UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

AVIAGAMES, INC.,
Petitioner,

v.

SKILLZ PLATFORM INC.,
Patent Owner.

IPR2022-00530
Patent 9,479,602 B1

Before NEIL T. POWELL, TERRENCE W. McMILLIN, and ARTHUR M. PESLAK, *Administrative Patent Judges*.

McMILLIN, *Administrative Patent Judge*.

DECISION
Denying Institution of *Inter Partes* Review
35 U.S.C. § 314

I. INTRODUCTION

AviaGames, Inc. ("Petitioner")[1] filed a Petition to institute an *inter partes* review of claims 1–3, 7–12, and 16–21 (the "challenged claims") of U.S. Patent 9,479,602 B1 (Ex. 1001, the "'602 patent") pursuant to 35 U.S.C. § 311 *et seq*. Paper 1 ("Petition" or "Pet."). Skillz Platform, Inc. ("Patent Owner")[2] filed a Preliminary Response. Paper 7 ("Preliminary Response" or "Prelim. Resp."). Pursuant to our authorization, Petitioner filed a Reply, Paper 9 ("Reply"), and Patent Owner filed a Sur-reply, Paper 10 ("Sur-reply").

After considering the Petition, the Preliminary Response, the Reply, the Sur-reply, and the evidence of record, we exercise our discretion under 35 U.S.C. § 314(a) to deny institution of *inter partes* review.

A. Related Proceedings

The parties identify the following related proceeding: *Skillz Platform Inc., v. AviaGames, Inc.*, 5-21-cv-02436 (Northern District of California). Pet. 3; Paper 5, 2. The parties indicate that Petitioner also filed a petition against Patent Owner's U.S. Patent 9,649,564 B2 in IPR2022-00531.[3] Pet. 3; Paper 5, 2.

B. The '602 patent

The '602 patent is titled "Event Platform for Peer-to-Peer Digital Gaming Competition." Ex. 1001, code (54). The '602 patent provides that "[e]lectronic sports (also known as eSports or competitive gaming) is a term

[1] Petitioner identifies AviaGames, Inc. as the real party-in-interest. Pet. 3.
[2] Patent Owner identifies Skillz Platform Inc. as the real party-in-interest. Paper 5, 2.
[3] The Board denied institution in IPR2022-00531. IPR2022-00531, Paper 13.

for organized multiplayer video game competitions" and that eSport events "can include community-organized gatherings of eSports fans in a bar or restaurant." *Id.* at 1:11–17. The '602 patent further describes that eSports bars have arisen, which are similar to traditional sports bars but "also have computers set up to allow customers to play games with each other, and often host in house tournaments as well." *Id.* at 1:20–26. According to the '602 patent, "outside of bars dedicated to eSports, eSporting events are generally organized in an ad-hoc manner, requiring significant time investment by an organizer to prepare the venue, advertise the event, collect entry fees, determine competition winners, and distribute prizes." *Id.* at 1:27–31. Other issues concerning such events include location restrictions in which event participants must visit the venue, for example, a bar or restaurant, which can increase the venue's food and drink sales. *Id.* at 3:11–15. The '602 patent purports to resolve these issues by providing "technical advantages" such as including "an integrated platform for organizing live eSport events" or "provid[ing] for viewing of event participant gameplay without requiring special audio/visual equipment, connections, adaptors, and the like." *Id.* at 3:1–4, 16–19.

Figure 1, reproduced below, shows "a process flow diagram illustrating a process of providing a skill-based digital game for a peer-to-peer gaming event," in accordance to the '602 patent. *Id.* at 3:36–38.

