

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

PAYPAL, INC.,
UPWORK GLOBAL INC.,
SHOPIFY, INC., SHOPIFY (USA), INC.,
STRAVA, INC.,
VALASSIS COMMUNICATIONS, INC.,
RETAILMENOT, INC., and
DOLLAR SHAVE CLUB, INC.,
Petitioner,

v.

PERSONALWEB TECHNOLOGIES, LLC,
Patent Owner.

IPR2019-01093
Patent 7,945,544 B2

Before DENISE M. POTHIER, MICHAEL R. ZECHER, and
DAVID C. McKONE, *Administrative Patent Judges*.

POTHIER, *Administrative Patent Judge*.

DECISION
Denying Institution of *Inter Partes* Review
35 U.S.C. § 314

I. INTRODUCTION

PayPal, Inc., Upwork Global Inc., Shopify, Inc., Shopify (USA), Inc., Strava, Inc., Valassis Communications, Inc., RetailMeNot, Inc., and Dollar Shave Club, Inc. (collectively, “Petitioner entities”) filed a Petition requesting an *inter partes* review (“IPR”) of claims 46, 48, 52, and 55 of U.S. Patent No. 7,945,544 B2 (Ex. 1001, “the ’544 patent”). Paper 1, 1–2 (“Pet.”). PersonalWeb Technologies, LLC (“Patent Owner”)¹ filed a Preliminary Response to the Petition. Paper 14 (“Prelim. Resp.”).

In response to an Order mailed September 25, 2019 (Paper 23), Petitioner entities also filed Petitioner’s Reply to Patent Owner’s Preliminary Response (Paper 24, “Reply”), to address whether: (1) Amazon.com, Inc., and Amazon Web Services, Inc. (collectively “Amazon”) is (a) a privy of at least one of Petitioner entities and/or (b) a real party in interest for Petitioner entities and (2) the statutory bars set forth in 35 U.S.C. § 315(a)(1) and (b) apply. Patent Owner submitted a Patent Owners’ Sur-Reply. Paper 26 (“Sur-reply”).

For the reasons stated below, we determine that a privy of at least one of Petitioner entities was served with a complaint alleging infringement of the ’544 patent more than one year before the Petition was filed. Consequently, we deny the Petition, as it is time-barred under 35 U.S.C. § 315(b), and do not authorize an *inter partes* review to be instituted.

¹ The caption of the Petition lists Level 3 Communications as a patent owner. Patent Owner’s Mandatory Notices indicates that PersonalWeb Technologies, LLC, is the patent owner and Level 3 Communications, LLC, is a real party in interest. Paper 10, 1.

A. Related Proceedings

On May 14 and 20, 2019, Petitioner entities filed five Petitions challenging certain subsets of claims of U.S. Patent Nos. 6,928,442 B2 (IPR2019-01092), 7,802,310 B2 (IPR2019-01111), 7,945,544 B2 (IPR2019-01093), and 8,099,420 B2 (IPR2019-01089 and IPR2019-01091). The instant Petition concerns the '544 patent.²

The parties state claim 1 of the '544 patent was challenged in IPR2013-00084 by a party, who is not one of Petitioner entities. Pet. 2, 13–14; Prelim. Resp. 9. Claim 1 was found to be unpatentable. *EMC Corp. v. PersonalWeb Techs., LLC*, IPR2013-00084, Paper 64 at 58 (PTAB May 15, 2014) (Final Written Decision), *aff'd*, 612 F. App'x 611 (Fed. Cir. 2015) (Rule 36, unpublished).

The parties indicate Patent Owner filed a complaint against Amazon on December 8, 2011, in the Eastern District of Texas (“the 2011 Amazon case”), alleging infringement of the '544 patent based on Amazon’s Simple Storage Service (“S3”). Pet. 2; Prelim. Resp. 13–14 (citing *PersonalWeb Techs. LLC v. Amazon Web Servs. LLC*, No. 6:11-cv-00658 (E.D. Tex. dismissed on June 9, 2014)); Ex. 2008. “[A]ll claims in the . . . action” were “dismissed with prejudice.” Ex. 2009.

² Petitioner entities state, “[c]oncurrently with the instant Petition, Petitioner[entities] are filing another IPR petition that presents alternative grounds for invalidating the Challenged Claims of the '544 patent.” Pet. 3. However, during a conference call on September 24, 2019, Petitioner entities stated that the above-identified Petitions, which include only one IPR challenging the claims of the '544 patent, are all the pending petitions related to U.S. Patent Nos. 6,928,442 B2, 7,802,310 B2, 7,945,544 B2, and 8,099,420 B2. Ex. 1012, 24:19 (stating “these are the only five pending IPRs.”).

Patent Owner states that it sued various parties in January 2018 “based on their usage of Amazon S3.” Prelim. Resp. 14. Petitioner entities and Patent Owner indicate that the ’544 patent is involved in the following proceedings in the Northern District of California: *PersonalWeb Technologies, LLC v. PayPal, Inc.*, No. 5:18-cv-00177 (N.D. Cal. filed Jan. 8, 2018),³ *PersonalWeb Technologies, LLC v. Upwork Global, Inc.*, No. 5-18-cv-05624 (N.D. Cal. filed Sept. 13, 2018), *PersonalWeb Technologies, LLC v. Shopify, Inc.*, No. 5:18-cv-04626 (N.D. Cal. filed July 31, 2018), *PersonalWeb Technologies, LLC v. Strava, Inc.*, No. 5:18-cv-04627 (N.D. Cal. filed Aug. 1, 2018), *PersonalWeb Technologies, LLC v. Valassis Communications, Inc.*, No. 5:18-cv-05206 (N.D. Cal. filed Aug. 23, 2018), *PersonalWeb Technologies, LLC v. RetailMeNot, Inc.*, No. 5:18-cv-05966 (N.D. Cal. filed Sept. 28, 2018), and *PersonalWeb Technologies, LLC v. Dollar Shave Club*, No. 5:18-cv-05373 (N.D. Cal. filed Aug. 31, 2018). Pet. 2; Prelim. Resp. 15 (citing Pet. 2 and stating “PersonalWeb sued the eight Petitioner[entities]”); Ex. 1007.⁴

Petitioner entities state Amazon filed and sought a declaratory judgement (“DJ”) against Patent Owner in *Amazon.com, Inc. v. PersonalWeb Techs., LLC*, No. 5:18-cv-00767 (N.D. Cal. filed Feb. 5, 2018) (“the 2018 Amazon case”), of non-infringement of the ’544 patent. Pet. 3; Ex. 2011, 1, 14–15, 17. Patent Owner states that Amazon’s DJ action

³ Petitioner entities indicate Case No. 5:18-cv-00177, “the Venmo case” (see Ex. 2010), was refiled naming PayPal, Inc., as the proper defendant. Reply 3 n.1; see Prelim. Resp. 14 (referring to this same case and Exhibit 2010 as suit against “Venmo/PayPal”).

