

IN THE 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.

Case No. IPR2023-00133

U.S. Patent No. 8,688,089

**PETITIONER'S RESPONSE TO PATENT OWNER'S REQUEST FOR
DIRECTOR REVIEW**

TABLE OF CONTENTS

I.	The Parties Agree the Board’s Original Construction Was Erroneous	2
II.	Petitioner Did Not Take Conflicting Claim Construction Positions	3
III.	The Evidence Sufficiently Establishes Motivation to Combine	5
IV.	Dr. Zagal’s Testimony Was Properly Given Due Weight.....	9
V.	Patent Owner Has No Settled Expectations	10

Petitioner filed IPRs on the five patents Patent Owner asserted against it in the Eastern District of Texas, including the '089 patent at issue here. Each patent shares the same inventor as the '089 patent, claims the same priority date, and has a nearly-identical specification. The Board and Director found unpatentable all challenged claims of three of these patents and found a child of the '089 patent to be unpatentable except for two dependent claims that include limitations not present in the '089 patent's claims. *See* IPR2024-00209. And the Board then found unpatentable all challenged claims of the '089 patent in the present proceeding based on the combination of the Sturman and Ho references.

Having once again lost, Patent Owner now asks the Director to take the extreme step of vacating not just the Final Written Decision but also institution of this proceeding after the Board and parties spent the resources to complete a full trial. Patent Owner raises four arguments in its Request for Director Review—that Petitioner took inconsistent claim construction positions, that there was insufficient evidence of motivation to combine, that Petitioner's expert declaration should be afforded no weight, and that Patent Owner had settled expectations. As explained below, these arguments are without merit and Patent Owner's Request should be denied.

I. THE PARTIES AGREE THE BOARD'S ORIGINAL CONSTRUCTION WAS ERRONEOUS

As Patent Owner notes in its brief, Director Vidal vacated the Board's original decision denying institution because the Board's original construction of "non-promotional background object" was not correct—a conclusion that Patent owner does not dispute. Request at 6. In vacating the Board's decision, the Director stated that the Board's construction "was improperly based on the subject perspective of the user." Paper 12 at 7. The Director therefore remanded the decision back to the Board to provide and apply a new construction consistent with *Phillips*. *Id.*

On remand, the Board did just that, analyzing both the intrinsic and extrinsic record. Paper 14 at 11-19. And throughout trial, Patent Owner consistently stated that the Board's new construction was correct. Paper 22 at 9-11 ("Patent Owner does not disagree with the Board's construction—which, *inter alia*, ***applies the ordinary and customary meaning*** of the term 'background.' ... [T]he Board's construction of the claim phrase ... comports with both the intrinsic and extrinsic evidence of record.") (emphasis added). There is therefore no dispute that the Board's original construction was incorrect and, importantly, that the Board's new construction is correct. Dissenting Judge McKone also did not dispute the Board's new construction. Instead, Patent Owner's dispute is with the Board's application

of its construction, both in its institution decision and Final Written Decision, not the actual construction.

II. PETITIONER DID NOT TAKE CONFLICTING CLAIM CONSTRUCTION POSITIONS

Patent Owner argues that the Director should vacate institution because Petitioner inconsistently argued in district court that certain terms are indefinite, and provided no explanation for that discrepancy. Request at 10-11. This is incorrect and was waived by Patent Owner. Following institution, Patent Owner never reraised Petitioner's supposed inconsistent positions. As such, Patent Owner's argument is waived. *In re NuVasive, Inc.*, 842 F.3d 1376, 1380-81 (Fed. Cir. 2016).

Moreover, it is simply false that "Petitioner never ***acknowledged*** the inconsistency in its positions, much less ***explained*** why it raised inconsistent claim constructions in the two forums," or that the "Board ignored it." Request at 10-11 (emphasis in original). This issue was thoroughly briefed prior to institution, and the Board disagreed with Patent Owner that Petitioner raised inconsistent positions. First, in its pre-institution reply, Petitioner explained that, with the exception of the term "non-promotional," Petitioner had dropped its preliminary assertions that any other term was indefinite. Paper 8 at 4 n.2 ("Petitioner has since dropped most of those positions and did not proffer any evidence esupporting the indefiniteness of those dropped terms. Petitioner asserts indefiniteness only for the term 'non-

promotional.”). Despite this clear record, Patent Owner raises these dropped terms in its Request to mislead the Director.

