

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

ACTIVISION BLIZZARD, INC.

Petitioner

v.

MILESTONE ENTERTAINMENT, LLC

Patent Owner

Case No. IPR2025-00708

U.S. Patent No. 8,529,336

**PATENT OWNER MILESTONE ENTERTAINMENT, LLC'S SUR-REPLY
RE: PETITION FOR *INTER PARTES* REVIEW OF U.S. PATENT NO.
8,529,336**

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List of Patent Owner's Exhibits

Ex. No.	Description
2001	U.S. Patent No. 7,798,896
2002	U.S. Patent No. 5,816,918
2003	File History (excerpted), U.S. Patent No. 7,798,896
2004	File History (excerpted), U.S. Patent No. 8,529,336
2005	New Matter form dated Dec. 10, 2002
2006	Invention disclosure
2007	Provisional application No. 60/378,289, filed on May 6, 2002 ("Walker Provisional")
2008	Information Disclosure Statement ("IDS") filed by Microsoft in connection with U.S. Patent App. No. 12/652,289
2009	U.S. Patent Application Publication No. 2006/0287051
2010	Declaration of William P. Nelson in Support of Patent Owner's Motion for Pro Hac Vice and Exhibit A
2011	Declaration of Matthew D. Powers in Support of Patent Owner's Motion for Pro Hac Vice and Exhibit A
2012	Declaration of John Szeder in Support of Patent Owner Milestone Entertainment, LLC's Response to Petition for <i>Inter Partes</i> Review of U.S. Patent No. 8,529,336, with Attachment 1 (Szeder Curriculum Vitae)
2013	Declaration of David Murphy in Support of Patent Owner Milestone Entertainment, LLC's Response to Petition for <i>Inter Partes</i> Review of U.S. Patent No. 8,529,336
2014	U.S. Patent Application No. 10/123,861
2015	U.S. Patent No. 8,393,946
2016	December 4, 2002 Meeting Notes
2017	Declaration of Randall Katz in Support of Patent Owner Milestone Entertainment, LLC's Response to Petition for <i>Inter Partes</i> Review of U.S. Patent No. 8,529,336
2018	<i>Activision Blizzard, Inc. v. Milestone Entertainment, LLC</i> , IPR2025-00713, Paper 15, Decision Denying Institution (P.T.A.B. Oct. 16, 2025)
2019	<i>Activision Blizzard, Inc. v. Milestone Entertainment, LLC</i> , IPR2025-00713, Paper 1, Petition (P.T.A.B. Mar. 26, 2025)
2020	Deposition Transcript of Dwight Crevelt, dated December 19, 2025
2021	Screen image of O'Melveny Document Management System

Ex. No.	Description
2022	Selected billing records, 2002-2003
2023	Selected billing records, March-April 2003
2024	Selected billing records, May 2003
2025	Selected billing records, June 30 – July 31, 2003
2026	Selected billing records, August – September 2003

I. INTRODUCTION

Nothing in Petitioner’s Reply remedies the failure of the Petition to demonstrate the unpatentability of any challenged claim of the 336 Patent. The Reply, which is replete with assertions about the purported prior art references unsupported by the Petition or by any expert opinion, and significant misstatements of law, only highlights the deficiencies in the Petition.

Petitioner first insists that the Walker reference is prior art under 102(e) because it can claim the date of its provisional application (Reply, 2-13), but Petitioner does not even attempt to make the required showing that the “provisional application . . . provide[s] written description support for the specific portions of the patent specification identified and relied on” to show unpatentability. *In re Riggs*, 131 F.4th 1377, 1384 (Fed. Cir. 2025) Petitioner has not made this demonstration for any independent claim, or for any dependent claim, and their attempt to show *Walker* should have the date of its provisional application necessarily fails. Walker must be accorded the May 1, 2003 date of its utility application, and so it is not prior art to the 336 Patent.

Next, Petitioner contends, without any supporting expert declaration, that Patent Owner (“PO”) has not provided corroborating evidence of conception of the challenged claims that show *Walker* is not prior art – in particular, the limitations that recite “mandated parameters.” Of course, PO has done so, including the detailed

declarations of a named inventor, the prosecuting attorney, and PO's expert describing how a POSITA would understand the disclosures of handwritten meeting notes of those very limitations. All Petitioner offers in response is unsupported attorney argument.

Petitioner's contention that PO has not shown diligence in reduction to practice is similarly without merit. Petitioner's insistence that a named inventor battling a potentially fatal illness should have made more time to work with his patent prosecutor and co-inventor is both absurd, and ignores the law that diligence need only be reasonably continuous, not be perfectly continuous. *Arctic Cat Inc. v. GEP Power Prods.*, 19 F.3d 1320, 1331 (Fed. Cir. 2019).