⁴ Petitioner states the lawsuits involving the ’544 patent are in “Exhibit 1011.” Pet. 3. However, our record indicates Exhibit 1011 is a document entitled “Notice of Allowance and Fee(s) Due” and dated April 4, 2011.

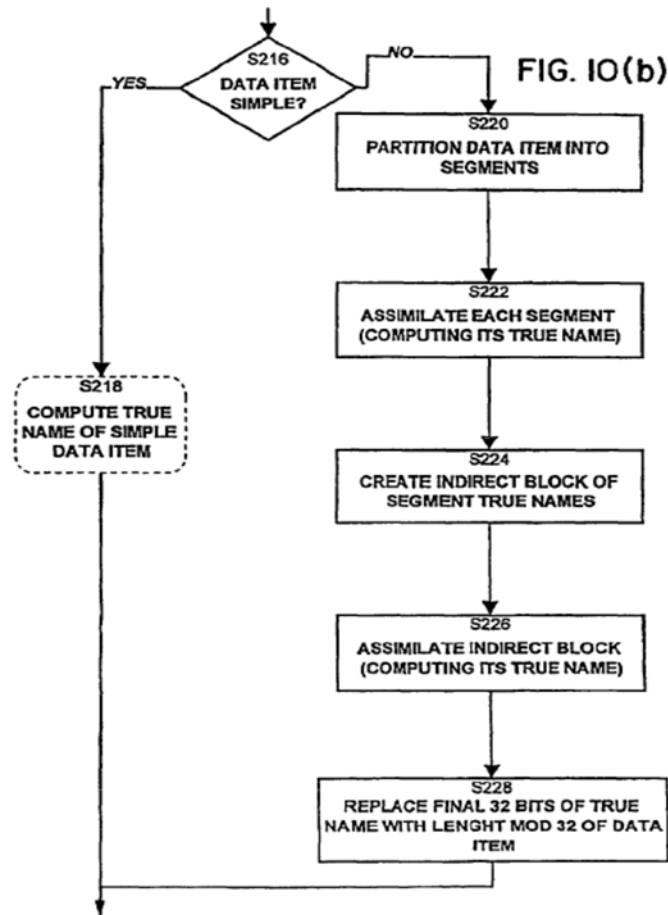
“seek[s] to preclude infringement actions against Amazon’s S3 customers.”
Prelim. Resp. 14 (citing Ex. 2011).

Many of the above identified cases filed in the U.S. District Court for the Northern District of California and the 2018 Amazon case were transferred and assigned to Multidistrict Litigation (MDL) as *In re PersonalWeb Technologies, LLC et al. Patent Litigation*, No. 5:18-md-02834-BLF (N.D. Cal. assigned June 7, 2018). See Ex. 2012, 2. Patent Owner further indicates Amazon is defending Petitioner entities in the MDL proceeding. Prelim. Resp. 15 (citing Ex. 2013, 2–6; Ex. 2014, 9; Ex. 2015, 3–4). On March 13, 2019, the court in the MDL proceeding (“the MDL court”) issued an Order Granting-in-Part and Denying-in-Part Amazon’s Motion for Summary Judgement. In this order, the MDL court determined that “the defendants in the customer cases” are in privity with Amazon “because they share the same interest in the unfettered use of Amazon’s web services, and Amazon adequately represented this interest in the Texas Action” (i.e., the 2011 Amazon case). Ex. 2012, 14.

B. The ’544 Patent

The ’544 patent relates to a method for identifying a data item (e.g., a data file or record) in a data processing system, by using an identifier which depends on all of the data in the data item and only on the data in the data item. Ex. 1001, 1:45–49, 3:53–56. The ’544 patent desires to identify identical data items to reduce duplicate copies of a data item and to perform various system functions on data items, without relying on any content information or data properties. Ex. 1001, 3:37–45.

Figure 10(b) of the ’544 patent, below, is a flow chart for determining an identifier (True Name) of a simple or compound data item.



Ex. 1001, 6:20–24, Fig. 10(b). Figure 10(b), above, is a flow chart for calculating a True Name given a data item. *Id.* at 13:31–33.

Figure 10(b) illustrates, for a simple data item (a data item whose size is less than a particular given size) (steps S216 and S218), a data identifier (True Name) is computed using a function. *Id.* at 12:18–44, 13:31–42, Figs. 10(a)–(b). As a result, a data item having an arbitrary length is reduced to a relatively small, fixed size identifier (True Name) representing the data item. *Id.* If the data item is a compound data item (a data item whose size is greater than the particular given size), the system will partition the data item into segments (S220) (*see* element 122 in Figure 2); assimilate each segment (S222); compute the True Name of the segment; create an indirect block consisting of the computed segment True Names (S224); assimilate the

indirect block (S226); and replace the final 32 bits of the resulting True Name by the length modulo 32 of the compound data item (S228). Ex. 1001, 13:43–61, Figs. 2, 10(b). The result is the True Name of the compound data item. *Id.*

The '544 patent further explains a cache key is required to identify a desired data item (e.g., a data file) and to access a cache's data. Ex. 1001, 36:31–32. The key can be a name or address (e.g., a file's pathname) and uniquely identifies the data it represents. Ex. 1001, 36:32–34, 40–41. When data associated with the name changes, the key itself changes. Ex. 1001, 36:41–42. As such, when accessing modified data associated with a given file name, a cache client will use a new key (e.g., True Name for the new file) to request the correct data rather than the key to the old file contents in cache. Ex. 1001, 36:43–47. A primary key index is maintained to map the key of the record to its contents using the True Name as a pointer to the contents. Ex. 1001, 38:14–16.

