

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

MIAMI INTERNATIONAL HOLDINGS, INC.; MIAMI INTERNATIONAL
SECURITIES EXCHANGE, LLC; MIAX PEARL, LLC; AND MIAMI INTER-
NATIONAL TECHNOLOGIES, LLC,
Petitioners

v.

NASDAQ ISE, LLC,
Patent Owner

Case CBM2018-00021
Patent 6,618,707

**PATENT OWNER'S MOTION TO DISQUALIFY
PETITIONERS' COUNSEL**

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I. INTRODUCTION

Under well-settled principles of professional conduct, a law firm may not represent a new client adverse to a former client in a substantially related successive matter. Based on its prior work for Nasdaq, Fish & Richardson P.C. (“Fish”) cannot continue to appear as counsel for MIAX in this proceeding.

From 1998 to 2011, Fish represented Nasdaq in intellectual property matters and prosecuted patents on behalf of Nasdaq for inventions in electronic trading technology. During their 13-year relationship, Nasdaq entrusted to Fish confidential information, including information relating to Nasdaq’s strategic approach to its intellectual property and information bearing on the validity of its patents.

Roughly one year ago, Nasdaq and various subsidiaries filed a district court lawsuit against MIAX. The lawsuit asserts, *inter alia*, that MIAX infringes seven patents claiming innovations in electronic trading, four of which were prosecuted by Fish. MIAX hired Fish and Reed Smith LLP (“Reed Smith”) to defend it in the lawsuit. Because Fish prosecuted four of the asserted patents, Fish and Reed Smith attempted to carve up the defense of MIAX, with Fish claiming that it would not participate in the portion of the lawsuit relating to the patents that Fish prosecuted. Despite its claim, Fish took actions, such as jointly filing with Reed Smith a single motion to dismiss all counts in the lawsuit, demonstrating that Fish was intimately involved with MIAX’s attempt to invalidate the very patents that Fish prosecuted.

In early March 2018, Nasdaq moved to disqualify Fish—its former trusted counsel in intellectual property matters—from representing Nasdaq’s adversary in the lawsuit. Magistrate Judge Arpert, seeing through Fish’s and Reed Smith’s flawed attempt to divide labor, found that MIAX’s defense was “necessarily a collaborative effort” between Fish and Reed Smith. And critical to this proceeding, Judge Arpert found that the confidential information that Fish obtained while representing Nasdaq bears not only on the validity of the patents that Fish prosecuted, but also on the asserted patents Fish did not prosecute.

Although Fish did not prosecute the patent at issue in this covered business method review (“CBMR”), the issues in this CBMR are substantially related to Fish’s prior prosecution work: the patent at issue claims inventions in the very same technology space, and has a date of invention during the same timeframe in which Fish represented Nasdaq. As Judge Arpert held, Fish cannot be involved in defending MIAX in the current dispute between Nasdaq (Fish’s former client) and MIAX. The instant CBMR is necessarily part of that defense, and thus Fish cannot be adverse to Nasdaq in this proceeding.

II. RELIEF REQUESTED (37 CFR § 42.22(a)(1))

Patent Owner Nasdaq ISE, Inc. moves under 37 C.F.R. §§ 11.109(a), 11.110(a), and 42.10(d) to disqualify Petitioners’ counsel Fish & Richardson P.C.

III. STATEMENT OF FACTS

From early 1998 to late 2011, Fish represented Nasdaq in intellectual property matters, including providing counsel and prosecuting patent applications for electronic trading technology. Ex. 2006; Ex. 2007; Ex. 2008. Over the course of 13 years representing Nasdaq, Fish prosecuted and provided counsel relating to approximately 75 U.S. patent applications on behalf of Nasdaq, including the patents that MIAX, Fish's current client, challenged in related matters CBM2018-00028, CBM2018-00029, CBM2018-00030, and CBM2018-00032. Ex. 2009, ¶¶ 5, 14-17; P.O. Mandatory Notices, Paper 5, 1-2.

In December 2010, while Fish represented Nasdaq, Nasdaq acquired FTEN, Inc. Ex. 2009, ¶ 12; Ex. 2010. FTEN, Inc. owns U.S. Patent No. 8,386,371 ("the '371 patent"), and is a wholly owned subsidiary of Nasdaq, Inc. P.O. Mandatory Notices, Paper 5, 1. Fish filed on behalf of MIAX a petition challenging the '371 patent in CBM2018-00020.