Finally, Petitioner has failed to rescue the deficiencies in their showing that *Kelly* discloses or renders obvious any challenged claim. Petitioner makes wholly new arguments not made in the Petition (again unsupported by expert opinion) to suggest that its evidence discloses limitations [1.d] ("storing information regarding particular **game play events** as determined by the processor") and [1.f] ("performing game analytics on **the game play events**,"), but the Petition is clear. Among other deficiencies, Petitioner never demonstrates that the "game play events" they contend are "stored" in [1.d] are "**the** game play events" analyzed in [1.f] – the same deficiency that doomed Petitioner in IPR2025-00713.

Accordingly, none of the challenged claims should be found unpatentable.

II. PETITIONER HAS FAILED TO REMEDY ITS DEFICIENT SHOWING OF UNPATENTABILITY

A. Ground 2: Petitioner Fails To Rebut PO's Showing That *Walker* Is Not Prior Art

1. Petitioner Has Failed To Show That *Walker* Is Entitled To Its Provisional Application Date

The Reply spends much space instructing the Board as to the applicable legal framework for “priority date challenges.” Reply, 2-6. It then promptly fails to meet Petitioner’s burden under that same framework to demonstrate that *Walker* is entitled to the May 6, 2002 date of its provisional application such that *Walker* antedates any attempt to “swear behind” the May 1, 2003 date of the *Walker* utility application. (Reply, 6-13). In view of this failure to attempt any proof, *Walker* must be accorded a May 1, 2003 priority date, meaning that it is ***not prior art*** to the 336 Patent.

The Reply first contends that it has not waived the ability to show that *Walker* is entitled to its provisional date. (Reply, 2-6). That argument is now moot following the Reply. Whether or not Petitioner waived by failing to address the Walker Provisional in the Petition, it is indisputable that Petitioner has not even ***attempted*** to show in its Reply that the disclosures of *Walker* it has relied upon have support in the Walker Provisional, as required by controlling authority.

Petitioner is correct that the “burden shifting” framework of *Dynamic Drinkware, LLC v. Nat’l Graphics, Inc.* applies here, where PO has come forward with evidence that *Walker* is not prior art because of prior invention. 800 F.3d 1375,

1380 (Fed. Cir. 2015). Under *Dynamic Drinkware*, once that occurred in the POR (pp. 17-44), the “burden of production was on [Petitioner] to prove” that its purported prior art “was entitled to the benefit of the filing date of its provisional application.” *Id.*, 1380. But Petitioner performed only half of that job, and the wrong half, under the Federal Circuit’s recent decision in *In re Riggs*, 131 F.4th at 1384.

In *Riggs*, the Federal Circuit extended the *Dynamic Drinkware* framework to clarify that, while “a prior art patent or published application cannot be accorded the benefit of its provisional application's filing date absent a showing that the provisional application provides support for the claims of the patent or published application,” the challenger must also show that “the specific portions of the patent specification identified and relied on” to demonstrate purported invalidity have written description support. *Id.*, 1384. In short, written support must be shown in the provisional for all that is relied upon by Petitioner in the utility application.

Petitioner devotes seven pages to demonstrating that the Walker Provisional supports *Walker* Claim 1. Reply, 7-12. However, either in disregard of *Riggs* or in ignorance of its requirements, Petitioner devotes only one paragraph of argument to contending that the material from *Walker* relied upon in the Petition has support in the Walker Provisional. Reply, 12-13. There, Petitioner attempts only to show – via attorney argument unsupported by any expert opinion – that the “predetermined criteria” of *Walker*, relied in the Petition to disclose or render obvious the 336

Patent's "mandated parameters," has written description support in the Walker Provisional. *Id.*

Petitioner's argument regarding the disclosure of "predetermined criteria" in the Walker Provisional is incorrect. Petitioner points to disclosures of a detected "variance" and a "standard deviation" as showing Walker's "predetermined criteria," despite admitting that term is not in the provisional. Reply, 9-10. But nowhere does Petitioner demonstrate disclosure in the Walker Provisional that these "variances" or "standard deviations" are the end goal of "adjustment of a game in order to help ensure that a set of results obtained during a plurality of game plays of a game satisfy one or more predetermined criteria" – the disclosure of *Walker* relied upon (Petition, 45) to show "mandated parameters." That was necessary, at least because all of the challenged claims explicitly recite that "mandated parameters" are parameters "which must be achieved by the system as a whole." *See* limitation [1.a]. Since Petitioner never shows any such disclosure in the Walker Provisional, even this limited proof fails.

