, if we look at all the available evidence we have -- intrinsic, extrinsic -- and focus on the intrinsic evidence in the prosecution history, the few statements that are made about it, and we distill that down to find what is objective, what gave us an objective basis to provide a definition to the term background object, the only thing you're left with is what we have proposed as the construction.

So that's all I had on claim construction, so I'll move now on to the motivation to combine arguments that were made by Patent Owner with respect to Sturman and Ho. I would like to start with Slide 65, and before I go through the slides, just one overarching remark is Patent Owner argues that what Sturman is all about is immediate delivery on advertising content to many different devices, an immediate display of it.

I think there's a distinction between the two. I would agree that Sturman is about immediate delivery of new advertising content to a

multitude of devices and platforms. That's what Sturman teaches. But Sturman is not about necessarily immediate display of all that information to the users. That's not what Sturman is teaching.

I think there's examples in there where information might be immediately displayed, but then, as Your Honors have pointed out in the comments today, there are examples where that content is not immediately displayed. It's displayed at some time in the future at a predetermined time or even a date. That advertising content could be delivered immediately and perhaps not even displayed for days. So this immediacy of the display of information is not something that Sturman is grounded in. It's one example, but it's not grounded in that.

And if you look at Petitioner's Slide Number 67, we cite a Federal Circuit case that speaks to this point. It's *University of Maryland v. Presens Precision Sensing*. And the Federal Circuit says, but mere disclosure of alternative designs does not teach away. Teaching away requires clear discouragement from implementing a technical feature. So I'm not sure that Patent Owners strictly make a teaching away argument, but that's sort of the essence of their argument, and it's sort of the reason they are claiming that Ho should not be combined with Sturman. And again, the Federal Circuit says in a situation like we have here with Sturman, there is no teaching away.

So let me now turn to the dependent claims. And so Patent Owner addressed several of the dependent claims, so I wanted to just go through several of those. And I wanted to turn to Claims 3 and 7 and Slide 80 and

81, address those Slide 80 and 81 of Petitioner's presentation and address Claims 3 and 7.

So Sturman does disclose pre-selected content based on a physical location, and it specifically discloses targeting ads based on geographic information. That's in paragraph 54 of Sturman. It talks about player-specific information may also be used for targeting and may include player geographic information, for example, country, region/state, city, and direct marketing areas.

If you go down in that paragraph, it also states, player-specific information derived from a player's IP address may be used for targeting, such as geographic information, for example, postal/zip code, area code, longitude, latitude. And if you turn to Slide 88, Dr. Zagal also provided testimony confirming that geographic location would be used to match the user to ads associated with nearby locations. So Petitioner has provided substantial evidence on these two dependent claims.

And so moving on to Claim 8, Claim 8 is slightly different than the prior two dependent claims in that it requires pre-selecting content based on, for example, model type. And Sturman discloses exactly this, and that's what's addressed in Slide 82 and 83. In Sturman paragraph 44 --

JUDGE HOWARD: But Claim 8 is not on just content. It's specifically hot spot information, and Patent Owner's argument is you may have shown how the advertisement is based, but you haven't shown the other half of the hot spot information that the location is based on the model type. What's your response to that?

MR. BRIGGS: I think that if you are providing the advertising content, then you are providing all of that information along with it, the location-based information and the entirety of Claim 8. I believe Dr. Zagal addresses that in his declaration.

So we believe that what we said in the claim --

JUDGE HOWARD: Where exactly is that? I mean, what --

MR. BRIGGS: I have paragraph 159 cited here.

JUDGE HOWARD: Which part of paragraph 159 is it? Because 159 is just talking about the general combination.

MR. BRIGGS: Right. I'm not sure it is in 159. I'd have to look at the surrounding paragraphs, which I do not have right here. I don't have that answer for you right at this moment, Your Honor. I believe we have adequately addressed that in our papers, and so I will go ahead and move on right now to Claim 4 and Claim 9.

So on Claims 4 and 9, these involve the tracking of the hot spot information that has been downloaded, and so Sturman discloses an ad server that tracks all the communications and data sent to and received from a mobile device. And if you look at paragraph 42 of Sturman, it states, in some embodiments, the advertisement recipient client begins by establishing or doing a session with the advertising service. Establishing the session may create a record in the active session database, Figure 1, that's tracking which registers the game player as a first member of the new session and is used to track and record all communications and data sent to and received from the advertisement recipient client.

So, it explicitly describes tracking and recording all communications and data sent to and received from the advertisement recipient client. So we believe that there is sufficient and substantial evidence in Sturman that supports the invalidity of Claims 4 and 9 as well.

So if Your Honors do not have any further questions, I do not have anything further.

JUDGE McKONE: I have nothing else. Colleagues?

JUDGE GALLIGAN: I have nothing else.

JUDGE McKONE: Thank you very much.

Patent Owner, you have 14 minutes left. We will start when you start.

MR. LEE: Your Honor, give me one moment, if you will. Ready, Your Honor.

I'll try to be pointed here on the issues raised in Petitioner's rebuttal with respect to the Sturman motivation to combine and this, I guess, dichotomy Petitioner is trying to draw between immediately delivery and immediate display. I think we would, again, refer Your Honors back to, you know, the purpose, the goal of Sturman. We see it in paragraph 3 and paragraph 4 of Sturman, talks about the drawbacks and shortcomings of these hard coded traditional ads and notes that, quote, advertisers have been constrained by a lack of certainty around audience reach and timing and have had no way to measure campaign effectiveness. That's what Sturman's ad delivery system is trying to resolve, to get advertisers this certainty regarding reach, display, timing of their advertisements so they can know how effective the advertisement campaign is.

