

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. IPR2025-00712
U.S. Patent No. 11,393,279

**DECLARATION OF DAVID MURPHY IN SUPPORT OF PATENT
OWNER MILESTONE ENTERTAINMENT, LLC'S RESPONSE TO
PETITION FOR *INTER PARTES* REVIEW OF U.S. PATENT NO.
11,393,279**

TABLE OF CONTENTS

A.	U.S. App'n No. 10/123,861/U.S. Patent No. 8,393,946	3
B.	December 4, 2002 Meeting To Discuss New Invention	6
C.	Drafting and Filing Of First Variable Parameters Patent Application.....	9

I, David Murphy, hereby declare as follows:

1. I make this Declaration in connection with Patent Owner's Responses to Petitions filed in connection with the following IPR Petitions:

IPR No.	Patent No.
IPR2025-00708	8,529,336
IPR2025-00712	11,393,279

2. I refer to the patents in this table collectively as "the Milestone Variable Parameters Patents," as they are part of the family of patents that were obtained for Milestone Entertainment LLC ("Milestone"), and protect the systems and methods invented by Milestone Entertainment LLC's founders that provide new forms of electronic game play. These patents describe, among other things, dynamically altering game play parameters (recited in the claims as "variable parameters") such as the structure of the game (*e.g.*, the difficulty of the game, the number of game levels, or the game pieces provided), the odds, or its prizing (*e.g.*, the amount, or frequency, of awards, bonuses, and prizing), in order to achieve a set of objectives which the system must achieve as a whole (recited in the claims as "mandated parameters").

3. I am a patent attorney registered with the United States Patent and Trademark Office. From September 2022 until retiring from O'Melveny at the end of December 2019, I was a partner at O'Melveny & Myers LLP, where I focused on all aspects of patent and technology law, including patent litigation, licensing,

portfolio management, and prosecution. My clients during that period included Milestone, and I represented Milestone before the USPTO in connection with all of the patents Milestone has obtained. While at O'Melveny, I worked closely with Randy Katz and Gary Dawson, the named inventors of the Milestone Variable Parameter Patents, in drafting patent specifications and claims, and in obtaining allowance of the patents. Following my retirement from O'Melveny, I have continued to represent a select set of clients, including Milestone, including in connection with obtaining allowance of the 279 Patent.

4. I am aware that Milestone has filed suit against Activision Blizzard, Inc. ("Activision" or "Petitioner") for infringement of the Milestone Variable Parameter Patents. I have no ongoing involvement in the Milestone business and I have no financial interest in the outcome of the litigation.

5. I also understand that Petitioner has asserted that U.S. Patent App. Pub. No. 2004/0002369 ("Walker") is prior art to the Milestone Variable Parameters that renders certain claims of those patents unpatentable. I understand that Milestone contends in these proceedings that Walker is not prior art, as the named inventors of the Milestone Variable Parameters Patents conceived of the claimed inventions prior to Walker's priority date of May 1, 2003, and worked diligently thereafter to reduce them to practice.

6. As the attorney who obtained allowance of each of the Milestone patents, including the Milestone Variable Parameters Patents, I am personally familiar with the drafting and prosecution of these patents, including the time frame in which the claimed inventions were conceived and reduced to practice. This Declaration presents my factual recollection of those circumstances, as well as various documents confirming my recollection.

A. U.S. App’n No. 10/123,861/U.S. Patent No. 8,393,946

7. The Milestone Variable Parameters Patents were not the first issued Milestone patents. Beginning in 2000, while a partner at Lyon & Lyon, I assisted inventors Katz and Dawson in obtaining earlier patents in the same family. For example, on behalf of Milestone, I filed U.S. App’n No. 10/123,861 on April 15, 2002 (the “861 Application”) (Ex2014), which issued as U.S. Patent No. 8,393,946 (the “946 Patent”) (Ex2015). The first of the Milestone Variable Parameters Patents, which issued as U.S. Patent No. 7,798,896 (Ex2001), is a continuation-in-part of the 946 Patent. *See* Ex2001 at 1. The 279 Patent at issue in these IPRs issued as a continuation of 336 Patent (U.S. App’n No. 12/886,429), which is a divisional of the 896 Patent (U.S. App’n No. 10/654,585). *See* Ex1001 at 1.