In fact, the discussion of "predetermined criteria" in *Walker* is indisputably substantial new matter in the *Walker* utility application. At least Figures 7A, 9A, and 9B, which describe how compliance with *Walker's* "predetermined criteria" is calculated and determined (Ex1006), are entirely new in *Walker*. The specification has been substantially modified over the Walker Provisional, to transform the

untethered descriptions of “variances” and “standard deviations” into a previously undisclosed use as “predetermined criteria.” *See, e.g.,* Ex1006, [0022] (describing, for the first time, that the “systems and methods of the present invention facilitate adjustment of a game in order to help ensure that a set of results. . .satisfy one or more **predetermined criteria** (e.g., *that a standard deviation of the results is not greater than a maximum predetermined standard deviation and not lower than a minimum predetermined standard deviation*)). Tellingly, Petitioner provides no expert opinion supporting that this new matter was somehow disclosed in the Walker Provisional.

More fundamentally, Petitioner’s single argument regarding “predetermined criteria” fails to demonstrate support in the Walker Provisional for ***any other part of Walker relied on in the Petition.*** Petitioner does not even attempt to demonstrate that the Walker Provisional supports any *other* disclosure in *Walker* relied on to show any other element of independent Claim 1, including:

- “receiving” mandated parameters (limitation [1.a]) (*see* Petition, 41-43);
- “storing in a memory” mandated parameters ([1.b]) (*see* Petition, 43);
- “utilizing variable parameters to achieve” mandated parameters ([1.c]) (*see* Petition, 44-47);
- “storing information regarding particular game play events” ([1.d]); (*see* Petition, 48-49)

- “generating presentations” ([1.e]); (*see* Petition, 49-50)
- “performing game analytics” ([1.f]); (*see* Petition, 51-53) and
- “varying the displays presented to the user” [1.g]” (*see* Petition, 53-54)

Merely as examples: Petitioner identifies no support in the Walker Provisional for *Walker*’s “controller” that “receives” parameters (Petition, 42), the “memory” of the controller that stores data (Petition, 43), the prizing or difficulty adjustments that it contends disclose “variable parameters” (Petition, 45-46), the “lives, rounds, or levels” it contends are “game play events” (Petition, 48-49), the “LCD display” that displays generated information to the user (Petition, 50), or the “game database” allegedly used for game analytics (Petition, 52).

In short, ***nothing*** in *Walker* relied upon by Petitioner (apart from a failed attempt with respect to “predetermined criteria”) has been demonstrated to have written description support in the Walker Provisional, as required by *Riggs*. This alone is fatal to Petitioner’s attempt to rely on the Walker Provisional date, since these elements are part of every challenged dependent claim. Also, absent is any discussion of how any matter relied on in Walker for *any* challenged dependent claim (*see* Petition, 54-65) has written description support in the Walker Provisional. As such, under *Riggs*, Petitioner has failed to meet its burden to show that *Walker* should be accorded its provisional date for the purpose of Petitioner’s challenge. *Walker* is therefore not prior art.

Petitioner inexplicably contends that PO “waived” its ability to contest that the Walker Provisional lacks written description support for the matter relied on in *Walker*. Reply, 12-13. Not so. Petitioner misunderstands the burden shifting framework of *Dynamic Drinkware/Riggs*. Under that framework, once PO “produced evidence that . . .the asserted claims were entitled to a date of invention prior to that of the” purported prior art reference, as it did in the POR, “the burden of production was on [Petitioner] to prove” that Walker “was entitled to the benefit of the filing date of its provisional application.” *Dynamic Drinkware*, 800 F.3d at 1380. And *Dynamic Drinkware* confirms that the ultimate burden of proof always remains on the Petitioner and never shifts to the Patent Owner. *Dynamic Drinkware*, 800 F.3d at 1378. Petitioner had its opportunity to make the necessary showing in its Reply and did not take it.

2. Petitioner Has Failed To Rebut PO’s Showing That The Inventors Conceived Of The Claimed Inventions Prior To Walker’s May 1, 2003 Date

Petitioner contends in conclusory fashion, without any supporting expert opinion, that PO has failed to show conception of the claimed inventions by December 4, 2002 – prior to Walker’s May 1, 2003 date. Petitioner’s limited arguments, focused on the claimed “mandated parameters,” are incorrect.

