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International report - High-stakes gambling with a bad hand

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Scientific Games Corp was handed a dead loss judgment for \$305 million in a recent professional gambling antitrust case, which stemmed from patent misuse in an earlier lawsuit over an automatic card shuffler. This monopoly-beating jackpot will be divided among Shuffle Tech LLC, DigiDeal Corp, Aces Up Gaming, Inc and Poydras-Talrick Holdings LLC, which had claimed that Scientific Games' patent infringement lawsuit against them was based on patents that Scientific Games knew were unenforceable.

The lawsuit had been filed shortly after the new automatic card shuffler debuted at a Las Vegas expo. A company, which was acquired by Scientific Games, sued Shuffle Tech's former business partners DigiDeal Corp, Aces Up Gaming and Poydras. Shuffle Tech had worked with these companies in 2012 to launch its first automatic card shuffler. The agreement stipulated that DigiDeal would make the machine, paying Shuffle Tech a royalty to use its technology and patents, and that Shuffle Tech would market the shuffler to casino operators. Shuffle Tech anticipated making and selling 800 shufflers during its first year on the market and 1,200 in each subsequent year, earning nearly \$7,500 in profit on each shuffler.

However, litigation costs meant that Shuffle Tech dropped out and DigiDeal had to fold before it could receive the patent validity ruling. Shuffle Tech sold its intellectual property and left the automatic shuffler market. In the antitrust case, Shuffle Tech claimed that Scientific Games had secured the two patents only by hiding prior card shuffler art from the USPTO, meaning that the patents were invalid and unenforceable.

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