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

Case IPR2019-01111
Patent No. 7,802,310

PATENT OWNERS' SUR-REPLY

Petitioners' main argument as to why they are not in privity with Amazon, and why Amazon is not an RPI, is that Petitioners allegedly possessed "unique motivations" for filing this Petition that were/are independent of Amazon's dispute with PersonalWeb. But any unique motivations related to the use of non-Amazon products by some co-Petitioners do not negate the close relationship that does exist, which stems from Petitioners' undisputed use of Amazon's products.

I. PETITIONERS ARE IN PRIVITY WITH AMAZON, EVEN IF SOME CO-PETITIONERS USE SOME NON-AMAZON PRODUCTS.

The POPR rests on uses of Amazon S3 by Petitioners rather than on uses of non-S3 products, since *the relationship between Petitioners and Amazon is what is at issue*. "Both the statute and the regulation ask only two questions: (1) when was 'the petition' filed; and (2) when was … the petitioner's real party in interest, or a privy of the petitioner served with a complaint?" *Click-to-Call Techs. v. Ingenio, Inc.*, 899 F. 3d 1321, 1338 (Fed. Cir. 2018). Asking whether some co-Petitioners might have had some products implicated by some non-S3 allegations is irrelevant and obfuscates the real issue behind the privity and RPI analyses, which examines whether Petitioners and Amazon have a sufficiently close relationship based on the use of Amazon S3 products. The answer to that question is undisputedly "yes."

II. PERSONALWEB AND AMAZON AGREE WITH THE DISTRICT COURT'S FINDINGS.

PersonalWeb accepted the District Court's privity analysis, telling the CAFC

that "[w]ith respect to claim preclusion, the only element [on appeal] is whether the present litigation involves the same cause of action as the Texas Action." *In re: PersonalWeb Techs., LLC.*, Appeal No. 2019-1918 (CAFC) at Dkt. 49 at 36 [Ex. 2017]. In its *unopposed* motion for leave to intervene in the appeal, Amazon avers that "[t]he judgment … came about only because of Amazon's indemnification of S3 customers and its summary judgment motion." *Id.* at Dkt. 29 at 8 [Ex. 2018].

PersonalWeb thus is "living with" the District Court's privity finding and is not "trying to have it both ways." So too is Amazon. Yet Petitioners here advance positions contrary to what the District Court has found, and to what its supplier-indemnitor *has told* the District Court and *is telling* the CAFC. Petitioners cannot benefit from the District Court's finding in that forum and disclaim it here.

III. PETITIONERS MISCHARACTERIZE PRIVITY LAW.

Privity requires a flexible analysis and hinges on whether the parties' relationship is "sufficiently close" such that they should be bound by the trial outcome. *WesternGeco LLC v. ION Geophysical Corp.*, 889 F.3d 1308, 1318-19 (Fed. Cir. 2018). It "takes into account the 'practical situation,' and *should extend to parties to transactions and other activities relating to the property in question*." Trial Practice Guide, 77 Fed. Reg. at 48,759 (emphasis added) (citing 157 Cong. Rec. S1376 (Mar. 8, 2011) (statement of Sen. Kyl)). The "practical situation" here is that Amazon adequately represented Petitioners' interests in using S3 products in

the Texas action where accusations against customer defendants were made, and Amazon continues to adequately represent Petitioners interests in the MDL and CAFC Appeal—exactly as Amazon has argued, exactly as the District Court found, and exactly in line with what is needed to establish privity.

Ninth Circuit law holds "that privity exists when the interests of the party in the subsequent action were shared with and adequately represented by the party in the former action." Ex. 2012 at 13. This standard is akin to the intent of § 315 and *Taylor*, as explained in *Applications in Internet Time, LLC v. RPX Corp.*, 897 F.3d 1336, 1350 & 1360-61 (Fed. Cir. 2018) ("*AIT*"). The District Court also analyzed whether the indemnification and provider-customer relationships created privity, concluding that both did. The Court has done the heavy lifting in determining that the parties are privies under 9th Circuit law, which comports with Congressional intent, CAFC case law, and Supreme Court precedent. *See* Ex. 2012 at 12-16.

Petitioners provide no real counterarguments. Petitioners do not state any legal standard that should apply, much less show that 9th Circuit is inconsistent with CAFC holdings. Petitioners do not allege error in the District Court analysis. Instead, Petitioners' "authorities state only general propositions that are entirely consistent with [the District Court] analysis." *Id.* at 14. The Reply's cherry-picked statements from the CAFC's analysis do not address its ultimate holdings. Ninth Circuit law comports with the CAFC's test, and Petitioners do not argue otherwise.

The Reply argues that the District Court's finding involved estoppel issues resulting from PersonalWeb's prior dismissal of Amazon when S3 was at issue and was unrelated to Petitioners' ability to independently defend themselves in the PTAB due to non-S3 allegations. Yet "PersonalWeb's indirect infringement accusations against 'Amazon's end-user customers and defendants' in the Texas Action further support the conclusion that Amazon and its customers share the same interest in the use of S3." *Id.* (emphasis added). The plain text of § 315 shuts down any absolute right to independent defense in the PTAB. And the time bar applies 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." *AIT* at 1347 (emphasis added). It is not an "either-or" proposition. The argument that the PTAB is not bound by the finding of privity is foreclosed by the CAFC.

Petitioners' *Taylor* analysis repackages the same legal error and is factually undermined by the indemnity agreement analysis. It simply is not credible.

IV. PETITIONERS DO NOT MEET THEIR RPI-RELATED BURDEN.

The POPR at III.E closely tracks the PTAB's analysis in *Ventex*. The PTAB would be on firm footing finding that Amazon is an RPI, especially when privity-related facts and Amazon's own statements are taken into account.

No reasonable person would believe that "Amazon and Petitioners are on separate tracks fighting different allegations." Amazon certainly doesn't, as it told

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