

Patent Owner Milestone: Oral Argument

June 23, 2026

Activision Blizzard, Inc.. v. Milestone Entertainment, LLC., Case Nos.
IPR2025-00709 U.S. Patent No. 10,650,635 B2
IPR2025-00710 U.S. Patent No. 10,825,294 B2

DEMONSTRATIVE EXHIBIT – NOT EVIDENCE

CHALLENGED PATENTS: 10,650,635/10,825,294

DEMONSTRATIVE EXHIBIT – NOT EVIDENCE



(52) **U.S. CL**
CPC G07F 17/3244 (2013.01); G07F 17/329
(2013.01); G07F 17/3248 (2013.01)

(58) **Field of Classification Search**
CPC G07F 17/32
See application file for complete search history.

(56) **References Cited**
U.S. PATENT DOCUMENTS

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Primary Examiner — Omkar A Deodhar
(74) Attorney, Agent, or Firm — David E

(57) **ABSTRACT**
System and methods are provided for efficient play in an electronic game environment using virtual currency or vCoins. In a multi-player game environment, the virtual currency systems and methods include memory for storing information on game play, the information including information on the user, information relating to the user's game play, and information relating to multi-level game and game display information. A processor is coupled to the memory for processing the information relating to the user. A processor is coupled to the memory for processing the information relating to the multi-level game play information, preferably for processing the information relating to the user's game play with virtual money. The virtual money is used to purchase the game play through game play or cash purchase. The virtual money is convertible into a non-cash good or service.

to another level within the game.

29 Claims, 25 Drawing Sheets



(10) **Patent No.:** US 10,650,635 B2
(45) **Date of Patent:** *May 12, 2020

Applicant: **Milestone Entertainment LLC**,
Beverly Hills, CA (US)

635 Patent (2025-709, Ex1001) (annotated)

The 294 Patent

(12) **United States Patent**
Katz et al.

(10) **Patent No.:** **US 10,825,294 B2**
(45) **Date of Patent:** ***Nov. 3, 2020**

(54) **SYSTEMS FOR IMPLEMENTING
ENHANCED GAMING AND PRIZING
PARAMETERS IN AN ELECTRONIC
ENVIRONMENT**

(71) Applicant: **Milestone Entertainment LLC,**
Beverly Hills, CA (US)

(72) Inventors: **Randall M. Katz,** Beverly Hills, CA
(US); **Gary Dawson,** Thousand Oaks,
CA (US)

(73) Assignee: **Milestone Entertainment, LLC,**
Beverly Hills, CA (US)

(*) Notice: Subject to any disclaimer, the term of this
patent is extended or adjusted under 35
U.S.C. 154(b) by 0 days.
This patent is subject to a terminal dis-
claimer.

(21) Appl. No.: **16/866,952**

(22) Filed: **May 5, 2020**

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Related U.S. Application Data

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Oct. 7, 2019, now Pat. No. 10,650,635, which is a
continuation of application No. 15/590,956, filed on
Apr. 11, 2018, now Pat. No. 10,445,980, which is a
continuation of application No. 15/704,532, filed on
Sep. 14, 2017, now Pat. No. 9,947,178, which is a
continuation of application No. 14/330,172, filed on
Jul. 14, 2014, now Pat. No. 9,773,373, which is a
continuation of application No. 13/584,980, filed on
Aug. 13, 2012, now Pat. No. 8,795,071, which is a

continuation of application No. 10/559,119, filed as
application No. PCT/US2004/028560 on Sep. 1,
2004, now Pat. No. 8,241,110.