In June 2016, Nasdaq acquired International Securities Exchange, LLC. Ex. 2011. In April 2017, International Securities Exchange, LLC changed its name to Nasdaq ISE, LLC. P.O. Mandatory Notices, Paper 5, 1. Nasdaq ISE, LLC owns U.S. Patent No. 6,618,707 ("the '707 patent"), and is a wholly owned subsidiary of Nasdaq, Inc. P.O. Mandatory Notices, Paper 5, 1.

On September 1, 2017, Nasdaq, Inc. and its wholly owned subsidiaries Nasdaq ISE, LLC and FTEN, Inc. filed a lawsuit against MIAX asserting seven counts of patent infringement (including infringement of the '707 patent) and three counts of trade secret misappropriation. Ex. 2012. Fish prosecuted four of the seven asserted patents. Ex. 2009, ¶¶ 5, 14-17. MIAX hired Fish and Reed Smith to defend it in the lawsuit. Ex. 2013, 2. Fish and Reed Smith attempted to carve up the defense of the lawsuit, with Fish claiming that it would not participate in aspects of the lawsuit related to the patents that it prosecuted. *Id.* at 2-3. Despite this agreement, MIAX filed a single motion to dismiss the lawsuit. *Id.* at 7.

On March 23, 2018, Fish filed on behalf of MIAX the petition in this CBMR, challenging the validity of the '707 patent. Petition, Paper 2, 99. Nasdaq, Inc. is a real party in interest in this CBMR. P.O. Mandatory Notices, Paper 5, 1.

In the co-pending district court litigation, Nasdaq moved to disqualify Fish from representing MIAX. On September 6, 2018, Magistrate Judge Arpert issued an order disqualifying Fish. Ex. 2013. In his order, Judge Arpert made the following factual findings: (i) “the interests of Nasdaq and MIAX . . . are ‘materially adverse,’” *id.* at 9; (ii) the seven asserted patents (including the '707 patent) relate to the same subject matter, *id.* at 2 (“electronic trading technology”), 8-9 (“methods and systems for automated securities trading, including options trading”); (iii) “there is no doubt that during the course of the relationship [between Fish and

Nasdaq,] Fish obtained confidential information that is likely to bear upon the present dispute between Nasdaq and MIAX,” *id.* at 8; (iv) “this confidential information would necessarily include information from Nasdaq related to Nasdaq’s strategic approach to its intellectual property and patent prosecution, and include information bearing on validity,” *id.*; (v) “this confidential information bears not only on issues in this case related to the Nasdaq Patents, ***but also on the other patent . . . issues*** in this case, as they share similar subject matter,” *id.* (emphasis added); (vi) there is a “very substantial relationship between [the district court lawsuit] and Fish’s prior representation of Nasdaq,” *id.* at 10; and (vii) the defense of the district court lawsuit “is necessarily a collaborative effort” between Fish and MIAX’s other counsel, Reed Smith, *id.*

On October 3, 2018, the Board authorized Nasdaq to move to disqualify its former counsel Fish from representing MIAX in this CBMR. Order, Paper 13.

IV. LEGAL STANDARD

“A panel of the Board may disqualify counsel for cause after notice and opportunity for hearing.” 37 C.F.R. § 42.10(d). “[W]hen determining if disqualification is appropriate, it is necessary to balance the interest of a party’s right to retain counsel of its choice versus preserving the integrity of the adversary process.” *Anderson v. Eppstein*, 59 U.S.P.Q.2d 1280, 2001 WL 583152, *6 (B.P.A.I. 2001) (informative). Although “the moving party bears a heavy burden of . . . showing that

disqualification is necessary,” *id.*, and “[m]otions to disqualify opposing counsel are disfavored because they cause delay and are sometimes abused,” Rules of Practice for Trials, 77 Fed. Reg. 48,612, 48,630 (Aug. 14, 2012), a lawyer’s duty to his client’s or former client’s interests is one of “absolute loyalty” and “fidelity,” *see T.C. Theatre Corp. v. Warner Bros. Pictures, Inc.*, 113 F. Supp. 265, 268-69 (S.D.N.Y. 1953). Violating this duty to a former client, which is codified in the USPTO’s Rules of Professional Conduct, is cause for disqualification.

In April 2013, the USPTO adopted Rules of Professional Conduct that are modeled after the America Bar Association’s (ABA) Model Rules of Professional Conduct. Changes to Representation of Others Before the USPTO, 78 Fed. Reg. 20,180 (Apr. 3, 2013). Rule 11.109(a) prohibits “[a] practitioner who has formerly represented a client in a matter” from “thereafter represent[ing] another person in the same or a substantially related matter in which that person’s interests are materially adverse to the interests of the former client unless the former client gives informed consent, confirmed in writing.” And Rule 11.110(a) imputes the duties a practitioner owes a former client under Rule 11.109 to the practitioner’s law firm, with certain exceptions not relevant here.

