

*CORRECTED*

2020-1400

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**UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT**

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NEW VISION GAMING & DEVELOPMENT, INC.,

*Appellant*

v.

SG GAMING, INC., FKA BALLY GAMING, INC.,

*Appellee*

KATHERINE K. VIDAL, UNDERSECRETARY OF COMMERCE FOR  
INTELLECTUAL PROPERTY AND DIRECTOR OF THE UNITED STATES  
PATENT AND TRADEMARK OFFICE,

*Intervenor*

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On Appeal from the United States Patent and Trademark Office,  
Patent Trial and Appeal Board in No. CBM2018-00006

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**BRIEF FOR APPELLEE SG GAMING, INC.,  
FKA BALLY GAMING, INC. FOLLOWING REMAND**

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December 1, 2022

**Claim 1 of U.S. Patent No. 7,451,987**

1. A method of playing a game with at least one deck of cards, said game comprising the steps of:
  - (a) affording a player the opportunity to place a bonus wager;
  - (b) dealing out said cards to each of a plurality of hands;
  - (c) forming a bonus hand from at least one of said cards from each of a subset of said plurality of hands;
  - (d) identifying said player as a winning player if said player placed said bonus wager and said bonus hand has a predetermined rank; and
  - (e) paying said winning player a payout.

Appx2049.

**UNITED STATES COURT OF APPEALS  
FOR THE FEDERAL CIRCUIT**

**CERTIFICATE OF INTEREST**

**Case Number** 2020-1400  
**Short Case Caption** New Vision Gaming v. SG Gaming, Inc.  
**Filing Party/Entity** SG Gaming, Inc.

**Instructions:** Complete each section of the form. In answering items 2 and 3, be specific as to which represented entities the answers apply; lack of specificity may result in non-compliance. **Please enter only one item per box; attach additional pages as needed and check the relevant box.** Counsel must immediately file an amended Certificate of Interest if information changes. Fed. Cir. R. 47.4(b).

I certify the following information and any attached sheets are accurate and complete to the best of my knowledge.

Date: 11/16/2022

Signature: /s/Nathan K. Kelley

Name: Nathan K. Kelley

<p><b>1. Represented Entities.</b> Fed. Cir. R. 47.4(a)(1).</p>	<p><b>2. Real Party in Interest.</b> Fed. Cir. R. 47.4(a)(2).</p>	<p><b>3. Parent Corporations and Stockholders.</b> Fed. Cir. R. 47.4(a)(3).</p>
<p>Provide the full names of all entities represented by undersigned counsel in this case.</p>	<p>Provide the full names of all real parties in interest for the entities. Do not list the real parties if they are the same as the entities.</p> <p><input checked="" type="checkbox"/> None/Not Applicable</p>	<p>Provide the full names of all parent corporations for the entities and all publicly held companies that own 10% or more stock in the entities.</p> <p><input type="checkbox"/> None/Not Applicable</p>
<p>SG Gaming, Inc., f/k/a Bally Gaming, Inc.</p>		<p>Light &amp; Wonder, Inc. f/k/a Scientific Games Corp.</p>

Additional pages attached

**4. Legal Representatives.** List all law firms, partners, and associates that (a) appeared for the entities in the originating court or agency or (b) are expected to appear in this court for the entities. Do not include those who have already entered an appearance in this court. Fed. Cir. R. 47.4(a)(4).

None/Not Applicable  Additional pages attached

Martin Gilmore, Perkins Coie LLP		
Amisha Manek, Perkins Coie LLP		

**5. Related Cases.** Provide the case titles and numbers of any case known to be pending in this court or any other court or agency that will directly affect or be directly affected by this court's decision in the pending appeal. Do not include the originating case number(s) for this case. Fed. Cir. R. 47.4(a)(5). See also Fed. Cir. R. 47.5(b).

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**6. Organizational Victims and Bankruptcy Cases.** Provide any information required under Fed. R. App. P. 26.1(b) (organizational victims in criminal cases) and 26.1(c) (bankruptcy case debtors and trustees). Fed. Cir. R. 47.4(a)(6).

None/Not Applicable  Additional pages attached


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APJ	Administrative Patent Judge
BlueBr.##	The cited page(s) of Appellant’s Brief on Return From Remand, September 6, 2022. Doc. 22.
CBM review	Covered business method review under the America Invents Act
IPR	Inter <i>partes</i> review
New Vision	Appellant New Vision Gaming & Development, Inc.
PTAB or Board	Patent Trial and Appeal Board
SG Gaming	Appellee SG Gaming, Inc. f/k/a Bally Gaming, Inc. In the proceedings below, SG Gaming was referred to as “Bally.”
The ’987 patent	U.S. Patent No. 7,451,987
USPTO	United States Patent and Trademark Office
(xx:yy)	column xx, line(s) yy or minute xx, second(s) yy

## RELATED CASES

New other appeal in or from the proceeding on appeal from the USPTO was previously before this or any other appellate court.

*New Vision Gaming & Development v. Bally Gaming Inc.*, No. 2:17-cv-01559 (D. Nev.) involves the same patent that is at issue in this case.

This Court previously remanded this case to the USPTO. *New Vision Gaming & Dev., Inc. v. SG Gaming, Inc.*, No. 2020-1399, 2012 WL 1916374 (Fed. Cir. May 13, 2021), *cert. granted, judgment vacated sub nom. Hirshfeld v. Implicit, LLC*, 211 L. Ed. 210 (Oct. 18, 2021) (before Judges Newman, Moore, and Taranto).

## INTRODUCTION

New Vision has given up arguing that its claims to a card game are patent eligible. Instead, New Vision's appeal is now based on two grounds that do not implicate substantive patent law.

New Vision continues to push its theory about a forum selection clause in an agreement between the parties that is being litigated in Nevada district court. The Board considered and rejected New Vision's arguments against institution based on that clause, and its institution decision is not appealable. But even if this Court decides it can review the institution decision, New Vision's arguments fail for at least three reasons: *first*, New Vision should be judicially estopped from advancing an argument that patentability could only be decided by the Nevada court because New Vision took the opposite position before that court when it convinced it to stay its proceedings so the Board could decide patentability; *second*, New Vision forfeited its arguments premised on the Board's discretion by not asking the Board to deny review for discretionary reasons; and *third*, New Vision's arguments about the forum selection clause fail on the merits because they are inconsistent with precedent where district courts enforced forum selection clauses, something that New Vision never sought.

New Vision also retreads its due process theory by citing a GAO report about management influence on APJs and a self-published article about APJ

financial bonuses that considered only APJs who worked on AIA trials while ignoring the majority of APJs. Neither of those documents alters the due process arguments that this Court already rejected in *Mobility Workx, LLC v. Unified Patents, LLC*, 15 F.4th 1146 (Fed. Cir. 2021).

This Court should affirm the unchallenged merits of the Board's final written decision and decline to review its earlier institution decision.

#### STATEMENT OF THE ISSUES

1. Whether New Vision's appeal of the Board's institution decision in the CBM review below is foreclosed by the appeal bar of 35 U.S.C. § 324(e), and, if not foreclosed:

a. whether New Vision should be judicially estopped from advancing an argument that patentability could only be decided by the Nevada court where New Vision took the opposite position and convinced that court to stay its proceedings while the Board decided patentability,

b. whether New Vision forfeited its argument that the Board erred by failing to use its discretion to deny SG Gaming's petition; and if not forfeited,

c. whether New Vision has failed to demonstrate error in the Board's institution decisions by pointing to prior instances of district courts enjoining Board proceedings.