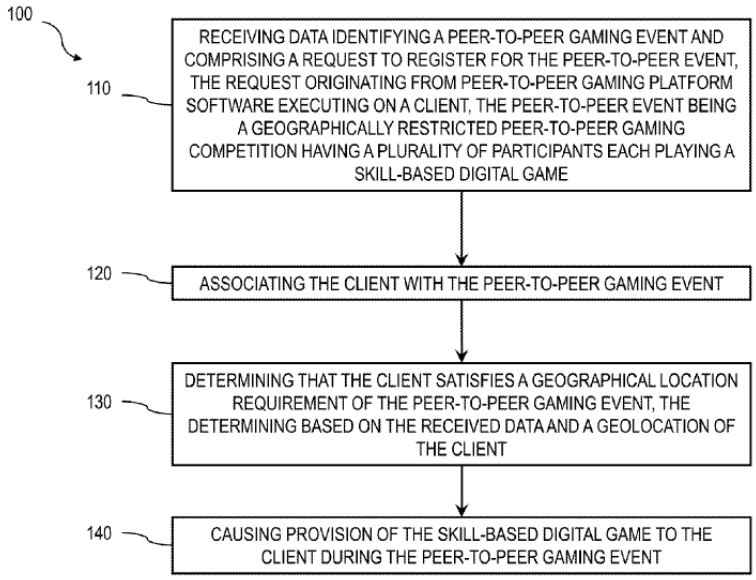

FIG. 1

Figure 1 depicts process 100 and includes block 110 in which "data is received identifying a peer-to-peer gaming event" for multiple participants and the event occurs "at or during a specific time and at a designated location or venue." *Id.* at 3:64–66, 4:11–16. The '602 patent discloses:

> The data can be received from or originate from a peer-to-peer gaming platform software executing on a remote client. The client can include, for example, a mobile computing device of a participant (e.g., a smartphone or tablet), although in some implementations, the client can include other computing systems and/or gaming consoles. The peer-to-peer gaming platform software can interface with a game instance to provide a fully integrated set of technologies that can facilitate event formation and implementation using a third party game. For example, the peer-to-peer gaming platform software can interface and/or work in parallel with existing games to provide for event functionality.

Id. at 4:26–38. At block 120, the client is "associated with the peer-to-peer gaming event" and at block 130, it is determined whether the client "satisfies a geographical location requirement of the peer-to-peer event." *Id.* at 4:39–40, 48–49. Finally, at block 140, "provision of the skill-based digital game

to the client can be caused" during the peer-to-peer gaming event. *Id.* at 5:3–5.

According to the '602 patent, determining whether the client satisfies the geographical location requirement is via "receiving data characterizing a location of the client according to a geolocation of the client; and comparing the location of the client to a predefined geolocation of the peer-to-peer event." *Id.* at 1:65–2:3. Characterizing and comparing locations can be performed using "a global positioning system (GPS) service or a local positioning system (LPS) utilizing beacons." *Id.* at 2:3–5. The '602 patent discloses that non-transitory computer program products with instructions along with data processors of computing systems and memory coupled to the data processors are used to connect and exchange data over a network. *Id.* at 2:47–67.

C. Challenged Claims

Petitioner challenges claims 1–3, 7–12, and 16–21 of the '602 patent. Pet. 1. Of the challenged claims, claims 1, 10, and 19 are independent claims. Ex. 1001, 14:43–15:5, 16:1–31, 17:30–18:10.

Claim 1, reproduced below, is illustrative of the claims at issue:

> 1. A method for implementation by at least one data processor forming part of at least one computing system, the method comprising:
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> receiving, by at least one data processor, data identifying a peer-to-peer gaming event and comprising a request to register for the peer-to-peer gaming event, the request originating from peer-to-peer gaming platform software stored in memory of a client and executing on the client, the client being remote from the data least one data processor, the peer-to-peer event being a geographically restricted peer-to-peer gaming competition having a

plurality of participants each playing a skill-based digital game;

associating, using the at least one data processor, the client with the peer-to-peer gaming event;

receiving data characterizing a location of the client according to a geolocation system of the client, wherein the geolocation system of the client is a global positioning system (GPS) service or a local positioning system (LPS) utilizing beacons; and

comparing the location of the client to a predefined geolocation of the peer-to-peer event to determine, using the at least one data processor, that the client satisfies a geographical location requirement of the peer-to-peer gaming event; and

causing, using the at least one data processor, provision of the skill-based digital game to the client during the peer-to-peer gaming event, the skill-based digital game exchanging game data with a game server remote from the at least one data processor and the client.

