Filed on behalf of: Askeladden LLC

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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Askeladden LLC
Petitioner
v.
Sean McGhie and Brian Buchheit
Patent Owner

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Case IPR2015-00124
U.S. Patent No. 8,540,152

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PETITIONER'S AUTHORIZED REPLY BRIEF TO PATENT OWNER'S PRELIMINARY RESPONSE

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I. Introduction

Pursuant to the Board's February 17, 2015 Order (Paper 16), Petitioner Askeladden LLC ("Askeladden") hereby replies to the Patent Owners' Preliminary Response and, in particular, to allegations therein that The Clearing House Payments Company LLC ("PayCo") is a real party-in-interest. Askeladden is the only real party-in-interest because no other entity funds or controls this *inter partes* review ("IPR") proceeding. Therefore, Patent Owners' allegations are incorrect.

In 2014, PayCo formed Askeladden as an independent subsidiary for the purposes of, among others, implementing an initiative intended to improve the understanding, use and reliability of patents in financial services and elsewhere ("the Patent Quality Initiative"), including by (i) educating patent examiners and others about technology and systems employed by the financial services industry; (ii) developing a repository of prior art to patents in the field; (iii) filing amicus briefs in cases and proceedings; and (iv) challenging the validity of low-quality patents relating to the financial services sector, including in *Inter Partes Review* ("IPR") proceedings. Ex. 1531 ¶¶ 6-7.

Askeladden, independently and in its sole discretion, identifies and selects those patents that Askeladden challenges in IPR proceedings, and directs all aspects of those proceedings. Ex. 1531 ¶¶ 11, 18. PayCo does not provide direction or exert control in connection with Askeladden's IPR petitions. Ex. 1531

¶¶ 11-12. Nor has PayCo funded Askeladden's specific IPR proceedings, including those at issue here. Ex. 1531 ¶ 16. For these reasons, PayCo is not a real party-in-interest in this proceeding. For the same reasons, PayCo's member banks are not real parties-in-interest in this proceeding.

Moreover, Patent Owners' purported evidence to the contrary - (1) that Askeladden is a subsidiary of PayCo; (2) that Askeladden and PayCo use the same law firm; (3) that certain press releases mention both PayCo and Askeladden; and (4) that Directors of Payco and Askeladden allegedly overlap - have all been held *insufficient* to overcome the presumption that distinct legal entities operate independently. As such, Patent Owners' argument that PayCo controls Askeladden's IPR proceedings, and this proceeding specifically, fails.

Furthermore, by asserting that the Board must address whether other parties would be estopped in a subsequent action, Patent Owners confuse the requirements of 35 U.S.C. § 312(a) (content of the petition) with estoppel of named parties and their privies under 35 U.S.C. § 315(e). *See* IPR2015-00124, Paper 15, at 55. While The Clearing House (and its member banks) do not meet either standard, a determination under § 315(e) is not ripe for adjudication.

II. Petitioner is the sole real party-in-interest.

A. PayCo and its member banks do not control or directly fund this IPR.

"[A] party does not become a 'real party-in-interest' . . . of the petitioner merely through association with another party in an unrelated endeavor." *Office Patent Trial Practice Guide*, 77 Fed. Reg. 48,756, 48,759-60 (August 14, 2012) ("OPTPG"). Indeed, naming a nonparty as a real party-in-interest requires circumventing the "common law rule that normally forbids nonparty preclusion." *RPX Corp. v. Virnetx Inc*., No. IPR2014-00171, Paper 49, at 6 (citing *Taylor v. Sturgell*, 553 U.S. 880, 893-95 (2008)). A narrow exception to this common law rule is where "a [non]party . . . funds and directs and controls an IPR or PGR petition or proceeding [and thereby] constitutes a 'real party-in-interest.'" OPTPG at 48,760. For the reasons set forth below, neither PayCo nor its member banks meet the standards for control and funding of this IPR.

The Board's analysis of control and funding in *Unified Patents Inc. v. Dragon Intellectual Property, LLC* is instructive. IPR2014-01252, Paper 37 (B.P.A.I. 2015). Petitioner Unified Patents had been created "in view of 'concerns with the increasing risk of nonpracticing entities (NPEs) asserting poor quality patents against strategic technologies and industries.'" *Id.* at 8. The patent owner emphasized that member companies created Unified shortly before the petition was filed, allegedly to circumvent IPR estoppel provisions. *Id.* at 10. The Board

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