

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

MIAMI INTERNATIONAL HOLDINGS, INC.; MIAMI INTERNATIONAL
SECURITIES EXCHANGE, LLC; MIA X PEARL, LLC; AND MIAMI
INTERNATIONAL TECHNOLOGIES, LLC,
Petitioner,

v.

NASDAQ ISE, LLC,
Patent Owner.

Cases CBM2018-00020 (Patent 8,386,371 B2);
CBM2018-00021 (Patent 6,618,707 B1); and
CBM2018-00031 (Patent 7,246,093 B1)

Before TONI R. SCHEINER, MEREDITH C. PETRAVICK, MICHAEL W. KIM,
FRANCES L. IPPOLITO, KEVIN C. TROCK, and KRISTIL R. SAWERT,
*Administrative Patent Judges.*¹

KIM, *Administrative Patent Judge.*

ORDER

Denying Patent Owner's Motion to Disqualify Petitioner's Counsel
37 C.F.R. §§ 42.5, 42.10(d)

¹ This is not an expanded panel. The panel for CBM2018-00020 includes Judges Scheiner, Petravick, and Sawert. The panels for the other proceedings include Judges Kim, Ippolito, and Trock.

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I. INTRODUCTION

On March 23, 2018, Petitioner filed a Petition for Covered Business Method (“CBM”) Patent Review (Paper 2; “Pet.”) challenging claims 1–3 and 5–75 of U.S. Patent No. 6,618,707 B1 (Ex. 1001; “the ’707 patent”).² On October 3, 2018, the Board instituted trial on those claims. Paper 11; “Dec.”

On October 11, 2018, Patent Owner filed a Motion to Disqualify Petitioner’s Counsel. Paper 16; “Mot.” On October 18, 2018, Petitioner filed a Response (Paper 19; “Resp.”), to which Patent Owner filed a Reply (Paper 22; Nov. 14, 2018) and Petitioner filed a Sur-Reply (Paper 26, Nov. 21, 2018). Based on the resolution of related papers concerning additional discovery (Papers 15, 20, 23, 25, 37, 38, 41, 43, 48, 49, 51–53, 55, 56, 62–64), Patent Owner and Petitioner each filed a Supplemental Brief (Papers 46 and 47, Feb. 8, 2019; “PO Supp. Br.”; “Pet. Supp Br.”) and Second Supplemental Brief (Papers 51 and 52, Mar. 11, 2019; “Pet. 2nd Supp. Br.”; “PO 2nd Supp. Br.”) in support of their respective positions. *See also* Paper 67, May 9, 2019 (Order concerning Patent Owner’s request concerning information contained in privilege log). An oral hearing was held where these issues were addressed by both counsel. Paper 80; “Tr.”

II. BACKGROUND

Petitioner is represented by attorneys from the law firm of Fish & Richardson P.C. (“Fish”) in this proceeding. Pet. 4, 99, 100.

² The parties filed the same papers in all three proceedings. For efficiency, we only refer to the papers filed in CBM2018-00021, and all references to “this proceeding” are similarly exemplary.

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A. Fish and NASDAQ

Fish represented Nasdaq (i.e., at various points in time the “The Nasdaq Stock Market, Inc.” and “The Nasdaq OMX Group, Inc.”) from February 19, 1998, to October 12, 2011. Exs. 2006, 2007. During that time, Fish prosecuted several patent applications for Nasdaq, resulting in, at least, U.S. Patent Nos. 7,747,506 B2, 7,921,051 B2, and 7,933,827 B2 (“the Nasdaq patents”). Those patents are currently being challenged by Petitioner in CBM2018-00029, -00030, and -00032, respectively. In those proceedings, Petitioner is represented by Reed Smith LLP (“Reed Smith”), not Fish.