Ex. 1001, 14:43–15:5.

D. The Asserted Grounds

Petitioner challenges claims 1–3, 7–12, and 16–21 of the '602 patent based on the grounds set forth in the table below.

Claim(s) Challenged	35 U.S.C. §	References
1, 2, 9–11, 18–20	103	Lee[4]
1, 2, 7, 9–11, 16, 18–20	103	Lee, Koustas[5]
1–3, 7–12, 16–21	103	Lutnick[6]

[4] US 7,158,798 B2, issued Jan. 2, 2007 (Ex. 1004). Petitioner contends this reference is prior art under 35 U.S.C. § 102(a). Pet. 6.

[5] US 9,613,498 B2, issued Apr. 4, 2017 (Ex. 1005). Petitioner contends this reference is prior art under 35 U.S.C. § 102(a). Pet. 6.

[6] US 8,758,109 B2, issued June 24, 2014 (Ex. 1008). Petitioner contends this reference is prior art under 35 U.S.C. § 102(a). Pet. 6.

Claim(s) Challenged	35 U.S.C. §	References
3, 12, 21	103	Lee, Tan[7]
3, 12, 21	103	Lee, Koustas, Tan
3, 12, 21	103	Lutnick, Tan
8, 17	103	Lee, Wang[8]
8, 17	103	Lee, Koustas, Wang

Petitioner also relies on the Declaration of Stacy Friedman (Ex. 1003), which provides evidence in support of the contentions in the Petition. Patent Owner relies on the Declaration of Michael Zyda, D.Sc. (Ex. 2001) and has not argued that any of the cited references do not qualify as prior art. *See generally* Prelim. Resp.

II. DISCRETIONARY DENIAL

On February 15, 2022, the Petition in this case challenging claims 1–3, 7–12, and 16–21 of the '602 patent as obvious and unpatentable under 35 U.S.C. §103 was filed. Pet. 2. About one month later, on March 14, 2022, all the claims of the '602 patent were determined to be directed to patent-ineligible subject matter under 35 U.S.C. § 101 and, therefore, invalid by the United States District Court for the Northern District of California. Ex. 2011, 44. We consider whether to discretionarily deny institution in view of the District Court's determination that the claims of the '602 patent are invalid and determine that the best course under the circumstances presented in this proceeding is to deny institution for the reasons discussed below.

[7] US 2015/012437 A1, published Apr. 30, 2015 (Ex. 1006). Petitioner contends this reference is prior art under 35 U.S.C. § 102(a). Pet. 6.
[8] US 2014/0074918 A1, published Mar. 13, 2014 (Ex. 1007). Petitioner contends this reference is prior art under 35 U.S.C. § 102(a). Pet. 6.

Under 35 U.S.C. § 314(a), the Director has discretion to deny institution of review. *See SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1356 (2018) ("[Section] 314(a) invests the Director with discretion on the question whether to institute review." (emphasis omitted)); *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2140 (2016) ("[T]he agency's decision to deny a petition is a matter committed to the Patent Office's discretion."); *Harmonic Inc. v. Avid Tech., Inc.*, 815 F.3d 1356, 1367 (Fed. Cir. 2016) ("[T]he PTO is permitted, but never compelled, to institute an IPR proceeding.").

