



# WEEK 20

## FRIDAY 16 MAY 2014

### THIS WEEK

- Guest column: Jenny Williams on PoC tax
- Paddy chief exec set for 2015 departure
- Caesars considers Atlantic City sales
- Tweets of the week

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### TOP STORY

## STARS PATENT FAST-FOLD POKER

Rational Group set for US monopoly on high-speed hands; legal challenges expected



Screenshot of PokerStars' Zoom Poker offering

The owner of operator PokerStars has been granted a US patent for online fast-fold poker. An update from law firm Dentons revealed that the United States Patent and Trademark Office (USPTO) has agreed to issue a patent to Rational Group, with Patent Number 8,727,850 set to come into force on 20 May.

The patent, which only applies in the US, covers PokerStars' fast-fold variant Zoom Poker, and it is currently unclear as to whether it also includes the Rush Poker version of Rational's other online poker brand, Full Tilt Poker. However Stars could license their intellectual property to Tilt, essentially making the pair the only online poker rooms in America able to legally offer fast-fold poker.

PokerStars obtained the rights to the patent application as part of their July 2012 agreement to acquire Full Tilt, at which time the application had been repeatedly rejected. It was first rejected in December 2008, while an amended filing was also rejected in June 2009. In September 2009 Tilt requested a continued examination, although there was no major movement until a PokerStars interview with the USPTO in February 2013. In March 2013 PokerStars

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withdrew all of its 51 previous claims and submitted 53 narrower ones, all of which were rejected in January 2014. A second interview followed in March 2014 ahead of an eventually successful application.

Intellectual property lawyer Bill Gantz of Dentons said it was "truly surprising" that the PokerStars application had survived multiple wholesale rejections, while he also outlined the patent's vulnerability. He said: "The amendments which allowed this patent to issue should seem obvious to the entire poker industry, and there should be ample grounds for vigorously challenging this patent."

PartyPoker, Borgata, 888 and WSOP all currently offer fast-fold variants in New Jersey, with the latter also operating a version in Nevada. All of the regulated Delaware sites also feature fast-fold poker. Zynga's play-money fast-fold variant could also be threatened by the patent.

**KEY POINTS**

- PokerStars owners Rational Group receive a US patent for fast-fold poker
- Patent covers Stars' Zoom Poker but possibly not Full Tilt's Rush Poker
- Operators including PartyPoker and 888 could be affected in the US

**SPORTS BETTING****PADDY POWER CHIEF EXECUTIVE TO DEPART****Patrick Kennedy to leave position in April next year**

Paddy Power CEO Patrick Kennedy is to step down in 2015 after nine years in the role. The experienced executive, who joined the operator in 2005 before assuming the top job the

following year, will vacate his position next April.

He said: "I have always had the personal view that after 10 years at the helm change is good for both the business and the individual. I have loved every day of being Paddy Power's chief executive. It is as fun and as interesting a job as anyone could hope to have."

The operator says it will consider internal and external candidates for the role, which GBGC analyst Lorien Pilling described to *GI Friday* as a "big task".

"The Paddy Power CEO job is obviously still an attractive one but there is the whiff of a 'hospital pass' for Kennedy's replacement, not unlike David Moyes' appointment as manager of Manchester United after the long-serving Sir Alex Ferguson. And we have all seen how well that went," he said.

**KEY POINTS**

- Paddy Power CEO Patrick Kennedy [pictured below] to stand down in April
- Kennedy joined firm in 2005; became CEO in 2006

**USA****CAESARS WEIGHS UP AC SALES****CEO admits casinos could go as part of cost cutting**

Casino giant Caesars is considering closing properties in Atlantic City. The operator, which owns four casinos in the area, is seeking ways to reduce costs in the face of ongoing financial struggles. "All the businesses in Atlantic City are under tremendous pressure," said CEO Gary Loveman. "In some cases reducing supply is the right answer."

Meanwhile operator Genting has been recommended for a preliminary finding of suitability by the Nevada Gaming Control Board to hold a gaming licence in the state, with the matter now moving to the Nevada Gaming Commission. The Asian conglomerate is planning a \$4bn casino resort in Las Vegas.