C. Illustrative Claim

Petitioner challenges claims 46, 48, 52, and 55 of the '544 patent.
Pet. 1. Claim 46 is representative and is reproduced below:

- 46. A computer-implemented method comprising:
 - (A) for each particular file of a plurality of files:
 - (a[1]) determining a particular digital key for the particular file, wherein the particular file comprises a first one or more parts,
 - each part of said first one or more parts having a corresponding part value,
 - the part value of each specific part of said first one or more parts being based on a first function of the contents of the specific part,
 - wherein two identical parts will have the same part value as determined by the first function, and

wherein the particular digital key for the particular file is determined using a second function of the one or more of part values of said first one or more parts; and

(a2) adding the particular digital key of the particular file to a database, the database including a mapping from digital keys of files to information about the corresponding files;

(B) determining a search key based on search criteria,

wherein the search criteria comprise a second one or more parts, each of said second one or more parts of said search criteria having a corresponding part value, the part value of each specific part of said second one or more parts being based on the first function of the contents of the specific part, and wherein the search key is determined using the second function of the one or more of part values of said second one or more parts;

(C) attempting to match the search key with a digital key in the database; and

(D) if the search key matches a particular digital key in the database, providing information about the file corresponding to the particular digital key.

Ex. 1001, 43:4–37; Pet. 10–11 (reproducing claim 46).

D. Prior Art Relied Upon

Petitioner relies upon the references listed below.

Reference		Date	Exhibit No.
Kantor	FWKCS™ Contents_Signature System Version 1.22 (Aug. 10, 1993)	Aug. 10, 1993	1003
Woodhill	US 5,649,196	July 15, 1997	1004

Pet. 5.

E. The Asserted Grounds of Unpatentability

Petitioner challenges the patentability of claims 46, 48, 52, and 55 of the '544 patent on the following grounds:

Claims Challenged	35 U.S.C. §	Reference(s)
46, 48, 52, 55	102(b) ⁵	Kantor
46, 48, 52, 55	103(a)	Kantor
46, 48, 52, 55	103(a)	Kantor and Woodhill

Pet. 6.

II. ANALYSIS

A. Asserted Time Bar Under 35 U.S.C. § 315(b)

The instant Petition was accorded a filing date of May 14, 2019. Paper 9, 2. On December 8, 2011, Patent Owner sued Amazon (the 2011 Amazon case), alleging infringement of the '544 patent. Ex. 2008. None of Petitioner entities were named parties to the 2011 Amazon case. *Id.*

Even so, Patent Owner asserts that the instant Petition is time-barred under 35 U.S.C. § 315(b). Prelim. Resp. 13–21. Patent Owner contends “Amazon is in privity with Petitioner[entitie]s and is an unnamed RPI—as stated by the District Court” (*id.* at 15 (citing Ex. 2012)) and “Amazon already ‘won’ the argument that it is in privity with Petitioner[entities]” (*id.* at 18 (citing Ex. 2012, 14)). Specifically, the MDL court “agree[d] with Amazon that the defendants in the customer cases are in privity with Amazon because they share the same interest in the unfettered use of Amazon’s web services, and Amazon adequately represented this interest in

⁵ The Leahy-Smith America Invents Act (AIA), which amended 35 U.S.C. §§ 102 and 103, was signed into law in 2011. Changes to §§ 102 and 103 apply to applications filed on or after March 16, 2013. Because the '544 patent’s filing date is prior to March 16, 2013, we refer to the pre-AIA versions of §§ 102 and 103.

the [2011 Amazon case].” Ex. 2012, 14. Further, the MDL court “f[ound] that the indemnification agreement provides an additional basis to find that there is privity between Amazon and its customers for the specific ‘purpose[] of determining the preclusive effect of the first judgment.’” *Id.* at 15 (quoting *Transclean Corp. v. Jiffy Lube Int’l, Inc.*, 474 F.3d 1298, 1306 (Fed. Cir. 2007)).

As background, Patent Owner states it sued (1) Amazon alleging infringement of the ’544 patent in the 2011 Amazon case based on S3, the case being dismissed in 2014 (Prelim. Resp. 14 (citing Exs. 2008 and 2009)) and (2) various other parties in 2018 based on their S3 usage (*id.* at 14–15 (citing Ex. 2010 and Pet. 2)). Patent Owner also states Amazon (1) filed a DJ action in the 2018 Amazon case against Patent Owner, seeking to preclude infringement actions against Amazon’s S3 customers (*id.* (citing Ex. 2011)), (2) is defending “the [eight] Petitioner[entities] in court” (*id.* (citing Exs. 2013–15)), and (3) asserted (a) “that its customers are its privies” (*id.* at 18 (quoting Ex. 2014, 8)) and (b) that it “is indemnifying its customers” (*id.* at 19 (quoting Ex. 2014, 9)). As Patent Owner indicates, the MDL court found “sometime following PersonalWeb’s filing of complaints in the customer cases, Amazon agreed to indemnify its customers.” Ex. 2012, 14, *quoted in* Prelim. Resp. 20.

Patent Owner additionally states:

(1) Amazon and PersonalWeb stipulated that the MDL Order “fully adjudicates all claims alleging patent infringement based solely on the customer’s use of Amazon S3” against five co-Petitioner[entities]; and (2) Amazon “requested that PersonalWeb acknowledge that it may not assert any claim of

patent infringement based solely on its customer's use of Amazon S3" against the remaining three.

Prelim. Resp. 18 (citing Ex. 2013, 2–6). Patent Owner contends "[t]his leaves no doubt that Amazon is in privity with Petitioner[entitie]s." *Id.*

Petitioner entities respond, asserting none of its entities "[were] ever implicated in a prior PersonalWeb litigation, including the *Amazon* case filed in 2011" and have had no "reason before now to file the instant Petition."

Reply 5. Petitioner entities argue the Board is not bound by the MDL court's findings related to privity because the MDL court examined this inquiry under Ninth Circuit law. *Id.* at 4. In response, Patent Owner asserts the MDL court's analysis "comports with Congressional intent, [Court of Appeals for the Federal Circuit] case law, and Supreme Court precedent." Sur-reply 3 (citing Ex. 2012, 12–16).