Petitioner first disputes that PO has provided “corroborating documentary evidence” that it conceived of “mandated parameters”, as recited in the challenged

claims of the 336 Patent, by December 4, 2002. Reply, 15. Notably, Petitioner does not contest that PO has demonstrated prior conception of *every other element of the claims*. Petitioner's sole presented argument fails too. Petitioner has provided the handwritten notes of the patent prosecutor for the 336 Patent, dated December 4, 2002, documenting the disclosure of "mandated parameters" by inventors Katz and Dawson. Ex2016. PO further provided declarations from Mr. Katz (Ex2017) and prosecutor Mr. Murphy (Ex2013) authenticating and explaining those notes. *See* POR, 19-43. PO further provided corroborating billing records of that meeting, noting that it occurred on that date with inventors Katz and Dawson. Ex2013, ¶23. Petitioner also provided the inventors' earlier 861 Application (Ex2014), which completes and provides context for the disclosure of "mandated parameters" in the 12/4/02 meeting. *See* POR, 19-43. This is precisely the type of "corroborating evidence" of conception, independent of the inventor's say-so, that is sufficient to demonstrate conception.

None of Petitioner's authority rebuts that PO has provided sufficient corroborating evidence. *Chen v. Bouchard* makes clear that "[t]here is no particular formula that an inventor must follow in providing corroboration of his testimony of conception"; rather, a "rule of reason" analysis is applied, in which "an evaluation of all pertinent evidence must be made so that a sound determination of the credibility of the inventor's story may be reached." 347 F.3d 1299, 1309-10 (Fed.

Cir. 2003). The rule of reason demonstrates here that PO has amply corroborated conception. *NFC Tech., LLC v. Matal* reaches the opposite result from what PO seeks. 871 F.3d 1367, 1372 (Fed. Cir. 2017). In that case, the Federal Circuit “agree[d] with [PO] that “conception was adequately corroborated by [PO’s] documentary evidence, and that [PO] established conception” – based, like here, on documents bearing the inventor’s name. *Id.*; Ex2016.

Petitioner next contends that “Katz does not attest that he conceived of the full scope of the claimed invention as finally drafted, but only the idea of *mandated parameters*,” purportedly failing to “address the claims as a whole,” which recite “receiving,” “utilizing,” and “achieving” the mandated parameters. Reply, 15. That attorney contention, unsupported by any expert opinion, is facially incorrect. Mr. Katz’s declaration points to the portions of the 12/4/02 meeting notes, and earlier 861 Application, which demonstrate a “definite and permanent idea of the complete and operable invention to establish conception” as it concerns the limitations reciting “mandated parameters.” Ex2017, ¶¶ 14-24, pp. 25-35. *See Bosies v. Benedict*, 27 F.3d 539, 543, 30 U.S.P.Q.2d 1862, 1865 (Fed. Cir. 1994). And Mr. Katz’s declaration is supported by the *unrebutted* declaration of PO’s expert. Ex2012, pp. 40-48.

Petitioner’s complaints about the declarations of prosecutor Murphy (Ex2013) and PO’s expert Mr. Szeder are similarly meritless. Petitioner faults Mr. Murphy for

purportedly failing to “corroborate an earlier conception date to the . . .’mandated parameter’ claim elements,” Reply, 16, but that is not so. Mr. Murphy’s declaration recounts Mr. Katz and Mr. Dawson’s 12/4/02 disclosure of the concept of “varying game outcomes, structure, or prizing” (variable parameters as previously described in the 861 Application) “to ensure some desired result” (a “mandated parameter”) (Ex2013, ¶17). As Mr. Murphy explains, such “desired results” included ensuring a “fair # of low tier prize winners,” “force an even distribution of prizing,” “w/in every X plays, [a] certain amount of low tier wins” (*i.e.*, a win rate), “guarantee[] the payout,” ensuring a guaranteed low-end prizing structure (“GLEPs”) and increasing a global payout from “>50%” to “75%” (*i.e.*, a global payout percentage). *Id.*, ¶¶17-19. As Mr. Katz and Mr. Szeder confirm, these are all “mandated parameters.” Ex2012, ¶¶ 86, 87; Ex2017, ¶¶ 23, 24, pp. 25-29. How could it be otherwise? Petitioner’s own expert Crevelt confirmed in cross examination that a POSITA would unequivocally regard disclosure of “win rate[s]” and “global payout percentage[s]” as disclosing the claimed “mandated parameters” that are achieved by utilizing variable parameters. *See* Ex2020, 15:7-18:4, 19:14-21:16, 24:25-25:15 (global payout percentages); *id.*, 21:18-24:24 (win rates). The 336 Patent specification confirms the disclosure of mandated parameters through the matters reflected in the 12/4/02 meeting notes. *See* Ex1001, 12:47-58 (describing that “the *predefined imposed prizing parameters* may include a *GLEPS type system*. . . .Yet

another example of a *predefined prizing* is setting a *defined percentage payout, such as 50% or 75%.*”). *See also id.* at 16:7-16 (describing use of a “prize board” as described in Ex2016 to achieve mandated parameters.)