(51) Int. Cl.
G07F 17/52 (2006.01)

(52) U.S. Cl.
G07F 17/3244 (2013.01); **G**
CPC (2013.01); **G**

(58) **Field of Classification Search**
See application file for complete

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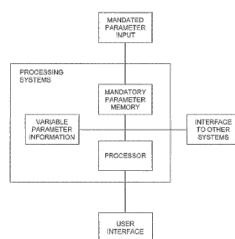
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(Continued)

Primary Examiner — Oskier A. De
(74) *Attorney, Agent, or Firm* — D

(57) **ABSTRACT**

System and methods are provided
in an electronic game environ-
ment in which a user can partici-
pate in a game play. In a system
and methods include a process-
ing system that receives infor-
mation on game play, the information
from the user, information relating
multi-level game and game display
to the user. A processor is coupled to
using game play information, pro-
cessing system, and game display
through game play or cash purchase
convertible into a non-cash good comprising advancement
to another level within the game.

20 Claims, 25 Drawings



United States Patent
Katz et al.

(10) **Patent No.:** **US 10,825,294 B2**

(45) **Date of Patent:** ***Nov. 3, 2020**

**SYSTEMS FOR IMPLEMENTING
ENHANCED GAMING AND PRIZING
PARAMETERS IN AN ELECTRONIC
ENVIRONMENT**

Applicant: **Milestone Entertainment LLC,**
Beverly Hills, CA (US)

DEMONSTRATIVE EXHIBIT – NOT EVIDENCE

294 Patent (2025-710, Ex1001) (annotated)

ASSERTED GROUNDS

DEMONSTRATIVE EXHIBIT – NOT EVIDENCE

635 Patent Asserted Grounds

Ground	References	Claim
1	Schneier143	1, 2, 4, 6, 8-10, 14-18, 21-23, 25, 27, and 29
2	Schneier143 and Okita	1, 2, 4, 5, 8-10, 14-18, 21-23, 25, 27, and 29

294 Patent Asserted Grounds

Ground	References	Claim
1	Schneier143	1-9, 13, and 16-20
2	Schneier143 and Okita	1-9, 13, and 16-20

DEMONSTRATIVE EXHIBIT – NOT EVIDENCE

Corrected Petition (2025-709, Paper No. 3) at 4-5.; Petition (2025-710, Paper No. 1) at 5

CHALLENGED INDEPENDENT CLAIM

DEMONSTRATIVE EXHIBIT – NOT EVIDENCE

U.S. Patent No. 10,825,294 Challenged Independent Claim 1

1 [Preamble]. A system for effecting user experience on a user communication device in a multi-level electronic game environment comprising;

1.a memory storing information on game play, the information including input received from the user, information relating to levels within the multi-level game and game display information for output to the user;

1.b a processor coupled to the memory generating game play information;

1.b.i (a) the game play information including game play with virtual money;

1.b.ii (b) the virtual money being acquired through:

1.b.ii.A (1) game play and

1.b.ii.B (2) cash purchase

1.b.iii the virtual money acquired by cash purchase being subject to a multiplier,

1.b.iv conversion of the virtual money into a non-cash good comprising an image to permit advancement to another level within the game, and;

1.b.v the processor enforcing a limit on the amount of game play by the user, and

1.c memory storing account information which is increased and decreased through the user experience.

DEMONSTRATIVE EXHIBIT – NOT EVIDENCE

294 Patent (2025-710, Ex1001), Claim 1

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U.S. Patent No. 10,650,635 Challenged Independent Claim 1

1 [Preamble]. A system for effecting user experience on a user communication device in a multi-level electronic game environment comprising;

1.a memory storing information on game play, the information including input received from the user, information relating to levels within the multi-level game and game display information for output to the user;

1.b a processor coupled to the memory generating game play information;

1.b.i the game play information including game play with virtual money;

1.b.ii. the virtual money being acquired through;

1.b.ii.A game play and

1.b.ii.B cash purchase

1.b.iii the virtual money acquired by cash purchase being subject to a multiplier,

1.b.iv conversion of the virtual money into a non-cash good comprising an image to permit advancement to another level within the game, and;

1.c memory storing account information which is increased and decreased through the user experience.

