

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

PLR WORLDWIDE SALES LIMITED,
Petitioner

v.

FLIP PHONE GAMES, INC.,
Patent Owner

Inter Partes Review No.

IPR2024-00133

Patent No. 8,688,089

PATENT OWNER'S REQUEST FOR DIRECTOR REVIEW

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I. Introduction

Flip Phone Games, Inc. (“FPG”) seeks director review of the Final Written Decision (Paper 34) (“FWD”) finding all claims of the ’089 Patent unpatentable.

This proceeding should not have been instituted. Indeed, the Board initially denied institution, but former Director Vidal vacated that decision. Thereafter, the panel instituted—with one judge dissenting—on only one of the three grounds. That ground sought to modify Sturman’s advertising system that targets advertisements to specific groups of users “across numerous game titles” at specific times of day “e.g., reach 1 million men ages 18-34 at 8 p.m. on Thursdays” (Ex. 1006, [0018]), based on Ho’s system in which advertisements are “not displayed initially” at all and, instead, “only presented” at later, varied, and unspecified times (if at all). Ex. 2005, ¶¶82–86. No POSITA would be motivated to make such a modification that would have changed the Sturman system to the opposite for which it was designed.

Despite the lack of any articulated motivation to combine, as recognized in *multiple* dissents, the Board found obviousness as to that one ground. But the Petition is otherwise deficient. It takes conflicting claim construction positions from those the Petitioner argued at the District Court, which Petitioner never explains or even acknowledges. The Petition also relies on an “expert” who regurgitates the Petition in its entirety, and the Board never considered FPG’s

settled expectations as to the validity of the 2014-issued '089 Patent. The Director should correct these errors and affirm validity or, at a minimum, vacate the institution decision.

II. Factual Background

A. The Petition, Its Expert Declaration, and the Inconsistent Claim Construction Positions Raised at District Court

The Petition challenged claims 1-10 on three grounds. Ground I addressed claims 1-3 and 6-8 and attempts to combine three references Ex. 1004 (“Ho”), Ex. 1005 (“Jiau”), and Ex. 1008 (“Choi”). Ground II addressed claims 4-5 and 9-10 based on the combination of Ho, Jiau, Choi, and Ex. 1007 (“Ellis”). Ground III addressed all ten claims based on Ex. 1006 (“Sturman”) combined with Ho.

The Petition asserted “Petitioner does not believe any terms require construction” and further that Petitioner “takes no position in this Petition” as to indefiniteness. Pet. at 13. Likewise, Petitioner’s IPR expert, Dr. Zagal, declared that the Challenged Claims “do not use any specialized terms that would require additional explanation or express definitions”; rather, “[t]he ordinary and customary meaning of the claims and the terms used therein, read in the context of the specification, would have been understood by a POSITA.” Ex. 1003, ¶ 74.

Despite these representations, in the district court Petitioner contended that multiple claim elements/terms are “Indefinite”—including, but not limited to, “non-promotional” (which appears in every Challenged Claim), “preselected,” and

“interface.” Ex. 2001 at 6–10. Further, at the district court Petitioner submitted conflicting expert testimony from a different expert who took the *opposite* position from Dr. Zagal and explained why Petitioner believes the meaning and/or scope of the claim terms is not reasonably certain. Ex. 2001 at 6–10. Additionally, in the district court, Petitioner contends that multiple claim terms addressed during this proceeding require construction—including the terms “background object” and “hot spot” / “hot spot information.” Ex. 2001 at 6–10.

In addition to presenting conflicting claim construction positions, the Zagal Declaration (Ex. 1003) is largely a *verbatim* copy of the Petition. *Compare* Ex. 1003, ¶¶ 109–11 with Petition at 25–26; *Compare* Ex. 1003, ¶¶ 116–18 with Petition at 27–28; *Compare* Ex. 1003, ¶¶ 120–24 with Petition at 29–32; *Compare* Ex. 1003, ¶¶ 126–27 with Petition at 33–34; *Compare* Ex. 1003, ¶¶ 129–30 with Petition at 34–35. With respect to motivation(s) to combine the disparate prior art references asserted—an area on which expert testimony may be critical—the Zagal Declaration simply restates the attorney argument set forth in the Petition, without any meaningful discussion or elaboration, let alone expertise. *Compare* Ex. 1003, ¶¶ 129–136 with Petition at 31–34.

