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PTO Practice

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DraftKings Persuades PTAB to Invalidate Competitor's Mobile Gambling Patent

The Patent Trial and Appeal Board found in a recent inter partes review—*DraftKings Inc. v. Interactive Games LLC*—that DraftKings' proposed combination of prior art would have been obvious when Interactive Games' mobile gambling patent was filed and was therefore unpatentable. The outcome of this case demonstrates the ineffectuality of arguing that there is no motivation to modify the primary reference because it works as is, as well as the importance of understanding whether an invention feature is truly necessary and whether removal of such would render the invention inoperable for its intended purpose.

Background

Interactive Games is the owner of US Patent No. 9,430,901 ('901 patent), for a mobile and wireless gaming system that allows a user to engage in gaming activities from remote locations and incorporates software that uses a wireless network to ensure that the user is located in an area where gambling (e.g., sports betting) is legal.¹

Interactive brought suit in the US District Court for the District of

Delaware against DraftKings Inc., a sports contest and betting company, for allegedly infringing the '901 patent. DraftKings filed a petition requesting inter partes review of the '901 patent.

Case Before the Patent Trial and Appeal Board

DraftKings' IPR petition relied on two prior art references. The primary reference, Wells (US Patent Publication No. 2003/0064805 A1), relates to a wireless gaming device that is limited to use within certain areas of a casino by using GPS location. The goal of Wells is to ensure compliance with gambling regulations while allowing gameplay beyond the casino floor.² The secondary reference, Bahl (US Patent No. 6,799,047 B1), relates to locating and tracking wireless network users using a wireless local area network (WLAN), and specifically teaches that GPS has limited functionality in indoor environments due to the view of the GPS satellites being obstructed.³

DraftKings argued that (1) a combination of the references teaches the elements of Interactive's claims, (2) Wells discloses wagering activity based on GPS location, (3) Bahl discloses improved determinations of location through the use of a wireless network,⁴ and (4) the proposed combination is a simple substitution of using a WLAN instead of GPS.⁵ DraftKings further contended that Bahl expressly taught advancements of WLAN location

verification systems, with specific advantages over Wells' GPS.⁶

Instead of contesting DraftKings' assertion that all elements of the claims were found in the prior art, Interactive focused on the existing system of Wells as being "adequate" for its intended function of determining whether a device is located in a casino.⁷ It argued that there would be no motivation to modify Wells to include the teachings of Bahl, as Wells already adequately determines location,⁸ and that, as tracking lost or stolen devices with GPS was an important objective of the invention, the proposed substitution of a WLAN system would improperly eliminate necessary functionality.⁹

The Patent Trial and Appeal Board (PTAB), however, was not persuaded, and found that "[t]he purported 'adequacy' of Wells does not negate the obviousness of improvements from the perspective of the person of ordinary skill in the art at the time of the invention."¹⁰ The PTAB explained that DraftKings' proposed combination of art would be obvious to improve the accuracy and reliability of Wells' existing system to improve the stated goal of regulatory compliance, particularly in light of Bahl's teaching of the advantages of a WLAN location determination system over GPS technology when used indoors.¹¹

The PTAB further rejected Interactive's arguments claiming that GPS tracking of stolen or lost devices was necessary.¹² Wells' discussion around stolen devices leaving the casino was focused on the use of radio frequency (RF) capacity theft prevention devices, not GPS location.¹³ The PTAB held that this feature *may* happen, and that eliminating the ability to track stolen devices beyond the range of a WLAN system does not render Wells inoperable and would not deter a person having ordinary skill in the art from making the proposed combination.¹⁴

Takeaways

This case highlights that arguing that there is no motivation to modify the primary reference because it works adequately (or even very well) as is, seldom—if ever—works. This case also demonstrates the importance of considering and understanding whether a proposed combination of art would render the primary reference inoperable before arguing that a modified feature is a necessary object of the reference. Interactive based its arguments on the use of GPS to track stolen devices, which the PTAB held was not necessary, as it may or may not be used for that

purpose. Indeed, Wells suggested that while GPS could be used to track devices leaving the casino, RF devices could be a useful alternative.

When crafting arguments against a proposed modification, it is essential to understand and consider the intended purpose of the invention, which in this case was to ensure compliance with gambling regulations while allowing gameplay beyond the casino floor.

A managing partner with Morgan Lewis in the firm's Silicon Valley office, Dion Bregman focuses on Patent Trial and Appeal Board (PTAB) trials, patent prosecution, counseling, and litigation. He oversees large patent portfolios for

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1. *Interactive Games LLC*, IPR2020-01107, at 3 (PTAB Jan. 4, 2022).
2. *Id.* at 27.
3. *Id.* at 30.
4. *Id.* at 36.
5. *Id.*
6. *Id.* at 36–37.

7. *Id.* at 38.
8. *Id.* at 38.
9. *Id.* at 40 (citing *General Elec. Co. v. United Techs. Corp.*, IPR2016-00531, Paper 42, slip op., 15 (June 26, 2017); *Microsoft Corp. v. Koninklijke Philips N.V.*, IPR2018-00185, Paper 7, slip op., 12 (May 22, 2018)).

10. *Id.* at 39.
11. *Id.*
12. *Id.* at 41.
13. *Id.* at 41.
14. *Id.* at 42.

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