DEMONSTRATIVE EXHIBIT – NOT EVIDENCE

635 Patent (2025-709, Ex1001), Claim 1

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Challenged Independent Claims Comparison

1 [Preamble]. A system for effecting user experience on a user communication device in a multi-level electronic game environment comprising;

1.a memory storing information on game play, the information including input received from the user, information relating to levels within the multi-level game and game display information for output to the user;

1.b a processor coupled to the memory generating game play information;

1.b.i the game play information including game play with virtual money;

1b.ii the virtual money being acquired through:

1.b.ii.A game play and

1.b.ii.B cash purchase

1.b.iii the virtual money acquired by cash purchase being subject to a multiplier,

1.b.iv conversion of the virtual money into a non-cash good comprising an image to permit advancement to another level within the game, and;

1.b.v the processor enforcing a limit on the amount of game play by the user, and

1.c memory storing account information which is increased and decreased through the user experience.

DEMONSTRATIVE EXHIBIT – NOT EVIDENCE

294 Patent (2025-710, Ex1001), Claim 1; 635 Patent (2025-709, Ex1001), Claim 1

294 and 635 Patents' Challenged Dependent Claims 8 and 9

294 Patent, Claim 8. The system for effecting user experience in a multi-level electronic game environment of claim 1 wherein the multiplier is variable over time.

635 Patent, Claim 9. The system for effecting user experience in a multi-level electronic game environment of claim 1 wherein the multiplier is variable over time.

DEMONSTRATIVE EXHIBIT – NOT EVIDENCE

294 Patent (2025-710, Ex1001), Claim 9; 635 Patent (2025-709, Ex1001), Claim 8

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Milestone's Virtual Money Subject To A Multiplier

“The games may be played either with real money, or may be played with virtual money, sometimes referred to as vCoins. A vCoin will typically be a multiplier times the corresponding numeric monetary value, e.g. one dollar equals 500 vCoins. The multiplier is typically an integer number, and is usually an amount of 100, 500 or 1000, though any amount may be used.”

294 Patent (2025-710, Ex1001), 45:61-67 (annotated);
635 Patent (2025-709, Ex1001), 45:58-64 (annotated)

POR (2025-710, Paper No. 16) at 1-2;
POR (2025-709, Paper No. 17) at 1-2

Claim 1 describes an example of how these vCoins can be used:

- “conversion of the virtual money into a non-cash good comprising an image, the image to permit advancement to another level within the game”

294 Patent (2025-710, Ex1001), Claim 1 (annotated);
635 Patent (2025-709, Ex1001), Claim 1 (annotated)

POR (2025-710, Paper No. 16) at 2; POR (2025-709, Paper No. 17) at 2

DEMONSTRATIVE EXHIBIT – NOT EVIDENCE

Milestone's Virtual Money: Multiplier Variable Over Time

"The multiplier may be fixed over time and over games, or it may vary based on factors, such as time, game or player status. For example, play during certain times may result in 'double vCoins'."

294 Patent (2025-710, Ex1001), 45:67-46:4 (annotated);
635 Patent (2025-709, Ex1001), 45:64-46:1 (annotated)

POR (2025-710, Paper No. 16) at 1-2;
POR (2025-709, Paper No. 17) at 1-2

Enhanced multipliers may be used to induce play at times when other entertainment is available, e.g., sweeps weeks or prime time, as an inducement for the player to play the subject games. The multiplier may change for different games, such as where the multiplier increases where the real or perceived level of skill required is greater.