B. The Board’s Initial Decision to Deny Institution and Dissent.

Recognizing many of the flaws discussed above, the Board initially issued a decision denying institution. Paper 10.

Claim Construction. The Board addressed Element 1(d)(i), which recites that the claimed “hot spot information” comprises “a location in-game associated with activating the hot spot, wherein the location in-game is represented by a non-promotional background object.” *See* Paper 10 at 18-20. As explained *supra*, at the district court Petitioner proposed conflicting constructions or indefiniteness for these terms. The Board addressed this claim element, and the related prosecution history, and explained “‘background’ objects are not primary objects. And, in terms of a mobile video game, such as the one claimed in the ’089 patent, ‘background’ refers to objects other than primary game objects.” *Id.* at 20. In particular, “whether the object is the primary focus of play.” *Id.* at 21.

Findings as to Grounds I-III. The Board denied institution with respect to Grounds I and II. Paper 10 at 18-26. In so doing, the Board confirmed that Dr. Zagal’s testimony was of no help: “Dr. Zagal[’s] ... testimony omits any explanation.... Such conclusory testimony is not persuasive.” *Id.* at 25.

With respect to Ground III, the Board noted the Petition argued that the non-promotional background objects are disclosed by Sturman’s “ad units.” *Id.* at 28. But the Board found “Petitioner makes a conclusory argument that Sturman’s ad units are non-promotional hot spots without providing sufficient explanation.” *Id.* at 29. Contrary to Petitioner’s arguments, “Sturman identifies a number of objects that a person having ordinary skill in the art would understand are or could be

promotional objects such as billboard or storefront signs.” *Id.* “Because Petitioner does not provide sufficient reasoning, Petitioner has not satisfied its burden.” *Id.* Further, the Board confirmed that “Dr. Zagal’s testimony is equally conclusory” and limited to “a conclusory statement without any reasoning as to why the ad units are ‘non-promotional background objects.’” *Id.* “Without such explanatory evidence, we give his testimony no weight.” *Id.* at 29-30.

Judge Galligan’s Dissent. The Denial included a dissenting opinion, which made clear Judge Galligan’s view that the words of the claims, including “non-promotional background object,” could and should be ignored. Judge Galligan “question[s] whether [the phrase “non-promotional background object”] should be given ***any patentable weight at all....***” Paper 10, Dissent at 1-2 (emphasis added). And further he “question[s] how content’s status as ‘non-promotional’ lends patentable weight” and “question[s] how the perception of an object as being in the foreground or in the background lends patentable weight.” *Id.* at 12.

C. Prior Director Vidal’s Grant of Director Review

After the denial of institution, Petitioner filed a request for director review, relying heavily on Judge Galligan’s dissent. Paper 11. Patent Owner promptly requested an opportunity to respond to that request, which Director Vidal denied

without explanation.¹ Despite giving Patent Owner no opportunity to be heard, Director Vidal then “vacate[d] the Board’s Decision denying institution and remand[ed] for further proceedings.” Paper 12 at 3. Director Vidal found that “the Board’s claim construction of the term “a non-promotional background object” was improperly based on the subjective views of the user” and ordered the Board to “issue a new decision on institution resolving the claim construction of ‘a non-promotional background object.’” *Id.* at 7.

D. The Second Institution Decision and Second Dissent

The Board subsequently issued a new institution decision. Paper 14. The Board construed “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.” *Id.* at 18. The Board further directed both parties to “address whether the term “non-promotional background object,” or any portion of the term, should be given patentable weight.” *Id.* at 19.

The Second Institution Decision revisited the Board’s prior findings regarding Dr. Zagal’s testimony, and in direct conflict to its prior findings (*supra*), the Board newly found “Patent Owner does not show that the entirety of Dr.

¹ The request and Director Vidal’s denial were both via email and not of record.

Zagal’s testimony is conclusory.... much of Dr. Zagal’s testimony cites to portions of the prior art and explains Dr. Zagal’s reasoning.” *Id.* at 28.