B. Fish and ISE

The entity named the International Securities Exchange, Inc. (“ISE”), by itself, has never been a client of Fish. Ex. 2009 ¶¶ 5–6. Fish represented the Chicago Board Options Exchange, Inc. (“CBOE”) in a lawsuit challenging the validity of the ’707 patent. Ex. 2009 ¶ 7; *CBOE v. International Securities Exchange, LLC*, Case No. 07-cv-0623 (N.D. Ill.).

C. NASDAQ and ISE

Nasdaq completed acquisition of ISE on June 30, 2016. Ex. 2011. On March 29, 2017, ISE filed a proposed rule change to “rename itself Nasdaq ISE, LLC.” Ex. 1057. “Nasdaq ISE, LLC (formerly known as International Securities Exchange, LLC) is a wholly-owned subsidiary of Nasdaq, Inc. (through U.S. Exchange Holdings, Inc.).” Paper 5, 1.

D. ISE and the ’707 Patent

The Assignee listed on the face of the ’707 patent is the International Securities Exchange, Inc. (“ISE”). Ex. 1001 (75). “Nasdaq ISE is the assignee of the ’707 Patent.” Ex. 2012 ¶ 13. The “Attorney, Agent, or Firm” listed on the face

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of the '707 patent is "Stephen J. Lieb; Frommer, Lawrence & Haug LLP."
Ex. 1001 (74).³

E. District of New Jersey

On September 1, 2017, "Plaintiffs Nasdaq, Inc. ('Nasdaq'), Nasdaq ISE, LLC ('Nasdaq ISE'), and FTEN, Inc. ('FTEN') (collectively, 'Plaintiffs' or the 'Nasdaq Entities')" filed a Complaint alleging patent infringement and trade secret misappropriation by Petitioner in the United States District Court for the District of New Jersey. Ex. 2012, 1–2; *Nasdaq, Inc. et al. v. Miami International Holdings, Inc. et al.*, Case No. 3:17-cv-06664 (D.N.J.) ("District Court proceeding"). The patents asserted in that case include the Nasdaq patents and the '707 patent. Ex. 2012, 4.

On April 2, 2018, the Plaintiffs moved, in the District Court proceeding, to disqualify Fish. Ex. 2014. On September 6, 2018, United States Magistrate Judge Douglas E. Arpert granted Plaintiff's motion. Ex. 2013. On November 26, 2018, United States District Judge Brian R. Martinotti denied Fish's appeal of Judge Arpert's grant of Plaintiff's motion, and further affirmed Judge Arpert's Memorandum and Order granting Plaintiff's motion. Exs. 2017, 2018.

III. FACTUAL AND LEGAL ANALYSIS

A. Principles of Law

"A panel of the Board may disqualify counsel for cause after notice and opportunity for hearing. A decision to disqualify is not final for the purposes of

³ CBM2018-00031 concerns U.S. Patent No. 7,246,093 B1, which is a continuation of the '707 patent at issue here in CBM2018-00021. CBM2018-00020 concerns U.S. Patent No. 8,386,371 B2. All three proceedings have essentially the same relevant procedural posture. Accordingly, the analysis herein applies to all three proceedings.

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judicial review until certified by the Chief Administrative Patent Judge.” 37 C.F.R. § 42.10(d). As the moving party, Patent Owner has the burden of showing that Fish should be disqualified for cause in this proceeding. 37 C.F.R. § 42.20(c).

In that respect, Patent Owner must first show that an ethical violation has occurred. The pertinent rule here is 37 C.F.R. § 11.109(a), which reads as follows: “A practitioner who has formerly represented a client in a matter shall not thereafter represent 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” “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).

Only after an ethical violation has been found do we proceed to the next inquiry, and determine whether disqualification is warranted.⁴ On this, we find Judge Arpert’s analysis instructive.

