

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

CSC SERVICEWORKS, INC.,
Petitioner,

v.

PAYRANGE INC.,
Patent Owner.

Case No. IPR2023-01449
Patent 11,481,772

PATENT OWNER'S PRELIMINARY SUR-REPLY

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I. Introduction

Petitioner (“CSC”) fails to excuse its misrepresentation that it has no significant relationship with KioSoft and TechTrex (collectively, “KioSoft”) and fails to show that the recent settlement between PayRange and KioSoft alters KioSoft’s status as a real party in interest (“RPI”). [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] In its Reply, Petitioner repeats factually and legally flawed arguments that it made in previous IPRs—arguments that misapply the law and ignore or mischaracterize the facts—while adding other flawed arguments related to the recent settlement. This dissembling only confirms that the petition fails to name all RPIs and that sanctions are warranted for Petitioner’s misconduct.

II. Petitioner's RPI Analysis Is Factually and Legally Flawed

Petitioner unconvincingly attempts to minimize the extensive evidence showing that it misled the Board about its relationship with KioSoft and failed to identify all RPIs. As explained below, Petitioner presents a piecemeal analysis that fails to apply the correct standard while mischaracterizing or ignoring the evidence. *See Applications in Internet Time, LLC v. RPX Corp.*, 897 F.3d 1336, 1350-51 (Fed. Cir. 2018) (“*AIT*”) (RPI inquiry considers whether party is “a clear beneficiary that has a preexisting, established relationship with the petitioner”). Petitioner also fails to show that the recent settlement between PayRange and KioSoft changes KioSoft's status as an RPI, let alone excuses Petitioner's violations of its duty of candor.

Petitioner repeats many of its misguided arguments from its replies in the previous IPRs. Petitioner argues that the mere existence of a customer-supplier agreement does not make KioSoft an RPI. Reply, 3-4 (citing *WesternGeco LLC v. ION Geophysical Corp.*, 889 F.3d 1308, 1321 (Fed. Cir. 2018)). But the relationship goes far beyond a mere customer-supplier agreement. POPR, 3-10 (evidence shows exclusivity provisions, funding obligation, right to control defense, exclusivity provisions, and numerous indemnity demands). Petitioner dismisses KioSoft's payment of expenses for third-party discovery as irrelevant (Reply, 4), but Petitioner does not deny that KioSoft's payment of those expenses

was based on the robust indemnification provisions in the supplier agreement.

Petitioner emphasizes its own interests in invalidating this patent, 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.”).

Petitioner also misleadingly argues that “KioSoft never agreed to indemnify CSC” against PayRange’s infringement claims and that KioSoft “merely agreed to indemnify CSC for expenses associated with third-party discovery.” Reply, 4. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Petitioner further argues that “indemnification provisions alone are not indicative of RPI status,” but, again, the evidence goes far beyond the “mere existence of an indemnification provision” Petitioner claims. Reply, 6 (citing *Apple Inc. v. Achates Ref. Publ’g., Inc.*, IPR2013-00080, Paper 18 at 2-4; *Wi-Fi One, LLC v. Broadcom Corp.*, 887 F.3d 1329, 1341 (Fed. Cir. 2018)). [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The very cases Petitioner cites illustrate the importance of the facts Petitioner ignores. In *Apple*, the Board emphasized that there was no evidence that the agreement was signed—[REDACTED]—and noted the relevance of other factors such as whether the non-party “could have exercised control over a party’s participation in a proceeding.” *Apple*, IPR2013-00080, Paper 18 at 4-5 (quoting Office Patent Trial Practice Guide, 77 Fed. Reg. 48756, 48759-60 (Aug. 14, 2012)) (internal quotations omitted). In *Wi-Fi One*, the court similarly emphasized that “the evidence did not show that Broadcom had the right to control that litigation.” *Wi-Fi One, LLC v. Broadcom Corp.*, 887 F.3d 1329, 1340-41 (Fed. Cir. 2018). [REDACTED]

[REDACTED]

[REDACTED]

Ericsson Inc. v. Regents of the Univ. of Minnesota, IPR2017-01219, Paper 60 at 6 (“In contrast, here, the evidence of record shows that Petitioner has a preexisting indemnity relationship with the District Court Defendants *and* had the opportunity to control the defense of the District Court Defendants with respect to the base stations.”); *see also 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)), 32-33 (discussing right of control).