The Petition which was filed before the District Court's invalidity determination does not address discretionary denial. *See generally* Pet. The District Court's invalidity determination was made of record with, and argued as serving as the basis for denying institution, in the Patent Owner's Preliminary Response. *See* Prelim. Resp. 38–41. The Patent Owner argues:

> [C]ritically, the district court invalidated the '602 Patent under 35 U.S.C. § 101 following the filing of the Petition. *See* Ex. 2011. This case thus presents an atypical scenario: litigation involving the '602 Patent has already concluded and the Board, if it chooses to institute, would be deciding to proceed with an invalidity proceeding on a patent that was already found invalid. From the perspective of judicial economy, the Board's resources are best spent elsewhere.
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> * * *
>
> Petitioner thus chose to pursue its Section 101 invalidity argument in district court, and that choice bore fruit: the district court found the claims of the '602 Patent invalid. With district court invalidity proceedings complete with respect to the '602 Patent, Petitioner should have to live with that decision, and not force [Patent Owner] to unnecessarily waste party and Board resources litigating the invalidity of an invalid patent. Petitioner's IPR Petition should be denied institution.

Id. at 38, 40–41. Patent Owner also argues that there will be no harm or prejudice to the Petitioner if institution is denied. In this regard, the Preliminary Response states:

> Moreover, the near identity of invalidity arguments in the district court and in this IPR means there is no harm to Petitioner even if the Federal Circuit eventually overturns the district court's Section 101 decision. Petitioner asserted the same references (Lee, Lutnick, Koustas, Tan, and Wang) in the district court that it included in the eight Grounds in the Petition. *See* Ex. 2010 at 7-8, 28. Even if the Federal Circuit ultimately finds the claims of the '602 Patent valid under Section 101, the only effect of a discretionary denial here is that Petitioner would need to continue litigating its prior art invalidity defenses based on the asserted prior art in district court instead of an IPR. There would be no prejudice.

Id. at 40 (footnote omitted).

Petitioner disagrees that institution should be denied and contends, "[d]enying institution for a patent that has already been invalidated under § 101—which cannot be raised in a petition—runs contrary to PTAB precedent. Panels considering discretionary denial in view of patents invalidated under § 101 have consistently found that the factors set forth in *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (precedential) ("*Fintiv*") weigh heavily in favor of institution" and "[t]he *Fintiv* factors—which all weigh in favor of institution—should be applied." Reply 1–2. In support of its argument, Petitioner cites several PTAB decisions in which the Board decided not to discretionarily deny institution. *Id.* (citing *Snap, Inc. v. Sanderling Management Ltd.*, IPR2021-00781, Paper 20 at 14–18 (PTAB Nov. 9, 2021) ("*Snap*"); *Wyze Labs, Inc. v. Sensormatic Elecs., LLC*, IPR2020-01486, Paper 14 at 16 (PTAB Apr. 6,

2021) ("*Wyze*"); *Playtika Ltd. v. NexRF Corp*, IPR2021-00951, Paper 14 (PTAB Dec. 6, 2021) ("*Playtika*").[9] We question whether the *Fintiv* factors should be applied to the circumstances presented here and we determine that even if we consider the *Fintiv* factors, they do not weigh in favor of institution.

For its part, Patent Owner cites PTAB decisions in which the Board decided to discretionarily deny institution. Prelim. Resp. 38 (citing *E-One, Inc. v. Oshkosh Corp.*, IPR2019-00162, Paper 16 at 9 (PTAB June 5, 2019); PO Sur-reply (citing *Snap Inc. v. Blackberry Ltd.*, IPR2020-00392, Paper 8 (PTAB July 13, 2020) ("*Blackberry*")). We recognize as exemplified by the Board institution decisions cited by the parties that whether to discretionarily deny institution after a district court has determined the challenged claims to be invalid as directed to patent-ineligible subject matter under 35 U.S.C. § 101 is an issue on which Board panels have not uniformly agreed. We have considered the institution decisions by the Board in the cases that the parties cite. While instructive, we do not feel compelled to follow any of those non-precedential and non-binding institution decisions and consider the arguments and evidence presented by the parties and the particular circumstances presented in this proceeding.

[9] *Wyze* and *Playtika* were terminated after institution of trial upon the district court invalidity determinations under 35 U.S.C. § 101 being affirmed by the Court of Appeals for the Federal Circuit. IPR2020-01486, Paper 31, 2; IPR2021-00951, Paper 26, 2. An appeal was filed on July 26, 2021, of the District Court's invalidity determination relating to the patent challenged in *Snap*. IPR2021-00781, Paper 20, 9. This appeal is still pending.