The Board began its substantive analysis at Ground III (*id.* 30-42) and found “there is a reasonable likelihood that Petitioner will prevail in demonstrating that claim 1 is unpatentable” in view of this ground. *Id.* at 42. With respect to Grounds I and II, the Institution Decision “question[ed] whether Petitioner shows a reasonable likelihood of prevailing on the challenges,” but nevertheless instituted because of the finding with respect to Ground III. *Id.* at 53.

Judged McKone’s Dissent. The Second Institution Decision also included a dissent, where Judge McKone explained that though unclear, “the best reading of Petitioner’s proposed combination is that a skilled artisan would have used Ho’s teaching of interactive information elements (all in the foreground) to modify Sturman’s interactive objects (also in the foreground) to be hot spots.” Paper 14, Dissent at 3. Notably, these foreground objects are used to meet a claim element requiring the object to be in the background. Indeed, the “foreground objects are the only objects Sturman contemplates having interactive advertisements.” *Id.* The objects in the background of Sturman, e.g., Jumbotron, billboards, and panel trucks, were never argued by Petitioner to be modified based on Ho. *Id.* at 3-4. Judge McKone noted Petitioner does not support with evidence or argument any theory that such objects, which are never described as interactive, “would have

been modified to include interactive hot spots (a theory necessary for Petitioner to prevail).” *Id.* at 4. Thus, Judge McKone would have denied institution. *Id.*

E. The Final Written Decision and Additional Dissents.

The Final Written Decision confirmed that the phrase “non-promotional background object” is entitled to patentable weight and construed it as “an object that is not in the foreground and does not display a promotional message unless a hot spot is activated.” FWD at 12, 23. Applying this construction, the Board confirmed that the claims were patentable over Grounds I and II. *Id.* at 31, 39.

With respect to Ground III, the Board found that Ho teaches hot spots and that a POSITA would have modified Sturman to include Ho’s Hot Spots. *Id.* at 41, 51. Contrary to its earlier findings, the Board afforded Dr. Zagal’s testimony weight, explaining, “[w]e have reviewed Dr. Zagal’s testimony on this subject ... and find that it complies with our requirements. Specifically, Dr. Zagal provides his opinion and identifies specific evidence in the record that supports it.” *Id.* at 49.

Judge McKone’s Dissent. Judge McKone again dissented, explaining that similar to his prior dissent, “Petitioner has not shown that Sturman and Ho teach that a background object would have been an in-game location associated with activating a hot spot.” FWD, Dissent at 1.

Judge Galligan’s Concurrence. Judge Galligan joined with respect to Ground III, creating a 2-1 vote as to that ground, but dissented as to Grounds I and II, stating that the claims should be found invalid. FWD, Concurrence at 1.

III. Legal Standard for Director Review

“Requests for Director Review of a Board’s final decision ... shall be limited to decisions presenting (a) an abuse of discretion, (b) important issues of law or policy, (c) erroneous findings of material fact, or (d) erroneous conclusions of law.” Director Review Process, § 2(B).² Further, “Decisions of the Board under Director Review are reviewed *de novo*.” *Id.* at § 5(A)(ii)(c).

IV. The Director Should Grant Director Review and Reverse the Board’s Decision as to Ground III or Vacate the Second Institution Decision.

A. Petitioner Took Conflicting Claim Construction Positions in Litigation Without Explanation.

The Board erred by granting institution despite contradictory claim construction positions. As explained above, the Petition made clear that it did not seek construction of any term, and similarly that Dr. Zagal did not believe the terms required construction. Paper 2 at 13. In district court, the Petitioner took the opposite position, urging that multiple claim elements/terms in the Challenged Claims are “Indefinite”—including, but not limited to, “non-promotional” (which appears in every Challenged Claim), “preselected,” and “interface.” Ex. 2001 at 6—

² <https://www.uspto.gov/patents/ptab/decisions/director-review-process>

10. FPG repeatedly raised this discrepancy, and the Board ignored it. Paper 14 at 54. Further, as explained in detail above, significant briefing was addressed to the appropriate construction of “non-promotional,” which arguments were necessarily inconsistent with Petitioner’s litigation position of indefiniteness. *Id.*