2. Whether the Board's practices and procedures for instituting and funding AIA post-grant reviews violate the Due Process Clause despite this Court's binding precedent to the contrary.

#### STATEMENT OF THE CASE

##### **A. New Vision's patented method of playing cards**

New Vision's U.S. Patent No. 7,451,987 (Appx2043-2050) issued on November 18, 2008.<sup>1</sup> Its specification describes a card game that can be played at a table with a live dealer or with a computer. Appx2048 (3:40-42); Appx2049 (5:56-63). The game allows players to place a "bonus wager," which the specification admits was generally known. Appx2047 (1:25-35). The '987 patent describes an example where, when playing blackjack, a "bonus" hand may be formed of one card from each player's hand. Appx2048 (4:41-42). The bonus hand is compared to a table of ranked hands to determine whether it is a winning hand, and the amount of winnings is determined by the rank of the bonus hand. Appx2049 (5:4-7, 5:40-42).

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<sup>1</sup> New Vision incorrectly states that the '987 patent has expired and that the appeal involving that patent was dismissed. BlueBr.5. The dismissed appeal involved a different patent, U.S. Pat. No. 7,325,806, which expired for failure to pay a maintenance fee. *See* Appeal No. 2020-1399, ECF 126 (New Vision's motion seeking dismissal). The appeal involving that patent, No. 2020-1399, has been dismissed, but this appeal involving the '987 patent remains pending. *Id.*, ECF 127 (granting New Vision's motion to dismiss).

The '987 patent includes a single independent claim:

1. A method of playing a game with at least one deck of cards, said game comprising the steps of:
  - (a) affording a player the opportunity to place a bonus wager;
  - (b) dealing out said cards to each of a plurality of hands;
  - (c) forming a bonus hand from at least one of said cards from each of a subset of said plurality of hands;
  - (d) identifying said player as a winning player if said player placed said bonus wager and said bonus hand has a predetermined rank; and
  - (e) paying said winning player a payout.

Appx2049.

## **B. The parties' dispute**

Bally, which this brief will refer to by its current name, SG Gaming, and New Vision entered into a license agreement involving the '987 patent with an Effective Date of May 28, 2014 ("Agreement"). Appx1096-1111. The Agreement had an "Initial Term" of three years and provided for automatic renewal absent termination. Appx1097, § 3. The Initial Term of the Agreement thus ended on May 28, 2017, subject to renewal. Either party could terminate the Agreement by providing three months' notice before the end of the Initial Term or before the end of any renewal term. *Id.* The Agreement included an additional Termination clause that permitted SG Gaming to terminate the Agreement if any of several identified claims of the '987 patent were invalidated. Appx1098, ¶ 4(e). The Agreement further included the following choice of law and forum provision (the "forum selection clause"):



Governing Law and Forum. This Agreement shall be construed and enforced in accordance with the laws of the State of Nevada, without giving effect to the principles of conflicts of laws. This Agreement shall be deemed to be a contract made and entered into in the State of Nevada. In the event of any dispute between any of the parties that cannot be resolved amicably, the parties agree and consent to the exclusive jurisdiction of an appropriate state or federal court located within the State of Nevada, Clark County, to resolve any such dispute.

Appx1102, § 13.f.

Over time, SG Gaming came to believe that its games did not embody the claims of the '987 patent. And following the Supreme Court's decision in *Alice Corp. v. CLS Bank International*, 573 U.S. 208 (2014), and subsequent decisions by this Court, SG Gaming further came to believe that the '987 patent was invalid because its claims were not directed to patent eligible subject matter. On February 8, 2017, SG Gaming sent a letter providing timely notice of termination stating that SG Gaming would not renew the Agreement after the expiration of the Initial Term. Appx494. The letter also explained that SG Gaming had stopped making payments under the Agreement because its games did not fall within the scope of the claims of the '987 patent (or the other licensed patent that has since expired). *Id.*

On June 2, 2017, New Vision filed a complaint against SG Gaming in the U.S. District Court for the District of Nevada for breach of contract and related claims. Appx455. New Vision sent a copy of the complaint to SG Gaming with a

letter dated June 7, 2017, which, among other things, demanded that SG Gaming make payments to New Vision pursuant to the Agreement. Appx495-496.

On August 3, 2017, SG Gaming responded to New Vision's letter and explained that its termination of the Agreement was based in part on the invalidity of the '987 patent. Appx506. SG Gaming cited decisions applying 35 U.S.C. § 101 including *Alice* and *In re Smith*, 815 F.3d 816 (Fed. Cir. 2016). The letter also cited a prior art reference and urged that the parties settle their dispute. *Id.*

### **C. The CBM review**

On December 15, 2017, more than six months after the Agreement's termination, SG Gaming filed a petition seeking covered business method (CBM) review of the '987 patent. Appx402, Appx2002. The sole ground was that all claims (claims 1-12) of the '987 patent were unpatentable under § 101 as directed to patent ineligible subject matter. Appx2030. SG Gaming believed—and continues to believe—that the forum selection clause (Appx1102, § 13(f)) did not bar it from pursuing CBM review because the clause applied to disputes relating to the Agreement, not to disputes about the validity the '987 patent, and because the Agreement had already terminated at the end of its Initial Term on May 28, 2017.

In its preliminary response opposing institution, Appx2324-2343, New Vision argued that the forum selection clause barred SG Gaming from pursuing CBM review, Appx2326. *See also* Appx2331 (referring to the forum selection

clause as “a contractual agreement that all disputes be handled in the courts in the State of Nevada”). New Vision did not explain how the forum selection clause affected the Board’s ability to grant SG Gaming’s petition, but merely argued that it “should be enforced.” Appx2341.

Before deciding whether to grant the petition, the Board ordered additional briefing by the parties, including about the forum selection clause. Appx2433-2436. In its reply, SG Gaming noted that New Vision had not cited any authority specific to the Board regarding the effect of a forum selection clause. Appx2463. SG Gaming identified two earlier Board decisions holding that the Board lacked authority to deny institution based on a forum selection clause, as well as a district court case holding that a forum selection clause could not prevent an *inter partes* review from moving forward. Appx2462-2463. And SG Gaming discussed *Dodocase VR, Inc. v. MerchSource, LLC*, No. 17-cv-07088 (N.D. Cal. Mar. 26, 2018), where a district court had ordered a defendant to seek dismissal of petitions it had filed with the Board. Appx2464.

In its sur-reply, New Vision’s argument about the forum selection clause focused on the substantive prerequisite to institution: 35 U.S.C. § 324(a).<sup>2</sup>

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<sup>2</sup> The post-grant review institution standard of 35 U.S.C. § 324(a) applies to CBM review. *See* AIA, Pub. L. No. 112-29, 125 Stat. 284, 330 (2011) (AIA § 18(a)(1) (providing that the transitional CBM proceedings “shall employ the standards and (footnote continued on next page)

Appx2669. As quoted by New Vision, that section “requires that “[t]he Director may not authorize a post-grant review to be instituted unless ...[it can] ...demonstrate that it is more likely than not that at least 1 of the claims challenge in the petition is unpatentable.”” *Id.* (quoting § 324(a)) (alterations in original).<sup>3</sup> New Vision argued that “[c]urrent case law permits District Courts to enforce venue selection clauses against the PTAB through injunction, making it unlikely that the PTAB will have the opportunity to find any claims in the ‘978 [*sic*] patent unpatentable.” *Id.* In support of its theory that district courts could enforce forum selection clauses related to the Board, New Vision cited two district court decisions, including *Dodocase*. Appx2670-2671. Noting that it was likely the Nevada district court “would” issue an injunction preventing the Board from considering New Vision’s petition if the proceedings continued, New Vision argued that the petition should not be instituted. Appx2672. New Vision did not mention “discretion” anywhere in its arguments against institution.

