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Paper 39
Date: October 1, 2025

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE OFFICE OF THE UNDER SECRETARY OF COMMERCE FOR INTELLECTUAL PROPERTY AND DIRECTOR OF THE UNITED STATES PATENT AND TRADEMARK OFFICE

INTERACTIVE COMMUNICATIONS INTERNATIONAL, INC.,
Petitioner,

v.

BLACKHAWK NETWORK INC.,
Patent Owner.

IPR2024-00465
Patent 11,488,451 B2

Before JOHN A. SQUIRES, *Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office.*

ORDER
Granting Director Review, Reversing the Final Written Decision, and Terminating the Proceeding

Blackhawk Network Inc. ("Patent Owner") filed a request for Director Review of a Final Written Decision determining all challenged claims unpatentable as obvious based on the combination of two references Szrek[1] and Llach[2] ("Decision," Paper 36). *See* Paper 37 ("DR Request"). Interactive Communications International, Inc. ("Petitioner") filed an authorized response. *See* Paper 38 ("DR Opp."). Patent Owner argues that the Decision should be reversed because the Board abused its discretion in crediting Petitioner's expert's contradictory testimony. DR Request 1. In particular, Patent Owner contends that the Board improperly concluded there would have been a reason to combine the teachings of Szrek and Llach based on contradictory testimony from Petitioner's expert, Mr. Michael Hutton. *Id.* at 14–15. Patent Owner also argues that Mr. Hutton's testimony regarding the remaining grounds based on the Irwin[3] reference is inconsistent and should be given no weight. *Id.* at 12–14.

Petitioner responds that, although Mr. Hutton's testimony is "not the model of clarity," it is not inconsistent. DR Opp. 5, 8. Petitioner argues that the allegedly inconsistent statements "concern ***different, alternative*** configurations." *Id.* at 8. Thus, Petitioner argues that the Board's decision to credit, and partially rely on, Mr. Hutton's testimony was correct. *Id.* at 13. Petitioner also argues that the Board did not rule on the Irwin-based grounds, so there is no basis for Director Review on those grounds. *Id.* at 12.

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[1] U.S. Patent No. 7,627,497 B2, issued Dec. 1, 2009 (Ex. 1005).
[2] U.S. Patent Application Publication No. 2013/0041768 A1, published Feb. 14, 2013 (Ex. 1006).
[3] U.S. Patent No. 9,405,984 B2, issued Aug. 2, 2016 (Ex. 1030).

The Board abused its discretion by improperly crediting expert testimony that has multiple material contradictions and that the Board found lacked credibility at least in certain respects. *See* Decision 32 ("[W]e agree with Patent Owner that Mr. Hutton's explanation as to how his Declaration supports that combination [of Szrek and Llach] is not credible . . . ."). Among other concerns, Mr. Hutton gave conflicting testimony about how he proposed that the ordinarily skilled artisan would have modified Szrek's disclosures to include Llach's transaction computer. In that regard, Mr. Hutton testified on cross-examination that Exhibit 2050[4] does not represent the modification described in his declaration, Ex. 2051, 102:24–104:12, 119:18–121:4, 121:9–16, 122:12–123:13, but later reversed himself and claimed that it does represent his proposal, *id.* at 123:23–124:1.

Because the Board rested its finding of a reason to combine on Mr. Hutton's contradictory testimony and that testimony was central to Petitioner's analysis that an ordinarily skilled artisan would have had a reason to combine the disclosures of Szrek and Llach, the Board's finding of unpatentability on the Szrek-based grounds is reversed. *See Finesse Wireless LLC v. AT&T Mobility LLC*, No. 2024-1039, 2025 WL 2713518, at *4 (Fed. Cir. Sept. 24, 2025) ("When the party with the burden of proof, . . . rests its case on an expert's self-contradictory testimony, we may conclude the evidence is insufficient to satisfy that standard.") (citing *Johns Hopkins Univ. v. Datascope Corp.*, 543 F.3d 1342, 1349 (Fed. Cir. 2008)).

[4] Exhibit 2050 depicts Szrek's Figure 2 modified to incorporate Llach's transaction computer, as rendered during Mr. Hutton's deposition.

The Petition also raises other grounds that rely on Mr. Hutton's testimony that the Board's Decision did not reach. *See* Decision 51. Having determined that Mr. Hutton is not credible as to multiple material aspects of his testimony, it would be inappropriate in this instance to rely on this testimony for the other grounds. *See, e.g.*, *N.L.R.B. v. Pittsburgh S.S. Co.*, 337 U.S. 656, 659 (1949) ("[I]n the determination of litigated facts, the testimony of one who has been found unreliable as to one issue may properly be accorded little weight as to the next."). For this reason, the proceeding is terminated. *See Sling TV, L.L.C. v. Realtime Adaptive Streaming LLC*, 840 F. App'x 598 (Fed. Cir. 2021); *BioDelivery Scis. Int'l, Inc. v. Aquestive Therapeutics, Inc.*, 935 F.3d 1362 (Fed. Cir. 2019).

This decision does not constitute a final written decision under 35 U.S.C. § 318(a).

In consideration of the foregoing, it is:

ORDERED that Director Review is granted;

FURTHER ORDERED that the Board's Final Written Decision is reversed; and

FURTHER ORDERED that the proceeding is terminated.

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