

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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INTERMIX MEDIA, LLC,  
Petitioner,

v.

BALLY GAMING, INC.,  
Patent Owner.

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Case CBM2015-00154  
Patent 5,816,918

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Before MICHAEL P. TIERNEY, PATRICK R. SCANLON, and  
HYUN J. JUNG, *Administrative Patent Judges*.

JUNG, *Administrative Patent Judge*.

DECISION

Denying Institution of Covered Business Method Patent Review  
*37 C.F.R. § 42.208*

## I. INTRODUCTION

Intermix Media, LLC (“Petitioner”) filed a Petition (Paper 1, “Pet.”), requesting institution of a covered business method patent review of claims 1–34, 38, 39, and 45–77 of U.S. Patent No. 5,816,918 (Ex. 1001, “the ’918 patent”). Bally Gaming, Inc. (“Patent Owner”) filed a Preliminary Response (Paper 9, “Prelim. Resp.”). We have jurisdiction under 35 U.S.C. § 324.

We determine that information in the Petition does not demonstrate it is more likely than not that Petitioner would prevail with respect to claims 1–34, 38, 39, and 45–77 of the ’918 patent. 35 U.S.C. § 324(a). Accordingly, we do not institute a covered business method patent review as to those claims for the reasons that follow.

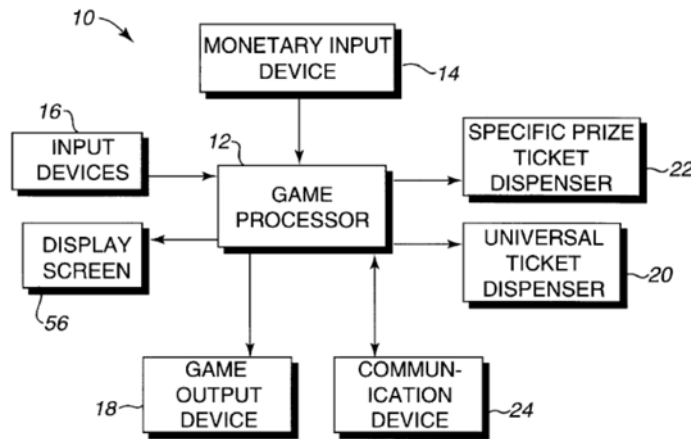
### A. *Related Proceedings*

The ’918 patent is the subject of *Bally Gaming, Inc. v. eUniverse, Inc.*, No. 3:03-cv-0062-LRH-VPC (D. Nev.) and *Bally Gaming, Inc. v. Worldwinner.com Inc.*, No. 3:03-cv-0063-LRH-VPC (D. Nev.). Pet. 14; Paper 5, 1–2.

The ’918 patent was also the subject of Reexamination No. 90/006,601, and an *ex parte* Reexamination Certificate issued on June 30, 2014 that canceled claims 35–37 and 40–44 and amended claims 34, 38, 39, 45, and 46. Additionally, claims 1, 3, 15–22, 24, 25, 28, 32–34, 39, 73–75 and 77 of the ’918 patent have been challenged in related covered business method patent review CBM2015-00155.

### B. *The ’918 Patent (Ex. 1001)*

The ’918 patent relates to “redemption games allowing a player to receive one or more prizes in connection with playing the game.” Ex. 1001, 1:16–19. Figure 1 of the ’918 patent is reproduced below.



*Figure 1*

Figure 1 is a block diagram of a game apparatus. *Id.* at 4:62–63, 5:49–51. The '918 patent states that “prize information is automatically determined for each of the prizes, the prize information being determined in view of a desired profitability of the game apparatus.” *Id.* at 4:1–4. Game unit 10 can include game processor 12; monetary input device 14 that, for example, can be a coin deposit slot or credit card reader; player input device 16 such as buttons, keyboards, dials, joystick controls, touch screen, track ball, or any other input used in playing a game; game output device 18, such as display screen 56; universal ticket dispenser 20 that can dispense vouchers for redeeming prizes; specific prize ticket dispenser 22; and communication device 24 for optionally communicating with other game apparatuses. *Id.* at 6:10–14, 6:34–50, 7:4–10, 7:52–61, 8:13, 8:32–35, 11:35–39.

Of the challenged claims, claims 1, 15, 21, 34, 38, 39, 45, 47, 59, and 73 are independent, and claims 34, 38, 39, and 45 were amended during reexamination. Claim 1 is reproduced below:

1. A method for providing a prize redemption system for a game apparatus, said prize redemption system being customizable by an operator, said method comprising:

receiving a prize list on a game apparatus, said prize list including names of a plurality of prizes available to be won by playing said game apparatus, wherein said game apparatus receives monetary income from players in exchange for use of said game apparatus, and wherein said players may win prize credits by playing said game apparatus;

receiving a cost of each of said prizes on said game apparatus; and

determining on said game apparatus a prize cost to be associated with each of said plurality of prizes, said prize cost being in terms of prize credits and determined in view of a desired profitability of said game apparatus, and wherein a player of said game apparatus may select one of said prizes by exchanging a number of prize credits equal to said prize cost of said selected prize.

### *C. Challenge*

Petitioner solely challenges claims 1–34, 38, 39, and 45–77 as unpatentable under 35 U.S.C. § 101. Pet. 1, 15–80.

## II. ANALYSIS

### *A. Asserted Ground Under 35 U.S.C. § 101*

On the merits, the information in the Petition does not demonstrate it is more likely than not that claims 1–34, 38, 39, and 45–77 of the '918 patent are unpatentable under 35 U.S.C. § 101.

