

## Fanduel, Inc. v. Interactive Games LLC, 966 F.3d 1334 (Fed. Cir. 2020)

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FanDuel petitioned for *inter partes* review (IPR) of certain claims of Interactive Games' patent. The Patent Trial and Appeal Board instituted review and found all but dependent claim 6 to be unpatentable as obvious.

Specifically, in its petition, FanDuel argued that claim 6 was obvious over three references: Carter, Walker, and an archived copy of a webpage (the Slot Payouts Webpage). Dependent claim 6 included a "lookup table" and an "ordered list." FanDuel relied on Carter to disclose the lookup table and on the Slot Payouts Webpage to argue that "ordered lists were extremely well-known as a way to organize information." Interactive Games' only argument for the validity of claim 6 was that the Slot Payouts Webpage did not qualify as prior art.

In its final written decision, the Board disagreed with FanDuel's position that Carter discloses the claimed "lookup table." The Board also rejected FanDuel's explanation that it would have been an obvious design choice to apply the "ordered list" of the Slot Payouts Webpage. Interactive Games had made none of these arguments in support of claim 6.

FanDuel argued on appeal that the Board's decision on claim 6 violated various provisions of Administrative Procedure Act (APA). According to FanDuel, the Board violated these provisions by adopting a "new theory" for why the combination of Walker, Carter, and the Slot Payouts Webpage failed to render claim 6 obvious.

The Federal Circuit disagreed. It explained that the "critical question for compliance with the APA and due process is whether [the appellant] received 'adequate notice of the issues that would be considered, and ultimately resolved, at that hearing.'" It found that "FanDuel's argument that it lacked notice that the Board might address and reject the obviousness arguments made in FanDuel's own petition strains credulity." The Federal Circuit also disagreed that the

**[A] patent owner's response, alone, does not define the universe of issues the Board may address in its final written decision.**

Board had "changed theories" since the Board "said nothing in its institution decision endorsing FanDuel's arguments" with respect to Carter and Walker. But the main reason the Federal Circuit rejected FanDuel's arguments was that to require the patent owner to engage in post-institution record development on whether the references disclosed elements of claim 6 before the Board could reach that issue "would effectively and impermissibly shift the burden to the patent owner to defend its claim's patentability."

This case cements the Board's authority, post-institution, to review anew the merits of the petition and to determine whether the petitioner has met its burden to prove unpatentability, irrespective of what issues patent owner may choose to raise in its response. The Board is not required to preview the substantive positions it will take in its final decision.

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### RELATED CASES

- *Alacritech, Inc. v. Intel Corp.*, 966 F.3d 1367 (Fed. Cir. 2020) (The Board failed to explain in an IPR decision how prior art taught certain claimed features, so the Federal Circuit could not reasonably discern whether the Board's analysis was correct and remanded the case.).
- *Apple Inc. v. Andrea Electronics Corp.*, 949 F.3d 697 (Fed. Cir. 2020) (The Federal Circuit held that a petitioner's reply in support of its IPR petition did not raise new theories of unpatentability. The Board thus abused its discretion by refusing to consider the reply arguments.).