

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

CSC SERVICEWORKS, INC.,
Petitioner,

v.

PAYRANGE, INC.,
Patent Owner.

IPR2023-01449
U.S. Patent No. 11,481,772

**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. (collectively “Kiosoft”) are RPIs for purposes of 35 U.S.C. § 312 because CSC did not file this petition at the behest of these parties. Kiosoft has not funded, directed, or controlled—or otherwise collaborated with CSC on—this proceeding. PayRange’s arguments rely on incorrect factual assumptions and do not establish Kiosoft is an RPI. Finally, PayRange’s *General Plastic* argument is mooted by Kiosoft’s recent dismissal of PGR2023-00042.

II. ARGUMENT

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

Under the Board’s precedential decision in *SharkNinja Operating LLC v. iRobot Corp.*, there is no reason for the Board to address PayRange’s RPI argument at institution because no time-bar or estoppel issues exist. IPR 2020-00734, Paper No. 11 (precedential); *see also, e.g.*, IPR2023-01186, Paper 13 at pp. 7-8 (declining to address the RPI issue on the same arguments). To date, PayRange has asserted the ‘772 patent only against CSC, and thus no time bar ever triggered under § 315(b) based on any separate litigation. PayRange admits there is no time bar at issue here.

See Paper 7 at p. 11. Accordingly, the Board need not address whether Kiosoft is an RPI at institution. *Id.* PayRange’s argument fails for this reason alone.

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

Even if the Board addresses the issue at this stage, Kiosoft is not an RPI of CSC in this IPR. 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 funds or directs the proceeding. *Id.* This IPR was not filed at Kiosoft’s behest, and Kiosoft has not funded, directed, controlled, or collaborated with CSC on this IPR. Ex. 1013, ¶¶6-9. Thus, Kiosoft is not an RPI.

i. PayRange’s Argument is Legally and Factually Deficient

PayRange lacks legal and factual support for its argument that Kiosoft is an RPI. First, PayRange claims that the customer-supplier relationship between CSC and Kiosoft makes Kiosoft an RPI. But, both the Federal Circuit and the Board have held the opposite; a 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 testimony from a separate lawsuit to manufacture support for its flawed legal theory. PayRange cites testimony by Kiosoft’s CEO from a 2020 case filed by PayRange against Kiosoft—a case not involving CSC—and asserts that Kiosoft has “agreed to indemnify CSC.” But, Kiosoft never agreed to indemnify CSC for any infringement claims made by PayRange against CSC, including in PayRange’s pending lawsuit against CSC. Ex.1012, ¶4. Instead, Kiosoft merely agreed to indemnify CSC for expenses associated with third-party discovery PayRange sought from CSC in PayRange’s 2020 lawsuit against Kiosoft asserting patents not at issue in the CSC suit. *See PayRange, Inc. v. Kiosoft Techs., LLC et al.*, Case No. 1:20-cv-20970 (S.D. Fla.)¹; Ex.1012, ¶5.

Third, CSC filed this petition on its own to protect its own interests, not at the behest of Kiosoft. The evidence demonstrates CSC filed this IPR petition against the ‘772 patent in response to PayRange’s 2023 lawsuit accusing two CSC products

¹ Responding to a subpoena is insufficient to create an RPI relationship. *See WesternGeco*, 889 F.3d at 1320-21 (Fed. Cir. 2018).

(only one of which was developed by Kiosoft) of infringing *inter alia*, the ‘772 patent. Ex.1012, ¶¶6-9. CSC filed its own IPR petition using its own counsel, with no involvement of Kiosoft, to protect CSC’s own interests, including to combat infringement assertions against products that Kiosoft did not develop. Ex.1012, ¶¶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 where Petitioner’s own interests in filing an IPR were unrelated to the interests of the alleged RPI). And, Kiosoft recently settled PayRange’s claims against Kiosoft. *See PayRange, Inc. v. Kiosoft Techs., LLC et al.*, Case No. SDFL-1-20-cv-24342, at Dkt. 250. Further, Kiosoft dismissed its petition against the same ‘772 patent at issue here following its settlement. PGR2023-00042, Paper 9. PayRange’s lawsuit asserting the ‘772 patent against CSC remains pending, and PayRange no longer accuses any CSC product developed by KioSoft in that lawsuit. Ex. 1013, ¶¶9-10. Thus, this IPR seeks only to protect CSC’s interests and Kiosoft stands to gain no benefit from it.

ii. PayRange’s Evidence does not Support its Argument

PayRange insinuates that the existence of indemnification provisions in an agreement between CSC and Kiosoft makes Kiosoft an RPI, regardless of the fact that Kiosoft has never agreed to indemnify CSC for PayRange’s claims against CSC. PayRange points to various requests for indemnification CSC sent to Kiosoft, and

concludes—without support or analysis—that Kiosoft is, therefore, an RPI in this matter. PayRange’s conclusory assertion is without support in law or fact.