First, we believe that the *Fintiv* analysis and factors are a poor fit to the circumstances of this proceeding.[10] The *Fintiv* factors are "related to a parallel, co-pending proceeding" in a district court involving the same patent challenged before the Board. *See Fintiv* 5 (Heading B) (capitalization omitted). Here, the District Court found the challenged patent to be invalid on a basis that we cannot consider—subject matter eligibility under 35 U.S.C. § 101. *See* 35 U.S.C. § 311(b) ("A petitioner in an inter partes review may request to cancel as unpatentable 1 or more claims of a patent only on a ground that could be raised under section 102 or 103 and only on the basis of prior art consisting of patents or printed publications."). There is no parallel consideration by a district court of the invalidity of the challenged claims of the '602 patent under 35 U.S.C. §§102 or 103.

Second, even if we consider the *Fintiv* factors, we disagree with Petitioner and determine that, under the circumstances presented here, these factors support our denying institution. The *Fintiv* factors and a *Fintiv* analysis emphasizes, *inter alia*, concerns of efficiency. *Fintiv* 5, 6, 15, 16. As discussed below, we believe that efficiency as shown by analysis of the *Fintiv* factors strongly favors denial of institution. We consider each of the *Fintiv* factors. We then weigh the factors together and decide, in this case, to exercise our discretion to deny institution based on the particular circumstances presented in this case.

[10] In *Snap*, the Board noted, "The *Fintiv* framework is generally geared toward evaluating the impact of an ongoing district court case that is progressing in parallel with a Board proceeding. Accordingly, it is an uneasy fit for the situation where, before the Board's institution decision, the district court has entered judgment at the pleading stage based on patent-ineligibility." *Snap* 10 (footnotes omitted).

1. *Factor 1: whether a stay exists or is likely to be granted if a proceeding is instituted*

Petitioner argues that "[t]he '602 Patent has been held invalid under § 101, and this has the same effect as a stay pending an appeal decision, which weighs strongly in favor of institution." Reply 2 (citing *Wyze* 9–10; *Snap* 14). In *Blackberry*, which is cited by Patent Owner, the Board pointed out that "[t]he district court case cannot be stayed because it has concluded" and found this (and the other) *Fintiv* factors supported exercising discretion not to institute on the petition. *Blackberry* 12.

The purpose of considering whether a stay exists or is likely in the context of the *Fintiv* analysis relates to timing of the potential, but not yet rendered, decision of the district court as compared to the timing of the potential Board decision. As *Fintiv* states with regard to factor 1, "[a] district court stay of the litigation pending resolution of the PTAB trial allays concerns about inefficiency and duplication of efforts." *Fintiv* 6. With regard to the circumstances presented here in which the District Court's invalidity determination has already been made, this factor seems inapposite or, if weighed, to favor denial of institution.

2. *Factor 2: proximity of the court's trial date to the Board's projected statutory deadline*

There is no trial date for consideration of the '602 patent in the district court because a non-final determination that the '602 patent is invalid was made on March 14, 2022. *See* Ex. 2011, 44. Our projected statutory deadline is a year away in August, 2023, seventeen months after the District Court's invalidity determination. *See* 35 U.S.C. 316(a)(11) ("the final

determination in an inter partes review [shall] be issued not later than 1 year after the date on which the Director notices the institution of a review").

Fintiv states, "[i]f the court's trial date is earlier than the projected statutory deadline, the Board generally has weighed this fact in favor of exercising authority to deny institution." *Fintiv* 9. As the District Court has completed its consideration of the '602 patent, we determine this factor weighs heavily in favor of denying institution.

