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Paper 10
Enter: January 20, 2016

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*

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## 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.



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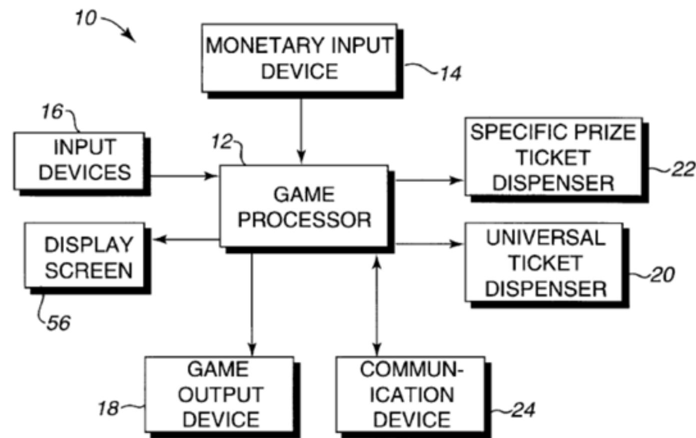


Figure 1

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:



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> 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*



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*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



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