The Board and the Federal Circuit have recognized that indemnification provisions alone are not indicative of RPI status. *See Apple Inc. v. Achates Ref. Publg., Inc.*, IPR2013-00080, 2013 WL 6514049, at *2-4 (PTAB Apr. 3, 2013) (holding that an indemnification provision is not indicative of RPI status); *Wi-Fi One*, 887 F.3d at 1341 (Fed. Cir. 2018) (finding no evidence of control despite the presence of at least two indemnity agreements). Thus, PayRange’s contention that Kiosoft is an RPI of CSC due to the mere existence of an indemnification provision in an agreement between Kiosoft and CSC lacks merit.

The evidence identified by PayRange to support its RPI argument further underscores the flaws in its analysis. *See* Ex. 2016 (“Kiosoft ***has not responded to correspondence from us dated: April 6, 2023; July 25, 2023; and Aug 10, 2023. . .*** Your counsel, Ice Miller. . . ***have made no commitment on Kiosoft’s behalf to defend and indemnify CSC against the suit.***”) (emphasis added). The fact that CSC has made *repeated* requests for indemnification—none of which were accepted—demonstrates that Kiosoft has not agreed to indemnify CSC. Ex. 1013, ¶ 4. Notwithstanding CSC’s best efforts, the reality is Kiosoft has not agreed to indemnify CSC for PayRange’s claims against CSC and has not funded, directed,

controlled, or otherwise agreed to fund, direct, or control any aspect of this IPR. Ex. 1013, ¶¶ 6-8. Kiosoft, therefore, is not an RPI.

C. PayRange’s *General Plastic* Argument is Moot

Kiosoft’s dismissal of PGR2023-00042 moots PayRange’s *General Plastic* argument. “Where the first-filed petition under factor 1 was discretionarily denied or otherwise was not evaluated on the merits, factors 1-3 only weigh in favor of discretionary denial when there are ‘road-mapping’ concerns.” *Code200, UAB v. Bright Data, Ltd.*, IPR2022-00861, Paper 18 at 5 (Aug. 23, 2022) (precedential). CSC filed the ‘772 IPR before PayRange filed any preliminary response and before the Board issued any institution decision regarding Kiosoft’s PGR, so there can be no “road-mapping” concerns. Moreover, there are no longer multiple petitions pending against the ‘772 patent, which largely obviates the inquiries of *General Plastic* factors 4-7. Where an earlier challenge was not considered on the merits, “the Patent Owner’s concerns of fairness are outweighed by the benefits to the patent system of improving patent quality by reviewing the merits of the challenges raised in the petitions, which have not been addressed to date.” *Code200, UAB*, IPR2022-00861, Paper 18 at 6 (Aug. 23, 2022) (precedential).

III. CONCLUSION

For the foregoing reasons, Petitioner respectfully requests the Board reject PayRange’s arguments that Kiosoft is an RPI with regard to this proceeding.

Respectfully submitted,

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PETITIONER’S EXHIBIT LIST

Ex.1001	U.S. Patent No. 11,481,772
Ex.1002	Prosecution History of U.S. Patent No. 11,481,772
Ex.1003	Declaration of Dr. B. Clifford Neuman
Ex.1004	U.S. Patent No. 7,458,510 to Zhou
Ex.1005	U.S. Patent App. Pub. No. 2003/0130902 to Athwal
Ex.1006	U.S. Patent No. 10,210,501 to Low et al.
Ex.1007	U.S. Patent No. 9,898,884 to Arora et al.
Ex.1008	U.S. Patent No. 8,255,323 to Casey et al.
Ex.1009	U.S. Patent No. 8,958,846 to Freeny
Ex.1010	U.S. Patent Application Publication No. 2010/0082485 to Lin
Ex. 1011	Curriculum Vitae of Dr. B. Clifford Neuman
Ex. 1012	‘772 POPR Proposed Redactions
Ex. 1013	Declaration of Chris Maxie