The Board has not issued any precedential or informative opinions interpreting “substantially related matter,” as recited in Rule 11.109(a). But “[i]n the absence of USPTO-specific precedent, practitioners may refer to various sources for

useful information,” including “precedent based on the USPTO Code” (the precursor to the USPTO’s 2013 Rules of Professional Conduct); “the Comments and Annotations to the ABA Model Rules”; and “opinions issued by State bars and disciplinary decisions based on similar professional conduct rules in the States.”

Changes to Representation, 78 Fed. Reg. at 20180.

In *Anderson*, the BPAI (precursor to the PTAB) interpreted “substantially related” under the USPTO’s Code of Professional Responsibility (precursor to the 2013 Rules of Professional Conduct): “On some occasions, the term ‘substantially related’ has been narrowly interpreted to mean identical or essentially the same.” 2001 WL 583152, *7 (emphasis added). The BPAI’s admittedly narrow interpretation, which it qualified as only applying “[o]n some occasions,” *id.*, has been criticized as an overly-restrictive and “untenable standard,” *Openwave Sys., Inc. v. 724 Solutions (US) Inc.*, 2010 WL 1687825, *3 (N.D. Cal 2010). Indeed, interpreting “substantially related” as “identical or essentially the same” would effectively read “substantially related” out of Rule 11.109(a).

Comment [3] to ABA Model Rule 1.9 provides more workable guidance: “Matters are ‘substantially related’ for purposes of this Rule if they involve the same transaction or legal dispute or if there otherwise is a substantial risk that confidential factual information as would normally have been obtained in the prior representation would materially advance the client’s position in the subsequent

matter.” MODEL RULES OF PROF’L CONDUCT r. 1.9 cmt. 3 (AM. BAR ASS’N 2011).

Regarding the latter, “[i]t is well settled that once an attorney-client relationship has been established, an irrebuttable presumption arises that confidential information was conveyed to the attorney in the prior matter.” *Audio MPEG, Inc. v. Dell, Inc.* 219 F. Supp. 3d 563, 569 (E.D. Va. 2016); *see also Anderson*, 2001 WL 583152, *7 (“The Court will assume that during the course of the former representation confidences were disclosed to the attorney bearing on the subject matter of the representation.” (quoting *T.C. Theatre Corp.*, 113 F. Supp. at 268-69)). The former client need not reveal the confidential information to establish that matters are substantially related. *Id.*

V. REASONS FOR THE RELIEF REQUESTED (37 CFR § 42.22(a)(2))

This CBMR is merely one piece of MIAX’s overall defense in its dispute with Nasdaq. Fish, who has been intimately involved in MIAX’s defense, was disqualified in the underlying lawsuit because of its conflict of interest. Just as Fish and Reed Smith were not able to carve up MIAX’s defense in the lawsuit, the Board should not consider each of MIAX’s CBMRs in isolation. *See* 35 U.S.C. § 325. Rather, the Board should adopt Judge Arpert’s well-supported factual findings that the defense of MIAX is “necessarily a collaborative effort,” and should disqualify Fish. Specifically, the Board should disqualify Fish from representing MIAX in this CBMR because MIAX’s interests are “materially adverse” to those

of Nasdaq, and this CBMR is “substantially related” to Fish’s past representation of Nasdaq.

A. MIAX’s interests are “materially adverse” to the interests of Fish’s former client Nasdaq.

There is no dispute that Fish represented Nasdaq from 1998 until 2011 in intellectual property matters, including providing counseling and prosecuting patent applications for electronic trading technology. Ex. 2006; Ex. 2007; Ex. 2008. Nor can there be any dispute that Nasdaq—the parent company of Nasdaq ISE, LLC and a real party in interest in this CBMR, P.O. Mandatory Notices, Paper 5, 1—and MIAX have adverse interests, e.g., MIAX seeks to invalidate the ’707 patent.

B. Fish’s defense of MIAX, including this CBMR, is “substantially related” to Fish’s past representation of Nasdaq.

Fish’s defense of MIAX, including the underlying litigation and this CBMR, is “substantially related” to Fish’s past representation of Nasdaq because there is a “substantial risk” that the “confidential factual information” that Nasdaq entrusted to Fish in their past attorney-client relationship would “materially advance” MIAX’s defense, including its positions in this CBMR.