The Court of Appeals for the Third Circuit has noted that “[a]lthough disqualification ordinarily is the result of a finding that a disciplinary rule prohibits an attorney’s appearance in a case, disqualification never is automatic.” *U.S. v. Miller*, 624 F.2d 1198,

⁴ See *Dewey v. R.J. Reynolds Tobacco Co.*, 536 A.2d 243, 250–51 (N.J. 1988) (“We conclude that under RPC 1.9 a mandatory disqualification is no longer required.” “[A] motion for disqualification calls for us to balance competing interests, weighing the ‘need to maintain the highest standards of the profession’ against ‘a client’s right freely to choose his counsel.’”); *Wyeth v. Abbott*, 692 F. Supp. 2d 453, 454 (D.N.J. 2010) (law firm found to have violated Rule of Professional Conduct 1.7, but not disqualified in view of mitigating factors).

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1201 (3d Cir. 1980). The question of whether disqualification is appropriate is committed to the sound discretion of the district court, which “means that the court should disqualify an attorney only when it determines, on the facts of the particular case, that disqualification is an appropriate means of enforcing the applicable disciplinary rule.” *Id.* Indeed, “[m]otions to disqualify are viewed with ‘disfavor’ and disqualification is considered a ‘drastic measure which courts should hesitate to impose except when absolutely necessary.’” [*Carlyle Towers*, 944 F. Supp. 341, 345 (D.N.J. 1996)] (quoting *Alexander v. Primerica Holdings, Inc.*, 822 F. Supp. 1099, 1114 (D.N.J. 1993)). On a motion to disqualify counsel, the movant bears the burden to prove that disqualification is appropriate. *City of Atlantic City v. Trupos*, 201 N.J. 447, 462-63 (2010).

“Disqualification questions are intensely fact-specific, and it is essential to approach such problems with a keen sense of practicality as well as a precise picture of the underlying facts.” *Carlyle Towers*, 944 F. Supp. at 345. “Because disqualification during pending litigation is an extreme measure, courts must closely scrutinize the facts of each case to avoid injustice.” *In re Cendant Corp. Securities Litigation*, 124 F. Supp. 2d 235, 249 (D.N.J. 2000). In ruling on such a motion, courts should “consider the ends that the disciplinary rule is designed to serve and any countervailing policies, such as permitting a litigant to retain the counsel of his choice and enabling attorneys to practice without excessive restrictions.” *Miller*, 624 F.2d at 1201. Notably, “ethical rules should not be blindly applied without consideration of the relative hardships.” *Carlyle Towers*, 944 F. Supp. at 345. “The court must balance the hardships to the client whose lawyer is sought to be disqualified against potential harm to the adversary should the attorney be permitted to proceed.” *Cendant Corp.*, 124 F. Supp. 2d at 249; *see also Trupos*, 201 N.J. at 462 (“The procedure relevant to an application to disqualify counsel under RPC 1.9(a) is clear: a motion for disqualification calls for us to balance competing interests, weighing the need to maintain the highest standards of the profession against a client’s right freely to choose his counsel.”) (quotations omitted). In weighing this balance the Court is mindful that any “doubts are to be

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resolved in favor of disqualification.” *Carlyle Towers*, 944 F. Supp. at 345.

Ex. 2013, 5–6.

As noted above, “[d]isqualification questions are intensely fact-specific, and it is essential to approach such problems with a keen sense of practicality as well as a precise picture of the underlying facts.” *Carlyle Towers*, 944 F. Supp. at 345. This manifests here in opposing ways. On the one hand, for any determination having underlying facts common to both proceedings, we defer to the reasoned judgment of the District Court. On the other hand, we must take care to consider and weigh every fact that differs between the two proceedings in coming to our overall determination. In that regard, we have considered carefully every court case cited by either party, as well as one relevant Board decision designated as informative.⁵ Suffice it to say that no case is directly on point.