Second, with respect to “non-promotional,” Petitioner explained that “[t]hough the outer boundaries of that term may be indefinite (it likely excludes billboards, but does it exclude a Jumbotron screen?), there are clearly in-game objects that no user would expect to be used for promotional advertising” and that “[t]he Petition identifies where the prior art discloses such non-promotional objects.” *Id.* at 3-4; *Mylan Pharms. Inc. v. Horizon Pharma USA*, IPR2017-01995, Paper 72 at 5-6 (Mar. 28, 2019) (“[W]e need not necessarily determine the outer boundaries of a claim in reaching a conclusion as to whether the asserted prior art anticipates a claim or renders it obvious.”). In other words, Petitioner explained that it was not advancing inconsistent positions. Moreover, this reasoning is precisely what the Director has stated is a “sufficient explanation,” such as “if the limitation prescribed a range and only the outer bounds of the range were unclear.” *Tesla, Inc. v. Intellectual Ventures II LLC*, IPR2025-00340, Paper 18 at 4 (Nov. 5, 2025) (informative). The Board’s institution decision agreed with Petitioner’s argument, and the dissenting judge did not object to this holding. Paper 14 at 54 (quoting *Samsung Elecs. Am. Inc. v. Priusa Eng’g Corp.*, 948 F.3d 1342, 1355 (Fed. Cir. 2020) (indefiniteness “does not necessarily preclude the Board from addressing the patentability of the claims on section 102 and 103 grounds.”)).

In addition, the Board's institution decision and Final Written Decision have since construed "non-promotional ... object" to mean "an object that does not display a promotional message unless the hotspot is activated." Paper 14 at 18; FWD at 15. During the course of trial, Petitioner argued that the term lacks patentable weight, but otherwise agreed that the Board's construction is proper. Paper 23 at 7 n.2; FWD at 15. Thus, Petitioner no longer holds the position that the term "non-promotional" is indefinite.¹

Finally, a tribunal adopting a claim construction for the term is also "sufficient reason for advancing the broader, [tribunal]-adopted construction in a proceeding before the Board." *Revvo Technologies, Inc. v. Cerebrum Sensor Technologies, Inc.*, IPR2025-00632, Paper 20 at 5 (Nov. 3, 2025) (precedential).

III. THE EVIDENCE SUFFICIENTLY ESTABLISHES MOTIVATION TO COMBINE

The only substantive argument that Patent Owner raises is an alleged lack of motivation to combine Sturman and Ho.

First, Patent Owner argues that Sturman is "focused on an *advertiser's specific control of the timing* of the display of its advertisements," and thus a

¹ The District Court litigation has been stayed since the IPRs were instituted, and so Petitioner has not had any opportunity to modify its claim construction positions.

POSITA would not modify Sturman so that ads appear after an interaction.

Request at 11-12 (emphasis in original). The Board thoroughly considered this argument and rejected it. In particular, the Board explained that Sturman is not so limited, as it specifically “criticizes static advertisements” that have static display times. FWD at 45-46 (quoting Ex. 1006, ¶3 (“[T]hese advertisements are built in to the game code (e.g., hard coded) and displayed consistently (e.g., at the *same place/time*) in the game.”) (emphasis added)). The Board also found that both Sturman and Ho make the same criticism about static advertisements, and that “solving those problems is consistent with Ho’s interactive information elements which are not hard coded into the game” and “Ho’s interactive information elements are consistent with Sturman’s goals.” FWD at 46-47. Finally, the Board pointed out that Patent Owner’s argument concerning advertisement timing “focuses on what an advertising executive would be interested in” not the perspective of a POSITA. FWD at 47 (citing Paper 33 at 29:1-23)).

