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 INTERNATIONAL TECHNOLOGIES, LLC,
Petitioners

v.

NASDAQ ISE, LLC,
Patent Owner

Case CBM2018-00021
Patent 6,618,707

PATENT OWNER'S REPLY IN SUPPORT OF ITS MOTION TO DISQUALIFY PETITIONERS' COUNSEL

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I. INTRODUCTION

Fish does not, because it cannot, dispute that Nasdaq, Inc. ("Nasdaq") and MIAX have adverse interests in this proceeding. Nasdaq ISE and FTEN are wholly-owned subsidiaries of Nasdaq. An attack on a patent owned by Nasdaq's wholly-own subsidiary is an attack on Nasdaq, who was Fish's patent-prosecution client for over a decade. Fish's convoluted who-owned-what-when argument misses the fundamental ethical problem posed by its representation of MIAX: Fish cannot be materially adverse to its former client Nasdaq in a matter substantially related to its past representation of Nasdaq. This CBMR proceeding is substantially related to the district court litigation that Nasdaq, Nasdaq ISE, and FTEN brought against MIAX, which includes patents that Fish prosecuted for Nasdaq. The patents Fish prosecuted for Nasdaq are similarly under attack in related CBMR proceedings CBM2018-00028, CBM2018-00029, CBM2018-00030, and CBM2018-00032.

Fish's attempt to downplay and compartmentalize its involvement is too cute by half, particularly in light of its decision to share an expert with Reed Smith in CBM2018-00028, CBM2018-00029, CBM2018-00030, and CBM2018-00032. Fish's touting of this shared-expert arrangement as "efficient" confirms that these are not discrete, separable matters, but part of a collective, coordinated effort to invalidate the patents asserted in the underlying litigation—which includes patents that Fish prosecuted for Nasdaq and from which Fish has been disqualified in light

of the unavoidable conflict of interest. Exhibit 2013 (order disqualifying Fish).

As Judge Alpert found, all of the patents under attack relate to the same subject matter: system and methods for automated securities and options trading. Ex. 2013 at 8-9. The same is true of all seven CMBR proceedings initiated by MIAX's co-counsel Fish and Reed Smith. The overlap is substantial, which is why Fish's and Reed Smith's shared expert, Dr. Henderschott, admittedly "replicate[d] the content" of his declarations extensively across all six CMBR petitions. Ex. 1059 ¶ 6. Fish cannot have it both ways: it cannot compartmentalize its role in one proceeding and then share resources and substantive theories across all of them.

Like the underlying litigation, these are not discrete matters: they are part of a coordinated defense mounted by MIAX who is directly adverse to Nasdaq. When approached by MIAX regarding this defense, Fish apparently recognized that there would be a conflict of interest with respect to Nasdaq and tried to mitigate it by entering into a "limited-scope engagement agreement" and by screening certain Fish attorneys. Both measures are inadequate to avoid a conflict of interest. First, Fish cannot credibly separate the institutional knowledge it has about Nasdaq's intellectual property portfolio and related strategies in the realm of automated securities and options trading. Second, it makes no difference that Fish attorneys have been screened; the conflict of interest is rightfully imputed to the whole firm under Rule 11.110(a), particularly when Fish served as Nasdaq's prosecution counsel for 13

years and the affected attorneys were free to share Nasdaq confidences with their colleagues over a span of 20 years. Third, Fish's promise not to participate in any part of the underlying dispute involving the patents that it prosecuted is unrealistic; Fish cannot competently represent MIAX in these proceedings while flying blind.

The Board should not be reluctant to disqualify Fish merely because it has yet to disqualify a law firm in a post-grant proceeding. The relevant facts are not in dispute and the Board has Judge Alpert's well-reasoned decision as confirmation that Fish's participation in this dispute conflicts with its ethical duties to Nasdaq.

II. ARGUMENT

In its opposition, Fish makes the same arguments to the Board that it made to Judge Alpert, hoping for a different result based on the format of post-grant proceedings. The distinction is meaningless, however, because Fish's actions in this proceeding are part of a coordinated effort, admittedly involving a *shared* expert, to attack all the patents in the litigation, including the patents that Fish prosecuted.

Fish provides four equally flawed rationales for why it should be exempted from the duty of loyalty it owes to its former client Nasdaq: (1) Nasdaq ISE is not a former client, so there can be no conflict of interest; (2) this proceeding is not substantially related to Fish's prior representation of Nasdaq because the patentee is Nasdaq ISE; (3) Fish has screened the attorneys who were involved in prosecution for Nasdaq; and (4) Fish's activities involving this patent must be viewed in isola-

tion from its co-counsel's activities involving the patents that Fish prosecuted.

These rationales were correctly rejected by Judge Alpert because they slyly disregard, first, the glaring ethical problem of being adverse to a former client in matters substantially related to those involved in the district court litigation and, second, the assumed risk of Fish breaching confidences with Nasdaq. The circumstances are not different here merely because this is a proceeding before the Board.

A. Nasdaq and MIAX have adverse interests in this CBMR; Nasdaq ISE is Nasdaq's wholly-owned subsidiary and Nasdaq is an RPI.