The Board instituted trial on June 22, 2018, Appx206, finding it more likely than not that all challenged claims were unpatentable under § 101, Appx 229-238. Regarding the forum selection clause, the Board addressed what it perceived as

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procedures of[] a post-grant review under chapter 32 of title 35”).

<sup>3</sup> The standard of § 324(a) differs from that of § 314(a), which requires as a prerequisite to institution that there is a “reasonable likelihood” that the petitioner would prevail on at least one claim. 35 U.S.C. § 314(a).

two separate arguments by New Vision: (1) “that the Agreement contractually estops or bars [SG Gaming] from seeking a [CBM] review,” Appx214 (citing Appx2331, Appx2339-2341 (New Vision’s preliminary response)); and (2) that the petition should be denied “because federal district courts can enforce venue selection clauses against the Board through injunction ‘making it unlikely the PTAB will have the opportunity to find any claims in the ’987 patent unpatentable,’” Appx214 (quoting Appx2669 (New Vision’s sur-reply)).

Regarding New Vision’s argument that the Agreement required all disputes to be handled in Nevada, which the Board referred to as New Vision’s “contractual estoppel” theory, Appx215, the Board explained that New Vision had not identified authority that supported a “contractual bar/estoppel defense.” *Id.* And as for the argument based on § 324(a), the Board noted that New Vision had not explained how the Nevada district court would enjoin the Board from considering the petition “when it does not appear from the current record that the issue has been presented to a federal district court.” Appx215. The Board thus distinguished *Dodocase* because it involved a situation where the patent owner had obtained an order from a District Court directing the defendant/petitioner to withdraw its Board petition, which New Vision had not done. Appx214-215.

On June 19, 2019, the Board issued its final written decision concluding that all claims of the ’987 patent were unpatentable under § 101, and it denied a motion

New Vision filed during the CBM review seeking to amend its claims. Appx121; Appx186. The Board noted that neither party had added arguments or evidence about the forum selection clause post-institution, but it briefly discussed the issue again because the *Dodocase* district court decision had been affirmed by this Court. Appx127-128 (discussing *Dodocase VR, Inc. v. MerchSource, LLC*, 767 F. App'x 930 (Fed. Cir. 2019) (non-precedential)). The Board again distinguished *Dodocase* because it involved a court order directing the withdrawal of a petition. Appx128.

New Vision requested rehearing based in part on the forum selection clause. Appx3530-3538. It argued that 37 C.F.R. § 42.302(b), which prohibits a petition where the petitioner is “estopped” from filing a petition, applied to SG Gaming by virtue of the forum selection clause. Appx3535. Faulting the Board for suggesting New Vision should have sought an injunction in the district court, New Vision argued that the Board should have instead required SG Gaming to seek permission in the district court to proceed with the CBM review. Appx3537.

The Board denied rehearing. Appx188-205. The Board noted that New Vision’s argument about the forum selection clause was untimely because any challenge to the institution decision should have been filed within fourteen days of that decision. Appx190. But it nevertheless addressed New Vision’s tardy arguments “in the interest of maintaining a complete record.” Appx191. The

Board again distinguished *Dodocase* and other decisions cited by New Vision because they involved circumstances in which a district court, which was empowered to adjudicate a forum selection clause, did so. Appx192-193. The Board disagreed with New Vision that the petition should have been denied “outright” because New Vision had not cited any authority supporting that proposition. Appx196.

**D. Proceedings in the Nevada district court after the Board’s institution decision**

Once the Board instituted the CBM review, New Vision sought to stay its district court action for patent issues but not for non-patent issues (e.g., breach of contract). *New Vision* (D. Nev. Aug. 14, 2018) (ECF 49) (Stay Motion). In support of its stay motion, New Vision represented to the Nevada district court:

- that it had consistently *agreed* with SG Gaming to stay the patent part of the case so that the CBM review could move forward, Stay Motion at 9;
- that it intended to file a motion with the Board to amend its claims during the CBM review, which “may complicate the claims instruction of this Court if the stay is not granted,” *id.* at 9-10;
- that “[t]he partial stay will simplify the issues” and “will allow the patent issues to be decided in the PTAB which will avoid the need for a patent trial in this court,” *id.* at 10;
- that the posture of the case was appropriate for a stay since SG Gaming’s CBM review petition had been granted and “the patent issues *can now be processed in that forum*,” *id.* (emphasis added);

- that prosecuting the patent issues “in the PTAB is warranted and the case status is appropriate for such relief,” *id.* at 11;
- that a stay would prevent SG Gaming from getting ‘two bites of the apple’ on the patent issues and that “forum shopping for result is not equitable to New Vision,” *id.* at 11; and
- that any ruling after a patent trial “could be superseded by any PTAB decision” and “[t]he needless expenditure of time and costs alone mitigate in favor of a partial stay,” *id.* at 12.

New Vision concluded its motion by urging the Nevada district court to allow the contract issues to proceed in Nevada “while staying the patent issues and allowing” them to proceed at the Board. *Id.* at 14. Nowhere in its motion did New Vision suggest that it might later seek to undo the Board’s institution, nor did it mention the forum selection clause or its earlier argument to the Board that the clause prohibited SG Gaming from seeking CBM review.

A week later, SG Gaming filed a motion for partial judgment on the pleadings asking the Nevada district court to hold all asserted claims of the ’987 patent invalid under § 101. *New Vision* (D. Nev. Aug. 21, 2018) (ECF 50) (Motion for Partial Judgment). SG Gaming also filed an opposition to New Vision’s pending Stay Motion. *New Vision* (D. Nev. Aug. 28, 2018) (ECF 55) (Stay Opposition). SG Gaming opposed New Vision’s Stay Motion because litigating the non-patent issues before resolving the invalidity issue would cause significant case management problems. Stay Opposition at 1.



New Vision filed a reply in support of its Motion for Stay and continued to urge that the district court yield to the Board. *New Vision* (D. Nev. Sept. 4, 2018) (ECF 56) (Reply). New Vision argued:

- that the district court “should ... allow the PTAB to complete the pending review,” Reply at 3;
- that the court could “essentially ‘farm out’ the determination as to the validity of the [’987 patent] to the PTAB — *the entity best equipped to make such a determination*,” *id.* (emphasis added);
- that permitting the Board to resolve validity “best serves the interests of judicial economy,” *id.*;
- that “the terms of the unambiguous AGREEMENT can be interpreted by the Court as a question of law independent of the validity challenge to the [’987 patent] initiated by [SG Gaming] with PTAB,” *id.* at 6;
- that “the PTAB is best poised to make ... a determination based on the petition initiated by [SG Gaming],” *id.* at 7; and
- that permitting the Board to determine validity “is the most simple process available to the Court now that the PTAB petition is in full swing,” *id.* at 7-8.

As an alternative to a partial stay, New Vision asked that “all proceedings ... be stayed pending the outcome of the PTAB review.” *Id.* at 13. New Vision filed a separate response to SG Gaming’s Motion for Partial Judgment and argued the motion was premature because the ’987 patent was subject to amendment during the CBM review. *New Vision* (D. Nev. Sept. 18, 2018) (ECF 61) (Opposition to

Partial Judgment) at 1. New Vision told the Nevada district court it “should not entertain the [Motion for Partial Judgment] but should allow all challenges to the [‘987 patent] proceed before the PTAB.” *Id.* at 4.