Furthermore, as Petitioner explained in its Reply, nowhere does Sturman say that it is limited to displaying advertisements at a specific time, and nowhere does Sturman disparage advertisements being displayed based on user interaction. Paper 23 at 22-23. Patent Owner relied on *examples* in Sturman where an advertisement may “e.g.” be delivered “at 8 p.m. on Thursday” or “e.g., once the game has been played for 45 minutes.” Ex. 1006, ¶23. Sturman, however, makes

clear that advertisements can be based on other factors that are not time-based, such as “current game environment” and “game play data,” and thus it does not exclusively require advertisements at specific times and disparage anything that is not. *Id.* As Petitioner explained, Sturman in fact describes interactive ads that are triggered by user interaction rather than displayed at a specific time. Paper 23 at 23; Ex. 1006, ¶20 (“Some available ad units may be interactive within the game context (e.g., ... a brand-related ‘mini game’ **presented between levels**) and may bring aspects of the real world into the game (e.g., a player can **enter a code** from a product to provide advantages in the game).”).

Second, Patent Owner adopts one of dissenting Judge McKone's arguments,² specifically that a POSITA would not be motivated to modify Sturman's background objects, which are non-interactive, with Ho's interactive game elements, which are in the foreground. Request at 12; FWD (dissent) at 4-5. Judge McKone claimed that this combination was “entirely conclusory, not

² Patent Owner does not argue in favor of Judge McKone's primary argument, namely, that Sturman's interactive objects are foreground objects and thus even if modified by Ho, would not be “background objects.” FWD (dissent) at 2-4. That is because Petitioner also argued that it would be obvious to modify Sturman's non-interactive background objects to be interactive.

logically reasoned, and not supported by evidence,” and thus Petitioner did not meet its obligation. FWD (dissent) at 5. However, Judge McKone was wrong—which perhaps explains why Patent Owner relegates this to a half-page alternative argument. Request at 12.

In particular, and as recognized by the Board, replacing Sturman's non-interactive background ads with interactive ads would be “more engaging to players.” FWD at 43 (quoting Ex. 1003, ¶159). Relying on Petitioner's expert, the Board also recognized that interactive ads “would improve the effectiveness of the ads used within Sturman's system.” *Id.* Notably, before the panel, Patent Owner did not dispute that a POSITA would recognize these improvements, and instead resorted to arguing that the references are not compatible and would render Sturman inoperable, arguments that the majority rightly rejected and the dissent rightly declined to adopt. Paper 22 at 39-42.

Patent Owner also claims that “the panel itself found in initially denying institution” that there was no basis to combine Sturman and Ho. Request at 12. That is false. The panel originally found that both Sturman and Ho fail to disclose “non-promotional background objects” under the Board's construction, not that there was no basis to combine them. Paper 10 at 28-30. That finding was erroneous because, as explained above, the Board's construction erroneously relied on the subjective view of the user, which Patent Owner does not dispute. After

properly construing the term, the Board correctly concluded that the combination of Sturman and Ho rendered the term obvious. Paper 14 at 38-41.

IV. DR. ZAGAL'S TESTIMONY WAS PROPERLY GIVEN DUE WEIGHT

Patent Owner argues that Dr. Zagal's testimony deserved no weight because he "largely parrots the assertions in the Petition." Request at 13. This argument is a rehash of Patent Owner's prior arguments in the other IPRs that the Board and Director properly rejected.

As the Board correctly found, Patent Owner provided no evidence that Dr. Zagal "parrot[ed]" the Petition. FWD at 50-51. As he made clear, his testimony was his "independent analysis of the '089 Patent" and that "[a]ll the opinions set forth in this declaration are my own." Ex. 1003, ¶2. Notably, Patent Owner declined to cross-examine Dr. Zagal, and thus his testimony remained unchallenged. Had Patent Owner wished to explore the veracity of Dr. Zagal's testimony through deposition, instead of slinging baseless speculation in its briefing, they could have questioned him under oath. Patent Owner's complaint merely confirms that all of the Petition's arguments are consistent with and supported by Dr. Zagal's declaration, and do not improperly go beyond it. Patent Owner also completely ignores Dr. Zagal's reply declaration, which the Board also credited in its discussion of the Sturman-Ho combination. FWD at 52 (citing Ex. 1020, ¶35).

