UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

CSC SERVICEWORKS, INC.,
Petitioner,

v.

PAYRANGE, INC.,
Patent Owner.

IPR2023-01187
U.S. Patent No. 10,438,208

PETITIONER'S REPLY TO PATENT OWNER'S PRELIMINARY RESPONSE

I. INTRODUCTION

The Board should reject PayRange's argument that Petitioner CSC ServiceWorks, Inc. ("CSC") failed to name all real-parties in interest ("RPI"). Under Federal Circuit authority, neither Kiosoft Technologies, LLC nor TechTrex, Inc. are RPIs for purposes of 35 U.S.C. § 312 because CSC did not file this petition at the behest of these parties. Neither Kiosoft Technologies, LLC nor TechTrex, Inc. have funded, directed, or controlled—or otherwise collaborated with CSC on—this proceeding. PayRange's arguments to the contrary rely on incorrect and unsupported factual assumptions and, in any event, are inconsequential to the Board's analysis under 35 U.S.C. § 315(b).

II. ARGUMENT

A. The Board Need Not Consider PayRange's RPI Argument at Institution

PayRange declines to address the Board's precedential decision in *SharkNinja Operating LLC v. iRobot Corp.*, under which there is no reason for the Board to address PayRange's RPI argument at institution because no time-bar or estoppel issues exist. *SharkNinja Operating LLC v. iRobot Corp.*, IPR 2020-00734, Paper No. 11 (precedential). To date, PayRange has not asserted the '208 patent against Kiosoft or TechTrex, and thus no time bar ever triggered under § 315(b) based on separate litigation between PayRange and Kiosoft/TechTrex. Because Kiosoft and TechTrex

are not time-barred or estopped from challenging the '208 patent under § 315(b), the Board need not address whether Kiosoft or TechTrex is an RPI of CSC at institution. *Id.* PayRange's argument fails for this reason alone.

B. CSC Properly Identified All Real-Parties-In-Interest

Even if the Board were to address the RPI issue at this stage, Kiosoft Technologies, LLC and its parent, TechTrex, Inc. (collectively "Kiosoft") are not RPIs of CSC in this proceeding. The RPI inquiry focuses on "whether a petition has been filed at the party's behest." *Uniloc 2017 LLC v. Facebook Inc.*, 989 F.3d 1018, 1027-28 (Fed. Cir. 2021) (internal alterations omitted) (citing *Applications in Internet Time, LLC v. RPX Corp.*, 897 F.3d 1336, 1351 (Fed. Cir. 2018)). Relevant considerations include whether a party exercises or could exercise control over a petitioner's participation in a proceeding and whether a party is funding or directing the proceeding. *Id.* The instant IPR was not filed at Kiosoft's behest. Kiosoft has not funded, directed, controlled, or collaborated with CSC on this proceeding. Thus, Kiosoft is not an RPI in this proceeding.

i. PayRange's Argument is Legally and Factually Deficient

PayRange lacks both legal and factual support for its argument that Kiosoft is an RPI. First, PayRange claims—without legal support—that the customer-supplier relationship between CSC and Kiosoft makes Kiosoft an RPI. But, decisions by both the Federal Circuit and the Board indicate the opposite; a mere customer-supplier

relationship does not make Kiosoft an RPI. *See, e.g.*, *WesternGeco LLC v. ION Geophysical Corp.*, 889 F.3d 1308, 1321 (Fed. Cir. 2018) (finding no RPI under a standard customer-manufacturer relationship); *Samsung Elecs. Co., Ltd. et al. v. Seven Networks, LLC*, IPR2018-01108, Paper No. 22 at 11-13 (PTAB Nov. 28, 2018) ("[T]he customer-supplier relationship between Samsung and Google does not indicate that Google is an RPI.").

Second, PayRange mischaracterizes the facts of separate litigations to manufacture support for its flawed legal theory. Citing testimony by Kiosoft's CEO from a 2020 case filed by PayRange against Kiosoft—a case not involving CSC—PayRange asserts that Kiosoft has "indemnified CSC against PayRange's infringement claims" in the instant suit. But, PayRange filed the instant suit in 2023—three years after its case against Kiosoft. Kiosoft never agreed to indemnify CSC for PayRange's infringement claims in its pending lawsuit against CSC. Ex.1009, ¶4. Instead, Kiosoft agreed to indemnify CSC for expenses associated with third-party discovery PayRange sought from CSC in PayRange's 2020 patent infringement lawsuit against Kiosoft. *See PayRange, Inc. v. Kiosoft Techs., LLC et al.*, Case No. 1:20-cv-20970 (S.D. Fla.)[1]; Ex.1009, ¶5. At the time of the referenced

[1] The Federal Circuit has held that responding to a third-party subpoena in a prior litigation is insufficient to create an RPI relationship between parties. *See*

testimony in July 2021, PayRange had not yet sued CSC for alleged infringement of any PayRange patent. *Id.* As such, the only "evidence" cited by PayRange in support of its incorrect assertion shows that Kiosoft had agreed to indemnify CSC for third-party discovery in an unrelated litigation to which CSC was not a party.