Petitioner entities further assert that Amazon is not in privity with Petitioner entities. Reply 3–9. More specifically, according to Petitioner entities, the MDL court's determination of "'privity . . . for the specific purpose of determining the preclusive effect of the first judgment' was limited *only to allegations related to S3*." *Id.* at 3 (quoting Ex. 2012, 15⁶). Petitioner entities state "'the [MDL court's] Order fully adjudicates all claims alleging patent infringement based solely on the customer's use of Amazon S3' in the *Venmo*,[] *Strava*, *Valassis*, *Upwork* and *RetailMeNot* cases," but assert that this order does not affect non-S3 infringement claims. *Id.* (citing Ex. 2013 and footnoting "the *Venmo* case was refiled naming PayPal, Inc. as the proper defendant"), 5 (arguing the same). According to

⁶ Although Petitioner cites to Exhibit 2012, 26–27 (Reply 3), we found this quote at Exhibit 2012, 15, which further quotes *Transclean Corp.*, 474 F.3d at 1306.

Petitioner entities, the “remaining infringement allegations . . . were untouched by the court’s order.” *Id.* at 6 (citing Ex. 1017). Petitioner entities further argue “Amazon’s indemnity only extends to the Petitioner’s use of Amazon products” (*id.* at 6 (citing Ex. 1021, 7)), which included “a feature or operation of S3” (Ex. 2012, 27, *quoted in* Reply 6).

Both Petitioner entities and Patent Owner address the categories set forth in *Taylor v. Sturgell*, 550 U.S. 880 (2008) related to privity. Prelim. Resp. 20–21; Reply 7–9.

Based on the above discussion, the main issues are whether Amazon is a privy of Petitioner entities in this proceeding and, if so, whether the Petition is time-barred under 35 U.S.C. § 315(b) because Amazon was served with a complaint alleging infringement of the ’544 patent in 2011.

B. Principles of Law

Section 315(b) of Title 35 of the United States Code provides:

(b) PATENT OWNER’S ACTION.—An inter partes review may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent. The time limitation set forth in the preceding sentence shall not apply to a request for joinder under subsection (c).

Petitioner entities “bear[] the ultimate burden of persuasion to show that [their] petitions are not time-barred under § 315(b) based on a complaint served on an alleged [privy of Petitioner entities] more than a year earlier.”

Worlds Inc. v. Bungie, Inc., 903 F.3d 1237, 1242 (Fed. Cir. 2018).

“[S]ervice of a pleading asserting a claim alleging infringement triggers the one-year time period for a petitioner to file a petition under 35 U.S.C.

§ 315(b).” *GoPro, Inc. v. 360Heros, Inc.*, IPR2018-01754, Paper 38 at 6

(PTAB Aug. 23, 2019) (precedential); *id.* at 24. This one-year trigger under 35 U.S.C. § 315(b) also applies to Petitioner entities’ privies or real parties in interest. *See id.* at 14 (“[T]he text of § 315(b) *clearly and unmistakably* considers *only the date* on which the petitioner, its privy, or a real party in interest was properly served with a complaint.”) (quoting *Click-to-Call Techs., LP v. Ingenio, Inc.*, 899 F.3d 1321, 1332 (Fed. Cir. 2018) (en banc in part)).

According to § 315(b) (emphasis added), “[a]n inter partes review may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner, real party in interest, or *privy of the petitioner* is served with a complaint alleging infringement of the patent.” The term “privy” is not defined in the statute, but it “is a well-established common-law term.” *WesternGeco LLC v. ION Geophysical Corp.*, 889 F.3d 1308, 1317 (Fed. Cir. 2018). The privity concept encompasses parties that do not necessarily need to be identified in the Petition as real parties in interest. Office Patent Trial Practice Guide (“TPG”), 77 Fed. Reg. 48,756, 48,759 (Aug. 14, 2012). Also, the term “privy” is used “more broadly, as a way to express the conclusion that nonparty preclusion is appropriate on any ground.” *Taylor v. Sturgell*, 553 U.S. 880, 894 n.8 (2008) (citing 18A Charles Alan Wright, Arthur R. Miller & Edward H. Cooper, Federal Practice and Procedure § 4449, pp. 351–53, n.33 (2d ed. 2002) (hereinafter “Wright & Miller”)); *WesternGeco*, 889 F.3d at 1318–19.

In *Taylor*, the U.S. Supreme Court identified a non-exhaustive list of six categories under which nonparty preclusion based on a privity relationship may be found: (1) an agreement between the parties to be bound; (2) pre-existing substantive legal relationships between the parties;

(3) adequate representation by the named party; (4) the nonparty's control of the prior litigation; (5) where the nonparty acts as a proxy for the named party to re-litigate the same issues; and (6) where special statutory schemes foreclose successive litigation by the nonparty (e.g., bankruptcy or probate). *Taylor*, 553 U.S. at 893–95, 893 n.6. The Supreme Court noted that this list of the six “established grounds for nonparty preclusion” is “meant only to provide a framework . . . , not to establish a definitive taxonomy.” *Id.* at 893 n.6. Each ground alone is sufficient to establish privity between a nonparty and a named party in the prior litigation. *WesternGeco*, 889 F.3d at 1319–20.

The determination of whether a petitioner is in privity with a time-barred district court party is a “highly fact-dependent question.” TPG, 77 Fed. Reg. at 48,759. Importantly, “the standards for the privity inquiry must be grounded in due process.” *WesternGeco*, 889 F.3d. at 1319.

[T]he privity inquiry in this context naturally focuses on the relationship between the named IPR petitioner and the party in the prior lawsuit. For example, it is important to determine whether the petitioner and the prior litigant's relationship—as it relates to the lawsuit—is sufficiently close that it can be fairly said that the petitioner had a full and fair opportunity to litigate the validity of the patent in that lawsuit.

Id.

There may be multiple real parties in interest or privies that must be identified.

Congress did not speak of there being only one interested party in each case; instead, it chose language that bars petitions where proxies or privies would benefit from an instituted IPR, even where the petitioning party might separately have its own interest in initiating an IPR. Indeed, Congress understood that there could be *multiple* real parties in interest, as evidenced by

§ 312(a)’s requirement that an IPR petition must “identif[y] all real parties in interest.”

