

Amazon's IP Win Shields Customers From Follow-Up Suits

By **Dani Kass**

Law360 (June 17, 2020, 10:03 PM EDT) -- The Federal Circuit on Wednesday said software developer PersonalWeb can't relitigate a failed patent infringement suit over Amazon's cloud-based storage system by going after the tech giant's customers, including BuzzFeed and Vox Media.

The precedential opinion held that PersonalWeb Technologies LLC's infringement suits are barred by claim preclusion, as they're the same allegations the developer previously brought and lost against Amazon. The three-judge panel shot down PersonalWeb's arguments that a different feature of Amazon's S3 system was at issue and that the earlier suit was never conclusively adjudicated.

The eight suits on appeal from multidistrict litigation are against Patreon Inc., Dictionary.com LLC, Vox Media Inc., Vice Media Inc., Oath Inc. — now Verizon Media — BuzzFeed Inc., PopSugar Inc. and Ziff Davis LLC, which publishes PC Magazine and others. Amazon.com Inc. and Amazon Web Services Inc. intervened in each case to defend their customers.

PersonalWeb's first argument had been that the suit it filed in the Eastern District of Texas against Amazon in 2011 focused on different parts of the S3 system. Namely, the Texas case had focused on the system's multipart upload functionality, while the MDL deals with cache control functionality.

The Federal Circuit disagreed that the Texas case was as limited as PersonalWeb claimed, with the company "at most ... [showing] that it emphasized different facts in support of a different theory of infringement in the prior case," which isn't sufficient to get out of claim preclusion.

"Regardless of the breadth of the specific infringement theories PersonalWeb pursued in the Texas case, it is clear that the complaints in the customer cases and the complaint in the Texas case relate to the same set of transactions," the opinion states. "In the Texas case, PersonalWeb alleged that it had been injured by acts of infringement consisting of the manufacture, use, sale, importation, and/or offer for sale of the Amazon S3 product. Every alleged act of infringement in the eight customer cases before us is likewise based on the use of the same Amazon S3 product."

The second argument had dealt with the so-called Kessler doctrine, which held that a defeated party in



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an infringement suit can't bring follow-up litigation based on the same invention against the winning party's customers. The doctrine stems from a 1907 U.S. Supreme Court case, *Kessler v. Eldred*.

PersonalWeb had argued that the Kessler doctrine doesn't apply, since the Texas case ended before there was a finding of noninfringement. In that case, PersonalWeb had stipulated to the dismissal of its claims against Amazon after an unfavorable claim construction decision.

But the Federal Circuit said PersonalWeb's decision to abandon its litigation constituted "adjudication that Amazon was not liable for the acts of infringement alleged." If Amazon had wanted to avoid this outcome, it could have pushed for a settlement under which it preserved its rights to sue in the future, the panel said.

The "narrow" way PersonalWeb was reading the Kessler doctrine "would leave the patentee free to engage in the same type of harassment that the Supreme Court sought to prevent in *Kessler*, a result that would be inconsistent both with *Kessler* itself and with this court's cases interpreting *Kessler*," the Federal Circuit added.

An attorney for Amazon and its customers declined to comment. Counsel for PersonalWeb didn't immediately respond to a request for comment.

Judges Evan J. Wallach, William C. Bryson, and Richard G. Taranto sat on the panel for the Federal Circuit.

The patents in suit are U.S. Patent Nos. 5,978,791; 6,928,442; 7,802,310; 7,945,544; and 8,099,420.

Amazon and its customers are represented in-house by Jeffrey H. Dean, and by J. David Hadden, Saina S. Shamilov, Ravi Ranganath and Todd R. Gregorian of Fenwick & West LLP, Benjamin J. Byer of Davis Wright Tremaine LLP, Kimberly B. Herman and Christopher T. McWhinney of Sullivan & Worcester LLP.

PersonalWeb is represented by Michael A. Sherman, Viviana H. Boero Hedrick, Jeffrey F. Gersh, Wesley W. Monroe and Stanley Thompson Jr. of Stubbs Alderton & Markiles LLP, and Sandeep Seth of SethLaw.

The case is *In re: PersonalWeb Technologies LLC*, case number 19-1918, in the U.S. Court of Appeals for the Federal Circuit.

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