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 UPWORK GLOBAL INC., SHOPIFY, INC., SHOPIFY (USA), INC., STRAVA, INC., VALASSIS COMMUNICATIONS, INC., RETAILMENOT, INC., AND DOLLAR SHAVE CLUB, INC. REQUEST FOR RECONSIDERATION OF BOARD DECISION

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U.S. Patent & Trademark Office
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I. INTRODUCTION

The Board's dispositive finding of privity in this matter should be reheard and reversed for two primary reasons.

First, the Board's holding unjustifiably deprives Petitioners of their constitutional right to challenge the '310 patent. A proper privity analysis is grounded in due process. *WesternGeco LLC v ION Geophysical Corp.*, 889 F.3d 1308, 1317 (Fed. Cir. 2018). Section 315(b)'s time-bar can only apply to a privy who previously had a full and fair opportunity to challenge the validity of the patent. The Board's decision violates this maxim.

Second, the Board's holding overlooks instructive cases limiting the reach of privity. The Board correctly acknowledges that its examination of privity under Section 315(b) is guided by common law notions of the same, including an application of the factors set forth in *Taylor v. Sturgell*, 553 U.S. 880 (2008). Yet, the Board unjustifiably ignored holdings from appellate courts recognizing the limited reach of privity to specific facts and circumstances.

The Board's erroneous consideration of the privity issue resulted in a misapplication of the *Taylor* factors to deny institution of the instant Petition. The Board's decision also sets a dangerous precedent that encourages patent holders to serially litigate against manufacturers first and then customers second, while cutting off the rights of the latter to challenge the validity of commonly asserted patents.

The Board should undertake rehearing of the Petition in consideration of these errors under 37 CFR § 42.71(d)(2). Petitioners are concurrently requesting Precedential Opinion Panel review of the issues herein.

This request is made by Petitioners Upwork Global Inc., Shopify, Inc., Shopify (USA), Inc., Strava, Inc., Valassis Communications, Inc., RetailMeNot, Inc., and Dollar Shave Club, Inc. Petitioner PayPal, Inc. does not join this group seeking rehearing of the Board's Decision.

II. REHEARING IS WARRANTED

As the Board recognized in its Decision, "the standards for the privity inquiry must be grounded in due process." Decision at 14 (citing *WesternGeco*, 889 F.3d at 1317). To ensure due process is not unjustifiably taken, the Board must resolve "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*. (citing *WesternGeco,* 889 F.3d at 1317).

In other words, do the Petitioners and Amazon, by virtue of the 2011 Amazon lawsuit, have a sufficiently close relationship such that Petitioners had a "full and fair opportunity" to litigate the validity of the '310 patent in that 2011 lawsuit? The 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.

This distinction makes sense. To deprive a party of an argument without violating its due process rights requires a finding that such a full and fair opportunity existed in the past. *See Synopsys v. Mentor Graphics Corp*., IPR2012-00042, Paper 60 at 12-14 (citing *Taylor*, referring to "the nature of the relationship between the parties at the time that the statutorily-referenced complaint was served" and holding no privity because "there is no contention that Synopsys had any control of this previous suit or even had notice of it, along with an opportunity to participate while it was still pending").

This is consistent with the policy behind Section 315(b)—specifically, to install safeguards to prevent parties from using IPRs as "tools for harassment" or to make "repeated … administrative attacks on the validity of a patent." *WesternGeco,* 889 F.3d at 1317 (citing H. Rep. No. 112-98 at 40 (2011)). The record before the Board, however, does not invoke any such policy concerns. Instead, the Board's decision deprives Petitioners' of the right to challenge the '310 patent by relying upon an unrelated litigation filed over eight years ago.

To wit, these facts are undisputed: (i) the 2011 Amazon case involved *only* Amazon products (*see* Ex. 2008), (ii) at the time the instant petition was filed, only *non*-Amazon products remained in Petitioners' cases (*see* Ex. 2013), (iii) Amazon

never challenged the '310 patent in an IPR, (iv) Amazon's present indemnity of the Petitioners extends *only* to Amazon products (*see* Ex. 1021 at 7), and (v) therefore, would not cover PersonalWeb's remaining, *non*-Amazon allegations against Petitioners in the pending lawsuits (*see id*.).

The Board was unmoved. It held that because Amazon S3 products were at issue (i) in the 2011 Amazon lawsuit, and (ii) in one or more later-filed complaints against Petitioners, that privity attached then, and continues to attach today. Decision at 28. It did not matter to the Board that S3 dropped out of the lawsuits against Petitioners by the time the instant Petition was filed. *Id*. at 20. In other words, so long as privity of some type existed between Amazon and the Petitioners *at some point in time under different facts and circumstances*, it was enough for the Board to time-bar the Petition.

This holding is contrary to due process and prevailing case law.

A. The Board's Decision Violates Due Process.

As a general rule, nonparty preclusion is disfavored. *Taylor*, 553 U.S. at 892-93. Only in certain exceptions can a tribunal find otherwise. *Id*. Why? Because the application of privity necessarily "risks binding those who have not had a full and fair opportunity to litigate." *Id*.

But nowhere in the Board's decision is there a discussion of whether the Petitioners actually had a "full and fair opportunity" to contest the validity of the

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