Paper No.
Filed: December 12, 2023

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

CSC SERVICEWORKS, INC.,
Petitioner,

v.

PAYRANGE INC.,
Patent Owner.

Case No. IPR2023-01188
Patent 10,891,608

PATENT OWNER'S PRELIMINARY SUR-REPLY

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I. Introduction

Petitioner ("CSC") misled the Board in falsely stating that it had "no significant relationship" with KioSoft/TechTrex ("KioSoft"). IPR2023-01188, Pet., 12; IPR2023-01187, Pet., 9. After PayRange pointed out Petitioner's failure to identify all RPIs (POPR, 6-12), Petitioner requested a 7-page reply brief to create a "fulsome record." EX3001. But, rather than come clean, Petitioner continued obscuring its relationship with KioSoft by submitting only a carefully curated declaration from Chris Maxie. On December 7—after Petitioner's reply briefing and only upon a disclosure demand (EX2018)—Petitioner finally produced a set of documents confirming a "significant relationship" between Petitioner and KioSoft.

[redacted]

Petitioner has not, and cannot, satisfy its burden. *Worlds Inc. v. Bungie, Inc.*, 903 F.3d 1237, 1242 (Fed. Cir. 2018). Institution should be denied.

II. Petitioner's Own Evidence Confirms that KioSoft Is an RPI

Petitioner chose to limit the evidence it provided the Board in its Reply to a short declaration (EX1014). But even this document supports finding KioSoft is an

RPI. It admits that Petitioner "has used Kiosoft and/or TechTrex as a vendor to develop one of the two accused products," effectively conceding KioSoft's significant interest in invalidating this patent. EX1014, ¶9.

Petitioner's declaration attempts to downplay and obscure the relationship between Petitioner and KioSoft. *Id.*, ¶¶4, 8 (stating KioSoft has not indemnified Petitioner against infringement claims or funded, directed, or controlled this IPR "[t]o date"). But the documents Petitioner belatedly produced make it quite clear that KioSoft has agreed to indemnify Petitioner and that KioSoft has the opportunity to control the defense. The agreement states that [redacted] Petitioner also [redacted] of such claims and

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[1] While the supply agreement refers to TechTrex, the joint president of KioSoft (the US company) and TechTrex (the Canadian company) referred to both companies when discussing indemnification (POPR, 7 n.1; EX2004, 21:19-22:9), and [redacted]

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must [redacted] Petitioner indisputably should have identified KioSoft in its petition because their supply agreement for an accused product obligates KioSoft to indemnify Petitioner, allows KioSoft to exercise control over defense and settlement, and contains exclusivity provisions. *See Ventex*, 10.

The evidence also shows that Petitioner has repeatedly invoked KioSoft's indemnification obligations before, during, and after filing its petitions. [redacted]

In view of this evidence, KioSoft is indisputably "a clear beneficiary that has a preexisting, established relationship with the petitioner." *AIT*, 897 F.3d at 1351.

The supply agreement sets forth KioSoft's Petitioner admits that KioSoft has already reimbursed discovery expenses (EX1014, ¶5), It does not matter that KioSoft has delayed its response to subsequent requests; the obligation still exists, regardless of when payment actually takes place. Nor does it matter if KioSoft has delayed exercising control in this proceeding; it has the ability to exercise such control regardless. *See*

Bungie, 8-9 (noting indemnification provisions "allow each party, under certain conditions, the right to assume full control over the defense and/or settlement" (internal quotes omitted)). Thus, there is no question that KioSoft is an RPI.

III. Petitioner's RPI Analysis Is Legally Flawed

Petitioner's Reply fails to address the "expansive common-law meaning" of RPI, which is satisfied if there "is a clear beneficiary that has a preexisting, established relationship with the petitioner." *Applications in Internet Time, LLC v. RPX Corp.*, 897 F.3d 1336, 1351 (Fed. Cir. 2018) ("*AIT*"). Petitioner never mentions this standard, let alone proves that KioSoft eludes it. Even now, Petitioner attacks a strawman, insisting that "a mere customer-supplier relationship does not make Kiosoft an RPI." Reply, 3. But the relationship goes far beyond that,

Ultimately, Petitioner seeks to excuse itself and KioSoft from a statutory bar and compliance with their disclosure obligations based on a strategic pause of KioSoft's performance of some (but not all) indemnification obligations that Petitioner has invoked repeatedly for the challenged patent. EX2008-EX2017. Petitioner argues that KioSoft allegedly has not yet "funded, directed, controlled, or collaborated with CSC on this proceeding." Reply, 2-3*; see also id.*, 2, 6 (same).

No legal authority permits parties to strategically pause RPI obligations to suit their litigation objectives. Moreover, Petitioner does not deny that KioSoft has the ***ability*** to exercise control. EX2017, 8-9; Consolidated Trial Practice Guide, 15-16 ("A common consideration is whether the non-party exercised ***or could have*** exercised control over a party's participation in a proceeding." (emphasis added)). Petitioner then misleadingly alleges that KioSoft has not agreed to indemnify it for PayRange's infringement claims (Reply, 4) but does not deny that KioSoft is contractually ***obligated*** to do so (as demonstrated by Petitioner's repeated demands for performance of KioSoft's indemnification obligations). *See Ventex Co., Ltd. V. Columbia Sportswear N. Am., Inc.*, IPR2017-00651, Paper 152 at 7-8, 10-11 (precedential). CSC was thus ***unambiguously required*** to identify its relationship with KioSoft in the petitions.