Applications in Internet Time LLC v. RPX Corp., 897 F.3d 1336, 1346–47 (Fed. Cir. 2018) (“*AIT*”) (alteration by Federal Circuit).

C. Privity Analysis

For the reasons stated below, we conclude the record establishes that Petitioner entities are in privity with a time-barred party, Amazon. Notably, the court in *Click-to-Call* read § 315(b) “to apply petition-to-petition, not petitioner-by-petitioner, with the collection of petitioners on a single petition treated as a unit indistinguishable from each member of that collection” and “for the one-year time bar.” *Click-to-Call*, 899 F.3d at 1338. As such, demonstrating Amazon is a privy of at least one Petitioner entity sufficiently shows Amazon is a “privy of the petitioner” for purposes of § 315(b). See *id.* at 1338–39.

The MDL court already has addressed a privity issue in an alleged infringement action of the ’544 patent by Patent Owner against Amazon and its customers related to their S3 usage. Ex. 2012, 1–3, 12–16. On April 26, 2019, the MDL court “agree[d] with Amazon that the defendants in the customer cases are in privity with Amazon because they share the same interest in the unfettered use of Amazon’s web services, and Amazon adequately represented this interest in the [2011 Amazon case].” *Id.* at 14 (citations omitted). Further, the MDL court found that an indemnification agreement provided another “basis to find that there is privity between Amazon and its customers for the specific ‘purpose[] of determining the preclusive effect of the first judgment.’” *Id.* at 15 (quoting *Transclean Corp.*, 474 F.3d at 1306).

Although the MDL court’s ruling was under Ninth Circuit law, as argued by Petitioner entities (Reply 5), this ruling is persuasive because it is consistent with the Supreme Court’s reasoning in *Taylor*. The MDL court does not cite *Taylor* when addressing the privity issue. *Id.* at 12–16. However, the MDL court states “Amazon adequately represented this interest in the [2011 Amazon case]” (*id.* at 14), which is very similar, if not identical, to category three (adequate representation by the named party) in *Taylor*, where nonparty preclusion based on a privity relationship may be found. *Compare id.*, with *Taylor*, 553 U.S. at 894–95. We, therefore, agree with Patent Owner that the MDL court’s analysis “comports with” Supreme Court law in *Taylor*, which both the Federal Circuit and we are obligated to follow. Sur-reply 3 (citing Ex. 2012, 12–16).

Additionally, we reach the same conclusion as the MDL court when analyzing the evidence in this record under the privity guidance articulated in *Taylor*. *See Taylor*, 553 U.S. at 894–95. As to the second *Taylor* category, the record shows a pre-existing substantive legal relationship between Amazon and at least some of Petitioner entities—namely an indemnification agreement between Amazon and PayPal, Inc., Strava Inc., Valassis Communications, Inc., Upwork Global Inc., and RetailMeNot, Inc. “[A]n indemnification agreement . . . has alone been enough to find privity.” *Intel Corp. v. U.S. Int’l Trade Comm’n*, 946 F.2d 821, 839 (Fed. Cir. 1991); *see AIT*, 897 F.3d at 1362 (Fed. Cir. 2018) (Reyna, J., concurring) (quoting the same).

Notably, this record does not contain or reproduce the indemnification agreement between Amazon and Petitioner entities. Even so, each party acknowledges an indemnification agreement exists between Amazon and at

least some of Petitioner entities. *See* Prelim. Resp. 15, 19–21; Reply 6–8 (discussing Amazon’s indemnity).

The record includes Amazon’s motion for summary judgment filed in the MDL proceeding, in which it states “Amazon is indemnifying its customers in this case[,] has expressly assumed the defense of 60 customers who have sought Amazon’s aid, and has not turned away any customer who has asked for it.” Ex. 2014, 9; Prelim. Resp. 19 (citing the same). Amazon further stated, in its summary judgment reply in the MDL proceeding, its obligation in the indemnification provision “applies to ‘any third-party claim’ made after June 2017[,] and alleging that Amazon’s products, including S3, ‘infringe[] or misappropriate[] that third-party’s intellectual property rights.’” Ex. 1021, 7 (citation omitted). The MDL court similarly found “Amazon assumed the indemnification of its customers prior to the consolidation of the MDL, and Amazon has not turned away any customer who has asked for indemnification.” Ex. 2012, 16.

The MDL court further recognized “Amazon is obligated to indemnify most of the customer defendants” (Ex. 1018, 3) and specified Amazon’s “customer cases” involve “any case comprising this MDL other than the Amazon DJ Action.” Ex. 2012, 2. These cases, according to the Stipulation Re Remaining Customer Cases (Ex. 2013, “Stipulation”) filed in the MDL proceeding, include: *PersonalWeb Technologies, LLC v. Venmo, Inc. (PayPal, Inc.)*,⁷ No. 5:18-cv-00177 (N.D. Cal. filed Jan. 8, 2018), *PersonalWeb Technologies, LLC v. Strava, Inc.*, No. 5:18-cv-04627 (N.D. Cal. filed Aug. 1, 2018), *PersonalWeb Technologies, LLC v. Valassis*

⁷ As previously explained, PayPal, Inc., was renamed as the proper defendant in Case No. 5:18-cv-00177. Reply 3 n.1.

Communications, Inc., No. 5:18-cv-05206 (N.D. Cal. filed Aug. 23, 2018), *PersonalWeb Technologies, LLC v. Upwork Global, Inc.*, No. 5-18-cv-05624 (N.D. Cal. filed Sept. 13, 2018), and *PersonalWeb Technologies, LLC v. RetailMeNot, Inc.*, No. 5:18-cv-05966 (N.D. Cal. filed Sept. 28, 2018). Ex. 2013, 4–6. As such, the record shows PayPal, Inc. (“PayPal”), Strava Inc. (“Strava”), Valassis Communications, Inc. (“Valassis”), Upwork Global, Inc. (“Upwork Global”), and RetailMeNot, Inc. (“RetailMeNot”) are customers Amazon indemnified in the MDL proceeding.

As noted above, PayPal, Strava, Valassis, Upwork Global, and RetailMeNot are also Petitioner entities in this proceeding. Pet. 1. The record, thus, reflects an indemnification agreement existed between Amazon and PayPal, Strava, Valassis, Upwork Global, and RetailMeNot prior to this proceeding (see Ex. 2012, 15), which “has alone been enough to find privity.” *Intel Corp.*, 946 F.2d at 839.