a. Petitioner Has Failed To Rebut Prior Conception of The “Mandated Parameters” Limitations

Petitioner next contends that PO has failed to demonstrate prior conception of the limitations reciting “mandated parameters.” Reply, 17-20. Petitioner separately addresses the 861 Application, and then the 12/4/02 meeting notes, arguing that each, taken alone does not disclose limitations 1[a], 1[c], and 1[g] of Claim 1. That approach is legally incorrect. Petitioner cites no requirement that a *single* corroborating document must disclose conception of each element of a patent claim, and there is none.¹ Rather, Petitioner’s own authority makes clear that analysis of

¹ Petitioner inexplicably contends that, for “written description support for *mandated parameters*, PO relies on a single disclosure in the ’861 Application discussing ‘variable information’ for written description support.” Reply, 17. As discussed below, this is demonstrably incorrect. Petitioner identified numerous examples in the 12/4/02 meeting notes unmistakably disclosing “mandated parameters.” *See, e.g.*, POR, 20-21, 24-26.

prior conception evidence requires “an evaluation of *all pertinent evidence*.” *Chen*, 347 F.3d at 1309-10.

Petitioner is also wrong. As inventor Katz has explained, and PO’s expert Mr. Szeder, has confirmed, the evidence of prior conception demonstrates conception of *each limitation* of the challenged claims, including the “mandated parameters” limitations (1[a], 1[c], and 1[g]) Petitioner complains of. And this evidence shows far more than a “general goal,” or a “bare idea,” as Petitioner contends. Reply, 20. Rather, it shows a definite and permanent idea of the complete and operable invention, as required to establish conception. *Bosies*, 27 F.3d at 543.

For limitation [1.a], reciting “receiving mandated parameters,” as the POR and supporting exhibits show, the 12/4/02 meeting notes identify numerous examples of mandated parameters that must be achieved by the system as a whole, including a “fair number of low tier prize winners,” “force an even distribution of prizing,” “within every X plays, certain amount of low tier wins,” “guarantee[] the payout,” or increasing the percentage payout of a lottery game. POR, 24-26; Ex2016; Ex2017, ¶¶18-24. Similarly, Mr. Katz’s declaration explains how the references to “GLEPS” and “virtual GLEPS” disclosed mandated parameters, explaining that in a “GLEPS, or Guaranteed Low-End Prizing Structure,” a “certain number of ‘wins,’ typically comprising lower-value prizes, are guaranteed across a given number of plays.” Ex2017, ¶23. For “receiving” mandated parameters, the 861 Application

expressly discloses how the inventors' game system could "receive" parameters, e.g. by "access[ing] memory." Ex2014, [00125]; *see* POR, 25-26. This unambiguously shows that the inventors had a definite and permanent idea of how their system would "receive" the mandated parameters disclosed in the 12/4/02 notes. The expert opinion confirming that this is how a POSITA would understand this evidence stands un rebutted. Ex2012, ¶¶87, 40-52.

For limitations 1[c], "implementing the mandated parameters by utilizing variable parameters," and 1[g], "achieve the mandated parameters," the POR explained that conception of these limitations is shown in the 12/4/02 meeting notes. *See* POR, 29-30, 32-33. Specifically, PO showed that "the notes from the 12/4/02 meeting reflect that the inventors proposed that their invention could raise the global payout percentage 'to 75%' – a mandated parameter – by 'increas[ing] % of wins by the level 2,' *i.e.*, a secondary game level – a variable parameter. Ex2016." POR, 29-30. *See also* Ex2017, pp. 33-35, 39-40. Again, the expert opinion confirming that a POSITA would understand this evidence to disclose the limitations stands un rebutted. Ex2012, ¶87, pp. 29-35, 37-40. Moreover, as explained above, even Petitioner's expert has confirmed that a POSITA would understand disclosures of win rates and global payout percentages to be disclosures of mandated parameters.

3. Petitioner's Complaints About The Prosecutor And Other Named Inventor's Inability To Work With An Inventor In Treatment For Illness Do Not Show Lack of Diligence

Petitioner's brief objection that PO has not demonstrated reasonable diligence in reduction to practice (Reply, 21-23) is without merit.