Patent Owner cites to *Xerox*, but as the Board correctly found, “the problem with the expert testimony in *Xerox* was not the verbatim repetition of the petition, but the conclusory opinion without underlying factual support,” which is inapposite because “Dr. Zagal cited to factual support for his opinions.” FWD at 50 (citing Ex. 1003, ¶¶157-59, 174, 175, 178, 180). Dr. Zagal’s testimony was well-supported by citations to the prior art and included detailed reasoning for his testimony. Patent Owner does not argue otherwise.

Patent Owner also claims that the Board initially found Dr. Zagal’s testimony was conclusory and arbitrarily reversed course. Request at 13. This is not true, as the Board explained. Specifically, the Board noted that Patent Owner “reads too much into our original criticism of Dr. Zagal’s testimony” which was “made based on the lack of a claim construction.” FWD at 55. The Board stated that, in view of their new construction, “Dr. Zagal explains that certain elements, such as a storefront sign or Jumbotron screen, are in the background” and “identifies specific items from the reference that are ‘non-promotional background object[s]’ and testifies, with sufficient reasoning that they are ‘non-promotional background objects.’” *Id.*

V. PATENT OWNER HAS NO SETTLED EXPECTATIONS

Finally, Patent Owner argues that institution should be vacated because the ’089 patent was issued in 2014. As an initial matter, “settled expectations” is a discretionary factor for the Director to consider during institution—and specifically

to consider “PTAB efficiency, maintain PTAB capacity to conduct AIA proceedings, reduce pendency in *ex parte* appeals, and promote consistent application of discretionary considerations in the ***institution*** of AIA proceedings.” March 26, 2025 Stewart Memorandum on Interim Processes for PTAB Workload Management. These efficiency considerations are no longer relevant after a full trial, because no more resources need be expended. Indeed, the Director declined to review Final Written Decisions in the other related IPR proceedings brought by Petitioner despite challenging patents of a similar age. *See, e.g.*, IPR2024-00132, Paper 32 (June 25, 2025) (declining to review Final Written Decision invalidating patent issued in 2017).³

Patent Owner also cannot have any settled expectations of validity in a patent that has been invalidated. When this proceeding was instituted over a year ago, or at the very least when the IPR against its child patent was instituted in May 2024, Patent Owner lost any settled expectations of validity in the '089 patent. *See Mercedes-Benz AG v. The Phelan Group, LLC*, IPR2025-00413, Paper 13 (June 25,

³ If the Director is inclined to agree with Patent Owner's novel argument that “settled expectations” justifies vacating the Board's Final Written Decision, Petitioner requests additional briefing on the applicability of “settled expectations” after a full trial.

2025) (“[C]laims of a related patent were recently found unpatentable.”); *Advanced Micro Devices, Inc. et al. v. Concurrent Ventures, LLC et al.*, IPR2025-00478, Paper 10 (July 31, 2025) (“The challenged patent has been in force for over ten years, creating strong settled expectations for Patent Owner. ... However, the parallel district court proceeding ... involves other patents that have been referred to the Board.”).

Date: December 12, 2025

Respectfully submitted,

By: /s/ James M. Glass

James M. Glass

Counsel for Petitioner

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on December 12, 2025, true and correct copies of the foregoing document and supporting materials were served in its entirety on the PO at the following email addresses:

mmorlock@kilpatricktownsend.com
jlee@kilpatricktownsend.com
arinehart@kilpatricktownsend.com
kkoballa@kilpatricktownsend.com
FPG1367020@kilpatricktownsend.com

Date: December 12, 2025

By: /s/ James M. Glass
James Glass
QUINN EMANUEL URQUHART
& SULLIVAN, LLP
51 Madison Avenue, 22nd Floor
New York, NY 10010
Tel: (212) 849-7000
Fax: (212) 849-7100

Counsel for Petitioner