We recognize that the mere existence of an indemnity agreement might not be enough to find privity. See, e.g., *WesternGeco*, 889 F.3d at 1321. However, as is clear from the MDL record (summarized above), Amazon performed pursuant to the indemnity agreement and secured summary judgment related to infringement of the ’544 patent in favor of several of Petitioner entities. See, e.g., Ex. 2012, 3 (including the ’544 patent as part of the infringement action), 9 (listing “Category 3” infringement), 14 (“As to the effect of the indemnification agreement, it is undisputed that: . . . (2) sometime following PersonalWeb’s filing of complaints in the customer cases, Amazon agreed to indemnify its customers”), 16 (“Amazon assumed the indemnification of its customers prior to the consolidation of the MDL, and Amazon has not turned away any customer who has asked for indemnification”), 23 (finding that claim

preclusion applied because, inter alia, the 2011 Amazon case involved the same parties or privies as the MDL proceeding), 26 (granting the DJ action “with respect to the Category 3 allegations involving use of . . . S3”). Thus, unlike in *WesternGeco*, in which the existence of an obligation to indemnify was ambiguous and undefined and, therefore, insufficient, 889 F.3d at 1321, Amazon actually assumed control of the lawsuits involving its customers, defended them, and secured relief on their behalf. We find this to be much stronger evidence of a pre-existing legal relationship than that shown in *WesternGeco*.

Moreover, Amazon continues to exercise its obligation by filing an unopposed motion to intervene (see Ex. 2018, 1, 4–8) in Patent Owner’s appeal of the MDL court’s privity ruling in *In re: PersonalWeb Technologies, LLC*, No. 2019-1918 (Fed. Cir. filed Aug. 30, 2019) (Sur-reply 2), including Patent Owner’s claims being barred by claim preclusion because the 2011 Amazon case involved the same cause of action (Ex. 2017, 59–81). Notably, the appeal indicates the cases in the MDL proceeding of PersonalWeb against PayPal, Strava, Valassis, Upwork Global, and RetailMeNot “will directly affect or be directly affected by th[e Federal Circuit]’s decision in the pending appeal.” Ex. 2017, ii; *id.* at iii, v–vi.

Thus, on the current record (including the submitted portions of the MDL record), the noted indemnification agreement shows a pre-existing substantive legal relationship between Amazon and PayPal, Strava, Valassis, Upwork Global, and RetailMeNot and provides at least one basis to demonstrate a privity relationship between Amazon and Petitioner entities in this proceeding under *Taylor* (see *id.*, 553 U.S. at 894). The record, thus, establishes Amazon as “a privy of the petitioner” as set forth in § 315(b) (see TPG, 77 Fed. Reg. at 48,759–60).

Petitioner entities argue “Amazon’s indemnity only extends to Amazon products,” and “the lasting effect of Amazon’s indemnity [i]s limited.” Reply 6 (citing Ex. 1021, 7); *id.* at 7. Petitioner entities further assert Amazon has no pre-existing relationship with Petitioner entities “relat[ed] to the infringement allegations remaining in PersonalWeb’s cases against the Petitioner[] [entities].” *Id.* at 7 (citing Ex. 2012, 26–27).

To be sure, Amazon’s motion for summary judgment in the MDL was granted “with respect to the Category 3 allegations involving use of Amazon Simple Storage Service (‘S3’)” (Ex. 2012, 26; *see id.* at 9⁸), and the MDL court stated Patent Owner “is barred from asserting any patent infringement claim against Amazon or an Amazon customer in which a feature or operation of S3 is alleged to infringe” the ’544 patent (*id.* at 26–27). However, Petitioner entities do not explain persuasively why the non-S3 infringement allegations remaining in the MDL proceeding, as argued (*see* Reply 6–7), should negate a finding of privity based on the shared interests of Petitioner entities and Amazon in potential infringement liability due to S3 use.

Petitioner entities direct us to case law from the Second and Fourth Circuits that they argue, while not binding here, supports the assertion that Amazon’s indemnification agreement is ineffective to establish privity between Amazon and Petitioner entities in this proceeding. *See* Reply 4–5. These cases, however, fail to support a conclusion that Amazon is not in privity with Petitioner entities. Petitioner entities (Reply 4–5) cite *Chase Manhattan Bank, N.A. v. Celotex Corp.*, 56 F.3d 343, 346 (2d Cir. 1995), for

⁸ The MDL court states “Category 3 infringement involves ETags for webpage asset files generated by S3 web servers.” *Id.* at 9.

the premise that “[p]rivity may exist for the purpose of determining one legal question but not another depending on the circumstances and legal doctrines at issue.” Similarly, Petitioner entities (Reply 5) cite *Manning v. S.C. Department of Highway & Public Transportation*, 914 F.2d 44, 48 (4th Cir. 1990), for the premise that “[p]rivity’ as used in the context of res judicata or collateral estoppel, does not embrace relationships between persons or entities, but rather it deals with a person’s relationship to the subject matter of the litigation.” (quoting *Richburg v. Baughman*, 351 S.E.2d 164, 166 (1986)).

Presumably, Petitioner entities concede (or at least do not contest) that the District Court was correct in finding privity as to S3 between some of Petitioner entities and Amazon in the MDL proceeding. Petitioner entities’ argument, then, is that privity existing at that time no longer exists in the instant proceeding because the only remaining allegations at issue in the MDL proceeding involve whether non-S3 products infringe claims of the ’544 patent. *See, e.g.*, Reply 5 (asserting the District Court’s finding of privity “had nothing to do with the Petitioner[entities]’ ability to independently defend themselves in the PTAB due to *non*-S3 allegations”), 6 (“[A]t the time the instant Petition was filed, the lasting effect of Amazon’s indemnity was limited at best.”), 7 (“Petitioners and Amazon have no pre-existing relationship relating to the infringement allegations remaining in PersonalWeb’s cases against the Petitioners. The only salient relationship between Amazon and Petitioners relates to claims that the court barred prior to the filing of this Petition.”).