294 Patent (2025-710, Ex1001), 46:4-9 (annotated);
635 Patent (2025-709, Ex1001), 46:1-6 (annotated)

POR (2025-710, Paper No. 16) at 1-2;
POR (2025-709, Paper No. 17) at 1-2

DEMONSTRATIVE EXHIBIT – NOT EVIDENCE

Sole Issue

- Whether Schneier143 **discloses**:
 - The system for effecting user experience in a multi-level electronic game environment of claim 1 wherein **“the virtual money acquired by cash purchase being subject to a multiplier” that “is variable over time”**

294 Patent (2025-710, Ex1001), Claims 1, 9;
635 Patent (2025-709, Ex1001), Claims 1, 8

DEMONSTRATIVE EXHIBIT – NOT EVIDENCE

Petitioner Only Contends Schneier143 Discloses Claims 8 or 9

- Petitioner does not claim that Claims 8 or 9 are obvious

5. Claim 9: “wherein the multiplier is variable over time.”

Schneier143 discloses this limitation. Crevelt ¶¶120-121. Schneier143 discloses that *the multiplier is variable over time*. Specifically, Schneier143 discloses that “[t]he number of credits that a player receives *per dollar* may also be *variable*. A purchase of ten credits may cost \$0.50 each while a purchase of twenty credits may cost \$0.30 each.” EX1008, 63:31-34.

Corrected Petition (2025-709, Paper No. 3) at 30 (annotated)

7. Claim 8: “wherein the multiplier is variable over time.”

Schneier143 discloses this limitation. Crevelt ¶¶152-156. Schneier143 discloses that *the multiplier is variable over time*. Specifically, Schneier143 discloses that “[t]he number of credits that a player receives *per dollar* may also be *variable*. A purchase of ten credits may cost \$0.50 each while a purchase of twenty credits may cost \$0.30 each.” EX1008, 63:31-34.

Petition (2025-710, Paper No. 1) at 37 (annotated)

DEMONSTRATIVE EXHIBIT – NOT EVIDENCE

Petitioner Says Nothing About Claims 8 or 9 in View of Okita

- Petitioner stated no challenge based on Okita

IX. GROUND 2: SCHNEIER143 IN VIEW OF OKITA RENDERS OBVIOUS THE CHALLENGED CLAIMS.....46

- A. Motivation to Combine 46
- B. Reasonable Expectation of Success 47
- C. Independent Claim 1 48
 - 1. [1.b.i]: “game play information including game play with virtual money”.....49
 - 2. [1.b.ii]: “the virtual money being acquired through (1) game play, and (2) cash purchase” 51
 - 3. [1.b.iii]: “the virtual money acquired by cash purchase being subject to a multiplier” 52
 - 4. [1.b.iv]: “conversion of the virtual money into a non-cash good comprising an image to permit advancement to another level within the game, and” 53
- D. Dependent Claims 2, 4, 6, 8, 9, 10, 14-16, 17, 18, 21-23, 25, 27, and 29 54

D. Dependent Claims 2, 4, 6, 8, 9, 10, 14-16, 17, 18, 21-23, 25, 27, and 29

As discussed in Section VIII.B, Schneier143 discloses all the additional limitations of the dependent claims 2, 4, 6, 8, 9, 10, 14-16, 17, 18, 21-23, 25, 27, and 29. Crevelt ¶157.

IX. GROUND 2: SCHNEIER143 IN VIEW OF OKITA RENDERS OBVIOUS 1-9, 13, AND 16-20 50

- A. Motivation to Combine 50
- B. Reasonable Expectation of Success 52
- C. Independent Claim 1 52
 - 1. [1.b.i]: “(a) the game play information with including game play with virtual money” 53
 - 2. [1.b.ii, 1.b.ii.A-B]: “(b) the virtual money being acquired through (1) game play, and (2) purchase” 55
 - 3. [1.b.iii]: “(c) the virtual money acquired by cash purchase being subject to a multiplier” 56
 - 4. [1.b.iv]: “(d) conversion of the virtual money into a non-cash good comprising an image, the image to permit advancement to another level within the game, and” 57
 - 5. [1.b.v]: “(e) the processor enforcing a limit on the amount of game play by the user” 58
- D. Dependent Claims 2-9, 13, 16, 17, 18, 19, and 20 59

D. Dependent Claims 2-9, 13, 16, 17, 18, 19, and 20

As discussed in Section VIII.B, Schneier143 discloses the additional limitations of dependent claims 2-9, 13, 16, 17, 18, 19, and 20. Crevelt ¶204.