⁵ *T.C. Theatre Corp. v. Warner Bros. Pictures, Inc.*, 113 F. Supp. 265 (S.D.N.Y. 1953) (attorney disqualified where attorney represented co-defendant concerning similar legal issue, but with different plaintiff; law firm that retained attorney not disqualified); *Central Milk Producers Co-op. v. Sentry Food Stores, Inc.*, 573 F.2d 988 (1978) (law firm not disqualified where attorneys worked on a related matter in previous employment because disqualification request not made until two years later, and after approval of screening procedure); *General Elec. Co. v. Valeron Corp.*, 608 F.2d 265 (6th Cir. 1979) (attorney disqualified where attorney prepared patent applications for former client in similar technology); *Trone v. Smith*, 621 F.2d 994 (9th Cir. 1980) (despite long standing relationship, law firm disqualified based on prior representation of now-adverse employees of current client); *Pennwalt Corp. v. Plough, Inc.*, 85 F.R.D. 264 (D. Del. 1980) (law firm not disqualified where law firm represented different subsidiary on unrelated legal issues prior to purchase by parent corporation, and law firm had long standing relationship with current client); *Sun Studs, Inc. v. Applied Theory Associates, Inc.*, 772 F.2d 1557 (Fed. Cir. 1985) (law firm disqualified for prosecuting patent at issue, but attorney not disqualified where attorney was always adverse to patent); *Dewey* (attorney disqualified where attorney billed time to related issue of former

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B. Analysis

Even assuming Fish violated 37 C.F.R. § 11.109(a), a determination we are not making at this time, as the moving party, Patent Owner has the burden of showing that Fish should be disqualified for cause in this proceeding. 37 C.F.R. § 42.20(c). We cannot ignore, however, that Fish has already been disqualified in the District Court proceeding. *See* Exhibits 2013, 2017. Accordingly, as a practical matter, all arguments are analyzed as if Petitioner has the burden of showing that the disqualification in the District Court proceeding is not applicable

client; but law firm not disqualified due to long standing relationship, and it being eve of trial); *In re American Airlines*, 972 F.2d 605 (5th Cir. 1992) (law firm disqualified where law firm represented former client in matters concerning similar legal issues against current client); *Vanderveer Group, Inc. v. Petruny*, 1993 WL 308720 (E.D. Pa. 1993) (law firm not disqualified where law firm previously represented purchased subsidiary of opponent concerning different legal issues, and common in-house counsel did not object in timely manner); *Anderson v. Eppstein*, 2001 WL 583152 (BPAI May 11, 2001) (informative) (attorney not disqualified where attorney was at law firm that prosecuted patent in dispute, but attorney did not work on patent); *Wyeth* (law firm not disqualified because different technology where any confidential information would be irrelevant, law firm has long standing relationship, no personnel overlap, other matter is dormant, and timely ethical wall established); *Openwave Systems, Inc. v. 724 Solutions (US) Inc.*, 2010 WL 1687825 (N.D. Cal. 2010) (law firm disqualified where law firm represented former client in dispute concerning same patent relevant to legal issue in current proceeding, and ethical wall was placed too late); *Strategic Environmental Partners, LLC v. Bucco*, 2014 WL 6065816 (D. N.J. 2014) (law firm not disqualified where alleged conflict concerning receipt of privileged information was due to lack of diligence on the part of opposing counsel); *Audio MPEG, Inc. v. Dell, Inc.*, 219 F. Supp. 3d 563 (E.D. Va. 2016) (law firm disqualified where attorney at law firm worked on litigation involving same patent in dispute, concerning same legal issue, while at prior law firm); *Eolas Technologies Inc. v. Amazon.com, Inc.*, 2017 WL 3641831 (N.D. Cal. 2017) (law firm not disqualified where former client, and counsel for former client, was aware of conflict concerning same patent, but waited over a year to move to disqualify).

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here. To that end, we give all due weight and deference to facts considered by the District Court, and only consider here those facts and arguments different from those considered already by the District Court, and that weigh in favor of Petitioner.⁶

1. Relationship Between ISE and Nasdaq

Petitioner asserts that, unlike in District Court, this proceeding only concerns ISE, and not Nasdaq. Resp. 1–3 (citing Exs. 1001, 2006, 2007, 2009, 2011); Sur-Reply 2–8 (citing Ex. 1055 ¶¶ 11–17). Patent Owner asserts that Petitioner is not only adverse to ISE, but also to Nasdaq, who is listed expressly as a real-party-in-interest. Mot. 9 (citing Exs. 2006–2008); Reply 1, 4–5. Petitioner replies that the corporate structures of Nasdaq and ISE are such that they are separate entities for the purposes of this proceeding, and that, for all intents and purposes, ISE is the only relevant party. Sur-Reply 3–4. We agree with Petitioner that this fact weighs in its favor.