Both the law and the facts establish that Fish obtained confidential factual information from Nasdaq during the course of their 13-year attorney-client relationship. *See* Ex. 2006; Ex. 2007; Ex. 2008. Under the law, this Fish-Nasdaq attorney-client relationship creates “an irrebuttable presumption” that Nasdaq “confi-

dential information was conveyed to [Fish] in the prior matter.” *Audio MPEG*, 219 F. Supp. 3d at 569; *see also Anderson*, 2001 WL 583152, *7. Here, the scope of “the prior matter” broadly covers “Intellectual Property matters,” Ex. 2006, 1, and specifically included strategic intellectual property counseling to obtain patent rights on inventions for electronic trading technology, *see* Ex. 2009, ¶¶ 5, 14-17.

Magistrate Judge Arpert also found that Fish had, in fact, obtained material and confidential factual information from Nasdaq during their 13-year attorney-client relationship. Ex. 2013, 8 (“ . . . there is no doubt that during the course of the relationship Fish obtained information that is likely to bear upon the present dispute between Nasdaq and MIAX.”). Judge Arpert further found:

[T]his confidential information would necessarily include information from Nasdaq related to Nasdaq’s strategic approach to its intellectual property and patent prosecution, and include information bearing on validity. Thus, Fish not only would have obtained knowledge relating generally to Nasdaq’s patent prosecution strategies, but also specifically as to the intended meaning and scope of each of the patented claims, their potential to be infringed, and facts regarding validity and enforceability. *Id.*

There is a substantial risk that the confidential factual information that Nasdaq entrusted to Fish from 1998 to 2011 would material advance MIAX’s interests. To start, Judge Arpert found that “this confidential information bears not only on issues in this case related to the Nasdaq patents,” i.e., the patents that

MAIX challenged in related CBM2018-00028, CBM2018-00029, CBM2018-00030, and CBM2018-00032, “*but also on the other patent and trade secrets issues in this case, as they share similar subject matter.*” *Id.* (emphasis added). The “other patent” issues include whether the ’707 patent is patent-eligible under Section 101, *which is the very same issue in this CBMR.*

Additionally, the ’707 patent was filed on November 2, 1999, claims priority to November 3, 1998. Ex. 1001, (22), (60). These critical dates fall within the timeframe that Fish prosecuted Nasdaq patent applications on electronic trading technology, Ex. 2006 (representation letter dated February 19, 1998); Ex. 2007, which is the same field of technology as the ’707 patent, Ex. 1001, 1:13-17. Because patent-eligibility, this sole issue in this CBMR, is evaluated from the time of invention, *see Berkheimer v. HP Inc.*, 890 F.3d 1369, 1370 n.1 (Fed. Cir. 2018), the confidential factual information Fish obtained from Nasdaq is material to the issues in this CBMR.¹ Further, Nasdaq ISE is permitted to propose amended claims in this CBMR. Should Nasdaq ISE exercise this option, the proceeding will include prosecution of a patent that is directed to the same subject matter as those Fish prosecuted for Nasdaq and that has a date of invention that falls within the

¹ The instant case is thus not one in which “[i]nformation acquired in a prior representation may have been rendered obsolete by the passage of time.” MODEL RULES OF PROF’L CONDUCT r. 1.9 cmt. 3 (AM. BAR ASS’N 2011).

same timeframe that Fish represented Nasdaq. Accordingly, there is significant risk that Fish will use Nasdaq's own confidential information in a manner adverse to Nasdaq. Because "[n]o client should ever be concerned with the possible use against him in future litigation of what he may have revealed to his attorney," *T.C. Theatre*, 113 F. Supp. at 269, the Board should disqualify Fish.

In the district court litigation, Fish argued that it screened off all attorneys in Fish's Boston office, which included the Fish attorneys that prosecuted patent applications for Nasdaq. Ex. 2013, 3. Fish also argued that the attorneys handling the district court litigation did not prosecute applications for Nasdaq. *Id.* But Fish's alleged *post hoc* screening of its Boston office is insufficient because Rule 11.110(a)'s exception for a screened-off attorney applies only to a conflict that arises out of the attorney's association with a prior firm. 37 C.F.R. § 11.110(a)(2).

C. Fish's involvement in the CBOE litigation, which began in 2007, is not germane because Nasdaq did not acquire ISE until 2016.