Petitioner does not show that the recent settlement between PayRange and KioSoft and the subsequent removal of the KioSoft-developed product from the infringement claims against Petitioner alters KioSoft’s status as an RPI. First, those developments do not change the circumstances at the time the petition was filed, and Petitioner does not argue that such circumstances are irrelevant to the analysis.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

In sum, the evidence shows that KioSoft was an RPI when the petition was filed and that Petitioner attempted to mislead the Board and has continued to do so. Petitioner's Reply confirms these facts and confirms that KioSoft is still an RPI today. In any event, no post-filing developments can excuse Petitioner's false representation that it has no significant relationship with KioSoft (Pet., 15) or its failure to disclose evidence in its possession refuting that representation.

III. Sanctions Are Warranted

Petitioner attempts to use *SharkNinja* as cover for its misconduct, arguing that the Board need not address PayRange's arguments because no time-bar applies to this proceeding. Reply, 2-3 (citing *SharkNinja Operating LLC v. iRobot Corp.*, IPR2020-00734, Paper 11 (precedential)). But the Board's policy of declining to make RPI findings before institution absent a time-bar does not excuse petitioners from their statutory obligation to identify all RPIs, nor is it an invitation for parties to mislead the Board. Indeed, *SharkNinja* confirms that this statutory obligation serves important purposes beyond the time-bar and that petitioners "must comply with these requirements in good faith." *SharkNinja*, 17 (citing 37 C.F.R. §42.11(a)). As previously explained, Petitioner violated its duty of candor by falsely representing that it has no significant relationship with KioSoft (Pet., 15) and by failing to submit evidence in its possession contradicting that assertion.

POPR, 3-11. Petitioner does not dispute that this representation was false, nor does it offer any explanation for misleading the Board. *SharkNinja* does not make this misconduct any less sanctionable. See 37 C.F.R. §42.12.

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 settlement between PayRange and KioSoft does not excuse Petitioner's misconduct. Accordingly, at a minimum, 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: February 26, 2024

/Matthew A. Argenti/
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V. Appendix

EXHIBIT NO.	DESCRIPTION
2001	Amended CSC Complaint, <i>PayRange Inc. v. CSC Serviceworks, Inc.</i> , No. 1:23-cv-00278-MN (D. Del. May 19, 2023), Doc. No. 12.
2002	Scheduling Order, <i>PayRange Inc. v. CSC Serviceworks, Inc.</i> , No. 1:23-cv-00278 (D. Del. Jul. 27, 2023), Doc. No. 24.
2003	Amended KioSoft Complaint, <i>PayRange Inc. v. KioSoft Techs., LLC</i> , No. 1:20-cv-24342 (S.D. Fla. Jan. 15, 2021), Doc. No. 17.
2004	Transcript of Rule 11 Hearing, <i>PayRange, Inc. v. Kiosoft Techs., LLC</i> , 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	December 7, 2023, email from Jason R. Mudd to Matthew Argenti
2007	CONFIDENTIAL – CSC Production Document No. 1
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

CONFIDENTIAL MATERIAL

2014	CONFIDENTIAL – CSC Production Document No. 8
2015	CONFIDENTIAL – CSC Production Document No. 9
2016	CONFIDENTIAL – CSC Production Document No. 10
2017	Statutory Disclaimer filed in U.S. Patent 11,481,772 B2, on November 22, 2023

CERTIFICATE OF SERVICE

The undersigned certifies that the foregoing Patent Owner's Preliminary Sur-Reply was served on February 26, 2024, on the Petitioner at the electronic correspondence addresses of the Petitioner as follows:

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