Fish's justification for participating in this matter is complicated, but the ethical problem it poses is simple: Fish cannot be materially adverse to its former client Nasdaq in "the same *or a substantially related matter*" to its prior representation of Nasdaq without Nasdaq's informed consent. Rule 11.109(a) (emphasis added); *In re Am. Airlines, Inc.*, 972 F.2d 605, 612 (5th Cir. 1992) ("A lawyer may not switch sides and represent a party whose interests are adverse to a person who sought in good faith to retain the lawyer.") (internal quotes and citations omitted).

The patentee in this CBMR, Nasdaq ISE, is Nasdaq's wholly-owned subsidiary. Nasdaq is a real party-in-interest to this CBMR. Paper 5 at 1. As reflected in MIAX's statement of related proceedings, this CBMR is related to the district court action in which Nasdaq, Nasdaq ISE, and FTEN collectively sued MIAX. Pet. at 3, 15. Were it not for that related litigation, MIAX would lack standing to bring this CBMR. Fish represents MIAX in this CBMR and MIAX is adverse to Fish's for-

mer client Nasdaq. These circumstances cannot be disputed, nor does Fish appear to dispute that it is acting adverse to its former client Nasdaq in this CBMR.

B. This CBMR is part of a larger dispute over technology that is substantially related to Fish's prior representation of Nasdaq.

This CBMR is substantially related to Fish's prior representation of Nasdaq both in terms of subject matter (i.e., automated securities and options trading) and in terms of Fish's role in prosecuting patents that are part of the underlying dispute.

Judge Alpert found that all the patents involved in the underlying litigation, including those patents prosecuted by Fish, "involve the same general field of technology." Ex. 2013 at 7; *see also id.* at 8-9 (noting that they all relate to automated securities and options trading). Consequently, Judge Alpert found that MIAX could not carve up its defense and treat the individual patents as "discrete 'matters' for conflicts purposes." *Id.* at 7. The seven CBMRs pending before the Board are part-and-parcel of MIAX's defense in that action and each petition cites the underlying infringement suit as support for MIAX's standing to petition for CBMR. These CBMRs are undeniably a counterpart to the underlying litigation and should therefore not be treated as discrete matters for conflicts purposes.

Fish attempts to limit Judge Alpert's reasoning to the "facts and circumstances" of the underlying litigation, arguing that the civil action was initiated by a single complaint filed by three Nasdaq entities. Paper 19 at 11-13. Fish clutches to distinctions that make no difference from an ethical standpoint. These CBMRs are

part of the same dispute identified by Judge Alpert and were admittedly pursued in connection with it. The patents, the parties, and the circumstances are the same. In both the district court action and these CBMRs, Fish is seeking to compartmentalize its involvement by limiting the scope of its representation and screening certain Fish attorneys. Judge Alpert found this scheme insufficient to avoid the conflict and disqualified Fish. Judge Alpert's reasoning applies equally to this CBMR.

It is unrealistic for Fish to promise that it can limit its participation strictly to those aspects of MIAX's defense that involve the patents it did not prosecute. As part of MIAX's broader defense, Fish will be required to align claim construction and invalidity positions with Reed Smith. Fish cannot do this blindfolded. Indeed, Fish executed a "*Common* Interest" and "*Joint* Representation Agreement" with Reed Smith, who is actively attacking the patents that Fish prosecuted. Ex. 1055, ¶ 11 (emphasis added). Under those obligations alone, Fish would be required to coordinate its positions and arguments with its co-counsel. In that context, Fish is inevitably placing itself in the position of sharing insights that risk breaching a confidence of Nasdaq, whether purposely or inadvertently. Neither is acceptable.

C. Fish cannot avoid a conflict by "limiting" its representation; its prior knowledge about Nasdaq cannot be compartmentalized.

Fish's primary argument is that it is not conflicted from challenging Nasdaq ISE's patent because Nasdaq ISE was never Fish's client. Fish ignores or misunderstands the problem. It makes no difference *when* Nasdaq acquired Nasdaq ISE.

It makes no difference whether its petition relies on publicly available information. And it makes no difference whether Fish represented a party against Nasdaq ISE's predecessor, International Securities Exchange, LLC. The problem with Fish being adverse to *Nasdaq* in this CBMR is that, in representing MIAX in a matter that is substantially related to Fish's prior representation of *Nasdaq*, there is a legitimate risk that Fish's institutional knowledge *about Nasdaq*, obtained through the confidence of its prior representation *involving the same technological subject matter*, could, purposely or inadvertently, advance the interests of MIAX in this CBMR.

Fish dismisses this ethical hazard as "absurd." Paper 19 at 8. Far from being absurd, the risk is real and Fish's disregard for it is unsettling. Judge Alpert's rationale for disqualifying Fish on this basis applies with equal force here:

> [T]here is no doubt that during the course of the relationship Fish obtained confidential information that is likely to bear upon the present dispute between Nasdaq and MIAX . . . . [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.

Ex. 2013 at 8.