8. Since the Milestone Variable Parameters Patent family is based on a continuation-in-part from the application that led to the 946 Patent, there are many similarities between the earlier application and the shared specification of the

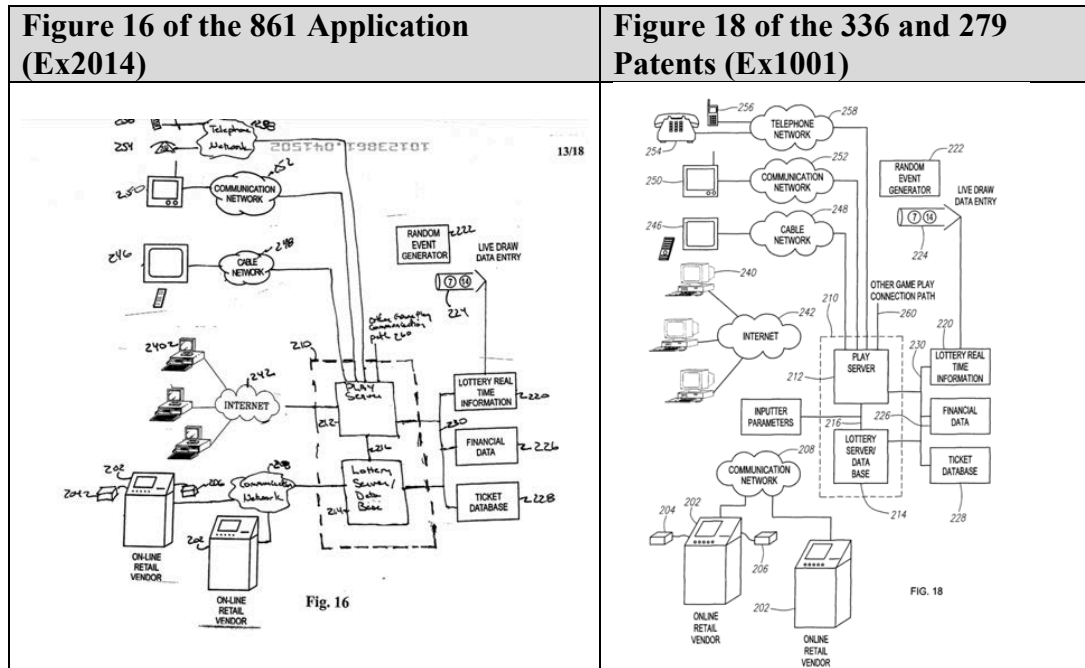
Milestone Variable Parameters Patents which are relevant to the date of conception of the claimed inventions of the later patents and their reduction to practice.

9. For example, many of the figures are identical:

Figures in 861 Application (Ex2014)	Corresponding Figures in 336 and 279 Patents (IPR2025-00708 Ex1001 & IPR2025-00712 Ex1001)
Fig. 1	Fig. 3
Fig. 2	Fig. 4
Fig. 3	Fig. 5
Fig. 4	Fig. 6
Fig. 5	Fig. 7
Fig. 6	Fig. 8
Fig. 7	Fig. 9
Fig. 8	Fig. 10
Fig. 9	Fig. 11
Fig. 10	Fig. 12
Fig. 11	Fig. 13
Fig. 12	Fig. 14
Fig. 13	Fig. 15
Fig. 14	Fig. 16
Figs. 15a-15b	Figs. 17a-17b
Fig. 17	Fig. 19
Figs. 18a-18e	Figs. 20a-20e
Fig. 19	Fig. 21
Fig. 20	Fig. 22

10. Additionally, Figure 16 of the 861 Application, which depicts an embodiment of the disclosed and claimed system, and Figure 18 of the Milestone Variable Parameters Patents, are almost identical. As shown below, the only addition in Figure 18 is an “Inputter Parameters” box, which the Milestone Variable

Parameters Patents describe as “the required inputs, e.g., inputs for entering the parameters (game play parameters and prizing parameters”). Ex1001 at 30:46-47.