This proceeding differs from the District Court in that, instead of being a principal adverse party, Nasdaq here is an adverse party only as a real-party-in-interest. Although a real-party-in-interest is still, nonetheless, an adverse party, we are persuaded that the nature of the relationship in this particular case is such that the conflict is significantly attenuated. In particular, Petitioner cites the following:

[ISE] will continue [post-acquisition by Nasdaq] to operate and conduct its activities . . . in the manner currently conducted . . . [and the ISE exchanges] will continue to operate as separate self-regulatory organizations (‘SROs’) . . . with separate rules, membership rosters, and

⁶ For example, Petitioner asserts that its choice of counsel must be respected. Sur-Reply 10. Although a correct statement of law, if applied literally, it would be an exception that swallows the rule. Accordingly, we consider it relevant only to the extent that it is subsumed within the other factors considered.

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listings, distinct from the rules, membership rosters, and listings of other . . . exchanges owned by Nasdaq The Nasdaq governing documents include certain provisions that are designed to maintain the independence of each of its self-regulatory subsidiaries' self-regulatory functions

See SEC Release No. 34-78119, File SR-ISE-2016-11, June 21, 2016 at 5, 7–10 (cited at Sur-Reply 3 n.3). We find that this is highly probative evidence that ISE and Nasdaq have an arms-length corporate relationship that is much more in name than in substance. We also discern that this factor is highly relevant. *See* A.B.A. Formal Op. 95-390 at 2, 10–11 (Jan. 25, 1995) (“The fact of corporate affiliation, without more, does not make all of a corporate client’s affiliates into clients as well.”); Kevin H. Michels, *New Jersey Attorney Ethics* § 19:2-1(c) at 421 (“[A] corporate affiliate of the law firm’s client is properly deemed a client of the firm for conflict purposes only if an attorney-client relationship can be said to have arisen either by express agreement or by implication from the facts and circumstances.”); *Pennwalt*, 85 F.R.D. at 266, 273 (law firm not disqualified where law firm represented different subsidiary on unrelated legal issues prior to purchase by parent corporation, and law firm had long-standing relationship with current client); *Vanderveer Group*, 1993 WL at *3–4 (law firm not disqualified where law firm previously represented purchased subsidiary of opponent concerning different legal issues, and common in-house counsel did not object in timely manner).

We find that this fact weighs moderately in favor of Petitioner.⁷

⁷ Petitioner asserts that it is relevant that it has been adverse to ISE and the '707 patent for over a decade. Resp. 1–2, 6–7. Patent Owner asserts that this is not germane to a conflicts inquiry. Mot. 12–13. We agree with Patent Owner. Petitioner has not identified any case which indicates that being continuously *adverse* to a particular party, or a particular patent, is relevant. The only context that we have been able to ascertain where length of representation is relevant, is

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2. *One Patent, One Proceeding*

Petitioner asserts that, unlike in District Court, where all seven patents were at issue in a single proceeding, some of which Fish prosecuted, here Petitioner is adverse to only one patent, the '707 patent. Resp. 11–13 (citing Ex. 1055 ¶¶ 2–5; Ex. 2013, 1, 7–8). Patent Owner responds, “the Board should not consider each of [Petitioner’s] CBMRs in isolation. *See* 35 U.S.C. § 325(d).” Mot. 8, 15; Reply 1–2 (citing Ex. 1059 ¶ 6). For the reasons set forth below, we agree with Petitioner.