Petitioner argues that it also has its own interests in invalidating this patent. Reply, 5 (arguing one of two accused products was not provided by KioSoft). But having independent reasons for filing an IPR does not preclude other RPIs. *Ventex*, 9 ("not an either-or proposition" (quoting *AIT*, 897 F.3d at 1353)); *see also Bungie, Inc. v. Worlds Inc.*, IPR2015-01264, Paper 64 at 26 ("[A] petitioner's independent interest in pursuing an [IPR] does not preclude another entity from being an RPI."). It is ***KioSoft's*** interest in this proceeding that matters.

Petitioner does not contest that a time-bar is at issue in IPR2023-01188, but

mistakenly claims Petitioner is automatically excused from RPI failures if there is no time-bar in the other two. IPR2023-01186 and -01187, Reply, 2-3 (citing *SharkNinja Operating LLC v. iRobot Corp.*, IPR2020-00734, Paper 11 (precedential)). But Petitioner ignores its ***statutory obligation*** to identify all RPIs and privies (35 U.S.C. §312(a)(2)), which serves important purposes beyond the time-bar, including facilitating application of estoppel under §315(e) and allowing the Board to identify conflicts of interests. *AIT*, 897 F.3d at 1350; *SharkNinja*, 17. "Accordingly, petitioners ***must*** comply with these requirements in good faith." *Id.* (emphasis added) (citing 37 C.F.R. §42.11(a)). Here, Petitioner falsely represented that it had no substantial relationship with KioSoft and still failed to come clean in its Reply. The Board's power to excuse good-faith omissions does not entitle Petitioner to willfully abuse the Board's processes.

IV. Conclusion

Petitioner falsely represented that it has no significant relationship with KioSoft while failing to disclose KioSoft's indemnification obligations, KioSoft's right of control, and Petitioner's repeated requests for funding and collaboration. The most salient question is, "why?" The time-bar in IPR2023-01188, and Petitioner's need to keep its story straight across three cases, provide the answer. Petitioner's failure to satisfy its statutory obligations and Petitioner's multiple violations of its duty of candor warrant denial of institution. 37 C.F.R. §42.12.

Respectfully submitted,

Dated: December 12, 2023

/Matthew A. Argenti/
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V. Appendix

EXHIBIT NO.	DESCRIPTION
2001	Amended CSC Complaint, *PayRange Inc. v. CSC Serviceworks, Inc.*, No. 1:23-cv-00278-MN (D. Del. May 19, 2023), Doc. No. 12.
2002	Scheduling Order, *PayRange Inc. v. CSC Serviceworks, Inc.*, No. 1:23-cv-00278 (D. Del. Jul. 27, 2023), Doc. No. 24.
2003	Amended KioSoft Complaint, *PayRange Inc. v. KioSoft Techs., LLC*, No. 1:20-cv-24342 (S.D. Fla. Jan. 15, 2021), Doc. No. 17.
2004	Transcript of Rule 11 Hearing, *PayRange, Inc. v. Kiosoft Techs., LLC*, No. 1:20-cv-20970 (S.D. Fla. July 27, 2021), Doc. No. 250.
2005	eBay Listing of KioSoft CSC Ultra One V2 POS Payment Terminal, EBAY, https://www.ebay.com/itm/185234504103 [https://we.archive.org/web/20231010224416/https://www.ebay.com/itm/185234504103].
2006	KioSoft and TechTrex Waiver of Service, *PayRange Inc. v. KioSoft Techs., LLC*, No. 1:20-cv-24342 (S.D. Fla. Jan. 11, 2021), Doc. No. 16.
2007	*Analog*, STEVEN M. KAPLAN, WILEY ELECTRICAL AND ELECTRONICS ENGINEERING DICTIONARY (2004).
2008	CONFIDENTIAL – CSC Production Document No. 2
2009	CONFIDENTIAL – CSC Production Document No. 3
2010	CONFIDENTIAL – CSC Production Document No. 4
2011	CONFIDENTIAL – CSC Production Document No. 5
2012	CONFIDENTIAL – CSC Production Document No. 6

2013	CONFIDENTIAL – CSC Production Document No. 7
2014	CONFIDENTIAL – CSC Production Document No. 8
2015	CONFIDENTIAL – CSC Production Document No. 9
2016	CONFIDENTIAL – CSC Production Document No. 10
2017	CONFIDENTIAL – CSC Production Document No. 1
2018	December 7, 2023, email from Jason R. Mudd to Matthew Argenti

CERTIFICATE OF SERVICE

The undersigned certifies that the foregoing Patent Owner's Preliminary Response and accompanying Exhibits 2008-2018 were served on December 12, 2023, on the Petitioner at the electronic correspondence addresses of the Petitioner as follows:

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