The Nevada district court stayed the entire case because it concluded, consistent with New Vision’s arguments, that doing so would simplify issues, streamline the trial, eliminate a tactical advantage to SG Gaming, and reduce the burden on it and the parties. *New Vision* (D. Nev. Nov. 26, 2018) (ECF 82) (Stay Order).

#### SUMMARY OF ARGUMENT

Like the question decided by the Supreme Court in *Thryv, Inc. v. Click-To-Call Technologies, LP*, the Board’s decision regarding the forum selection clause is closely tied to its application and interpretation of institution-related statutes and is therefore not appealable under the appeal bar of 35 U.S.C. § 324(e). And unlike the exceptions to that bar identified by the Supreme Court, New Vision does not assert that the Board acted outside of its statutory authority. This case thus stands in contrast to *SAS Institute v. Iancu*, where the Supreme Court reviewed a decision to institute on fewer than all challenged claims because the Board had exceeded its authority. While New Vision argues that APA review nevertheless remains available despite the AIA’s appeal bar, that argument fails because the APA—by its express terms—does not offer an independent path to appeal where appeal is

otherwise foreclosed by statute. New Vision's contrary reading of Supreme Court precedent is flawed. The Supreme Court's discussion of the APA in *SAS* and *Cuozzo* was in the context of an exception to the appeal bar, not an alternative.

If this Court concludes the institution decision is reviewable despite the AIA's appeal bar, it should conclude New Vision is judicially estopped from its current argument that the Nevada district court was the proper venue for considering whether the '987 patent is directed to patent eligible subject matter. New Vision successfully urged the Nevada district court to stay its case and allow the Board to resolve the eligibility question, which it said would better serve the interests of justice. Application of judicial estoppel is appropriate here to prevent New Vision from taking the opposite position before this Court only so *it* can take a second bite at the apple.

Should this Court reach the merits of New Vision's arguments about the forum selection clause, they fail. New Vision did not ask the Board to deny SG Gaming's petition on discretionary grounds and thus forfeited the issue. Regardless, the Board expressly considered the forum selection clause when it decided whether to institute trial under 35 U.S.C. § 324(a), and it correctly found that precedent supported the conclusion that forum selection clauses must be enforced in the first instance by a district court with jurisdiction over a contract dispute. Even the precedent cited by New Vision supports the same conclusion.

Finally, New Vision argues that the Board improperly required it to prove “contractual estoppel” as a substantive legal standard. That was not error; the Board used that term merely to observe that New Vision failed to provide any authority to support its position that the forum selection clause barred the CBM reviews. The “contractual estoppel” label is hardly different from language used by New Vision, i.e., that SG Gaming was “estopped” from challenging the ’987 patent based on the Agreement. Appx3535.

As for New Vision’s due process challenge, it is foreclosed by this Court’s decision in *Mobility Workx*. New Vision argues that a recent GAO report and a self-published article about APJ bonuses should change the due process calculus, but they do not. New Vision cites the GAO report for the proposition that APJs are subject to USPTO management oversight and direction, but this Court’s opinion in *Mobility Workx* already accepted that as true. And while New Vision cites to the Katznelson article to demonstrate that APJs who work on AIA trials get higher bonuses than APJs who work predominantly on *ex parte* appeals, Katznelson did not show any such thing. Katznelson’s data lacked information about the two-thirds of APJs who work only on *ex parte* appeals. *Mobility Workx* controls here.

## ARGUMENT

### **I. The Board’s Institution Decision Should Not Be Disturbed**

#### **A. The Board’s decision to institute CBM review is not appealable**

##### **1. The institution decision did not exceed the Board’s authority**

New Vision’s challenge to the Board’s institution of CBM review is foreclosed by the Supreme Court’s holding in *Thryv, Inc. v. Click-To-Call Technologies, LP*, 140 S. Ct. 1367 (2020). *Thryv* interpreted the appeal bar of 35 U.S.C. § 314(d), the IPR analog to 35 U.S.C. § 324(d), which applies to CBM reviews. In *Thryv*, the patent owner challenged the Board’s institution decision by arguing that the petition was untimely under the one-year limit of 35 U.S.C. § 315(b). The Court reasoned that the § 315(b) time-bar is “integral to, indeed a condition on, institution,” such that a timeliness challenge “raises ‘an ordinary dispute about the application of’ an institution-related statute.” *Id.* at 1373 (quoting *Cuozzo Speed Techs., LLC v. Lee*, 579 U.S. 261, 271 (2016)) (emphasis added); *see also id.* (stating that the Court was hewing to *Cuozzo*’s holding that § 314(d) bars review of matters “closely tied to the application and interpretation of statutes related to” the institution decision). The dispute here was another such ordinary dispute—it concerned the Board’s application of 35 U.S.C. § 324(a), which provides the more-likely-than-not institution standard applicable to CBM reviews.

The AIA appeal bar does have limited exceptions. In *SAS Institute, Inc. v. Iancu*, 138 S. Ct. 1348 (2018), the Supreme Court held that the Board’s decision to institute on fewer than all challenged claims was reviewable. But that was because the question was whether the agency had acted ““outside its statutory limits.”” *Id.* at 1359 (quoting *Cuozzo*, 579 U.S. at 275). Because the issue on appeal was whether the Board’s failure to institute IPR on all challenged claims “exceeded [its] statutory authority,” § 314(d) did not apply. *Id.*

New Vision’s appeal is unlike that permitted in *SAS*. New Vision does not argue that the Board’s institution of CBM review was beyond its statutory authority. Indeed, New Vision’s theory now is that the Board had *discretion* whether to institute but failed to exercise that discretion. BlueBr.63-65. If the Board could have instituted the CBM reviews under the governing statutes, then the Board did not exceed its statutory authority in doing so. The basis the Supreme Court identified in *SAS* for avoiding the appeal bar of § 314(d) thus does not apply here. 138 S. Ct. at 1359.

The Court’s holding in *Thryv*, and not in *SAS*, applies to New Vision’s argument about the forum selection clause. The Board’s decision here to institute trial was “closely related” to the various institution-related statutes it considered. Appx215 (citing §§ 321(c), 325(b), 325(e)(2), and 325(f)). The Board’s conclusion about the lack of a statutory basis for denial on forum selection grounds

was thus the resolution of “an ordinary dispute about the application of ... institution-related statute[s].” *Thryv*, 140 S. Ct. at 1373 (citation omitted). Perhaps realizing the clear force of *Thryv* here, New Vision warns that an “expansive” reading of that opinion “would improperly bar judicial review of ... institution decisions, ultimately displacing APA judicial review.” BlueBr.73. It does not require an expansive reading of *Thryv* to conclude Congress barred judicial review of institution decisions—a plain reading of the AIA compels that conclusion.

Even worse for New Vision is that it premised its non-institution argument specifically on § 324(a), which establishes the threshold showing for instituting both a PGR and a CBM review. New Vision’s Sur-Reply To Petitioner’s Reply To Preliminary Response quoted § 324(a)’s requirement that a petitioner must demonstrate the likelihood that it will prove at least one claim unpatentable; then New Vision argued that, because the district court would enforce the clause against the Board through injunction, it was “unlikely that the PTAB will have the opportunity to find any claims of the ’978 [*sic*] patent unpatentable.” Appx2669; Appx2672. But there was no injunction, and the Board *did* find the claims unpatentable. As the *Cuozzo* dissent explained, in such a case “the probabilistic question whether a challenger is ‘reaonabl[y] likel[y]’ to prevail on the merits ... will be subsumed by the ultimate question whether the challenger *should in fact* prevail.” *Cuozzo*, 579 U.S. at 295 (Alito, J., dissenting) (quoting 35 U.S.C.