11. The 861 Application further describes games having a “variable component”, which varies the game structure (e.g., the game to be played or the difficulty), and/or the prizing (e.g., the prizing amount):

The secondary game play includes provision of the identification number. The user would then electronically provide the identification number to the game play server/lottery system. The system would then access memory utilizing the identification number to determine the variables associated with that ticket identification number. Such *variables may include the prize amount, the game to be played and/or the degree of difficulty* as previously explained. The system database

may then be updated to indicate that the game had been played. The variable information as to the game play is then utilized to conduct game play in accordance with those variables.

Ex2014 at [00125].

B. December 4, 2002 Meeting To Discuss New Invention

12. Ex2016 is a true and correct copy of my notes from a telephonic conference with inventors Randy Katz and Gary Dawson, dated December 4, 2002, that has been kept in the ordinary course of regularly conducted business at O'Melveny & Myers.

13. Ex2004 is a true and correct copy of an O'Melveny & Myers New Matter Form that has been kept in the ordinary course of regularly conducted business at O'Melveny & Myers. These forms are created when the firm engages on a new matter – here, a new patent application for client Randy Katz with the proposed patent title “Methods and Apparatus for Extended Game Play in a Lottery Environment.” As page three of Ex2005 shows, I caused this new matter form to be created on December 5, 2002. Page 1 shows that the internal client matter number is 443773-0008. That number pertains to the first patent application I filed on behalf of Milestone in the Variable Parameters Patents family, which issued as U.S. Patent No. 7,798,896 on September 21, 2010. Ex2001.

14. Ex2005 is a true and correct copy of a slide deck supplied to me on December 4, 2002, by inventors Katz and Dawson, describing a game named

“Perfect 10” that has been kept in the ordinary course of regularly conducted business at O’Melveny & Myers. The images from that slide deck became Figure 23 of the Variable Parameters Patents, including the 336 and 279 Patents. *See* Ex1001, Fig. 23. The specification of the 336 and 279 Patents describes how the “Perfect 10” game implements variable parameters to achieve a set of mandated parameters by changing the prizing structure.

By way of example, the probability of an 8, 9 or 10 in Perfect 10 ‘should be’ 40%. Game play may be selected such that a ‘win’ occurs at that frequency. The predefined prizing structure may then be achieved in the secondary prizing phase. *Alternately, the frequency of a result qualifying a player for entry into the secondary prizing phase may be greater than the real world probability.* In the example of Perfect 10, the revealed numbers in the first phase of the game may ‘win’ more than 40% of the time (i.e., there is a percentage of events that qualify the player to enter the second, prizing phase which is greater than the real world percentage). *The prizing phase then corrects the prizing result to achieve the predefined outcome.*

Ex1001 at 40:49-61.

15. Attached as Ex2021 is a true and correct copy of a screen image from the O’Melveny & Myers document management system, showing that Ex2005 was added to the system on December 5, 2002, the day following the December 4, 2002 meeting.

16. As reflected in my meeting notes (Ex2016), the new matter form

(Ex2004), and the presentation received from Milestone (Ex2005), I met telephonically with inventors Randy Katz and Gary Dawson on December 4, 2002, to discuss their further inventive ideas that built upon their earlier patented inventions, including the 861 Application.

17. As my notes from the December 4, 2002 meeting reflect, inventors Katz and Dawson described their ideas to enhance game play by varying game outcomes, structure, or prizing to ensure some desired result, such as a “Fair # [number] of low Tier Prize Winners,” “Force an even distribution of prizing,” “w/in [within] every X plays, [a] certain amount of low tier wins,” “Guarantee[] the payout,” or increasing the percentage payout of a lottery game from 50% to 75% globally. Ex2016.