Petitioner first complains that PO has not provided evidence showing inventor Dawson exercised "any diligence at all." Reply, 21. That is incorrect – the prosecutor's billing records show multiple meetings with Mr. Dawson during the diligence period from May 1, 2003 through September 2, 2003 (Ex2013, pp. 11-13). More fundamentally, Mr. Dawson's activity during the period does not demonstrate lack of reasonable diligence under the circumstances, which is what the law requires. *Arctic Cat*, 919 F.3d at 1331 ("[P]eriods of inactivity within the critical period do not automatically vanquish a patent owner's claim of reasonable diligence."). Petitioner's contention is premised on Petitioner's insupportable position that Dawson and Murphy should have insisted that Mr. Katz forego aggressive treatment for the cancer that threatened his life, and focused on working with them on his patent instead. Neither the case law regarding diligence nor common sense required this. As PO has explained, shortly after the December 4, 2002 meeting with Milestone's patent attorney, Mr. Katz was diagnosed with a very rare and aggressive cancer. Ex2017, ¶¶25-30. Mr. Katz immediately began an intensive course of chemotherapy that continued through the "critical period" of May 1, 2003 through

September 2, 2003. *Id.*, ¶¶29-40. The treatment was time-intensive, requiring repeated hospital stays and physician follow ups, daily injections and blood tests, and additional medicines. *Id.* The treatment was also deleterious to Mr. Katz's health and ability to work. *Id.* Mr. Katz's life-threatening illness, and the intensive therapy regimen he undertook to save his life, inevitably slowed progress on constructively reducing the claimed inventions to practice through the creation and filing of the priority application. Nevertheless, Mr. Katz worked with Mr. Murphy and Mr. Dawson as frequently, and for as long, as his health and treatment regime permitted, to constructively reduce the claimed inventions to practice with the filing of the utility application in September 2003. Ex2013, ¶¶21-25; Ex2017, ¶¶29-40.

Mr. Katz's perseverance in working to reduce the claimed inventions to practice by this date, and to work with his coinventor and patent prosecutor as much as he could during a harrowing course of illness and treatment, unquestionably shows reasonably continuous diligence in reduction to practice. In view of the circumstances, “the invention was not abandoned or unreasonably delayed.” *Perfect Surgical Techniques, Inc. v. Olympus America, Inc.*, 841 F.3d 1004, 1009 (Fed. Cir. 2016) (quoting *Monsanto*, 261 F.3d at 1379). Petitioner has provided no authority for the proposition that one inventor's decision to seek treatment for life-threatening cancer that prevented him from working on his invention demonstrates lack of diligence. Nor has Petitioner cited any authority to show that the other

inventor and prosecutor could or were required to proceed without him, lest they face a finding they were not diligent. There is none. Tellingly, Petitioner did not seek to take the deposition of Katz, Murphy, or Dawson in an effort to rebut PO's showing of diligence. It simply insists, without evidence, that an ill man and his colleagues should have worked harder. That does not demonstrate lack of diligence. In view of the purpose of the diligence inquiry, which is to determine "whether, in light of the evidence as a whole, the invention was [] abandoned or unreasonably delayed." *Arctic Cat*, 919 F.3d at 1331, there can be no serious argument that any delay in reduction to practice was not reasonable.

Petitioner's complaint that the prosecutor's billing records "directly contradict" his declaration (Reply, 22-23) are simply a "gotcha argument" with no substance. Petitioner's complaint that the billing number -00999 relates to "General Counseling" ignores the actual billing record, which demonstrates that the 12/4/02 meeting between Mr. Murphy and the named inventors was directly related to their new invention.

Group: Attorney
12/04/02 D MURPHY

TELEPHONE CONFERENCE WITH R. KATZ AND
G. DAWSON REGARDING GAME IMPROVEMENTS;
FOLLOW UP REGARDING SAME; REVIEW OF
MATERIALS FROM G. DAWSON

1.10

See Ex2022, 224. Mr. Murphy's declaration states the same thing. Ex2013, ¶25.

Accordingly, Walker is not prior art and cannot render any challenged claim unpatentable.

B. Ground 1: The Reply Does Not Remedy The Petition’s Failure To Show That Kelly Renders The Challenged Claims Unpatentable

Petitioner tries to rewrite its deficient Petition, which failed to show that *Kelly*, alone or in combination with the knowledge of a POSITA, renders obvious any challenged claim. Reply, 23-27. But Petitioner fails; the grounds stated in the Petition do not show disclosure of limitations 1[c], 1[d], or 1[f], and no amount of new argument in Reply can save its deficient showing. *See, e.g.*, Consolidated Trial Practice Guide (Nov. 2019) (“TPG 2019”), 73 (“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.”)

1. Petitioner Has Not Identified Any “information regarding particular game play events” That Are “stored” As Required By Limitation 1[d]

Petitioner has still failed to identify any disclosure in *Kelly* of the 336 Patent’s step of “storing information regarding particular game play events” as recited in limitation 1[d] of independent Claim 1, from which all challenged claims depend.