DEMONSTRATIVE EXHIBIT – NOT EVIDENCE

Corrected Petition (2025-709, Paper No. 3) at iv, 54 (annotated); Petition (2025-710, Paper No. 1) at iv, 59 (annotated)

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SCHENIER143 DOES NOT DISCLOSE A MULTIPLIER THAT IS VARIABLE OVER TIME

DEMONSTRATIVE EXHIBIT – NOT EVIDENCE

United States Patent
Schneier et al.

143

Patent Number: 5,970,143

Date of Patent: Oct. 19, 1999

5,970,143

US 5,970,143 A

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Schneier143 – Cost Per Credit

Petitioner relies on a multiplier at one point in time

“The number of credits that a player receives per dollar may also be variable. A purchase of ten credits may cost \$0.50 each while a purchase of twenty credits may cost \$0.30 each.”

Schneier143 (2025-709, Ex1008; 2025-710, Ex1008) at 63:31-34
(annotated)

Corrected Petition (2025-709, Paper No. 3) at 31-32;
Petition (2025-710, Paper No. 1) at 37-38

10 credits (\$0.50/1 credit) = 5\$
20 credits (\$0.30/ 1 credit) = 6\$

- **Discloses different multipliers at one point in time.**
- **Not a change in a multiplier over time.**

DEMONSTRATIVE EXHIBIT – NOT EVIDENCE

Schneier143 – Cost Per User

Petitioner relies on a variance in credit costs across users

“Credit discounts can be offered to select players who have obtained certain certified titles. A five-star MORTAL KOMBAT player may receive a 10% discount on all credits.”

Schneier143 (2025-709, Ex1008; 2025-710, Ex1008) at 63:34-37 (annotated)

Petitioner’s Reply (2025-709, Paper No. 19) at 5;
Petitioner’s Reply (2025-710, Paper No. 18) at 5

User A = full price

User B = 90% price

- No variance over time

DEMONSTRATIVE EXHIBIT – NOT EVIDENCE

Schneier143 – Credit Per Time

Petitioner relies on rate for credits to time, at the same time

In lieu of purchasing one game, each credit may entitle the player to play for a certain period of time. One credit may buy five minutes of play while two credits may buy twelve minutes of play.”

1 credit = 5 minutes
2 credits = 12 minutes

- **No “virtual money”**
- **No variance over time**

Schneier143 (2025-709, Ex1008; 2025-710, Ex1008) at 63:42-45 (annotated)

Petitioner’s Reply (2025-709, Paper No. 19) at 11-12;
Petitioner’s Reply (2025-710, Paper No. 18) at 11-12

DEMONSTRATIVE EXHIBIT – NOT EVIDENCE

Schneier143 – Rates For Enabling Play Varied Upon Time or Day

Petitioner relies on a variance in rates for enabling play

“Rates for enabling play can be varied depending upon the time or day of play as well.”

Schneier143 (2025-709, Ex1008; 2025-710, Ex1008) at 62:48-49 (annotated)

Petitioner's Reply (2025-709, Paper No. 19) at 6-7;
Petitioner's Reply (2025-710, Paper No. 18) at 6-7

- New evidence, not in the petition. TPG 2019 at 73.
- No expert opinion to support this new argument.
- No disclosure of virtual currency
- No disclosure of multiplier of virtual currency