§ 314(a)) (alterations in original). Thus, while New Vision argued that the Board would not likely find a claim unpatentable because it would be enjoined from doing so, that probabilistic question was subsumed by the Board's unpatentability decision, the merits of which New Vision has not challenged.

New Vision is not saved by *Uniloc 2017 LLC v. Facebook Inc.*, 989 F.3d 1018, 1027 (Fed. Cir. 2021), which New Vision says holds “that decisions concerning institution related statutes are reviewable under § 314(d) or 324(e).” BlueBr.72. This Court made no such blanket statement in *Uniloc* or anywhere else. The issue in *Uniloc* concerned 35 U.S.C. § 315(e)(1), the estoppel provision that prevents a petitioner from requesting *or maintaining* an AIA proceeding once it receives a final written decision in an AIA proceeding involving the same patent. The estoppel-triggering event in *Uniloc* happened *post*-institution and thus was relevant to the *maintaining* part of § 315(e)(1). 989 F.3d at 1027. This Court referred to that timing as *critical* to its analysis. *Id.* Because § 315(e)(1) is not limited to the institution stage, and because the estoppel-triggering event occurred post-institution, this Court reviewed the Board's application of § 315(e)(1) in *Uniloc*, just as it had done in *Credit Acceptance Corp. v. Westlake Services*, 859 F.3d 1044 (Fed. Cir. 2017), when it reviewed 35 U.S.C. § 315(c). *See Uniloc*, 989 F.3d at 1027 (citing *Credit Acceptance*, 859 F.3d at 1049-52). This case is easily distinguishable. Section 324(a), unlike the provisions considered in *Westlake* and



*Uniloc*, applies only at institution. Similarly, the forum selection clause, assuming it was applicable at all, was applicable when the CBM review here was instituted.

## **2. The APA does not provide a separate appeal path**

Trying to avoid the AIA's appeal bar on institution decisions, New Vision argues that the Administrative Procedure Act provides an alternate review path. BlueBr.63-64. New Vision is wrong for multiple reasons, the simplest being that the APA's provisions for judicial review do not apply because of the AIA's appeal bar. 5 U.S.C. § 701(a)(1) provides that the APA's judicial review provisions do not apply where other "statutes preclude judicial review." 35 U.S.C. § 701(a)(1). *See also Block v. Community Nutrition Institute*, 467 U.S. 340, 345 (1984) (explaining that § 701(a)(1) "withdraws" the APA cause of action to the extent another statute precludes review). That APA gatekeeping provision makes New Vision's argument a non-starter, as parties who have filed APA actions attempting to avoid the appeal bar have quickly learned. *See Dominion Dealer Solutions, LLC v. Lee*, No. 13CV6699, 2014 WL 1572061, at \*3 (E.D. Va. Apr. 18, 2014) (dismissing APA challenge of institution decision and noting that § 701(a)(1) forecloses APA review where review is precluded by another statute); *Synopsys, Inc. v. Lee*, No. 14CV674, 2014 WL 5092291, at \*9 (E.D. Va. Oct. 9, 2014) (dismissing APA challenge of institution decision because the AIA's appeal bar prohibits APA review per § 701(a)(1)), *vacated on other grounds*, 812 F.3d 1076 (Fed. Cir. 2016).

As this Court has found, permitting an APA challenge to an institution decision “would eviscerate” the AIA’s appeal bar). *HP Inc. v. MPHJ Tech. Inv., LLC*, 817 F.3d 1339, 1347 (Fed. Cir. 2016).

New Vision misreads the Supreme Court’s reference to the APA in *SAS* to support its APA argument. BlueBr.71. The Supreme Court did not suggest a separate appeal route through the APA, it simply noted that permitting review in those limited circumstances where the Board exceeded its statutory authority is “consistent” with the APA. *SAS*, 138 S. Ct. at 1359. *Cuozzo* similarly cited the APA *within* its discussion of the “shenanigans” exception that applies when the Board exceeds its authority. 579 U.S. at 275. Neither opinion suggested an appellant could sidestep the AIA’s appeal bar by asserting that it was appealing an institution decision under the APA.

Beyond the language of § 701(a)(1), New Vision’s reliance on the APA fails for a second reason: the Board’s exercise of discretion is specifically not reviewable under the APA. *See* 5 U.S.C. § 701(a)(2) (providing that the APA’s chapter on judicial review does not apply when “agency action is committed to agency discretion by law.”). *See also Hyatt v. U.S. Pat. & Trademark Off.*, 797 F.3d 1374, 1380-82 (Fed. Cir. 2015) (discussing examples of discretionary decisions that were unreviewable under § 701(a)(2)). This Court explained in *Hyatt* that § 701(a)(2) prevents review of a decision where the underlying statutory

scheme provides “no law to apply” were there to be review. *Hyatt*, 797 F.3d 1379-80 (citing *Citizens to Pres. Overton Park, Inc. v. Volpe*, 401 U.S. 402, 410 (1971)). This is just such a situation because the AIA includes no discussion about the Director’s discretion to grant or deny institution. Indeed, any discretion is the result of statutory silence. See § 324(a) (providing that the Director may not authorize review “unless” the substantive standard is met without providing when review should be instituted). Even the *Cuozzo* dissent, which would have read the appeal bar more narrowly than the majority, reasoned that review was necessary to “enforce[] the limits that *Congress* has imposed on the agency’s power,” but the dissent agreed that a discretionary decision to deny institution was unreviewable. *Cuozzo*, 579 U.S. at 292- 94 (Alito, J., dissenting).

New Vision’s reliance on *Motor Vehicle Mfrs. Ass’n of U.S., Inc. v. State Farm Mut. Auto Ins.*, 463 U.S. 29, 48 (1983) is flawed. BlueBr.71. The statutory scheme in *State Farm* specifically provided for APA review of the challenged decision. *State Farm*, 463 U.S. 34 (explaining that the National Traffic and Motor Vehicle Safety Act of 1966 authorized judicial review under the provisions of the APA). That is the opposite of this case where the statute prohibits judicial review and where this Court has specifically held that the prohibition extends to the discretionary decisions absent “colorable constitutional claims.” *Mylan Labs. Ltd. v. Janssen Pharmaceutica, N.V.*, 989 F.3d 1375, 1382 (Fed. Cir. 2021), *cert*

*denied*, 142 S. Ct. 874 (2022). New Vision raises the specter of a constitutional violation caused by gender-based institution decisions, BlueBr.70-71, and it may be correct that such a decision could be reviewable. But patent owners are not a protected class, and New Vision fails to articulate a colorable constitutional claim regarding the Board’s assessment of its forum selection clause arguments.