In *Alice Corp. Pty, Ltd. v. CLS Bank Int'l*, 134 S. Ct. 2347 (2014), the Supreme Court clarified the process for analyzing claims to determine whether claims are directed to patent-ineligible subject matter. In *Alice*, the Supreme Court applied the framework set forth previously in *Mayo*

*Collaborative Services v. Prometheus Laboratories, Inc.*, 132 S. Ct. 1289 (2012), “for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of these concepts.” *Alice*, 134 S. Ct. at 2355. The first step in the analysis is to “determine whether the claims at issue are directed to one of those patent-ineligible concepts.” *Id.* If they are directed to a patent-ineligible concept, the second step in the analysis is to consider the elements of the claims “individually and ‘as an ordered combination’” to determine whether there are additional elements that “‘transform the nature of the claim’ into a patent-eligible application.” *Id.* (quoting *Mayo*, 132 S. Ct. at 1297, 1298.). In other words, the second step is to “search for an ‘inventive concept’—i.e., an element or combination of elements that is ‘sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the [ineligible concept] itself.’” *Id.* (alteration in original) (quoting *Mayo*, 132 S. Ct. at 1294). Further, the “prohibition against patenting abstract ideas ‘cannot be circumvented by attempting to limit the use of the formula to a particular technological environment’ or adding ‘insignificant postsolution activity.’” *Bilski v. Kappos*, 561 U.S. 593, 610–11 (2010) (quoting *Diamond v. Diehr*, 450 U.S.175, 191–92 (1981)).

For the first step of the *Alice* test, Petitioner argues that (1) independent claim 15 is directed to the abstract idea of “receiving money from a player, allowing a player to play a game, providing a dynamic set of prizes to the player based on various factors, and allowing the player to choose and redeem a prize”; (2) independent claim 1 is directed to the abstract idea of “providing a list of prizes to game players, where the cost of each prize is determined based on the number of credits and desired

profitability of the apparatus”; (3) independent claim 21 is directed to the abstract idea of “providing prizes for a game, where the cost of the prizes is determined based on the desired payout and profitability of the game”; (4) independent claims 34, 38, and 45 are directed to the abstract idea of “providing a tournament for a game of skill over a network” and “providing a menu for presenting and selecting prizes based on prize credits”; (5) independent claim 39 is directed to the abstract idea of “providing a tournament game”; (6) independent claim 47 is directed to the abstract idea of “providing a list of prizes to game players, where the cost of each prize is automatically determined based on the number of credits and desired payout and profitability of the apparatus”; (7) independent claim 59 is directed to the abstract idea of “providing a list of prizes to game players, where the cost of each prize is automatically determined based on the number of credits and desired payout and profitability of the apparatus”; and (8) independent claim 73 is directed to the abstract idea of “providing prizes for a game, where the cost of the prizes is determined based on the desired payout.” Pet. 28, 35, 37, 40–41, 42, 44, 46, 48–49. Petitioner additionally asserts abstract ideas for each of the challenged dependent claims. *Id.* at 50–80.

As for the second step of the *Alice* test, Petitioner contends that any recited structures are generic, the remaining claim elements are directed to the abstract idea or well known, or the claims do not recite a technical solution to a technical problem. Pet. 31–33 (claim 15), 35–36 (claim 1), 37–39 (claim 21), 41 (claims 34, 38, 45), 42–43 (claim 39), 44–45 (claim 47), 47 (claim 59), 49 (claim 73), 50–80 (dependent claims 2–14, 16–20, 22–33,

46, 48–58, 60–72, 74–77). For example, with respect to claim 15, Petitioner states

- Element [a] claims the abstract idea of displaying a prize table.
- Element [b] claims the abstract idea of receiving an input of the prizes available for players of the games, and the ability to receive money from players, both of which the ‘918 Patent admits were commonly known and which are computer implementations of previously-manual processes.
- Element [c] claims the abstract idea of receiving payout input from the operator, which is expressed in terms of the monetary value of the prizes versus the amount of money received.
- Element [d] claims the abstract idea of determining cost of each prize in accordance with the desired payout and profitability.
- Element [e] claims the abstract idea of receiving monetary input.
- Element [f] claims the abstract idea of implementing the game process and providing a player with a score.
- Element [g] claims the abstract idea of displaying a prize selection screen with a plurality of prizes and a prize cost (i.e., a price list).
- Element [h] claims the abstract idea of the player selecting a prize that has a cost less than the number of credits the player has.
- Element [i] claims the abstract idea of the player receiving a redemption coupon or other indication for redeeming a prize.

*Id.* at 32–33.

Petitioner fails to provide a credible analysis considering the elements of the challenged claims “individually and ‘as an ordered combination’” to determine whether the additional elements transform the nature of the challenged claims into a patent-eligible application in accordance with the second step of the *Alice* analysis. The Petition fails to provide a credible and sufficient explanation as to whether an element or combination of elements is sufficient to ensure that the ‘918 patent in practice amounts to

significantly more than a patent upon the ineligible concept itself. The Petition, instead, asserts cursory and conclusory arguments with no or insufficient evidence that the additional claim elements are well known or recite generic structure. *See* Pet. 31–80. Petitioner’s failure to do a full analysis under *Alice* constitutes a breach of 37 C.F.R. § 42.304(b)(4), as well as 35 U.S.C. § 322(a)(3), which requires identifying the grounds “with particularity.”

### III. CONCLUSION

For the foregoing reasons, we determine that the information in the Petition does not demonstrate that it is more likely than not that claims 1–34, 38, 39, and 45–77 of the ’918 patent are unpatentable in the sole challenge under 35 U.S.C. § 101.

### IV. ORDER

Accordingly, it is ORDERED that the Petition is *denied* for the reasons discussed, and no trial is instituted.



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Patent 5,816,918

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