As previously noted, Patent Owner has appealed the District Court’s summary judgement ruling. *See, e.g.*, Ex. 2017 (Patent Owner’s Appeal Brief). Depending on the result of that appeal, Amazon may be called to

defend its customers further concerning S3 products. Although the current litigation activities Amazon must undertake at this time to defend its customers might be “limited at best” (Reply 6), Petitioner entities have not shown that the District Court’s summary judgment ruling has extinguished Amazon’s indemnity obligations. By the same token, Amazon still has a shared interest in the outcome of this IPR proceeding. Thus, the products indemnified by Amazon include using technology (e.g., S3), which on the current record, Patent Owner alleges infringes the claims of the ’544 patent challenged in this proceeding. Petitioner entities, then, are advancing in this proceeding the same interest for which Amazon indemnified and defended them in the MDL proceeding, and the same interest Amazon advanced in the 2011 Amazon case.

We also are not persuaded by Petitioner entities’ argument that they have additional interests, not shared by Amazon, which they seek to protect. *See* Reply 1 (discussing “unique motivations for filing this Petition”). “As [the Federal Circuit] explained in *Applications in Internet Time*, in drafting § 315(b), Congress ‘chose language that bars petitions where proxies or privies would benefit from an instituted IPR, even where the petitioning party might separately have its own interest in initiating an IPR.’” *Power Integrations, Inc. v. Semiconductor Components Indus., LLC*, 926 F.3d 1306, 1316 (Fed. Cir. 2019) (quoting *AIT*, 897 F.3d at 1347). Thus, representing their own interests in addition to their joint interests with Amazon does not negate a finding of privity. Similarly, Petitioner entities’ argument that Patent Owner mischaracterizes the District Court record by not discussing the non-S3 services (Reply 1–3) is not persuasive because Petitioner entities’ potential liability concerning the non-S3 services does not

negate the shared interest between Petitioner entities and Amazon in the S3 services or Amazon's indemnity obligations related to this shared interest.

Based on the above collective evidence, the discussed indemnification agreement provides at least one basis to conclude Amazon is a privy of (1) PayPal, (2) Strava, (3) Valassis, (4) Upwork Global, and (5) RetailMeNot, which are Petitioner entities in this proceeding.

Turning to the third *Taylor* category of nonparty preclusion based on a privity relationship, *Taylor* states, “‘in certain limited circumstances,’ a nonparty may be bound by a judgment because she was ‘adequately represented by someone with the same interests who [wa]s a party’ to the suit.” *Taylor*, 553 U.S. at 894 (quoting *Richards v. Jefferson County*, 517 U.S. 793, 798 (1996)). As previously noted, the MDL court specifically found “that the defendants in the customer cases are in privity with Amazon because they share the same interest in the unfettered use of Amazon’s web services, and Amazon adequately represented this interest in the Texas Action” (i.e., the 2011 Amazon case). Ex. 2012, 14; Prelim. Resp. 21 (quoting Ex. 2012, 14).

Based on the evidence in this proceeding, we reach the same conclusion. Patent Owner’s complaint in the 2011 Amazon case included alleged infringement of the ’544 patent, which is the same patent at issue in this proceeding. Compare Ex. 2008, 1, 9–10, with Pet. 1. Specifically, Patent Owner asserted in the 2011 Amazon case that “Amazon has infringed and continues to infringe the ’544 patent by its manufacture, use, sale, importation, and/or offer for sale of the following products and services: Amazon Simple Storage Service (S3) and Amazon ElastiCache.” Ex. 2008, 9. Count one of the complaint also states “Amazon has infringed and/or continues to infringe one or more claims of the Patents-in-Suit as set forth

above” and, “[f]or PersonalWeb’s claims of indirect infringement, Amazon’s end-user customers and consultants are direct infringers of the Patents-in-Suit,” which include the ’544 patent. *Id.* at 12–13. The 2011 Amazon case was dismissed with prejudice for “all claims” in the action, including the noted infringement claims against Amazon. Ex. 2009.

In 2018, Amazon began to defend PayPal, Strava, Valassis, Upwork Global, and RetailMeNot, which are Petitioner entities, in the MDL proceeding, alleging infringement of S3 use related to the ’544 patent. Ex. 2012, 3, 5–8; see Ex. 2013, 3–6. For example, the *Venmo/PayPal* complaint (Ex. 2010) includes (1) the ’544 patent as one of the “Patents-in-Suit” (*id.* at 1), (2) Patent Owner’s assertion that PayPal has infringed at least claims 46, 48, 49, 52, 55, and 56 of the ’544 patent (*id.* at 19), and (3) a description of PayPal’s action as involving uploading files to and subsequent actions that occur on an “Amazon S3 host system” (*id.* at 6; see *id.* at 19–20). During the MDL proceeding, Amazon further stated “[t]he interests of Amazon’s S3 customers are indisputably aligned with those of Amazon; they are identically interested in using the accused technology” Ex. 2014, 8, *cited in* Prelim. Resp. 19.

This further demonstrates Amazon and Petitioner entities share the same interest in using S3, which as previously noted was a product accused of infringing the ’544 patent. Also as noted, claims at issue (e.g., claim 46) in this proceeding are claims in the ’544 patent. See Pet. 1. The above evidence substantiates that the relationship between some Petitioner entities (e.g., PayPal) and Amazon, a prior litigant to the 2011 Amazon case, “is sufficiently close such that both should be bound by the trial outcome and related estoppels.” *WesternGeco*, 889 F.3d. at 1318 (quoting TPG, 77 Fed. Reg. at 48,759).

Thus, like the MDL court, we find Petitioner entities in this proceeding are challenging “the same patents related to use of the same technology as PersonalWeb sued Amazon for in the [2011 Amazon case,]” (i.e., the 2011 Amazon case) (Ex. 2012, 14), and “the very same S3 at issue in the [2011 Amazon case] is again at issue here” (*id.* at 12) in the Petition. We, therefore, conclude that Petitioner entities have the same interest as Amazon and those interests have been adequately represented by Amazon, providing yet another basis under *Taylor* to show Amazon is a privy of Petitioner entities. We further conclude the above evidence shows Amazon has the same interest with at least some of Petitioner entities in this proceeding and Amazon’s representation in the 2011 Amazon case was adequate to establish a privy relationship for purposes of the statutory bar under § 315(b).

