

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

INTERACTIVE COMMUNICATIONS INTERNATIONAL, INC.,
Petitioner,

v.

BLACKHAWK NETWORK INC.,
Patent Owner.

Case No. IPR2024-00465

U.S. Patent No. 11,488,451

PATENT OWNER'S MOTION TO EXCLUDE EVIDENCE

TABLE OF CONTENTS

Table of Authorities	ii
I. Introduction/Statement of Material Facts	1
II. Standards.....	2
III. Argument	2
A. Exhibit 1036 Should Be Excluded	3
1. The new opinions regarding a “passive game” should be excluded.	3
2. The new opinions regarding Irwin’s “quick-pick card” should be excluded.....	6
B. Exhibit 1038 Should Be Excluded	7
C. Exhibit 1039 Should Be Excluded	9
D. Exhibit 1040 Should Be Excluded	11
IV. Conclusion	12

TABLE OF AUTHORITIES

Cases

<i>Belden Inc. v. Berk-Tek LLC</i> , 805 F.3d 1064 (Fed. Cir. 2015).....	2
<i>In re Magnum Oil Tools Int’l, Ltd.</i> , 829 F.3d 1364 (Fed. Cir. 2016).....	5

Statutes

35 U.S.C. § 103	8
35 U.S.C. § 316	5

Agency Decisions

<i>Arista Netw’ks, Inc. v. Cisco Sys., Inc.</i> , IPR2015-00978, Paper 57 (PTAB July 11, 2009)	5
<i>Interactive Commc’ns. Int’l, Inc. v. Blackhawk Netw’k Inc.</i> , IPR2023-01235, Paper 34 (PTAB February 6, 2025)	6
<i>Legend3D, Inc. v. Prime Focus Creative Servs. Can. Inc.</i> , IPR2016-00806, Paper 73 (PTAB Sept. 18, 2017).....	2

Rules

37 C.F.R. § 42.23	2
37 C.F.R. § 42.62	2

Evidentiary Rules

Fed. R. Evid. 401	8
Fed. R. Evid. 801	9, 11
Fed. R. Evid. 802	9, 11

Other Administrative Materials

Consolidated Trial Practice Guide https://www.uspto.gov/TrialPracticeGuideConsolidated (Nov. 2019).....	passim
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I. INTRODUCTION/STATEMENT OF MATERIAL FACTS

Patent Owner moves the Board to exclude EX1036 and EX1038-EX1040 from the record of this proceeding. The exhibits are improper because they are untimely, they are provided in support of issues that Petitioner should have presented, but failed to present, as part of its *prima facie* case, and, as such, they are prejudicial. Moreover, EX1038 lacks probative value, and EX1038 and EX1039 both are hearsay.

The Petition and its expert's opening declaration (EX1003) assert, without explanation, that Irwin's disclosure of passive game tickets and hanging plastic cards disclose a "random draw lottery ticket" under the challenged claims. *See* Pet. § VIII.A.1; EX1003 ¶¶ 101-104. Patent Owner's Response explains that Petitioner failed to meet its burden on this IPR due, in part, to these deficiencies. POR at 20-21, 26-28, 34-35, 36-37, 39-40, 45-46. On Reply, Petitioner submitted a new expert declaration (EX1036) and supporting exhibits EX1038-EX1040 in an attempt to provide reasoning that is missing from the Petition and the opening declaration. As explained below, it is too late for Petitioner to provide, on Reply, reasoning and evidence that should have been presented as part of its *prima facie* case. Moreover, it is improper for the supplemental declaration to go in new directions as compared to the opening declaration.

II. STANDARDS

“Petitioner may not submit new evidence or argument in reply that it could have presented earlier, e.g. to make out a prima facie case of unpatentability.” Consolidated Trial Practice Guide (“CTPG”) at 73 (Nov. 2019). A “reply [that] belatedly presents evidence may not be considered.” *Id.* at 74. These rules ensure that the patent owner has notice of and a fair opportunity to meet and respond to the alleged grounds of invalidity. *Belden Inc. v. Berk-Tek LLC*, 805 F.3d 1064, 1080 (Fed. Cir. 2015). Submitting new evidence in a reply that could have been raised earlier indicates a new ground has been raised. CTPG at 73, 74; *accord* 37 C.F.R. § 42.23(b). New evidence, presented without prior authorization, should be excluded. CTPG at 73; 37 C.F.R. § 42.23(b).

The Federal Rules of Evidence govern IPRs. *Legend3D, Inc. v. Prime Focus Creative Servs. Can. Inc.*, IPR2016-00806, Paper 73 at 8-9 (PTAB Sept. 18, 2017); *see also* 37 C.F.R. § 42.62.