This is improper and compels denial of institution. Indeed, as Director Squires has recently explained in a precedential decision “when a petitioner takes alternative positions before the Board and district court that petition should, *at a minimum*, explain why alternative positions are warranted.” *Revvo Techs., Inc. v. Cerebrum Sensor Techs., Inc.*, IPR2025-00632, Paper 20 at 3-4 (Dir. Squires Nov. 3, 2025) (precedential). Further, that Petitioner advances indefiniteness is similarly insufficient. *Tesla, Inc. v. Intellectual Ventures II, LLC*, IPR2025-00340, Paper 18 at 3 (Dir. Squires Nov. 5, 2025) (denying institution in view of “Petitioner’s statement that it cannot raise indefiniteness challenges in an *inter partes* review is not a sufficient explanation. Indeed, the statement amounts to an assertion that a petitioner should be permitted to raise inconsistent invalidity challenges in the two forums.”); *see also American Airlines, Inc. et al v. Intellectual Ventures I LLC*, IPR2025-01055, Paper 11 at 12 (PTAB Nov. 21, 2025) (denying institution where “Contrary to its position in this case, in district court, Petitioner argues that several limitations in the Challenged Claims ... are indefinite, and not subject to reasonable interpretation.”).

Petitioner never *acknowledged* the inconsistency in its positions, much less *explained* why it raised inconsistent claim constructions in the two forums. Thus, the Director should grant review and find that institution should have been denied in the first instance, as it was prior to Director Vidal's order.

B. There Is No Motivation to Combine the Ground III References.

The Board and Petitioner both acknowledged that Ground III required modification of Sturman to make its advertisements interactive. Paper 23 at 20. But modifying Sturman in view of Ho to make Sturman's advertisement(s) appear "only when a player interacts with [a] hot spot location" (Petition at 50) conflicts with Sturman's invention and corresponding goals. *See* Ex. 2005, ¶¶82–86.

Sturman describes an "advertisement delivery scheme" that is focused on an *advertiser's specific control of the timing* of the display of its advertisements to game players. *See* Response at 40–41. Indeed, Sturman allows advertisers the control to publish advertisements more flexibly, such as at a specific "time of day" (e.g., "8 p.m. on Thursday"). Ex. 1006, [0023]. This would not be possible if Sturman were modified such that its ads appear in the game "only when a player interacts with [a] hot spot location," as Petitioner proposes (in hindsight). *E.g.*, Petition at 50. No POSITA would modify Sturman's system for targeting advertisements to, e.g., specific days, based on Ho's disclosure that ads are "not displayed initially" and, instead, "only presented" at some later, varied, and

unspecified times (if at all)—*i.e.*, when a respective player activates the otherwise hidden advertisement in Sturman’s ad unit. Ex. 2005, ¶¶82–86; *see* Petition at 53.

This aside, Petitioner failed to demonstrate that a POSITA would have been motivated to apply Ho’s teachings to Sturman’s “ad units”—let alone to any purported “background” “ad unit” allegedly disclosed by Sturman. Indeed, the Petition concedes that Sturman’s “storefront signs” and “Jumbotron screens”—the alleged “background” objects—are “*non-interactive* elements.” Pet. at 51. Additionally, Ho’s teachings with respect to activating “interactive” game elements to display advertisements (Ex. 1004 at 5:27–38) are with respect to elements that are prominently presented in the *foreground* of the game for user engagement, as discussed. Ex. 1004 at 4:22–23, 4:28–29, 5:1–5, Fig. 3; *see* Ex. 2005, ¶95; *see also* Ex. 2005, ¶¶59–64.

There was no basis to make this combination, as Judge McKone articulated in two dissents (Paper 14, Dissent at 3 & FWD, Dissent at 1), and as the panel itself found in initially denying institution. Paper 10 at 28-29. It was error to find otherwise on the third try.

C. As the Board Found Initially, Dr. Zagal’s Copy of the Petition Presented as Testimony Should Have Been Afforded No Weight.