Patent Owner refers to 35 U.S.C. § 325(d), which reads, in part, as follows:

In determining whether to institute or order a proceeding under this chapter, chapter 30, or chapter 31, the Director may take into account whether, and reject the petition or request because, the same or substantially the same prior art or arguments previously were presented to the Office.

This statute addresses different proceedings about the *same* patent. Accordingly, Patent Owner’s related assertions are misplaced because, here, each CBM proceeding is about a *different* patent.

Patent Owner also asserts that all seven patents at issue in the District Court proceeding each have a corresponding CBM, and that Petitioner’s use of the same expert across all the CBM proceedings “confirms that these are not discrete, separable matters, but part of a collective, coordinated effort to invalidate the patents asserted in the underlying litigation.” Reply 1, 5–6, 9–10 (citing Ex. 2013, 7–9); *see also* PO Supp. Br. 4–5 (asserting the same). We agree that this assertion

with respect to a particular *client*, under the logic that such a client’s longstanding reliance on the advice of counsel intimately familiar with its business is relevant. *See Pennwalt; Wyeth*. The previous case in which Fish was adverse to ISE was for a *different* client, and Petitioner does not assert that it has maintained a relationship with Fish for a duration similar to those set forth in *Pennwalt* and *Wyeth*.

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has merit. But it does not alter the basic fact that only the '707 patent is at issue in this proceeding.

Patent Owner counters that the District Court already rejected similar assertions in finding that “the defense of [Petitioner] is ‘necessarily a collaborative effort.’” Mot. 8. We are persuaded otherwise. In coming to its determination, the District Court held the following:

As an initial matter, despite MIA X’s attempts to break down the individual claims in this case into discrete “matters” for conflicts purposes, ***this is a single lawsuit. Plaintiffs are related entities, their claims are contained in a single Complaint, and this matter is proceeding as a single action. The seven asserted patents and the alleged trade secrets involve the same general field of technology, and the accused instrumentalities are the same for all the patent infringement claims.*** Indeed, notwithstanding its *dual representation* and its contention that this case is comprised of discrete parts, ***MIA X elected to file a single motion to dismiss in response to the Complaint.*** Given the related nature of all the issues in the case, the Court finds that this litigation should be considered as a whole for the purposes of the ethical issues raised here, and not as distinct, unrelated parts.

Ex. 2013, 7 (emphasis added). None of the facts bolded above are present here. Indeed, when the above is read in conjunction with the rest of both Judge Arpert’s and Judge Martinotti’s decisions, a task we have undertaken with great care and warranted deference, we conclude that a key factor in the above finding is that it was impractical and inadequate to “compartmentalize” a portion of a complex and interrelated single proceeding. We have no such concerns here.

We find that this fact weighs heavily in favor of Petitioner.

3. Subject Matter Eligibility

Petitioner asserts that, in District Court, there were many inter-related infringement, patentability, and trade secret-related issues where confidential information would be highly relevant. Here, however, Petitioner is advancing only

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one challenge, subject matter eligibility, which is an issue of law that relies on a limited set of underlying factual determinations, all of which must be based on well-known public information. Resp. 3–4, 7–9 (citing Ex. 1001, 1; Ex. 1055 ¶¶ 2–5; Ex. 2009, 2; Ex. 2011, 1); Sur-Reply 1, 8–9. Patent Owner counters that “[b]ecause patent-eligibility, this sole issue in this CBMR, is evaluated from the time of invention . . . the confidential factual information Fish obtained from Nasdaq is material to the issues in this CBMR.” Mot. 9–11 (citing Exs. 2006–2008; Ex. 2009 ¶¶ 5, 14–17); *see also* Reply 1–2, 5–6 (asserting the same) (citing Ex. 1059 ¶ 6; Ex. 2013, 7–9). Patent Owner also counters that, should it propose amended claims, the issues would not be limited to subject matter eligibility. Mot. 11–12. Regarding the latter point, Patent Owner has not filed a motion to amend in this proceeding. Accordingly, that consideration is moot.