**3. The Director’s decision denying rehearing does not make the institution decision reviewable**

Finally, New Vision repeatedly invokes “Director review” as a separate reason why the Board’s institution decision in this case is supposedly appealable. *See* BlueBr.64, 67, 71. New Vision’s theory is that the AIA did not preclude appeals from Director review decisions because, it says, Director review of Board decisions was not intended with the original enactment of the AIA. BlueBr.66-67. That is nonsense. Congress specifically vested the Director with authority to make institution decisions in the first place. *See* 35 U.S.C. § 324(c) (providing that “[t]he Director shall determine whether to institute a post-grant review ...”). The Director review that concerned the Supreme Court in *Arthrex* was review of the Board’s final decision, not its institution decision. *See United States v. Arthrex, Inc.*, 141 S. Ct. 1970, 1987 (2021). The only review of the institution decision to which New Vision was entitled was by way of a request for rehearing provided for in the Board’s rules. *See* 37 C.F.R. § 42.71(d). But, as the Board noted, New Vision did not seek rehearing when it could have. Appx190 (noting that New

Vision did not seek rehearing during the fourteen days provided for such a request under the rules) (citing 37 C.F.R. § 42.71(d)).

**B. New Vision should be judicially estopped from challenging the Board’s institution of CBM review**

Having argued, successfully, that the Nevada district court should stay its consideration of the patent issues, New Vision should be judicially estopped from taking an inconsistent position before this Court, i.e., that the patentability should have instead been resolved by the Nevada district court. Courts have uniformly recognized that the purpose of judicial estoppel “is to protect the integrity of the judicial process by prohibiting parties from deliberately changing positions according to the exigencies of the moment.” *New Hampshire v. Maine*, 532 U.S. 742, 749-50 (2001) (citations omitted). While there is no strict test for assessing judicial estoppel, courts typically look to several established factors: (1) whether a party’s later position “clearly inconsistent” with its earlier position; (2) whether that party persuaded a court to accept its earlier position so that judicial acceptance of the later position creates a perception that one of the courts was misled; and (3) whether the party advancing the inconsistent position would obtain an unfair advantage if it were not estopped. *Id.* at 750-51. Both this Court and the Ninth Circuit have enumerated those same factors when assessing whether to apply judicial estoppel. *See Egenera, Inc. v. Cisco Sys., Inc.*, 972 F.3d 1367, 1378 (Fed. Cir. 2020); *Hamilton v. State Farm Fire & Cas. Co.*, 270 F.3d 778, 782-83 (9th

Cir. 2001). Each of those factors fits New Vision's shifting positions on whether the Board should have decided the eligibility issue raised by SG Gaming's petition.

**1. New Vision's current position on the forum selection clause is clearly inconsistent with its earlier attempts to litigate eligibility at the Board**

Despite New Vision's current position that the instituted CBM review should have been terminated and the eligibility dispute litigated in Nevada, BlueBr.62-64, that is the opposite of the position it took before the Nevada district court.

New Vision's motion to stay the patent part of the Nevada case was filed on August 14, 2018, Stay Motion at 3, approximately two months *after* the Board instituted CBM review of the '987 patent on June 22, 2018, Appx206. While New Vision had initially opposed institution of the CBM review based on the forum selection clause, it did not after institution. Indeed, the time for seeking reconsideration of the institution decision had passed by the time New Vision filed its Stay Motion. *See* Appx190 (Board noting that any reconsideration request was due 14 days after June 22, 2018, and that neither party had added any argument or evidence about the forum selection clause issue post-institution).

Thus, by the time New Vision filed its Stay Motion, it had lost its forum selection clause argument at the Board, it had not sought reconsideration, and it was out of opportunities to do so. And by the time New Vision filed its Reply in

support of its Stay Motion, the § 101 invalidity issue was pending in *both* the Board and the district court by virtue of SG Gaming’s Motion for Partial Judgment. New Vision selected the Board *as its preferred forum* for resolving invalidity when it urged the district court to “not entertain” SG Gaming’s Motion for Partial Judgment but to instead “allow all challenges to the Patents to proceed before the PTAB.”<sup>4</sup> Opposition to Partial Judgment at 4. In addition to its earlier positions that the Board was “the entity best equipped” to decide validity, Reply at 3, and that allowing the Board to proceed would be “the most simple process” and “best serve[] the interest of judicial economy,” *id.* at 3, 7, New Vision explained it preferred to proceed before the Board so that it could pursue a motion to amend its claims. Stay Motion at 9-10.

Consistent with its Reply in support of its Stay Motion, New Vision’s response to SG Gaming’s Motion for Partial Judgment argued that motion was premature because the ’987 patent was subject to amendment during the CBM review. Opposition to Partial Judgment at 1. New Vision told the Nevada district

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<sup>4</sup> Earlier in this appeal, counsel for New Vision suggested that New Vision sought a stay in the district court while it tried to avoid institution at the PTAB. No. 20-1399, Oral Arg. at 50:29-50:40 (stating that New Vision “asked to partially stay the patent proceedings while it went to the Board to try to explain to the Board that given the forum selection clause the Board should not institute the proceedings”); [https://oralarguments.cafc.uscourts.gov/default.aspx?fl=20-1399\\_04092021.mp3](https://oralarguments.cafc.uscourts.gov/default.aspx?fl=20-1399_04092021.mp3). That statement was inconsistent with both the timing and content of New Vision’s filings in the Nevada district court.

court it “should not entertain the [Motion for Partial Judgment] but should allow all challenges to the [‘987 patent] proceed before the PTAB.” *Id.* at 4. There is no way to reconcile those arguments to the district court with the arguments New Vision raises with this Court other than to conclude New Vision has changed its position on whether the Board was a permissible and preferred venue to resolve patentability.

**2. New Vision persuaded the district court to accept its earlier position; judicial acceptance of its current position would create a perception that either that court or this Court is being misled**

New Vision’s briefing before the district court led that court to conclude that the Board was a proper forum for resolving validity, and that it was New Vision’s *preferred* forum. New Vision never mentioned a forum selection clause that made the Board off limits even when it was accusing SG Gaming of “forum shopping.” Stay Motion at 11. And, as discussed above, it consistently represented to the district court that the Board was the better forum, which New Vision said it preferred because it intended to move to amend its claims. Changing its tune, New Vision is now adamant that the Board was never a proper forum to resolve validity. The perception is clear: either New Vision was trying to convince the Nevada district court that the Board was a proper forum just because it preferred its chances there, or New Vision is attempting to convince this court that the Board was an improper forum just because it is unhappy with the outcome. Finally, New



Vision should not be heard to argue that the district court did not accept its position merely because New Vision initially moved for a partial stay and the district court ultimately granted a full stay. Its motion sought a stay of the patent part of the case, which the full stay obviously covered. And during briefing on its Stay Motion, New Vision modified its request to affirmatively seek a full stay, Reply at 13, the very relief the district court granted.

**3. New Vision should not be able to change its positions to get a do-over on invalidity**

The third component of judicial estoppel is met here because New Vision is grabbing for the same unfair advantage that it convinced the district court should be out of reach: a second bite at the apple. New Vision convinced the district court that it should stay its case and let the Board resolve invalidity to prevent SG Gaming from getting “two bites at the invalidity apple.” Stay Order at 2. *See also* Stay Order at 6 (citing *Smartflash LLC v. Apple Inc.*, 621 F. App’x 995, 1003 (Fed. Cir. 2015) (explaining that litigating eligibility in the district court and later at the Board provided a clear tactical advantage)).