A party may submit a motion to exclude inadmissible evidence, describing “why the evidence is not admissible (e.g., relevance or hearsay).” CTPG at 73.

III. ARGUMENT

EX1036 and EX1038-EX1040 should be excluded for the following reasons.

A. Exhibit 1036 Should Be Excluded

As explained throughout Patent Owner’s Response (pp. 20-21, 26-28, 34-35, 36-37, 39-40, 45-46), Petitioner’s opening declaration (EX1003) is deficient because it asserts conclusions from the Petition as fact without providing explanatory reasoning. The supplemental declaration (EX1036) attempts to cure these defects by providing reasoning that EX1003 lacks. EX1036 is untimely—such reasoning should have been provided with the Petition as part of Petitioner’s *prima facie* case—and its opinions go in new directions as compared to EX1003. It is improper to provide such opinions, for the first time, at the Reply stage.

1. The new opinions regarding a “passive game” should be excluded.

As a first example, EX1036 provides new opinions explaining what a random draw lottery is and how it relates to passive games. EX1036 § II. The opening declaration is deficient because, while it states that a random draw lottery involves a comparison of lottery “numbers on the player’s tickets [and] *numbers randomly selected during the draw event* to determine if there is [] a winning ticket” (EX1003 ¶ 64 (emphasis added)), the declaration does not explain how Irwin’s passive game embodiment might relate to this definition. Instead, the opening declaration asserts, without analysis, that Irwin’s passive game are random draw lottery tickets, as claimed. *See id.* ¶¶ 101, 104; *see also* POR at 45-46 (discussing same).

The supplemental declaration attempts to explain why a random draw lottery ticket includes passive games. EX1036 § II. In doing so, the declaration deviates from the description provided in EX1003. Now, a random draw lottery includes “any random draw-based game, including both lotto-type games and passive games.” EX1036 ¶ 8; *see also id.* ¶ 17 (“‘random draw’ lottery games include any draw-based lottery games, such as passive games like raffles”). “Lotto-type games” are those discussed in EX1003 ¶ 64; they involve a draw that “randomly select[s] the winning numbers from the set of all possible numbers.” *Id.* ¶ 6. “Passive games” are those “where customers purchase tickets (which could have numbers on them), and a later draw randomly picks the numbered tickets that are winners, assigning them prizes.” *Id.* ¶ 7; *see also id.* ¶¶ 11 (“A passive game like a raffle meets the specification’s definition of a ‘draw-based lottery’ because a player makes a wager on a subsequent draw”), 12 (“Passive games often involve a computer randomly drawing a number from a pool of eligible numbered tickets”). Mr. Hutton impliedly recognizes that numbers are not randomly drawn during passive games when he characterizes the draw as “randomly pick[ing] the numbered tickets” (*id.* ¶ 7) or “drawing a number from a pool of eligible numbered tickets” (*id.* ¶ 12). None of this discussion appears in EX1003.

The supplemental declaration is improper, first, because it attempts to provide reasoning that should have been provided with the opening declaration as part of

Petitioner’s *prima facie* case. CTPG at 73. Petitioner bears the burden to provide evidence that demonstrates invalidity. 35 U.S.C. § 316(e). Conclusory statements and unspecific testimony of an expert are insufficient; instead, reasoned analysis is required. *Arista Netw’ks, Inc. v. Cisco Sys., Inc.*, IPR2015-00978, Paper 57 at 14 (PTAB July 11, 2009); *see also In re Magnum Oil Tools Int’l, Ltd.*, 829 F.3d 1364, 1380 (Fed. Cir. 2016). It is improper for a supplemental declaration to attempt on Reply to relate Irwin’s passive games to the claims when the opening declaration is so deficient. Again, the opening declaration identifies characteristics of random draw lotteries, but it fails to explain whether passive games have those characteristics. *Compare* EX1003 ¶ 64 (a random draw lottery involves a comparison between “numbers on the player’s tickets [and] the numbers randomly selected during the draw event”) *with id.* ¶ 101 (Irwin “discloses ‘preprinted passive tickets 224’ (FIG. 20) ... sold through street vendors’ that are ‘registered as sold on the central site’”) *and* 104 (“Irwin also discloses that such pre-printed cards can also be sold by ‘street vendors’ ... and a POSITA would understand that such tickets are selected by a customer and presented to the street vendor.”). Mr. Hutton’s new opinions are belatedly-provided evidence and they are improper on a Reply. It should have been presented as part of Petitioner’s *prima facie* case. CTPG at 73, 74.