Petitioner entities assert they “possess[] unique motivations for filing this Petition that were (and are) wholly independent of Amazon’s dispute with PersonalWeb.” Reply 1. Petitioner entities state “[n]o Petitioner [entity] was ever implicated in a prior PersonalWeb litigation, including the *Amazon* case filed in 2011” and “[n]o Petitioner [entity] ever had a reason before now to file the instant Petition.” *Id.* at 5 (citing Pet. 19⁹). Petitioner entities contend they are not time-barred, asserting that the MDL court found “Amazon could not adequately represent the defendant’s interests” because Amazon’s involvement in the infringement allegations of the MDL proceeding was “limited.” Reply 2 (citing Ex. 1018, 1); *see id.* at 6–7. More specifically, Petitioner entities assert Amazon’s motion for summary judgment only concerns that “allegations related to S3 were barred by

⁹ This part of the Petition addresses claim construction.

estoppel” (Reply 2 (citing Ex. 2014)), without affecting “the *non-S3* infringement claims that Petitioner[entities] . . . still face today” (*id.* at 3). Petitioner entities argue the MDL court’s order only concerns alleged “patent infringement based solely on the customer’s use of Amazon S3” in the *Venmo*, *Strava*, *Valassis*, *Upwork* and *RetailMeNot* cases,” but does not affect non-S3 infringement claims. *Id.* (quoting Ex. 2013); *see id.* at 6 (citing Ex. 1017). Thus, Petitioner entities contend “Amazon cannot adequately defend Petitioner[entities] in litigation on non-Amazon products.” *Id.* at 7. Even so, as explained above, advancing an interest in addition to the shared interest with Amazon does not negate privity. *See Power Integrations*, 926 F.3d at 1316; *see AIT*, 897 F.3d at 1347.

Of import, § 315(b) concerns “a petitioner, real party in interest, or privy of the petitioner . . . served with a complaint alleging infringement of the patent.” As such, § 315(b) relates to a privy of a petitioner *who is served with a complaint alleging infringement of a patent*. Notably, this statute does not carve out an exception for those privies who are served with a complaint alleging infringement of a particular technology (e.g., S3), but do not allegedly infringe another technology (e.g., non-S3), which may also be encompassed by a given patent. *See* Sur-reply 1 (“Asking whether some co-Petitioner[entities] might have had some products implicated by some non-S3 allegations is irrelevant and obfuscates the real issue behind the privity and RPI analyses . . .”). Also, as discussed above, the record shows that Amazon is a privy of some Petitioner entities (e.g., PayPal) and was served with a complaint *alleging infringement of the ’544 patent*, including using S3, at some point in 2011. *See* Exs. 2008, 2010, and 2012.

We agree that the MDL proceeding involves four categories of infringement activity, and categories 1, 2, and 4 were not considered by the

MDL court in its order granting in part Amazon's motion for summary judgment. That is, the MDL court stated its order's scope applies to "Category 3 infringement," which "involves ETags for webpage asset files generated by S3 web servers," and Patent Owner "alleges customer infringement in this category involves use of both S3 and Cloudfront."

Ex. 2012, 9. Even so, the MDL court stated, and we agree, "it is undisputed that the infringement contentions in Category 3 involve the use of Amazon S3, the same product in dispute in the [2011 Amazon case]." *Id.* at 17.

Accordingly, based on the above collective evidence, we conclude that Petitioner entities have been adequately represented by Amazon, who has the same interests as at least one Petitioner entity (e.g., PayPal) and who was a party to an earlier suit (i.e., the 2011 Amazon case), thereby providing an additional basis to conclude there is privity between Amazon and Petitioner entities in this proceeding pursuant to § 315(b).

We further turn to the fifth *Taylor* category on which nonparty preclusion based on a privity relationship may be found—"a party bound by a judgment may not avoid its preclusive effect by relitigating through a proxy." *Taylor*, 553 U.S. at 895. Along these lines, we find that Petitioner entities are representing Amazon's interests in this proceeding. In particular, we accept the District Court's finding that Amazon agreed to indemnify its customers, including the above-noted Petitioner entities here, and which Petitioner entities do not contest. Ex. 2012, 14. As it pertains to the S3 service, then, it is Amazon, not Petitioner entities, that ultimately will bear the cost should the Federal Circuit overturn the District Court's summary judgment ruling and the District Court ultimately finds infringement of the '544 patent. Petitioner entities, then, are representing Amazon's continued interests, not only their own, in the instant proceeding at least as they pertain

to the S3 service and the '544 patent. We, thus, conclude that Petitioner entities are serving as proxies of Amazon. *See Taylor*, 553 U.S. at 895 (“[A] party bound by a judgment may not avoid its preclusive force by relitigating through a proxy. Preclusion is thus in order when a person who did not participate in a litigation later brings suit as the designated representative of a person who was a party to the prior adjudication.”).

As such, Amazon has the same interest as Petitioner entities in this proceeding, and has already pursued that interest in district court. Amazon should not be permitted to relitigate the unpatentability of the '544 patent claims through Petitioner entities acting as proxies for Amazon. This provides yet another basis to conclude Amazon is a privy of at least some Petitioner entities (e.g., PayPal) in this proceeding for purposes of determining whether Amazon's statutory bar under § 315(b) also should apply to Petitioner entities.

In summary, based on the record as a whole, we find that Amazon is in privity with Petitioner entities because (1) of a pre-existing substantive legal relationship between Amazon and at least one Petitioner entity (e.g., PayPal), (2) at least one Petitioner entity (e.g., PayPal) has the same interests as Amazon, which adequately represented these interests in the 2011 Amazon case, and (3) Petitioner entities are acting as proxies for Amazon, and are representing Amazon's interests, at least as they pertain to the S3 services. Additionally, because Amazon, a privy of Petitioner entities, was served with a complaint alleging infringement of the '544 patent at some point in 2011, which is more than one year prior to the filing of the instant Petition, the instant Petition is time-barred under § 315(b).

III. CONCLUSION

For the above reasons, the Petition is time-barred under § 315(b). Accordingly, we deny institution of an *inter partes* review.

IV. ORDER

For the above reasons, it is

ORDERED that the Petition is *denied* as to the challenged claims of the '544 patent, and no *inter partes* review is instituted.

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