New Vision is no more entitled to that advantage than SG Gaming was when New Vision convinced the district court to yield to the Board. New Vision lost its patent claims at the Board and has not defended them on appeal. Its tactics are clear: the only way New Vision can save the ’987 patent is by trying again at the district court. Those tactics are especially unfair because its card-game claims will

likely fail a § 101 challenge in district court too. Regardless of how the district court resolves that dispute, appeal of the § 101 question would come back to this Court, where New Vision could make its arguments *now*, in *this* appeal, if it had any. New Vision's strategy is clear: it is attempting to increase the litigation burden on SG Gaming. That is not just unfair, it is perverse. New Vision urged the district court to stay its case for the Board to decide validity under the premise of judicial economy. Reply at 3. It is now attempting to take the most judicially inefficient route possible to resolving the eligibility of its claims. This Court should conclude that New Vision is judicially estopped from doing so.

**C. The Board properly instituted the CBM review**

Even if this Court decides that it can review the Board's institution decision, and even if it declines to judicially estop New Vision from taking its current position, i.e., that patentability should not have been decided by the Board, its arguments on the merits fail.

**1. New Vision forfeited its arguments about "discretion"**

New Vision forfeited its "discretion" arguments by not raising them first with the Board. New Vision told the Board that the forum selection clause barred SG Gaming from pursuing CBM review, Appx2326, and that it was unlikely that the Board would have the opportunity to find any claims unpatentable because the district court would enjoin the proceeding, Appx2670-2672. Now on appeal, New

Vision argues that the Board should have considered whether the forum selection clause “was a sufficient reason for the PTAB to exercise its discretion and not institute the CBM review.” BlueBr.63. That argument was not made below and was therefore forfeited by New Vision. A patent owner cannot raise on appeal a new argument that it did not raise before the Board. *Papst Licensing GMBH & Co. KG v. Samsung Elecs. Am., Inc.*, 924 F.3d 1243, 1250 (Fed. Cir. 2019) (citing *In re NuVasive*, 842 F.3d 1376, 1380 (Fed. Cir. 2016) and finding a patent owner’s new argument on appeal forfeited).

New Vision’s forfeiture is particularly egregious because it is faulting the Board for considering the forum-selection issue exactly as New Vision argued, which was not in terms of the Board’s discretion. New Vision told the Board the forum selection clause “prevents” it from considering disputes between the parties. Appx2340. It asserted that “all disputes must be brought before the Nevada courts.” *Id.* Even in its rehearing motion after the final written decision, New Vision continued to assert that the forum selection clause “prohibits this CBM.” Appx3534. New Vision’s consistent argument that CBM review was prohibited and that the Board was prevented from instituting is not an argument in favor of a discretionary analysis that weighs the forum selection clause against other factors. Yet that is precisely the error New Vision attributes to the Board. BlueBr.63 (“At no point in the decision does the PTAB weigh this consideration against any

other.”). Having told the Board that it was prevented from instituting these CBM reviews, New Vision should not be able to argue now that the Board’s error was a failure to engage in a discretionary weighing of factors.

**2. The Board did not err by granting CBM review**

Regardless of the appeal bar, New Vision’s forfeiture, and judicial estoppel, New Vision’s arguments about the forum selection clause are not persuasive. New Vision has the burden to show the Board erred, *In re Watts*, 354 F.3d 1362, 1369 (Fed. Cir. 2004), and it has failed to do so with arguments that overlook the posture of its own cited precedent. Without exception, every decision New Vision relies on was about a district court’s authority to stop or prohibit an AIA proceeding.

The Board correctly found *Dodocase* off point because the patent owner in *Dodocase* obtained a court order directing the petitioner to withdraw its Board petitions, something New Vision did not attempt. Appx72. That distinction is critical because this Court did not hold that the Board was obligated or empowered to consider the forum selection clause in that case. Rather, this Court affirmed the district court’s preliminary injunction ordering the petitioner to seek withdrawal of its IPR petitions. *Dodocase*, 767 F. App’x at 933, 936. New Vision argues that the Board “incorrectly distinguished *Dodocase*,” BlueBr.62, but the Board accurately described the decision. New Vision’s complaint appears to be that the Board erred because “a district court would have prohibited” the CBM from moving forward.

*Id.* See also BlueBr.64 (“[H]ad New Vision moved for an injunction, the district court would certainly have granted it.”). The Board did not err just because New Vision assumes it would have received an injunction it never sought. New Vision filed its contract action in the Nevada district court more than a year before the Board granted SG Gaming’s petition for CBM review. It had ample time to raise its theory about the forum selection clause in that case, just like every other patent owner did in the precedent New Vision cites.

New Vision’s reliance on *Nippon Shinyaku Co. v. Sarepta Therapeutics, Inc.*, 25 F.4th 998, 1098 (Fed. Cir. 2022), BlueBr.61, is equally off point. Like in *Dodocase*, the patent owner filed a motion for a preliminary injunction to stop the defendant from pursuing an IPR against the asserted patent in view of a forum selection clause. However, in *Nippon Shinyaku*, the district court denied the motion, and the issue on appeal was whether the district court erred in its interpretation of an agreement between the parties and its application of the preliminary injunction factors. 25 F.4th at 1002-03. New Vision is wrong that “*Nippon [Shinyaku]* is, in effect, a judicial reversal of the PTAB’s institution decision.” BlueBr.67. Rather, the Federal Circuit reversed the district court’s refusal to issue a preliminary injunction against the defendant from pursuing an IPR. There is no language in *Nippon Shinyaku* suggesting what arguments were raised before the Board in those cases, and whether the Board instituted IPR over

an objection from Nippon Shinyaku based on the forum selection clause. *Kannuu Pty Ltd. v. Samsung Electronics Co.*, 15 F.4th 1101, 1106 (Fed. Cir. 2021), BlueBr.61, is likewise not helpful to New Vision because it involved a district court's decision not to compel Samsung to seek dismissal of the IPR it had brought against Kannu. 15 F.4th at 1105.

Furthermore, New Vision has never addressed how the preliminary injunction factors would apply in this case where the CBM review provided New Vision the opportunity of filing a motion to amend its claims. Nor has New Vision ever acknowledged the significant differences between the forum selection clause at issue here and those in *Dodocase* and *Nippon Shinyaku*. The agreement in *Dodocase* expressly prohibited challenges to the licensed IP, *Dodocase*, 767 F. App'x at 932, whereas the Agreement here lacks such a provision, Appx1096-1104. The agreement in *Nippon Shinyaku* included a covenant not to sue, which prohibited "patent validity challenges before the [USPTO]." *Nippon Shinyaku*, 25 F.4th at 1002. That agreement additionally provided that all actions involving invalidity filed within two years *after* the end of the covenant period had to be filed in the District of Delaware. *Id.* There was no such contractual extension here, where the petitions for CBM review were filed after the Agreement was properly terminated. And the Agreement here expressly contemplated that SG Gaming might challenge the licensed patents other than in response to an action by New

Vision and provided that if SG Gaming brought such a challenge “in any forum” New Vision could terminate the Agreement. Appx1097-1098, ¶ 4.d. The Agreement here was thus unlike those in *Dodocase* and *Nippon Shinyaku* in multiple respects.

New Vision also cites *M/S Bremen v. Zapata Off-Shore Co.*, 407 U.S. 1 (1972), to argue that forum selection clauses that are *prima facie* valid should be enforced unless they are unreasonable. BlueBr.61-62. Here again, the Board correctly observed that *Bremen* involved a situation where the forum selection clause was raised at the district court, which *was* empowered to consider it. Appx194-195. “Thus, [the Board was] not persuaded that the *Bremen* decision’s discussion of the district court’s review and enforcement of contractual obligations applies in a CBM review where Patent Owner has not shown that the panel has comparable authority to resolve contract disputes.” Appx195.

