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Paper No. 31
Entered: March 16, 2020

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[1]
Patent Owner.

IPR2019-01111
Patent 7,802,310 B2

Before JONI Y. CHANG, MICHAEL R. ZECHER, and DAVID C. McKONE, *Administrative Patent Judges*.

CHANG, *Administrative Patent Judge*.

DECISION
Denying Petitioner's Request for Rehearing of Decision on Institution
37 C.F.R. § 42.71(d)

[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, while Level 3 Communications, LLC, is a real party in interest. Paper 9, 1.

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 20 and 69 of U.S. Patent No. 7,802,310 B2 (Ex. 1001, "the '310 patent"). Paper 1 ("Pet."). PersonalWeb Technologies, LLC ("Patent Owner") filed a Preliminary Response. Paper 14 ("Prelim. Resp."). Patent Owner argues, among other things, that the Petition is time-barred under 35 U.S.C. § 315(b) because the district court in the related litigation found that Petitioner Entities are in privity with Amazon.com, Inc., and Amazon Web Services, Inc. (collectively "Amazon"), and Amazon was served with a complaint alleging infringement of the '310 patent more than seven years prior to the filing of the Petition. *Id*. at 15−23; Ex. 2008. Pursuant to our Order (Paper 23), Petitioner Entities filed a Reply (Paper 24) to address whether Amazon is a privy of Petitioner Entities, and Patent Owner also filed a Sur-reply (Paper 26). Upon consideration of the parties' contentions and evidence, we determined that Amazon is a privy of Petitioner Entities and denied the Petition under 35 U.S.C. § 315(b). Paper 27 ("Decision" or "Dec.").

Several Petitioner Entities[2] ("Requesters") filed a Request for Rehearing (Paper 28, "Req.") of our Decision Denying Institution, arguing that we deprived Requesters of their constitutional right to challenge the '310 patent in an *inter partes* review and overlooked instructive case law that should have led us to a different result on our privity determination.

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[2] Petitioner Entities indicate that PayPal, Inc., does not join in requesting rehearing of our Decision. Req. 2.

Requesters also requested review by the Precedential Opinion Panel ("POP"). Req. 2; Paper 29; Ex. 3001. The request for POP review was denied on February 13, 2020. Paper 30. As a result, this Request for Rehearing now is before us for consideration.

For the reasons set forth below, the Request is *denied*.

II. STANDARD OF REVIEW

A party requesting rehearing bears the burden of showing that the decision should be modified. *See* 37 C.F.R. § 42.71(d) (2018). The party must identify specifically all matters that we misapprehended or overlooked, and the place where each matter was previously addressed in a motion, an opposition, or a reply. *Id*. When reconsidering a decision on institution, we review the decision for an abuse of discretion. *See* 37 C.F.R. § 42.71(c). "An abuse of discretion may be determined if a decision is based on an erroneous interpretation of law, if a factual finding is not supported by substantial evidence, or if the decision represents an unreasonable judgment in weighing relevant factors." *Star Fruits S.N.C. v. U.S.*, 393 F.3d 1277, 1281 (Fed. Cir. 2005); *Arnold P'ship v. Dudas*, 362 F.3d 1338, 1340 (Fed. Cir. 2004); *In re Gartside*, 203 F.3d 1305, 1315-16 (Fed. Cir. 2000).

III. ANALYSIS

Requesters contend that our Decision violates due process. Req. 2–7. Their main contention is that we did not discuss whether Petitioner Entities had a "full and fair" opportunity to challenge the '310 patent in the Texas

Action[3] to which the Petitioner Entities were not parties. *Id.* at 4–6. According to Requesters, "[t]he question is *not* whether the Petitioners and Amazon have a sufficiently close relationship in a present lawsuit. The inquiry instead focuses on whether in the *prior* lawsuit a sufficiently close relationship exists to foreclose present review." *Id.* at 2–3.

The Supreme Court of the United States has stated that "[t]he federal common law of preclusion is, of course, subject to due process limitations," and that "[a] person who was not a party to a suit generally has not had a 'full and fair opportunity to litigate' the claims and issues settled in that suit." *Taylor v. Sturgell*, 533 U.S. 880, 891–92. Thus, "[a]s informed by *Taylor* and other cases, the standards for the privity inquiry must be grounded in due process." *WesternGeco LLC v. ION Geophysical Corp.*, 889 F.3d 1308, 1319 (Fed. Cir. 2018). According to the U.S. Court of Appeal for the Federal Circuit, "[b]ecause nonparty preclusion risks binding those who have not had a full and fair opportunity to litigate, the Supreme Court has cautioned that there is a general rule against nonparty preclusion, *subject to certain exceptions*." *Id.* (emphasis added); *accord Taylor*, 533 U.S. at 893 ("[T]he rule against nonparty preclusion is subject to exceptions."). The Supreme Court in *Taylor* grouped such exceptions into six categories. In particular, the Supreme Court identified a non-exhaustive list of six categories under which nonparty preclusion based on a privity

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[3] Patent Owner filed a complaint against Amazon on December 8, 2011, in the Eastern District of Texas ("the Texas Action"), alleging infringement of the '310 patent based on Amazon's Simple Storage Service ("S3"). Prelim. Resp. 15 (citing *PersonalWeb Techs. LLC v. Amazon Web Servs. LLC*, No. 6:11-cv-00658 (E.D. Tex. dismissed on June 9, 2014); Ex. 2008 (Complaint in the Texas Action); Ex. 2009 (Order of Dismissal with Prejudice).

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.

In our Decision, we addressed Petitioner Entities' due process concerns by evaluating whether one or more of the *Taylor*'s categories apply. Dec. 18−36. We separately and expressly analyzed three grounds—namely, *Taylor's* second, third, and fifth categories identified above. *Id.* For example, the third *Taylor* category, addressing due process concerns, is whether a party not involved in a lawsuit nevertheless was represented adequately by someone with the same interests who was a party to the lawsuit. *See Taylor*, 553 U.S. at 894; *WesternGeco*, 889 F.3d at 1319. We determined that Amazon is a privy of several Petitioner Entities under this ground, as well as two additional grounds. Dec. 18−36.

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