

PTAB Clears Nasdaq To Seek Director Review Of Axed IP

By Britain Eakin

Law360 (January 28, 2022, 5:50 PM EST) -- The Patent Trial and Appeal Board has granted six requests for rehearing from Nasdaq, which is trying to undo wins by Miami International Holdings Inc. invalidating dozens of claims across six Nasdaq electronic trading patents, saying it can seek director review under the U.S. Supreme Court's *Arthrex* decision.

The PTAB handed down the decisions on Thursday, more than two years after Nasdaq Inc. and subsidiaries Nasdaq ISE LLC and FTEN Inc. filed the rehearing requests in 2019 in response to the board holding in six covered business method reviews that the invalidated claims were abstract.

Part of the reason the board's decisions took so long is because Nasdaq originally asked the PTAB to vacate the final decisions and order new hearings before new panels, in light of the Federal Circuit's explosive *Arthrex* decision.

Nasdaq wasted little time filing its rehearing requests, which it lodged the day after the Federal Circuit issued its *Arthrex* decision holding that the procedure for appointing PTAB judges violated the Constitution's appointment clause.

The PTAB had put all such rehearing requests on ice while appeals of the Federal Circuit's decision reached the Supreme Court. Last June, the justices agreed with the Federal Circuit that the board's structure was constitutionally infirm, but vacated its proposed remedy of striking down part of the Patent Act that made it more difficult to fire PTAB judges and ordering new hearings before a new panel of judges.

Instead, the Supreme Court said the appropriate fix to the constitutional problem identified in *Arthrex* was to give the U.S. Patent and Trademark Office director the authority to review all final PTAB decisions.

In its decisions on Thursday, the PTAB said it was treating Nasdaq's rehearing requests as asking for the board to apply the Supreme Court's *Arthrex* remedy.

"Given the particular circumstances of this proceeding, particularly that the Request for Rehearing was filed prior to the Supreme Court's *Arthrex* decision, we construe Patent Owner's Request for Rehearing as requesting authorization to file a Request for Rehearing by the Director of the Final Written Decision and grant this request," all six decisions said.

Consistent with the interim procedures for seeking director review, the board gave Nasdaq 30 days to file its requests.

Also on Thursday, the PTAB denied three rehearing requests from Nasdaq stemming from the same cases of decisions denying its bid to disqualify Fish & Richardson PC attorneys from representing Miami International Holdings, which operates electronic trading exchanges such as MIAX.

Nasdaq sought to disqualify the Fish & Richardson attorneys in 2018, arguing that a conflict of interest existed because the firm had previously prosecuted patents for Nasdaq before representing Miami International Holdings.

Fish & Richardson had been disqualified from representing MIAX in an infringement suit brought by Nasdaq in September 2017, in which a magistrate judge found an "unavoidable conflict of interest" arising from the firm's previous prosecution of Nasdaq's patents in that suit. But the **board held** that the firm had not been involved in prosecuting the patents being challenged, and so declined to disqualify the attorneys.

Nasdaq argued in its requests for rehearing of those decisions that the board abused its discretion by failing to explicitly say whether Fish & Richardson violated its ethical obligations to Nasdaq, and that it was entitled to a decision on that question.

But Nasdaq ignored the fact that the board had assumed there was an ethical violation, said the board, which ultimately determined that disqualification wasn't warranted.

"Disqualification is not necessarily automatic following an ethical violation ... and Patent Owner does not contend that we committed any error in weighing the facts in favor of Petitioner," Thursday's decisions said.

The decisions further said that the outcome would have been the same even if the board expressly determined that Fish & Richardson had committed an ethical violation.

The PTAB cases **stem from** a patent infringement and trade secret case that Nasdaq and other entities filed in September 2017 against Miami International Holdings and the other entities accusing them of stealing Nasdaq employees and intellectual property to launch competing options exchanges.

Miami International Holdings, in turn, lodged challenges at the PTAB to the validity of all six patents at issue, two of which are owned by FTEN Inc.

Counsel for Nasdaq declined to comment on Friday. Counsel for Miami International Holdings did not immediately respond to a request for comment.

The patents-in-suit are U.S. Patent Nos. 7,933,827; 7,246,093; 7,921,051; 7,747,506; 6,618,707; and 8,386,371.

Vice Chief Administrative Patent Judge Michael W. Kim and Administrative Patent Judges Meredith C. Petravick, Jon B. Tornquist, Kristi L. R. Sawert, Frances L. Ippolito and Kevin C. Trock sat on the panels.

Miami International Holdings is represented by Karl Renner, Thomas Rozylowicz, Andrew Patrick and Michael T. Zoppo of Fish & Richardson PC and Lisa Chiarini, Christine M. Morgan, Amardeep Grewal

and Sidharth Kapoor of Reed Smith LLP.

Nasdaq is represented by Robert Sokohl, Richard D. Coller III, Richard M. Bemben, Michelle Holoubek and Joseph Mutschelknaus of Sterne Kessler Goldstein & Fox PLLC.

The cases are Miami International Holdings Inc. et al. v. Nasdaq Inc., case numbers CBM2018-00020; CBM2018-00021; CBM2018-00029; CBM2018-00030; CBM2018-00031; and CBM2018-00032, at the Patent Trial and Appeal Board

--Additional reporting by Ryan Davis, Dani Kass and Andrew Strickler. Editing by Nicole Bleier.

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