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.
DOLLAR SHAVE CLUB, INC.

Petitioners,

v.

PERSONALWEB TECHNOLOGIES LLC
LEVEL 3 COMMUNICATIONS, LLC,

Patent Owners.

IPR2019-01111
Patent 7,802,310

PETITIONERS' REPLY TO PATENT OWNER'S PRELIMINARY RESPONSE

Mail Stop PATENT BOARD
Patent Trial and Appeal Board
U.S. Patent & Trademark Office
P.O. Box 1450
Alexandria, VA 22313–1450

I. INTRODUCTION

The district court's finding of "privity," relating to PersonalWeb's claims against Amazon, is irrelevant to this proceeding. Petitioners possessed unique motivations for filing this Petition that were (and are) wholly independent of Amazon's dispute with PersonalWeb. It is undisputed that PersonalWeb's claims against Petitioners cannot be resolved by Amazon. This was known *before* this Petition was filed—indeed, it is the very reason Petitioners filed in the first place. Meanwhile, PersonalWeb made arguments in its POPR that are directly contrary to what it told the court. Against the complete record, PersonalWeb's RPI and privy allegations cannot stand.

II. THE PETITION IS NOT TIME-BARRED

A. PersonalWeb Mischaracterizes the Record

A full recitation of relevant events not only reveals stark differences between Amazon and the Petitioners, it defangs PersonalWeb's claims. It is not surprising, then, that PersonalWeb neglects to address these facts in its POPR.

PersonalWeb sued Amazon in 2011 relating to S3 technology. Ex. 2008. PersonalWeb later dismissed that complaint with prejudice. Ex. 2009. Starting in January 2018, PersonalWeb sued various entities alleging infringement for using the "Amazon S3 hosting system." *See, e.g.*, Ex. 1013 (*PersonalWeb Techs. LLC v. Airbnb, Inc.,* Case No. 5:18-cv-149-BLD (N.D. Cal.) at Dkt. 1 at ¶¶ 22, 56, 64, 66, 74). The next month, Amazon filed a complaint for declaratory judgment of claim

preclusion and noninfringement. Ex. 2011. In response, PersonalWeb amended its complaints to add non-S3 allegations. *See, e.g.,* Exs. 1014, 1015 (*PersonalWeb Techs. LLC v. Airbnb, Inc.,* Case No. 5:18-cv-149-BLD (N.D. Cal.) at Dkts. 34, 45).

In September 2018, PersonalWeb told the Northern District of California ("court") that its infringement allegations against all defendants fell into four categories. Ex. 1016 (*In re PersonalWeb Techs. LLC*, 5:18-md-2834 (N.D. Cal.) at Dkt. 121 at 18). *See also* Ex. 1017 (*id*. at Dkt. 295 (delineating the four categories by defendant)). Three categories had nothing to do with Amazon's products or services. Ex. 1024 at 59-60; Ex. 1025 at 2-4 (categories 1, 2 and 4 labeled "no S3" or "Outside S3"). Only one category involved Amazon S3. Ex. 2014 at 59-60; Ex. 2015 at 2-4 (category 3 labeled "in S3"). Given the limited scope of Amazon's involvement, the court found in November 2018 that Amazon could not adequately represent the defendants' interests, as "a verdict against Amazon in the Amazon DJ Action may leave unresolved issues as to the liability of the defendants in the customer cases." Ex. 1018 (*In re PersonalWeb Techs. LLC*, 5:18-md-2834 (N.D. Cal.) at Dkt. 313 at 1).

Amazon moved for summary judgment only that allegations related to S3 were barred by estoppel. Ex. 2014. PersonalWeb argued in its opposition that Amazon's motion did not impact its infringement allegations related to non-Amazon products. Ex. 1019 (*In re PersonalWeb Techs. LLC*, 5:18-md-2834 (N.D. Cal.) at

Dkt. 334 at 2). The court agreed on both fronts. Ex. 2012 at 26-27. As a result, the court's finding of "privity … for the specific purpose of determining the preclusive effect of the first judgment" was limited *only to allegations related to S3*. *Id*.

Following the court's ruling, PersonalWeb entered two critical stipulations impacting the Petitioners: (i) the *Shopify* and *Dollar Shave Club* cases "do not allege any claim of patent infringement based solely on the customer's use of Amazon S3," and (ii) "the Order fully adjudicates all claims alleging patent infringement based solely on the customer's use of Amazon S3" in the *Venmo,*[1] *Strava, Valassis, Upwork* and *RetailMeNot* cases. Ex. 2013.

None of the foregoing—Amazon's motion, the court's order or PersonalWeb's stipulation—affected the *non*-S3 infringement claims that Petitioners still faced at that point, and still face today. And all of these events occurred *prior* to the filing of the instant Petition.

B. Amazon is Not a Privy of Petitioners

i. PersonalWeb's current "privity" claim directly contradicts what it argued to the court.

In response to Amazon's motion for summary judgment, PersonalWeb argued: "**The Website Operators Are Not Legal Privies of Amazon**." Ex. 1019 at 7 (emphasis and capitalization in original). PersonalWeb failed to cite this

[1] The *Venmo* case was refiled naming PayPal, Inc. as the proper defendant.

document in its POPR. Even setting aside the requirements of 37 C.F.R. § 42.51(b)(1)(iii) to cite inconsistent evidence, PersonalWeb is trying to have it both ways. The law does not permit parties to switch horses for the sake of opportunism. Either you believe privity exists in a certain situation or you don't.

ii. The Board is not bound by the court's finding of "privity."

Notwithstanding PersonalWeb's lack of credibility on this issue, the court's finding was "for the specific purpose of determining the preclusive effect of the first judgment" only as it related to allegations involving S3. The court did not examine whether Amazon was a "privy" under 35 U.S.C. § 315(a)—instead it examined under Ninth Circuit law whether privity existed to resolve a discrete issue of collateral estoppel.

PersonalWeb argues that the court's ruling is "dispositive," but cites nothing in support. Paper 14 at 19. There is a good reason for this: privity is not a bidirectional, much less a universal, concept. Instead, privity is a highly fact-specific inquiry made in accordance with the principles of equity. *WesternGeco LLC v. ION Geophysical Corp.*, 889 F.3d 1308, 1318–19 (Fed. Cir. 2018); *Applications in Internet Time, LLC v. RPX Corp.*, 897 F.3d 1336, 1349 (Fed. Cir. 2018) ("*AIT*"). Like the *PersonalWeb* court, courts examine privity for specific purposes, and not in a binary or absolute matter. *See, e.g., Chase Manhattan Bank, N.A. v. Celotex Corp.*, 56 F.3d 343, 346 (2d Cir. 1995) ("Privity may exist for the purpose of

DOCKET ALARM

Explore Litigation Insights

Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

Real-Time Litigation Alerts

Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

Advanced Docket Research

With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

Analytics At Your Fingertips

Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

LAW FIRMS
Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

FINANCIAL INSTITUTIONS
Litigation and bankruptcy checks for companies and debtors.

E-DISCOVERY AND LEGAL VENDORS
Sync your system to PACER to automate legal marketing.