Third, PayRange has not asserted the '208 patent against Kiosoft, nor has Kiosoft sought to challenge the validity of the '208 patent. Thus, Kiosoft stands to gain no benefit if the '208 patent is invalidated. Even if Kiosoft desired invalidation of the '208 patent, "a common desire among multiple parties to see a patent invalidated" does not make those parties RPIs. *See WesternGeco LLC v. ION Geophysical Corp.*, 889 F.3d 1308, 1320-21 (Fed. Cir. 2018). The evidence indicates CSC filed its IPR petition against the '208 patent in response to PayRange's 2023 lawsuit asserting the '208 patent against CSC and accusing two CSC products of infringement, only one of which was provided by Kiosoft. Ex.1009, ¶¶6-9. CSC filed its own IPR petition using its own counsel to protect its own interests, such as combating infringement assertions against products that Kiosoft had no role in

---

WesternGeco LLC v. ION Geophysical Corp., 889 F.3d 1308, 1320-21 (Fed. Cir. 2018) ("Nor does the record show that PGS controlled or funded the prior litigation. Other than responding to a third-party subpoena issued by Western Geco, PGS lacked any substantive involvement in the ION litigation.").

developing. Ex.1009, ¶¶6-9; *see also Uniloc*, 989 F.3d at 1029; *Wi-Fi One, LLC v. Broadcom Corp.*, 887 F.3d 1329, 1340 (Fed. Cir. 2018) (finding no RPI, in part, based on Petitioner's own interests in filing an IPR that were unrelated to the interests of the alleged unnamed RPI).

ii. The Record Shows that Kiosoft and TechTrex are not RPIs

CSC, alone, has funded, directed, and controlled its participation in this proceeding. Ex.1009, ¶¶6-8. PayRange provides no evidence suggesting coordination between CSC and Kiosoft, much less any evidence of joint funding or control of this IPR. CSC and Kiosoft are unrelated businesses, and CSC independently retained counsel to challenge the '208 patent—which is not asserted against Kiosoft. Ex.1009, ¶6. Kiosoft has never exercised direction or control over CSC's decision to file the present IPR petition or the bases for unpatentability presented therein, nor has Kiosoft funded this proceeding. Ex.1009, ¶8. "Without such evidence of control, in addition to no evidence of joint funding, or even any evidence of substantial coordination between the parties as to their respective decisions to bring [this] proceeding[], a finding that [Kiosoft] is an RPI of . . . [CSC] here would be improper." *See Uniloc*, 989 F.3d at 1029 (Fed. Cir. 2021).

PayRange argues that seven "tightly spaced" challenges (four IPR petitions filed by CSC and three PGR petitions filed by Kiosoft) evidence a "coordinated effort to undermine PayRange's intellectual property." But, a review of the relevant

filing date for this petition demonstrates that it was filed to preserve CSC's ability to challenge the '208 patent in an IPR proceeding. CSC waived service of PayRange's Complaint alleging infringement of the '208 patent on July 18, 2022. CSC filed the '208 IPR petition on July 17, 2023, the day before the statutory deadline of § 315(b). *See* IPR2023-01187, Paper 1 at 1. Thus, the timing of CSC's IPR challenge was due to statutory requirements—not a coordinated attack with Kiosoft as PayRange speculates. CSC challenged the '208 patent, and three other patents PayRange asserts against CSC, to preserve its own interests in challenging said patents, rather than at Kiosoft's behest. *See WesternGeco*, 889 F.3d at 1321.

PayRange has set forth no evidence showing that CSC filed its IPR petitions at the behest of Kiosoft. PayRange also provides no evidence that CSC filed this petition to advance Kiosoft's interests rather than its own. The record proves the opposite: CSC filed this petition to challenge the validity of a patent that PayRange asserts directly against CSC in a separate district court proceeding. In sum, PayRange's evidence shows only that CSC is a customer of Kiosoft for one of two products at issue in a pending parallel district court litigation asserted by PayRange against CSC. This evidence falls far short of establishing Kiosoft is an RPI of CSC.

III. CONCLUSION

For the foregoing reasons, Petitioner respectfully requests the Board reject PayRange's arguments that Kiosoft and/or TechTrex are real-parties-in-interest.

Respectfully submitted,

Dated: December 1, 2023
Shook, Hardy & Bacon
Customer No. 27683

/Jason R. Mudd/

Jason R. Mudd
Lead Counsel for Petitioner
Shook, Hardy & Bacon
2555 Grand Blvd.
Kansas City, MO 64108
Reg. No. 57,700

Mark Schafer
Back-up Counsel for Petitioner
Shook, Hardy & Bacon
1660 17th St., Suite 450
Denver, CO 80202
Reg. No. 72,616

Kyle E. Friesen
Back-up Counsel for Petitioner
Shook, Hardy & Bacon
600 Travis St., Suite 3400
Houston, TX 77002
Reg. No. 65,371

Petitioner's Exhibit List

Ex.1001	U.S. Patent No. 10,438,208
Ex.1002	Prosecution History of U.S. Patent No. 10,438,208
Ex.1003	Declaration of B. Clifford Neuman
Ex.1004	U.S. Patent No. 8,958,846 to Freeny
Ex.1005	Weidong Kou, *Payment Technologies for E-Commerce* ch. 12 pp.245-280, *Micropayments* (1st ed. 2003).
Ex.1006	U.S. Patent Application Publication No. US 2013/0054016 A1 to Canter et al.
Ex.1007	Excerpts from Specification of the Bluetooth System, v1.2 (2003)
Ex.1008	*Curriculum Vitae* of B. Clifford Neuman
Ex. 1009	Declaration of Chris Maxie