Other courts have relied on similar reasoning. *See, e.g.*, *Trone v. Smith*, 621 F.2d 994, 998-99 (9th Cir.1980) (finding substantial relationship where the factual contexts of the two representations were similar); *Gen. Elec. Co. v. Valeron Corp.*,

608 F.2d 265, 267 (6th Cir. 1979) (finding substantial relationship where counsel worked with former client's in-house counsel and engineers and had access to patent information and prior art collections in the same general subject matter).

Fish argues that it has avoided this risk by screening its attorneys who were involved in prosecution for Nasdaq. Paper 19 at 9. A screen is ineffective to avoid the conflict, which under Rule 11.110(a) is imputed to the entire firm, with certain exceptions not relevant here. Imputation applies strictly and absolutely, without regard to whether there has been an actual sharing of client confidences. *See Dewey v. R.J. Reynolds Tobacco Co.*, 109 N.J. 201, 217 (1988). Moreover, Fish's wall was erected years too late. Fish erected the wall only *after* it was approached by MIAX to represent it in this case, meaning that *for 20 years, there was no wall* between the lawyers who were working on Nasdaq's cases, and the other Fish lawyers who are working and who may work on this lawsuit in defense of MIAX. Ex. 1055, ¶ 11. In light of this, Mr. Feldman's representation that "no Fish employee staffed on any matter relating to the dispute between NASDAQ and MIAX has any knowledge of or confidential information relating to our prior representation of NASDAQ" is at best overly confident and at worst falsely assuring. *Id.* ¶ 16.

Thus, even if the rule of imputation were not absolute, which it is, Fish's screening protocol is ineffective to eliminate the conflict or warrant against the unacceptable risk that Fish will breach its ethical obligations to Nasdaq in this matter.

D. Nasdaq's concerns are substantiated by Fish's decision to share an expert, whose testimony is "replicate[d]" across the CBMRs.

Fish's decision to share an expert with Reed Smith and "replicate" substance across all the petitions is a specific circumstance necessitating Fish's disqualification. Whatever measures Fish claims to have taken to limit the scope of its representation, those measures are undermined, if not negated, by its decision to share an expert with Reed Smith, who is actively attacking the patents Fish prosecuted.

Fish cannot reasonably argue, nor does it, that it would be ethically acceptable for it to represent MIAX in challenging the validity of a patent that it had prosecuted for Nasdaq. *Sun Studs, Inc. v. Applied Theory Assocs., Inc.*, 772 F.2d 1557, 1567 (Fed. Cir. 1985) ("[W]e do not believe any court would hold that it is within the bounds of propriety to permit a law firm to assist a client in obtaining a patent which was equitably owned by another and then to lead the attack against the patent's validity once it is transferred to its rightful owner."). Yet Fish has made the shockingly cavalier decision to *share an expert* in these related CBMRs with Reed Smith, who *is* attacking the patents Fish prosecuted. Rather than acknowledge the obvious risk inherent in that arrangement, Fish flaunts the efficiency it has gained by pooling resources with its co-counsel towards the common goal of defending MIAX. Paper 20 at 6 ("[E]mploying a single expert drives efficiencies . . . .").

Nasdaq's motion seeking additional discovery outlines in great detail the conspicuous overlap between the declarations submitted in the various CBMRs.

Paper 15 at 5-9. Dr. Hendershott's explanation—that the same material could be leveraged across the various CBMRs—reinforces, rather than resolves, the concern that Dr. Hendershott is being used as a conduit between the two law firms to coordinate their substantive and legal positions. Whatever "efficiencies" Fish or MIAX hopes to leverage from this arrangement, it has created an obvious and unacceptable risk that, whether purposely or inadvertently, Dr. Hendershott will convey Nasdaq confidences between MIAX's co-counselors. Fish's reckless disregard for this hazard is a specific circumstance independently justifying disqualification.

E. Nasdaq's motion to disqualify is not untimely; Fish attempts to impose an artificial deadline and ignores the circumstances.

As discussed, Nasdaq's motion to disqualify Fish is not untimely. Paper 16 at 13-15. Nasdaq undertook an investigation of appropriate duration to confirm the facts and circumstances and to research the governing authority. Fish does not cite any rule to support its assertion that Nasdaq's motion needed to be filed sooner.

III. CONCLUSION

When MIAX approached Fish about being adverse to Fish's former client Nasdaq, Fish should have said "no" or sought Nasdaq's consent. Instead, seeking to avoid the conflict of interest it apparently perceived, Fish architected a scheme premised on the misguided notion that it could still lead the charge in MIAX's litigation defense so long as it compartmentalized its role. Judge Alpert rejected Fish's attempt to compartmentalize its role as a fiction; so should the Board.

Date: November 14, 2018

Respectfully submitted,
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CERTIFICATION OF SERVICE

The undersigned hereby certifies that the foregoing **PATENT OWNER'S REPLY IN SUPPORT OF ITS MOTION TO DISQUALIFY PETITIONERS' COUNSEL** was served electronically via e-mail on November 14, 2018, in its entirety on Attorneys for Petitioners:

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