Mr. Hutton’s supplemental declaration is improper, also, because it impermissibly takes his opinions in a new direction. It is improper for Mr. Hutton

to opine in EX1003 that a random draw lottery involves a comparison between “numbers on the player’s tickets [and] the numbers randomly selected during the draw event” (¶ 64), only to change positions later by opining that ““random draw” lottery games include any draw-based lottery games” (EX1036 ¶ 17).¹ CTPG at 74.

2. The new opinions regarding Irwin’s “quick-pick card” should be excluded.

As another example, EX1036 provides new opinions explaining what a lottery ticket is and how it relates to Irwin’s disclosure of a hanging plastic card. EX1036 § IV. The opening declaration provides no such explanation. It simply asserts, again without reasoning, that the hanging card meets the claims’ recitation of a lottery ticket. *See* EX1003 ¶¶ 100, 103; *see also* POR at 28, 34-35 (discussing same).

EX1036 attempts to cure this defect by providing explanatory reasoning. It provides a new opinion that “[t]he plain meaning of lottery ticket is any substrate that is used to allow a customer to play and redeem a lottery game.” EX1036 ¶ 22.

¹ This is not the first time Petitioner and Mr. Hutton have introduced new opinions in an IPR. *See Interactive Commc'ns. Int'l, Inc., v. Blackhawk Netw'k Inc.*, IPR2023-01235, Paper 34 at 61 (PTAB February 6, 2025) (striking part of Mr. Hutton’s supplementary declaration as new opinions provided in support of a new invalidity theory presented in Petitioner’s Reply).

The supplemental declaration also asserts that “Irwin also describes its quick-pick card as a ‘lottery ticket’” (*id.* ¶ 23) and it provides several paragraphs of analysis relating Irwin’s disclosure to the description of a “lottery ticket” that Mr. Hutton provided in ¶ 22. This material is untimely because it should have been presented with the Petition as part of Petitioner’s *prima facie* case. CTPG at 73. It is improper to provide such opinions, for the first time, at the Reply stage.

B. Exhibit 1038 Should Be Excluded

EX1038 should be excluded for several reasons. First, EX1038 is untimely. EX1038 is submitted in support of Mr. Hutton’s new explanations for considering Irwin’s passive games as random draw lottery tickets, explanations that do not appear in the Petition or EX1003. *Compare* Pet. at 14, 16 (asserting without reasoning that passive game tickets are lottery tickets, as claimed) *and* EX1003 ¶¶ 101, 104 (same) *with* Reply at 13 (citing EX1038 as support for an argument that a passive game is a lottery game) *and* EX1036 ¶ 14 (same). It is improper to provide evidence on Reply that should have been presented in Petitioner’s *prima facie* case. CTPG at 73. This standard applies to EX1038 just as to EX1036.

Second, EX1038 is offered as support for new expert opinions that go in new directions as compared to EX1003. As discussed above (§ III.A.1), Mr. Hutton’s opening declaration identified characteristics of random draw lotteries (EX1003 ¶ 64), and Mr. Hutton testified at deposition that passive games have different

characteristics (EX2051 at 69:7-70:9). EX1038 is offered as support for Mr. Hutton's new opinion that a random draw lottery includes passive games. EX1036 ¶¶ 14 ("I have found several references that support that the ordinary understanding of 'random draw' includes passive games," citing EX1038), 7 (A passive game "is where customers purchase tickets (which could have numbers on them), and a later draw randomly picks the numbered tickets that are winners, assigning them prizes."). Because EX1038 is offered to support new expert opinions that go in new directions as compared to Mr. Hutton's opening declaration, it is improper. CTPG at 74.

EX1038 lacks probative value because it fails to establish the state of the art by the effective filing date of the '451 Patent. 35 U.S.C. § 103 (obviousness requires evaluation of "the differences between the claimed invention and the prior art ... before the effective filing date of the claimed invention"). EX1038 is undated. It bears a copyright date of 2025, roughly ten years after the '451 Patent's 2015 priority date. *Compare* EX1038.0005 ("© Copyright 2025, South Carolina Education Lottery") *with* EX1001.0001 (the '451 Patent is a continuation of appl'n. 14/679,028, filed April 6, 2015). EX1038, therefore, lacks probative value, and it should be excluded. Fed. R. Evid. 401.

The late presentation of EX1038 is prejudicial, of course. Mr. Hutton confirmed, at his deposition, that EX1003 provides all factual bases for his opinions. EX2051 at 12:17-13:7. Mr. Hutton did not mention EX1038 in his opening

declaration or at his deposition. Patent Owner suffers prejudice to have to respond to EX1038 at this late stage when it diligently questioned Mr. Hutton over the factual bases for the opinions made in his opening declaration and Mr. Hutton failed to mention this new exhibit. There is no indication that Mr. Hutton relied on EX1038 when preparing the opinions in EX1003; EX1036 merely identifies EX1038 as a reference he “found” on Reply to support his understanding of passive games. EX1036 ¶ 14.