**3. The Board’s reference to “contractual estoppel” was not error**

New Vision also argues that the Board “erroneously imposed the burden on New Vision to identify a contractual estoppel defense.” BlueBr.63. That argument miscasts the Board’s decision. The Board did not use the term “contractual estoppel” to describe a substantive legal standard that New Vision had to meet. The Board used that term to describe New Vision’s argument that the forum selection clause—a contractual provision—barred SG Gaming from pursuing

CBM review at the Board. Appx213-216; Appx127-128; Appx191-196. The Board merely used the term “estoppel” as a synonym for “bar.” See Appx214 (characterizing the dispute as whether “the Agreement contractually *estops or bars* Petitioner from seeking” CBM review) (emphasis added); Appx215 (referring to New Vision’s failure to identify authority providing “support for a *contractual bar/estoppel defense*”) (emphasis added).

Beyond its repeated reference to the phrase “contractual estoppel,” BlueBr.63-65, it is not clear why New Vision thinks that articulation is flawed, or why uttering it was fatal to the Board’s institution decision. Making matters more confusing, New Vision contrasts “contractual estoppel” with what it says the Board should have been concerned with: whether “SG had contractually agreed to not seek PTAB review.” BlueBr.63. New Vision’s articulation is not meaningfully different from the Board’s. In its rehearing request following the Board’s final written decision, New Vision argued that SG Gaming was “estopped from challenging the claims based on the Forum Selection Clause in the Settlement Agreement.” Appx3535. Again, having told the Board that SG Gaming was “estopped” based on the “Agreement,” New Vision cannot show the Board erred by referring to “contractual estoppel.” See *Immunex Corp. v. Sandoz Inc.*, 964 F.3d 1049, 1066 (Fed. Cir. 2020) (explaining that it was not error for a court to



frame its analysis by following the arguments as presented to it), *cert. denied*, 141 S. Ct. 2623 (2021).

**4. If the Board erred, remand—not reversal—is required**

Neither the district court nor the Board resolved whether the forum selection clause applies to SG Gaming’s petition, which was filed after the Agreement was terminated. The logical forum where New Vision could have raised that issue was in the Nevada district court where it had already sued SG Gaming based on the Agreement, but New Vision never raised the forum selection clause there, like Nippon Shinyaku did in its action.

Even if one accepts that the Board should “have simply exercised a straightforward analysis of the forum selection clause,” BlueBr.64, the remedy is not to assume the outcome of that non-existent analysis and conclude the Board erred by instituting the CBM review. New Vision points to precedent with “similar” or “almost exactly the same” clauses, BlueBr.62, but those conclusory statements do not amount to a meaningful analysis of the clause in this case or establish that the similarity of the clauses mandated discretionary denial. The closest New Vision comes to a meaningful analysis is its statement that the forum selection clause “unambiguously establishes SG/Bally’s contractual obligation to litigate ‘any dispute’ about the agreement *and/or the patents* in Nevada courts.” BlueBr.62 (quoting Appx1102) (emphasis added). But the phrase “and/or the

patents” does not appear in word or substance in the forum selection clause. Appx1102. If the clause were as unambiguous as it argues, New Vision would not have needed to add new language to bolster its argument. New Vision says that the clause in *Nippon Shinyaku* was “nearly identical” to that here, BlueBr.61, but the *Nippon Shinyaku* contract was different, as discussed above. Even if *Nippon Shinyaku* could illuminate the analysis of the issue here, the parties should get to brief that to the Board in the first instance given that *Nippon Shinyaku* was decided after the Board made its decision in this case.

New Vision’s arguments are built a premise that SG Gaming’s CBM petition violated the forum selection clause. If this Court concludes the Board erred by not conducting a discretionary analysis, it should remand for the Board to consider in the first instance both the scope of the forum selection clause *and* whether it mandates discretionary denial of SG Gaming’s petition.

## **II. *Mobility Workx* forecloses New Vision’s due process challenge**

As New Vision acknowledges in its opening brief, this Court rejected the same due process arguments in *Mobility Workx*, where the appellant repeated New Vision’s arguments. BlueBr29. *See also Mobility Workx*, 115 F.4th at 1154-56 (rejecting due process arguments). Against that precedent, New Vision argues that “new developments and insight warrant the panel’s consideration.” BlueBr.29-30 (citing the GAO report and the Katznelson article). But New Vision fails to follow

through and explain how those “new developments” cast doubt on the analysis or precedential value of *Mobility Workx*.

As for the GAO report, New Vision’s argument relies on it only to support the statement that APJ’s “lack judicial independence.” BlueBr47-48. Regardless of whether the GAO report was available at the time, the same argument was raised by the appellant in *Mobility Workx*, and the decision acknowledged that APJs are subject to management control. 115 F.4th at 1153. New Vision’s reliance to the GAO report to underscore its point that APJs lack judicial oversight does not change its already-rejected due process arguments.

As for the Katznelson article, New Vision’s argument relies on it for the proposition that there is a “significant pay discrepancy between APJs who specialize in AIA trials versus those who specialize in *ex parte* appeals.” BlueBr.45 (citing Appx9118-9119). New Vision is mistaken. Katznelson could not have shown such a pay discrepancy because its data was limited to approximately one hundred APJs working on AIA trials. *See* Appx9113 (explaining that the selection of cases studied included “all AIA trial types”); Appx9115 (explaining that Katznelson’s analysis involved 103 APJs who served on panels making at least one AIA institution decision and at least one AIA final written decision). The Board included 272 APJs in 2016. *See* Patent Public Advisory Committee 2016 Annual Report at 65, available at

[https://www.uspto.gov/sites/default/files/documents/PPAC\\_2016\\_Annual\\_Report.pdf](https://www.uspto.gov/sites/default/files/documents/PPAC_2016_Annual_Report.pdf). Katznelson's data thus excluded approximately two-thirds of the Board, i.e., APJs who worked exclusively on *ex parte* appeals. And even if Katznelson showed what New Vision cites it for, that would still not affect the analysis in *Mobility Workx*, which does not turn on any assumption about the comparative desirability to APJs of AIA trial work over *ex parte* appeal work. The discussion New Vision cites was instead about the availability of *ex parte* work, and New Vision cites nothing to call that observation into doubt, nor does it explain why it would have made a difference in the outcome.

Given the lack of meaningful difference between New Vision's current arguments and those addressed by this Court in *Mobility Workx*, that precedent controls the outcome here. To the extent this Court considers the merits of New Vision's argument, the USPTO has intervened in these appeals, and it is in the best position to respond to New Vision's due process challenge. SG Gaming defers to the USPTO with respect to facts and arguments presented in response to New Vision's due process challenge.

## CONCLUSION

For the foregoing reasons, SG Gaming respectfully requests that the Court affirm the decision of the Board.

Dated: December 1, 2022

Respectfully submitted,

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### CERTIFICATE OF COMPLIANCE

1. This brief complies with the type-volume limitation of Federal Circuit Rule 32(a). The brief contains 9,707 words, excluding the portions exempted by Federal Rule of Appellate Procedure 32(f) and Federal Circuit Rule 32(b).

2. This brief complies with the typeface requirements of Federal Rule of Appellate Procedure 32(a)(5) and the type style requirements of Federal Rule of Appellate Procedure 32(a)(6). The brief has been prepared in a proportionally spaced typeface using Microsoft® Word 2016 and 14-point Times New Roman type.

Dated: December 1, 2022

/s/Nathan K. Kelley

Nathan K. Kelley