18. As reflected in the meeting notes, inventors Katz and Dawson first described a well-known prizing structure for lotteries: GLEPS, or Guaranteed Low-End Prizing Structure. The meeting notes provide an example of a GLEPS structure: “e.g., 100 tickets in packet”, for example 100 scratch off lottery tickets; “At least \$50 of wins.” Ex2016. As the notes further reflect, inventors Katz and Dawson then described the problem they were attempting to solve: “How To Translate that” – GLEPS – into “Internet or SMS”. *Id.* The notes reflect the inventors’ proposed solution, which could, for example, “Force an even distribution of prizing.” *Id.* As the notes reflect, the inventors conceived of a system in which there could be a “virtual stack” of lottery tickets, for example, “not limited to 100.” Within that

virtual stack of games, for example, the system could ensure a a “certain amount of low tier wins” within “every X plays.” *Id.* Later in the discussion, as the notes reflect, the inventors described this system as “Every player is entitled to his virtual GLEPS system,” *id.* at 2, which I understood to mean that their new system could provide every player with a certain guaranteed payout of prizes across a series of game plays.

19. The meeting notes additionally describe that the new system could be used to “>50% payout,” which I understand to be the generally understood global payout for lottery games, “to 75%”. The notes further reflect that to achieve this global payout, for example, the game “can increase % of wins by the level 2,” referring to a secondary game level. *Id.* The notes further reflect that in such circumstances, the inventors considered that the game outcomes may need “To Be Predetermined,” as “That Guarantees the payout.” *Id.* Elsewhere, the notes of the December 4, 2002 meeting reflect that the system could force certain outcomes to achieve a global payout or some other goal, including “Force an even distribution of prizing,” and “Ensure that w/in every X #” of plays, “the %” was reached. *Id.*

20. As Ex2004 reflects, on December 5, 2002, the day after meeting with inventors Katz and Dawson, I opened a new matter to begin drafting a new patent application to protect the inventions disclosed to me the previous day.

C. Drafting and Filing Of First Variable Parameters Patent Application

21. The first patent application based off of the December 4, 2002

disclosure was filed September 2, 2003, as SN 10/654,585, published as 2004/0259631 on Dec. 23, 2003, and issued as U.S. Patent No. 7,798,896 on September 21, 2010. Ex2001.

22. In my view, the 10 month period between the December 2, 2002 meeting and the filing of this application was as fast as we could accomplish under the circumstances. As I understand is addressed in a declaration from Randy Katz, Mr. Katz was diagnosed with lymphoma at the beginning of 2003 and immediately commenced intensive treatment, including chemotherapy and repeated doctor visits, that continued for the entire year. Mr. Katz was often unwell, and unable to work as he previously could. As a result, our progress was understandably slowed by Mr. Katz's illness and treatment. That said, we worked as diligently as we could under the circumstances to prepare and file the application.

23. I have consulted my billing records during that period, which reflect the following activities to prepare and file the patent application for the Variable Parameters Patents:

Date	Activity
Dec. 4, 2002	Telephone Conference Randy Katz & Gary Dawson Regarding Game Improvements Review of Materials from Gary Dawson
January 9, 2003	Telephone Conference Randy Katz & David Murphy
Mar. 14, 2003	Review of Email Regarding Camelot; Draft Response