Concerning the former, we agree with Petitioner. Subject matter eligibility is a matter of law, with very limited factual inquiries. And those limited factual inquiries concern only well-known public information, such as (1) to show whether something is a “building block” of human ingenuity (*Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 566 U.S. 66, 90 (2012)), such as determining whether something is a “fundamental economic practice long prevalent in our system of commerce” (*Alice Corp. v. CLS Bank Int’l*, 573 U.S. 208, 220 (2014)), or (2) determining whether something is “well-understood, routine, and conventional.” *Berkheimer v. HP, Inc.*, 881 F.3d 1360, 1368–69 (Fed. Cir. 2018). Patent Owner has a point that such confidential information may have some bearing on subject matter eligibility, for example, by allowing a party to more rapidly identify prior art and select an expert. We find, nevertheless, that the value of such facts here, which is limited to well-known public information, is such that

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it is significantly less of a concern, as opposed to in the District Court proceeding, which involved infringement, patentability, and trade-secret related issues. For these reasons, we also find it unnecessary to delve deeply into Patent Owner's assertions concerning Dr. Hendershott's testimony, because even if all of Patent Owner's assertions are true, the impact of the transgression is significantly attenuated.⁸

We find that this fact weighs moderately in favor of Petitioner.

4. *Whether Patent Owner's Request was Untimely*

Petitioner asserts that Patent Owner's request was untimely, as follows:

Over seven months have passed since ISE first raised, in co-pending district court litigation, questions regarding Fish's prior representation of Nasdaq. Ex. 2014, 3. Specifically, ISE and the other plaintiffs involved in that proceeding filed notice of a motion to disqualify Fish on March 2, 2018. *Id.*

Notably, attorneys from Fish filed the petition requesting CBMR of the '707 Patent shortly thereafter, on March 23, 2018. Petition, 100.

Given this timing, it is reasonable to ask why ISE delayed, for over half a year, the filing of the Motion that is presently under consideration. In its attempt to answer this question, ISE does not assert that new facts have emerged in the intervening period, and ISE does not

⁸ To be sure, we in no way opine that Petitioner's conduct was without fault. Indeed, Petitioner's retention of Dr. Hendershott is, at a minimum, optically problematic, and we have little trouble finding further that sufficient *opportunities* existed for Dr. Hendershott to have *potentially* conveyed confidential information between Fish and Reed Smith. *See* Pet. Supp. Reply 1–4. With that finding, it is unnecessary for us to delve into the specifics of any sealed motions or evidence (*e.g.*, Pet. 2nd Supp. Br.; PO 2nd Supp. Br.; Paper 64; Exs. 2037–2038). Nevertheless, Petitioner's strategic error does not change the fact that any confidential information, in this context, is almost completely devoid of substantive value.

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assert that it was prevented from requesting the motion earlier in these proceedings. Motion, 13–15.

Resp. 13–14; Sur-Reply 9.⁹

Patent Owner asserts that the delay was partially predicated on limited guidance concerning, and the absence of, a PTAB panel disqualifying counsel. Mot. 13–14; *see also* Reply 10 (referring to the same). Petitioner asserts that this excuse is insufficient. Resp. 14. We agree with Petitioner.

37 C.F.R. § 11.109 is substantively identical to Rule 1.9 of the Model Rules of Professional Conduct. Indeed, Patent Owner acknowledges this implicitly by not only citing a comment for Rule 1.9 in support of its position for “substantially related,” but by also citing numerous non-PTAB cases about Rule 1.9 as persuasive authority. Even if Patent Owner’s assertion justified some delay, we are persuaded that differences in forums alone is insufficient to justify one of over six months.

Relatedly, Patent Owner also asserts that “[b]riefing 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,” and that “[g]iven the procedural nature of CBMR, MIAX was not prejudiced by waiting for Judge Arpert’s ruling.” Mot. 14. We are unclear as to Patent Owner’s reasoning. If the facts are such that disqualification is warranted in this proceeding, we are persuaded that should have been addressed immediately in this proceeding, which operates under a substantively identical rule, regardless of what is occurring in another proceeding.