The Board relies on Dr. Zagal throughout the FWD. Dr. Zagal’s testimony should have been afforded no weight. *See, e.g.*, Paper 22 at 36. This is particularly critical with respect to the probative issue above—the combination of Sturman and

Ho. Dr. Zagal largely parrots the assertions in the Petition. *Compare* Petition at 50–53 *with* Ex. 1003, ¶¶156–160. The Board acknowledged this when it denied institution: “Dr. Zagal’s testimony [regarding Ground III is] equally conclusory” and limited to “a conclusory statement without any reasoning as to why the ad units are ‘non-promotional backgrounds objects.’” Paper 10 at 29 “Without such explanatory evidence, we give his testimony no weight.” *Id.* at 29-30.

The FWD contradicts Board’s own prior findings and instead improperly relies upon Dr. Zagal. FWD at 49-50. *Xerox Corp. v. Bytemark, Inc.*, IPR2022-00624, Paper 9, at 18 (PTAB Aug. 24, 2022) (precedential) (an expert declaration is entitled to little weight when it contains an exact restatement of the petition’s arguments without any additional supporting evidence or reasoning). The Federal Circuit has consistently “rejected obviousness determinations based on conclusory expert testimony”—like Petitioner’s challenge here—noting that “crediting such testimony risks allowing the challenger to use the challenged patent as a roadmap to reconstruct the claimed invention using disparate elements from the prior art—i.e., the impermissible *ex post* reasoning and hindsight bias that *KSR* warned against.” *TQ Delta, LLC v. Cisco Sys., Inc.*, 942 F.3d 1352, 1361 (Fed. Cir. 2019).

The FWD excused Dr. Zagal’s parroting by speculating that “it is possible that Dr. Zagal parroted the Petition, it is also possible that the Petition parrots his testimony or that the similarity of both the Petition and Dr. Zagal’s testimony was

the result of a collaboration between the lawyers and Dr. Zagal.” FWD at 50. Thus, the Board placed the burden on FPG to cross-examine Dr. Zagal, stating that without such cross-examination “we are left with Patent Owner’s attorney argument as to what happened.” FWD at 50-51. It is not FPG’s burden to establish the unreliability of the declaration. Rather, it is Petitioner’s burden to establish invalidity by a preponderance of the evidence, and to introduce competent and non-conclusory expert testimony. Petitioner did not do so. The PTAB should give “little or no weight” to a declaration that “merely repeats the conclusory statement [of the Petition] verbatim, without any explanation or additional citations to evidence.” *American Airlines*, IPR2025-01055, Paper 11 at 18.

This is particularly so in view of new guidance³ confirming that Dr. Zagal’s faulty declaration—and the Petition’s extensive reliance on that declaration—properly counseled against institution. Further, as explained *supra*, this declaration purports to apply the plain and ordinary meaning for claim terms that Petitioner argued are indefinite at District Court. This should have been properly considered, and the Petition denied, as it was in the first instance.

³ Memo: *Interim Processes for PTAB Workload Management*, at 2 (Mar. 26, 2025).

D. The Board Should Not Have Instituted Because FPG Had Settled Expectations as to the Enforceability of Its Patent.

The '089 Patent issued more than eleven years ago on April 1, 2014. During the long period since issuance, FPG has paid maintenance fees and developed strong expectations that the patent will remain in force. *See Datadome S.A. v. Arkose Labs Holdings, Inc.*, No. IPR2025-00693, Paper 13 at 2 (Act. Dir. Stewart Aug. 14, 2025) (denying institution and noting “the challenged patents have been in force for approximately seventeen years and ten years, creating strong settled expectations for Patent Owner”); *Dabico Airport Solutions v. AXA Power ApS*, IPR2025-00408, Paper 21 at 3 (Act. Dir. Stewart, June 18, 2025) (denying institution and noting “in general, the longer the patent has been in force, the more settled expectations should be.”). No proceeding should have been instituted.

V. Conclusion

In view of the foregoing, FPG respectfully requests that the Director reverse the Decision and confirm the patentability of the claims of the '089 Patent. Alternatively, the Director should vacate the second institution decision and find, as the Board found originally, that no proceeding should have been instituted.

Dated: December 5, 2025

Respectfully submitted,

By: /Michael Morlock/

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing **PATENT OWNER'S REQUEST FOR DIRECTOR REVIEW** has been served via email on the following:

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Dated: December 5, 2025

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