Mar. 24, 2003	In Person Meeting with Randy Katz, Gary Dawson and David Murphy (Preparation and Meeting 1.5 Hours)
Mar. 26, 2003	Outline of New Patent Application (2.2 Hours)
Apr. 15, 2003	Outline Additions to Application
Apr. 24, 2003	Telephone Conference with Ron Katz Telephone Conference Randy Katz & David Murphy
Apr. 29, 2003	Review specification
May 1, 2003	Outline Topics for Cases
May 6, 2003	Telephone Conference Randy Katz & David Murphy
May 7, 2003	Telephone Conference Randy Katz & David Murphy
May 9, 2003	Telephone Conference Randy Katz & David Murphy
May 14, 2003	Review and Revise claims
May 15, 2003	Telephone Conference Randy Katz & David Murphy
May 20, 2003	Prepare Outline Regarding New Application
May 21, 2003	Telephone Conference Randy Katz & David Murphy
May 23, 2003	Outline Action Items List
May 29, 2003	Application Preparation
Jun. 10, 2003	Attend to foreign filing formalities Prepare action item list
Jun. 12, 2003	Draft Application regarding vGLEPs
Jun. 13, 2003	Draft Patent Application Including Specification and Claims

Jun. 17, 2003	Draft Supplements to Application; Draft Claims
June 20, 2003	Telephone Conference Randy Katz & David Murphy regarding Additions to Specification
Jun. 25, 2003	Telephone Conference with Randy Katz, Gary Dawson and David Murphy Regarding Application
Jul. 7, 2003	Telephone Conference with Randy Katz & David Murphy Regarding Support in Hot Seat Case
Jul. 9, 2003	Telephone Conference with Randy Katz & David Murphy Regarding New Application
Jul. 17, 2003	Telephone Conference with Randy Katz & David Murphy Regarding Application; Draft Inserts for Application
Jul. 18, 2003	Telephone Conference with Randy Katz & David Murphy Draft Supplemental Disclosure and Claims
Jul. 21, 2003	Telephone Conference with Randy Katz & David Murphy Draft Supplemental Materials
Jul. 22, 2003	Review and Revise Draft Application
Jul. 23, 2003	Telephone Conference with Randy Katz & David Murphy Regarding Hoosier Letter and Draft Application
Jul. 24, 2003	Draft Inserts for Application
Jul. 29, 2003	Telephone Conference with Randy Katz & David Murphy
Aug. 1, 2003	Draft Inserts for Application
Aug. 4, 2003	Meeting in Beverly Hills at Katz Home with Randy Katz and Gary Dawson (Aug. 4, 2003)
Aug. 5, 2003	Draft Inserts for Application
Aug. 6, 2003	Draft Application and Claims

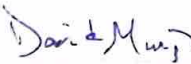
Aug. 7, 2003	Draft Claims for Application; Modify Summary of the Invention
Aug. 8, 2003	Finalize Draft of Application
Aug. 11, 2003	Telephone Conference with Randy Katz & David Murphy Revise Claim Outline, Extensive Modification of Outline
Aug. 12, 2003	Revise Application
Aug. 14, 2003	Revise Application
Aug. 15, 2003	Draft Outline for Claims
Aug. 18, 2003	Prepare Materials Regarding Application
Aug. 19, 2003	Telephone Conference with Randy Katz & David Murphy Regarding Application Revise Draft Application
Aug. 21, 2003	Telephone Conference with Randy Katz & David Murphy Regarding Amendments to Specification
Aug. 22, 2003	Telephone Conference with Randy Katz & David Murphy Regarding Case Modify Draft
Aug. 26, 2003	Draft Inserts for Application
Aug. 27, 2003	Modify Application
Aug. 28, 2003	Finalize Application
Aug. 29, 2003	Telephone Conference with Randy Katz & David Murphy Finalize Drawings and Specification

Sep. 2, 2003	Various Telephone Conferences with Randy Katz & David Murphy Regarding Application
	Finalize Application; File Same; Modify Drawings

24. I note that during this period, I also carried a full docket of matters for other clients who I also represented before the Patent Office.

25. Attached as Exhibits 2022 through 2026 are true and correct copies of select billing records for my work on Milestone patent matters, kept in the ordinary course of business at O'Melveny & Myers. Generally, billing codes 0443773-00008 and some entries in 0443773-00099 pertain to the Milestone Variable Parameters Patents.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct to the best of my knowledge based on the information available to me at this time, and that this declaration was executed on January 12, 2026, in Corona Del Mar, CA.



David Murphy