3. *Factor 3: investment in the parallel proceeding by the court and parties*

Petitioner contends this factor favors institution because the district court proceedings with regard to the '602 patent were "terminated at an early stage before claim construction." Reply 2. Patent Owner contends that "the parties have fully briefed claim construction and the court held a Markman hearing." Sur-reply 2. With regard to this factor, *Fintiv* states that "if, at the time of the institution decision, the district court has issued substantive orders related to the patent at issue in the petition, this fact favors denial." *Fintiv* 9–10 (footnote omitted). The District Court's invalidity determination is a substantive order related to the '602 patent. *See* Ex. 2011, 20–44. We determine this factor weighs in favor of denying institution.

4. *Factor 4: overlap between issues raised in the petition and in the parallel proceeding*

Petitioner contends that "[t]here is no overlap" because "no § 101 challenges are presented before the Board" and "obviousness challenges cannot be raised in the district court case unless and until the Federal Circuit reverses the court's § 101 order." Reply 2–3. However, the parallel proceeding in the district court has concluded with regard to the '602 patent

and, as the Patent Owner points out, "there is no pending appeal here." Sur-reply 3. Thus, there is, in effect, no ongoing parallel proceeding and this factor also appears to be inapposite.

To the extent we weigh this factor, *Fintiv* states that "if the petition includes the same or substantially the same claims, grounds, arguments, and evidence as presented in the parallel proceeding, this fact has favored denial." *Fintiv* 12. Patent Owner points to "the near identity of invalidity arguments in the district court and in this IPR" and that "Petitioner assert[s] the same references (Lee, Lutnick, Koustas, Tan, and Wang) in the district court that it included in the eight Grounds in the Petition." Prelim. Resp. 40. With regard to this factor, *Fintiv* states, if "other circumstances weigh against redoing the work of another tribunal, the Board may, nonetheless, exercise the authority to deny institution." *Fintiv* 14. We determine that in view of the circumstances presented here—the challenged patent has already been found to be invalid by another tribunal—we should exercise our authority to deny institution. Accordingly, if weighed, we determine this factor favors discretionarily denying institution.

5. *Factor 5: whether the petitioner and the defendant in the parallel proceeding are the same party*

The Petitioner and the defendant in the district court proceeding are the same party. *See* Pet. 3.

6. *Factor 6: other circumstances that impact the Board's exercise of discretion, including the merits*

For this factor, *Fintiv* tells us to do a "balanced assessment of all the relevant circumstances in the case, including the merits." *Fintiv* 14. Petitioner contends that "this factor weighs heavily in favor of institution"

and criticizes Patent Owner's merits based challenge with regard to one of the eight grounds asserted in the Petition. Reply 3. Petitioner does not address the strength of the other seven grounds. *See id.* In its Preliminary Response, Patent Owner argues that "[t]he Petition does not establish that any of the challenged claims of the '602 Patent are obvious over any prior art reference, alone or in combination" and "[e]ach reference lacks disclosures of crucial elements in the independent claims." Prelim. Resp. 1.

We determine that, on balance, the District Court's invalidity determination is the most important relevant circumstance and, as the challenged patent has already been found to be invalid, this factor favors denial of institution.

7. *Weighing of Fintiv Factors*

For purposes of applying the *Fintiv* analytical framework to the facts of this case, we take "a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review." *Fintiv* 6. Our primary concern, on this particular record, is efficiency and preventing the waste of resources of the Board and the parties. In the Sur-reply, Patent Owner argues that "[i]nstituting here simply makes no sense – it would be a waste of both party and Board resources to spend the next year litigating a patent that has already been ruled invalid." Sur-reply 1. We agree with Patent Owner. We are persuaded that the interests of efficiency and integrity of the system would be best served by invoking 35 U.S.C. § 314(a) to deny institution.

We determine not to institute trial under the circumstances presented here, largely because the claims of the challenged patent have been determined to be invalid. Based on the record before us and the

circumstances presented here, we exercise our discretion to deny institution under § 314(a).

III. CONCLUSION

We exercise discretion under 35 U.S.C. § 314(a) to deny institution of *inter partes* review.

IV. ORDER

In consideration of the foregoing, it is hereby:

ORDERED that the Petition is *denied* as to all challenged claims, and no trial is instituted.

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