And we submit that this hindsight modification of Sturman that takes away the advertising content from Sturman's ad units and hides it and conditions display of that on some unknown unrequired action of the user, that brings the problem right back. Advertisers are left with uncertainty regarding audience reach and timing and the way to measure campaign effectiveness. So you --

JUDGE HOWARD: What are we supposed to do with the fact that a person of ordinary skill in the art is not involved in advertising, is just a computer scientist? Your argument should not be focusing on what advertisers want, that's not what the person of ordinary skill in the art is. So how do you reconcile that?

MR. LEE: That's a fair question, Your Honor. I think that raises some questions of whether a person skilled in the art would even be drawn to Sturman in the first instance, which is directed to advertisers primarily. And again, it has this motivation of there's necessarily going to be, you know, practical complications with that to where a computer engineer has been designing with Sturman is going to read that and go, okay. We're designing to publish advertisements and to public those timely for display.

And if now I've got to reconfigure that system to hide those advertisements, that's a complication, and that's going to go against what Sturman's teaching me to do. So why am I going to add that layer of complication, that layer of uncertainty from a computer engineering perspective when I know that's not what my advertiser, my customer, my client, I guess, from their perspective, is interested in? It seems such that

hiding the advertisement content of Sturman just goes against everything that Sturman is trying to resolve and implement in its invention.

And mindful of time to deal with a couple of these dependent claim issues, I think there were a couple of questions raised on this. With Dependent Claims 3 and 7, a discussion I had earlier with you, Judge McKone, I think Petitioner is still not taking into account the full claim limitations of Dependent Claims 3 and 7. The hidden promotional content is pre-selected based on the proximity of the mobile communication device to a physical location related to the hidden promotional content.

Again, all we've heard from them is that, oh, well, Sturman just says that some ads can be based on, you know, geographic location. There is nothing addressing the pre-selected aspect of that. There's nothing addressing use of that geographic information to relate to the proximity of that location to a physical location related to the hidden promotional content. Again, there's nothing in Sturman. At best we have just, you know, uncorroborated speculation from Dr. Zagal.

With respect to Dependent Claim 8, Judge Howard, you asked the very question that I was writing down. Petitioner said Dependent Claim 8 is all about pre-selecting content. That's obviously inaccurate. Judge, as you pointed out, it's about pre-selecting the hot spot information, which includes the location. You asked Petitioner for their support as to where that's shown. I will tell you that in the petition, they only cite two paragraphs of Dr. Zagal with respect to Dependent Claim 8. It's paragraphs 201 and 202.

Neither of those paragraphs has any opinion from Dr. Zagal regarding pre-selection of the location of the in-game associated with activating the hot

spot. Paragraph 201 simply is Dr. Zagal's conclusion that Dependent Claim 8 is obvious. Literally, that's all it says. And paragraph 202 -- go ahead, Your Honor.

JUDGE HOWARD: I'm sorry. Going back, though, I'm looking at paragraph 202. It starts with as I discussed above in connection with Claim 1D. That's in paragraph 202. And when you go back to 1D that's talking about the hot spot information, which includes both the location and the content. So why isn't that reference back to his analysis of Claim 1 sufficient?

MR. LEE: Well, it's not sufficient because, again, you've got to look at the full limitation of Dependent Claim 8, as we see here on Patent Owner's Slide 38. So it requires that hot spot information. So yes, Dr. Zagal refers to his earlier discussion of the hot spot information, but it requires that that hot spot information in Claim 8 be pre-selected by a server based on a model type associated with a communications device or other options.

When Dr. Zagal addresses that aspect of Dependent Claim 8 in paragraph 202, his discussion is exclusively with respect to Sturman's advertisements, so the advertising content. Dr. Zagal never addresses the location in-game associated with activating the hot spot, that that location is pre-selected by the server based on the model type and so forth as required in Dependent Claim 8.

Unless there are any other further questions, mindful of time, I'd like to turn to my colleague to respond to the claim construction issue raised in Petitioner's rebuttal.

MR. MORLOCK: Briefly, Your Honor, returning back to Petitioner's Slide 9, which addresses the dart board in the argument during prosecution that the dart board is in the background. I agree with the statement made the specification does not expressly state that the dart board is in the background, that that was the argument clearly made during the prosecution. And just with respect to an interpretation of Figure 2A with regard to whether the dart board is in the background, I believe it's the chalk board that's in the background, not the dart board. Saw Judge McKone eyeing me on that.

I just direct Your Honors to the MPEP 2125 regarding whether or not figures are drawn to scale and whether or not measurements of the figure are obtaining real value, in particular in the context of this figure where there's no indication that the dart board is not placed forward of the wall where you see it's certainly contemplated by the figure where you also have a shirt hanging and you have a chalk board against the wall.

If there's no other questions.

JUDGE McKONE: I have nothing further. My colleagues?

JUDGE GALLIGAN: I have nothing further.

JUDGE McKONE: All right.

MR. MORLOCK: Thank you, Your Honor.

JUDGE McKONE: Well, thank you very much. We appreciate you traveling out here to Detroit to give us guidance. It's very helpful. At this point the case is submitted, and we are adjourned.

(Whereupon, the above-entitled matter went off the record at 11:57 a.m.)

PETITIONER:

James Glass
Quincy Lu
Nima Hefazi
QUINN EMANUEL URQUHART & SULLIVAN, LLP
jimglass@quinnemanuel.com
quincylu@quinnemanuel.com
nimahefazi@quinnemanuel.com

PATENT OWNER:

Michael Morlock
Joshua Lee
Andrew Rinehart
Kasey Koballa
KILPATRICK TOWNSEND & STOCKTON LLP
mmorlock@kilpatricktownsend.com
jlee@kilpatricktownsend.com
arinehart@kilpatricktownsend.com
kkoballa@kilpatricktownsend.com