And EX1038 is classic hearsay. It is a statement by a declarant offered as proof of a matter asserted (Reply at 13, 14), and it has not been shown to fit any well-known hearsay exception. *See* Fed. R. Evid. 801, 802. Petitioner’s expert merely identifies it as something he “found” to support his understanding of passive games. EX1036 ¶ 14.

C. Exhibit 1039 Should Be Excluded

EX1039 should be excluded for many of the reasons identified for EX1038. It is untimely, just as EX1038 is untimely, because it is submitted in support of Mr. Hutton’s new explanations why Irwin’s passive games should be considered random draw lottery tickets. As discussed, Petitioner failed to provide any such explanation in its Petition or in EX1003. *Compare* Pet. at 14, 16 (asserting without reasoning that passive game tickets are lottery tickets, as claimed) and EX1003 ¶¶ 101, 104 (same) *with* Reply at 13 (citing EX1039 as support for an argument that a passive

game is a lottery game) *and* EX1036 ¶ 14 (same). It is improper to provide evidence on reply that should have been presented in Petitioner’s *prima facie* case. CTPG at 73.

As with EX1038, EX1039 is offered as support for expert opinions that go in new directions as compared to EX1003. As discussed above (§ III.A.1), Mr. Hutton’s opening declaration identified characteristics of random draw lotteries (EX1003 ¶ 64), and Mr. Hutton testified at deposition that passive games have different characteristics (EX2051 at 69:7-70:9). EX1039 is offered as support for Mr. Hutton’s new opinion that a random draw lottery includes passive games. EX1036 ¶¶ 14 (“I have found several references that support that the ordinary understanding of ‘random draw’ includes passive games” citing EX1039), 7 (A passive game “is where customers purchase tickets (which could have numbers on them), and a later draw randomly picks the numbered tickets that are winners, assigning them prizes.”). Because EX1039 is offered in support of new expert opinions that go in new directions as compared to Mr. Hutton’s opening declaration, it is improper. CTPG at 74.

The late presentation of EX1039 also is prejudicial. As discussed, Mr. Hutton confirmed, at his deposition, that EX1003 provides all factual bases for his opinions. EX2051 at 12:17-13:7. Mr. Hutton did not mention EX1039 in his opening declaration or at his deposition. Patent Owner suffers prejudice to have to respond

to EX1039 at this late stage when it diligently questioned Mr. Hutton over the factual bases for the opinions made in his opening declaration and Mr. Hutton failed to mention EX1039. There is no indication that Mr. Hutton relied on EX1039 when preparing the opinions in EX1003; EX1036 merely identifies EX1039 as a reference he “found” on Reply to support his understanding of passive games. EX1036 ¶ 14.

EX1039 also is hearsay. It is a statement by a declarant offered as proof of a matter asserted (Reply at 13, 14), and it has not been shown to fit any well-known hearsay exception. *See* Fed. R. Evid. 801, 802.

D. Exhibit 1040 Should Be Excluded

EX1040 is untimely as well. EX1040 it is submitted in support of Mr. Hutton’s new opinions explaining bases for considering Irwin’s hanging plastic card as a random draw lottery ticket, under the claims. *Compare* Pet. at 13, 15 (asserting without reasoning that the plastic hanging card 200 is a lottery ticket, as claimed) and EX1003 ¶¶ 100, 103 (same) *with* Reply at 19 (citing EX1040 as support for an argument that the hanging card, now called a “quick-pick card,” is a lottery ticket), 20 (citing EX1040 as support for an argument that the hanging card is activated) *and* EX1036 ¶¶ 23 (same), 25 (same). It is improper to provide evidence on reply that should have been presented in Petitioner’s *prima facie* case. CTPG at 73.

Here, again, the late presentation of EX1040 is prejudicial. Again, Mr. Hutton confirmed, at his deposition, that EX1003 provides all factual bases for his opinions

(EX2051 at 12:17-13:7), and he mentioned EX1040 nowhere in his opening declaration or at his deposition. Patent Owner suffers prejudice to have to respond to EX1040 at this late stage when it diligently questioned Mr. Hutton over the factual bases for the opinions made in his opening declaration and Mr. Hutton failed to mention EX1040.

IV. CONCLUSION

For the reasons set forth above, Board should exclude EX1036 and EX1038-EX1040 from the record of this proceeding.

Respectfully submitted,

Date: April 2, 2025

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CERTIFICATE OF SERVICE

The undersigned certifies that the foregoing Patent Owner's Motion to Exclude was served electronically via email on April 2, 2025, on the following:

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