During the October 2, 2018 Board call, Fish argued that it should not be disqualified in this CBMR because the '707 patent was "involved in litigation with CBOE where Fish & Richardson was against that patent in litigation openly for years." Ex. 2002, 13:14-25. As best understood, the CBOE litigation Fish referenced, No. 07-cv-00623 (ND. Ill.), began in 2007 and concluded in 2016. *See* Ex. 2009, ¶ 7. But Nasdaq, Inc. did not acquire ISE until 2016, Ex. 2009, ¶ 9; Ex. 2011, and thus the CBOE litigation was years into the making before any potential

conflict could have arisen. Accordingly, Fish's previous adverse stance to the '707 patent is not germane to whether a conflict exists in this CBMR.²

D. This motion is not untimely; nor would MIAX suffer undue prejudice should the Board disqualify Fish.

Nasdaq's request to disqualify Fish is not untimely, as Fish asserted during the October 2, 2018 Board call. Ex. 2002, 12:9-13:8. Both before and after Judge Arpert's September 6, 2018 ruling in the co-pending litigation, Nasdaq investigated whether any panel of the PTAB had disqualified counsel in a post-grant proceeding. Nasdaq, however, is unaware of any such decision. In the few PTAB proceedings where disqualification was considered, the facts were very different than the facts in this CBMR. *See, e.g., UPL LTD v. AgroFresh Inc.*, IPR2017-01919, Paper 35 (P.T.A.B. June 13, 2018) (patent owner unsuccessfully attempted to disqualify petitioner's law firm but patent owner was not prior client of the firm, and thus Rule 11.109 was not applicable); *Commscope Techs. LLC v. Dali Wireless Inc.*, IPR2018-00571, Paper 18 (P.T.A.B. May 8, 2018) (petitioner unsuccessfully

² Now faced with disqualification, Fish acknowledges its role in the CBOE litigation, in which it represented CBOE before the district court and in two Federal Circuit appeals. In the Petition, however, Fish failed to appraise the Board of the precedential Federal Circuit opinions stemming from the CBOE litigation. *See* P.O. Prelim. Resp., Paper 6, 13-15.

attempted to disqualify patent owner's law firm because the firm prosecuted, for petitioner, one of the references relied upon in the IPR petition).

Given the limited guidance on disqualification at the PTAB, Nasdaq waited for a ruling from the district court before approaching the Board. The parties had extensively briefed the issue to the district court, beginning with Nasdaq's opening brief filed March 2, 2018. Ex. 2014. Briefing to the district court was thus already well under way before MIAX filed the petition in this CBMR, and thus the district court was in a better position to rule in the first instance. When Judge Arpert ruled, Nasdaq immediately revisited the issue of disqualifying Fish in this CBMR, and shortly thereafter contacted MIAX to meet and confer on the issue.

Given the procedural nature of CBMR, MIAX was not prejudiced by waiting for Judge Arpert's ruling. After a petitioner files its petition for CBMR, its substantive role is extremely limited during the pre-trial phase of the proceeding. *See* 37 C.F.R. § 42.207(b) (setting patent owner due date three months after a notice of filing date of the petition has issued); 35 U.S.C. § 324(c) (setting Board due date for institution three months after patent owner's preliminary response). MIAX did not allege that its attorney's from Fish were actively working on this CBMR in the period after it filed the petition.

Nor would MIAX suffer undue prejudice should the Board disqualify Fish. Nasdaq asserted seven patents against MIAX in the underlying litigation. Ex. 2013,

1-2. MIAX retained Fish and Reed Smith to defend it before the district court, *id.* at 2-3, and to file CBMR petitions challenging the asserted patents under Section 101 (three of which were filed by Fish; four of which were filed by Reed Smith). In the district court litigation, Reed Smith filed, on behalf of MIAX, a single motion to dismiss all seven asserted patents as patent ineligible under Section 101, *id.* at 7, and thus Reed Smith is intimately familiar with MAIX's positions and strategy for challenging the '707 patent under Section 101. Indeed, Judge Arpert characterized Fish's and Reed Smith's defense of MIAX in the district court lawsuit as "necessarily a collaborative effort." *Id.* at 12. This collaboration appears to have continued at the PTAB, where MIAX hired the same expert, Dr. Hendershott, to provide testimony in six of the seven CBMRs that MIAX filed (three of which were filed by Fish; three of which were filed by Reed Smith). Accordingly, Reed Smith is intimately familiar with the issues and with MIAX's expert in this CBMR, and is thus well positioned to represent MIAX should the Board disqualify Fish.

VI. CONCLUSION

Balancing the interest of MIAX's right to retain counsel of its choice in this CBMR versus preserving the integrity of the adversarial process, the Board should disqualify Fish because it represented Nasdaq on intellectual property matters regarding electronic trading technology during a 13-year period that includes the date of invention of the '707 patent.

Date: October 11, 2018

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CERTIFICATION OF SERVICE

The undersigned hereby certifies that the foregoing **PATENT OWNER'S MOTION TO DISQUALIFY PETITIONERS' COUNSEL** was served electronically via e-mail on October 11, 2018, in its entirety on Attorneys for Petitioners:

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