DEMONSTRATIVE EXHIBIT – NOT EVIDENCE

Schneier143 – Updated Cost Information Protocol

Figure 19

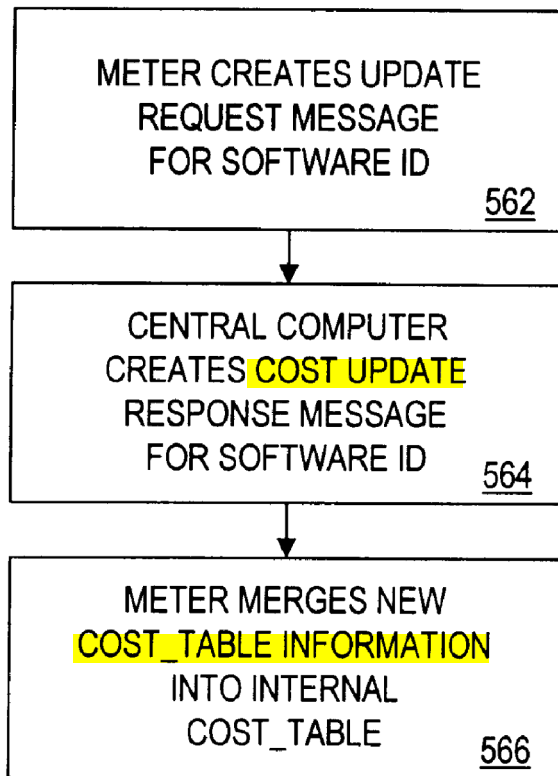


Figure 19 Description

At step **562**, the meter 502 creates a **Cost Update Request** Message and Sends it to central computer 12 in the following format . . .

At step **564**, the central computer 12 creates a **Cost Update Response Message** containing cost information for the requested Software_ID's. . . . This information is provided in the form of a **Cost Table** as described above. .

At step **566**, the meter 502 **merges the new Cost_Table information into its internal Cost_Table, replacing internal data** for matching Software_IDs.

Schneier143 (2025-709, Ex1008; 2025-710, Ex1008) at 56:12-29 (annotated)

Schneier143 (2025-709, Ex1008; 2025-710, Ex1008) at Fig 19 (annotated)

DEMONSTRATIVE EXHIBIT – NOT EVIDENCE

Schneier143 – Updated Cost Information Protocol

Petitioner

c. Schneier143 discloses the “multiplier is variable over time” with its protocol on updating cost information, as depicted in Figure 19

Regardless, there is no credible argument that Schneier143’s disclosure of updating the multiplier determined by meter 502 using the updating cost information protocol does not expressly teach that the “multiplier is variable over time.” PO contends the opposite, stating that the protocol cannot “be used to vary the value of virtual currencies across different time periods.” POR, 6-7. This argument has no foundation in fact or logic.

Petitioner’s Expert

Q. Yeah. And -- and you agree that -- that Schneier 143 never uses the term “multiplier” in connection with purchases of virtual currency, correct?

A. (No verbal response.)

Q. Maybe a fairer question is: You're not aware of it? It saying that, correct?

A. I cannot say that at this point.”

12/19/25 Crevelt Dep. Tr. ((2025-709, Ex2004; 2025-710, Ex2004) at 155:10-17 (annotated)

DEMONSTRATIVE EXHIBIT – NOT EVIDENCE

Petitioner’s Reply (2025-709, Paper No. 19) at 8 (annotated);
Petitioner’s Reply (2025-710, Paper No. 18) at 8 (annotated)

Schneier143 – Updated Cost Information Protocol

Figure 19 Description

At step **562**, the meter 502 creates a **Cost Update Request** Message and Sends it to central computer 12 in the following format . . .

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At step **566**, the meter 502 **merges the new Cost_Table information into its internal Cost_Table**, replacing internal data for matching Software_IDs.

Schneier143 (2025-709, Ex1008) at 56:12-29 (annotated);

Schneier143 (2025-710, Ex1008) at 56:12-29 (annotated)

DEMONSTRATIVE EXHIBIT – NOT EVIDENCE

What is Missing?

- **No virtual money**
- **No multiplier of virtual money**
- **No express disclosure and Petitioner did not assert it would be obvious**