As PO explained, for this limitation, the Petition pointed to disclosures that *Kelly*’s system receives “user inputs” - e.g., button presses – that are interpreted by the game processor and “influences game states and game events in the game process accordingly.” Petition, 23 (citing *Kelly*, 10:12-15, 1:44-46, 9:62-66, 46:32-37, 46:49-52). PO explained the many deficiencies of this theory, including that:

- There is no disclosure that Kelly’s “user inputs” are recorded in memory, as the claim requires.
- Petitioner does not identify any disclosure that Kelly’s system analyzes these ephemeral “user inputs” to determine the selection of appropriate game parameters, as required by limitation 1[f] (discussed in more detail below).
- A POSITA would not regard Kelly’s “user inputs” such as button presses to be “game play events” stored by the system.

POR, 9-11.

In Reply, Petitioner insists that it never said in the Petition that the “game play events” of this limitation were user inputs; instead, they are “game states and game events” that are merely “*based* on the user inputs.” Reply, 24. That new argument cannot be squared with what the Petition actually says. The Petition states unambiguously that “the game play information provided by the game processor includes information on an initial game play event based on the *user input*,” and parenthetically describes the “user input” as the “*information regarding particular game play events as determined by the processor.*” Petition, 23. And every piece of evidence presented by Petitioner concerns those button presses, joystick movements or other “user inputs” – not some “game state” or “game event.” See Petition, 23. Ex1005, 10:12-13 (“Each type of user input can provide a particular game command

to the game processor. . . .”), 1:44-46 (“These games typically include a ***video screen and buttons or other controls*** for the player”), 9:62-64 (“Input devices **16** are used by a player or user ***to provide input to the game unit 10*** to influence game events during a game process. . . .”), 46:33-35 (“As shown, input devices **700** may be used by a player or user ***to provide input to the game unit*** to influence game events. . . .”), 46:42-52 (describing “game commands provided by controlling devices such as buttons, a keyboard, dials, a joystick controls,” etc., in which “each ***type of user input can provide a particular game command to the computer***, and the computer interprets the commands and influences game states and game events in the game process accordingly.”). Indeed, as the Board already found in IPR2025-00713:

These cited passages describe generally that a computer, on which games are played, includes a video screen and buttons, and that user input is provided to a game unit to influence game events and/or provide particular game commands to the computer. Ex. 1005, 1:44–46, 9:62–66, 46:32–37, 46:49–52. Petitioner fails to sufficiently show how any of these passages describes storing user input, such as button presses, in Kelly’s system.

Ex2018, 19.

In fact, Petitioner identifies no particular “game state” or “game event” at all, or that any such unnamed “game state” or “game event” is stored. Petitioner’s evidence describes only that user inputs are received, not that they (or their results)

are stored, let alone used in limitation 1[f] as required. This fails to disclose limitation 1[d] for the reasons discussed in the POR.

Petitioner attempts to distinguish the Board’s rejection of the same arguments and evidence made in the Petition in IPR2025-00713, with respect to a nearly identical limitation. *See* Ex2018. There, for the limitation [1.a.ii], reciting a “server including memory to process and **store . . .game play information regarding particular game play events**,” Petitioner relied on exactly the same disclosures in Kelly relied upon here. Ex2019 (Petition, IPR2025-00713), 22. On this evidence, the Board “agree[d] with Patent Owner that Petitioner has failed to provide adequate evidence and analysis to show that Kelly discloses storing the identified user input in Kelly’s system,” and found that the relied-on portions of Kelly “makes no mention of storing the user input.” Ex2018, 19. Petitioner now says that PO, and by extension the Board, have gotten it wrong, because the “limitations are materially different.” Reply, 26. Specifically, Petitioner contends that the patent at issue in IPR2025-00713 “recited storing ‘game play information regarding particular game play events’ in the server memory,” while here, the limitation at issue here recites “storing information regarding particular game play events ***as determined by the processor.***” *Id.* That purported distinction is nonsensical. The patent in IPR2025-00713 recited “a server including memory to process and ***store. . .game play information regarding particular game play events.***” Ex2018, 18. Limitation 1[d] here recites

“storing information regarding particular game play events as determined by the processor.” There is no meaningful difference between the two limitations, and Petitioner relied on the same deficient evidence for each. To the extent that Petitioner’s use of boldface and italics on “as determined by the processor” is the basis for its argument that the limitations are “materially different”: that language makes no difference to the analysis, and Petitioner has not explained what difference that language is alleged to make; it is also new argument which was improper to make for the first time in Reply.

Finally, Petitioner attempts to supplement its deficient showing with reference to cross-examination testimony from its expert, but that testimony does nothing to remedy the deficiencies of the Petition. Reply, 25. Mr. Crevelt speculates only that, “obviously, you know, wins and losses, etc., would ***logically*** be one of those items stored but not all of those items stored.” *Id.* Mr. Crevelt’s musings regarding what the *Kelly* system “logically” is likely to store are no substitute for the actual disclosures relied upon, which disclose no such storage, and were not presented in the Petition in any event. Petitioner has failed to show that *Kelly* discloses or renders obvious this limitation.