⁹ Patent Owner requested a conference call to discuss this matter with the Board on September 18, 2018.

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Finally, Patent Owner asserts that Petitioner would not suffer undue prejudice, because “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.” Mot. 15. As an initial matter, we are unclear what this assertion, even if true, has to do with timeliness. If anything, this was reason to broach the issue sooner. Moreover, we find this assertion disingenuous. Patent Owner asserts repeatedly that this is a coordinated effort between Fish and Reed Smith through Dr. Hendershott. If so, we are unclear how replacing one alleged conspirator with another resolves the issue.

We find that this fact weighs heavily in favor of Petitioner.

5. *Whether Any Confidential Information Was Actually Exchanged*

Petitioner asserts that, between its ethical wall and the passage of time, no one involved in this proceeding had access to confidential information. Resp. 2–4, 8–11 (citing Ex. 1001, 1; Ex. 1055 ¶¶ 2–5; Ex. 2009, 2–3; Ex. 2011, 1). Moreover, each of Fish, Reed Smith, and Dr. Hendershott have explicitly and unequivocally represented, on the record, that they did not exchange any confidential information. Resp. 9, 11 (citing Ex. 1055 ¶¶ 2–5); Sur-Reply 7–8 (citing Ex. 1055 ¶¶ 11–17); Ex. 1059 ¶ 6; Ex. 2002, 23:1–14. Patent Owner asserts that this is irrelevant. Mot. 9–12 (citing Ex. 1001, 1:13–17; Ex. 2006, 1; Ex. 2007; Ex. 2008; Ex. 2009 ¶¶ 5, 14–17; Ex. 2013, 3, 8); Reply 1–3, 6–8 (citing Ex. 1055 ¶¶ 11, 16; Ex. 1059 ¶ 9; Ex. 2013, 8–9). Patent Owner’s assertion is misplaced, in that it is perhaps irrelevant with respect to the first step of our inquiry, i.e., whether the rule itself was violated. Mot. 12. But whether any confidential information was actually exchanged is a factual inquiry relevant in determining whether to exercise our discretion, i.e., the second step of the inquiry, in that a factual finding of “yes”

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would almost certainly weigh dispositively in favor of disqualification. *Carlyle Towers*, 944 F. Supp. at 345 (“Disqualification questions are intensely fact-specific, and it is essential to approach such problems with a keen sense of practicality as well as a precise picture of the underlying facts.”). To that end, we find that Patent Owner’s theories are speculative, and that Patent Owner has not identified anything in Dr. Hendershott’s testimony, or in other substantively relevant evidence, that reveals or even suggests any transfer of confidential information took place.

We find that this fact weighs slightly in favor of Petitioner.

6. *Conclusion*

In summary, the following facts weigh heavily in favor of Petitioner: (1) this proceeding only involves one patent that Fish did not prosecute; and (2) Patent Owner’s request was untimely. Also weighing moderately in Petitioner’s favor are that (3) Nasdaq is an arms-length real-party-in-interest, and (4) the only substantive challenge concerns subject matter eligibility challenge, which relies solely on well-known publicly available information. Finally, weighing slightly in Petitioner’s favor is that (5) Patent Owner has not identified anything, in Dr. Hendershott’s testimony or other substantively relevant evidence, that reveals or even suggests that any actual confidential information was exchanged. We are persuaded that these facts, when considered collectively, warrant a disqualification outcome different from that imposed in the District Court proceeding. In other words, after balancing the competing hardships to Petitioner and Patent Owner, we determine that disqualification is not warranted.

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C. Conclusion

Even assuming that Petitioner's counsel, Fish, is in violation of 37 C.F.R. § 11.109(a), we decline to exercise our discretion to grant Patent Owner's request and disqualify Fish from this proceeding.

IV. ORDER

For the foregoing reasons, it is ORDERED that Patent Owner's Motion to Disqualify Petitioner's Counsel is *denied*.

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