**NEWS IN BRIEF****ROUNDUP: LADBROKES, EU STUDY**

**The rest of the week's key stories on GamblingInsider.com and the web**

- **Ladbrokes** is to launch the UK's first dedicated TV ad to promote responsible gambling.
- A **European Union**-backed study has recommended that EU member states introduce a "centralised distribution system". The study suggests the system would ensure states can benefit from a share of money earned through sports betting.

**Tweets of the week** 

**"Players will be able to use laptops at the table at @WSOP in order to play both online and live simultaneously."**

*Online Poker Report's  
Chris Grove [@OPReport]*

**"Paddy Power CEO Patrick Kennedy did not reply directly to rumours of Bank of Ireland job but insisted he had nothing lined up and no plans."**

*The Times' business reporter  
Dominic Walsh [@walshdominic]*

**"Frustrated to hear again some mental health services stopping at surface layer of #gambling addiction. It is a symptom of problems beneath."**

*Addiction therapist  
@Liz\_Karter*

**GUEST COLUMNIST****"MORE CONSISTENT CONSUMER PROTECTION FOR ONLINE GAMBLERS"**

**by Jenny Williams**  
UK regulator chief executive

"In May planned changes to the law on online gambling received Royal Assent. The new Gambling (Licensing and Advertising) Act will mean that, later this year, gambling operators that transact with or advertise to consumers in Britain will be required to obtain a Gambling Commission remote licence. Subject to the necessary secondary legislation, those currently advertising and providing gambling facilities to those in Britain will be able to apply for 'continuation licences' in a short application window expected to open in July for about a month, with the Act coming into force shortly thereafter.

The rationale for the change to point-of-consumption licensing is straightforward. The Commission's role is to keep gambling fair and safe for all and also to advise government on gambling. As we currently regulate less than 15% of the domestic gambling market, we lack direct oversight of current and emerging risks to the licensing objectives of a significant part of the British remote gambling market. Online and mobile gambling is growing and more jurisdictions are now offering remote licences. This Act enables us to apply the latest best practice regulation to the

benefit of consumers in Britain without having to persuade a growing number of other regulators, some under pressure to attract licensees to their jurisdiction, to do the same.

The new law will provide consumers and operators with clarity and consistency about the regulatory framework and enable the Commission to respond firmly and effectively in the light of our improved oversight to emerging risks. It will require operators marketing to consumers in Britain to provide us with timely information on suspicious betting transactions or on individuals who might be of interest to us because of, for example, their gambling activity, whether related to remote or non-remote gambling.

Importantly, it will also enable us to deter illegal competition. For example, our ability to require business-to-business network and platform providers to have Commission licences and to use only Commission-licensed software suppliers will help deter illegal gambling in a way that has not been possible in a more fragmented regulatory environment.

We are also reducing the risk of black-market operators targeting Britain by:

- strengthening our ability to deter, disrupt and, if necessary, take regulatory or criminal enforcement action
- improving and streamlining our work with others to block illegal financial transactions and prevent illegal advertising
- introducing the Commission kitemark to help third-party contractors and consumers identify licensed operators
- capitalising on our established links with other law enforcement and consumer protection bodies, HMRC and fellow gambling regulators.

We have been preparing for the changes for some time; the volume of new licence applications will be much lower than in 2007 when we went through a similar licensing process. This was when the 2005 Act came into force, regulating the betting industry and other gambling operators for the first time and, of course, online gambling – so we have a transparent and established regulatory framework of licence conditions, codes of practice and technical standards. Our people already have considerable expertise, not least in policy development, intelligence gathering, compliance and enforcement and, in anticipation of the changes to remote legislation, we've added some highly experienced individuals with relevant industry and law enforcement experience.

The changes in the law will provide the Commission with the necessary information, resources and leverage over remote gambling operators wherever they are based. We are ready to meet the challenges in performing our statutory duties to keep gambling fair and safe in Great Britain."

*Jenny Williams is the Gambling Commission's chief executive. She was previously a director general at the Lord Chancellor's Department and held a variety of policy and project management posts including at the Inland Revenue and the Home Office. Jenny chairs the International Association of Gaming Regulators' E-Gaming Working Group*

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**OUT NOW: Look out for the May/June issue of *Gambling Insider's* print magazine, featuring an in-depth and insightful World Cup Special as we assess the industry's preparations for Brazil 2014, as well as the first in our new 'Bright Sparks' profile series**



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## AFFILIATE MANAGER(S)

**Location:** London Manila, Cyprus and Home Based;  
**Contract:** Perm

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