**2. The Reply Does Not Remedy Petitioner’s Failure to Show That Kelly Discloses Or Renders Obvious [1.f]:
“performing game analytics on *the game play events*,”**

Petitioner devotes only one paragraph to disputing PO’s showing that Petitioner failed to identify any disclosure in Kelly of the 336 Patent’s step of “performing game analytics on the game play events,” as recited in step 1[f] of independent Claim 1, from which all challenged claims depend. But Petitioner fails to address the key deficiencies of its Petition as to this limitation, and its challenge must fail.

Petitioner here asserts that “PO merely repeats its arguments as to 1[d], and they fail for the same reasons.” Reply, 26. That is incorrect. Petitioner’s evidence is deficient for additional reasons beyond the discussion of 1[d]. As the POR explained, the plain language of the limitation, including the use of the definite article “the,” makes clear that “*the* game play events” upon which analytics are performed must be those which were recorded in step [1.d] (“storing information regarding particular *game play events* as determined by the processor”). Nowhere does Petitioner dispute that “the game play events” of this limitation finds its antecedent basis in step 1[d]. But Petitioner did not identify any of the “game play events” it alleges are analyzed in this step – such as the number of times a player has played or the time they took to play – as the data that is *stored* in connection with step [1.d]. Petition, 23-24. Instead, as discussed above, Petitioner identified only “user inputs” - e.g., button

presses – as being the “game play events” stored by the system. Petition, 23. Nor does Petitioner ever demonstrate, much less contend, that the “user inputs” (or the unnamed “game events” Petitioner now belatedly alleges were actually discussed) to be stored in step [1.d] are ever subject to the performance of “game analytics” in connection with this step. *See* Petition, 25-26. Ex2012, ¶¶75-77.

Petitioner does not attempt to dispute that in IPR2025-00713, the Board has already found that Petitioner’s arguments fail to establish unpatentability in connection with a substantively identical claim limitation in U.S. Patent No. 11,501,607. *See* Ex2018 (Decision Denying Institution in IPR2025-00713). There, on the same evidence, the Board “agree[d] with Patent Owner that Petitioner fails to show a reasonable likelihood of prevailing on this claim limitation because *the game play events identified by Petitioner to satisfy limitation [1.a.ii] are not the same game play events that Petitioner cites in support of limitation [1.e].*” – confirming the same deficiency that is found here. This alone is fatal to Ground 1, and Kelly should be found not to render obvious any claim.

**3. Petitioner Has Not Shown Kelly Discloses The Step Of A
“processing system utilizing the variable parameters to
achieve the mandated parameters” (limitation 1[c])**

Petitioner has failed to rebut PO’s demonstration that *Kelly* does not disclose or render obvious the 336 Patent’s claimed “processing system,” which, *inter alia*,

utilizes “the variable parameters to achieve the mandated parameters” as recited in limitation 1[c] of independent Claim 1. *See* POR, 15-16.

In Reply, Petitioner dismisses the disclosures of *Kelly* showing that *Kelly*’s game adjustments are “operator-determined,” suggesting that these are “alternative embodiments.” Reply, 23-24. Wrong. None of the *Kelly* disclosures cited by Petitioner describe a “processing system” that programmatically determines the selection of one set of game variables over another, as opposed to adjustments set by an operator.

4. Petitioner Has Also Failed To Show That Any Dependent Claim Is Unpatentable

At least because Petitioner has not shown that Ground 1 establishes the unpatentability of Claim 1, the Ground also fail for Claims 3-5, 12-13, 18-20, 22, 24-26, 29, 42, 44-47, 50.

Dated: April 23, 2026

Respectfully submitted,

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CERTIFICATION OF COMPLIANCE

Pursuant to 37 C.F.R. § 42.24(c)(4) and (d), the undersigned hereby certifies that the Patent Owner's Sur-Reply complies with the type-volume limitation 37 C.F.R. § 42.24(c)(4) permitting a sur-reply of up to 5,600 words because, exclusive of the exempted portions, the sur-reply contains 5,596 words, as identified by Microsoft Word's word-counting feature.

Dated: April 23, 2026

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CERTIFICATION OF SERVICE (37 C.F.R. §§ 42.6(e), 42.105(a))

The undersigned hereby certifies that on April 23, 2026, copies of PATENT OWNER MILESTONE ENTERTAINMENT LLC'S SUR-REPLY RE: PETITION were served via Electronic Mail to the following:

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