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The Precedent: Federal Circuit Affirms Unreviewability of PTO's Threshold Decision to Not Apply Interference Estoppel in IGT v. Zynga Inc.

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In this edition of *The Precedent*, we outline the decision in *IGT v. Zynga Inc.*

Authored by [Michael Messinger](#).

Overview

This case affirms an obviousness finding by the Patent Trial and Appeal Board ("the Board") in an *inter partes* review (IPR) proceeding filed after a prior interference proceeding was terminated.

Issues

First, is the United States Patent and Trademark Office's (PTO) decision at institution of an IPR to not apply interference estoppel against a losing party unreviewable under 35 U.S.C. § 314(d)?

Second, did the Board rely on an impermissible new theory when it affirmed an obviousness ground to cancel the challenged claims?

Holdings

Yes, the PTO's decision to not apply interference estoppel at institution is not reviewable under 35 U.S.C. § 314(d) because the prior interference was terminated on a threshold issue that did not reach the merits.

No, the Board did not rely on an impermissible new theory when it affirmed an obviousness ground. The Board properly responded to the patent owner's own arguments about the prior art database teaching and kept the same thrust as the petitioner's obviousness argument.

Background and Reasoning

Appellant, IGT, owns U.S. Pat. No. 7,168,089 (the “089 patent”), now expired, which relates to a secured virtual network in a gaming environment. The ‘089 patent issued in January 2007 from an application filed in 2002. During the original prosecution, Legal iGaming Inc., a predecessor to Zynga, provoked an interference by copying claims from IGT’s published application.

However, the former Board of Patent Appeals and Interferences (BPAI) dismissed the interference on a threshold issue for lack of standing because Zynga’s application failed to provide adequate written description support under 35 U.S.C. §112. In so doing, the BPAI did not reach obviousness grounds and dismissed them as moot.

Years later, in 2021, IGT sued Zynga in federal district court and Zynga countered with a petition for IPR that involved obviousness grounds. IGT argued in its preliminary response that the Board should deny institution due to interference estoppel arising from the prior interference proceeding. The Board—and later the Director after *sua sponte* review—rejected IGT’s interference estoppel arguments. In a final written decision, the Board proceeded to affirm obviousness grounds against the challenged claims based on prior art that was different from that asserted in the prior interference proceeding. IGT appealed to the Federal Circuit.

The Federal Circuit disagreed with IGT’s arguments based on interference estoppel and new theories of obviousness.

First, with respect to reviewability, the Federal Circuit agreed that the PTO’s decision to not apply interference estoppel at institution is not reviewable under 35 U.S.C. § 314(d). The Federal Circuit concluded “that the PTO’s interference-estoppel determination in this case is within the general rule of unreviewability.” The Federal Circuit explained the general unreviewability rule applies regardless of whether an argument relies on a PTO regulation like interference estoppel or a statutory provision. It also found no basis for concluding that the PTO actions amounted to “shenanigans” under *Cuozzo* that would be an exception to the unreviewability rule. The Federal Circuit cited to PTO regulations and noted, “[t]he PTO may terminate an interference based on a ‘threshold issue’” and that “[u]npatentability for lack of written description . . . is one such ‘threshold issue.’” As such, the Federal Circuit said “we find no shenanigans in the interference-estoppel determination that the PTO made in deciding to institute the IPR and no basis for finding an exception to applying the general bar on reviewability of such an institution determination.”

Second, with respect to the correctness of the PTO’s ruling on obviousness based on a combination of Goldberg and Olden, the Federal Circuit affirmed. Among other things, ITG argued the Board improperly relied on new arguments rather than those advanced by Zynga. ITG argued that the Board relied on “a ‘new theory’ regarding Goldberg’s disclosure of a ‘software authorization agent’ which IGT lacked an adequate opportunity to address.” ITG said the Board “invented a new rationale” that “Goldberg’s database 28, driver 26, and wager accounting module 30 collectively disclose the software authorization agent.” The Federal Circuit disagreed and highlighted remarks in the patent owner’s own briefing to the Board as evidence of notice. The Federal Circuit also said the analysis was not new. Specifically, it found “the ‘thrust’ of the Board’s analysis did not depart from Zynga’s argument that a relevant artisan would be motivated to combine Goldberg and Olden to render the ‘software authorization agent’ obvious.”