

No.

IN THE
Supreme Court of the United States

PERSONALWEB TECHNOLOGIES, LLC,
Petitioner,

v.

PATREON, INC., ET AL.,
Respondents.

**On Petition for a Writ of Certiorari
to the United States Court of Appeals
for the Federal Circuit**

PETITION FOR A WRIT OF CERTIORARI

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QUESTIONS PRESENTED

This Court has repeatedly held that, absent guidance from Congress, courts should not create special procedural rules for patent cases or devise novel preclusion doctrines that stray beyond the traditional bounds of claim and issue preclusion. Nonetheless, over the past seven years, the Federal Circuit has created and then repeatedly expanded a special, patent-specific preclusion doctrine that it attributes to this Court's 114-year-old decision in *Kessler v. Eldred*, 206 U.S. 285 (1907)—a case this Court has not cited for almost 70 years. The Federal Circuit now routinely applies its so-called “*Kessler* doctrine” to reject suits like this one that would survive under ordinary preclusion principles.

The questions presented are:

1. Whether the Federal Circuit correctly interpreted *Kessler* to create a freestanding preclusion doctrine that may apply even when claim and issue preclusion do not.
2. Whether the Federal Circuit properly extended its *Kessler* doctrine to cases where the prior judgment was a voluntary dismissal.

PARTIES TO THE PROCEEDINGS BELOW

Petitioner PersonalWeb Technologies, LLC, was a plaintiff in the district court and appellant in the court of appeals.

Respondents Patreon, Inc., Dictionary.com, LLC, Vox Media, Inc., Vice Media, LLC, Oath Inc., BuzzFeed, Inc., PopSugar, Inc., and Ziff Davis, LLC were defendants in the district court and appellees in the court of appeals.

Respondents Amazon.com, Inc., and Amazon Web Services, Inc., were intervenors in the court of appeals.

Level 3 Communications, LLC, was a plaintiff in the district court.

CORPORATE DISCLOSURE STATEMENT

Pursuant to this Court's Rule 29.6, petitioner Personal-Web Technologies, LLC, states that its parent company is Kinetech, Inc., and that no publicly held company owns 10% or more of its stock.

RELATED PROCEEDINGS

The following proceedings are directly related to this case within the meaning of Rule 14.1(b)(iii):

- *In re PersonalWeb Technologies LLC*, No. 2019-1918 (Fed. Cir.), judgment entered on June 17, 2020;
- *In re PersonalWeb Technologies LLC, et al., Patent Litigation*, No. 18-MD-02834-BLF (N.D. Cal.), judgment entered on April 22, 2019;
- *PersonalWeb Technologies LLC v. Patreon, Inc.*, No. 5:18-cv-05599-BLF (N.D. Cal.), judgment entered on April 22, 2019;
- *PersonalWeb Technologies LLC v. Dictionary.com, LLC*, No. 5:18-cv-05606-BLF (N.D. Cal.), judgment entered on April 22, 2019;
- *PersonalWeb Technologies LLC v. Vox Media, Inc.*, No. 5:18-cv-05969-BLF (N.D. Cal.), judgment entered on April 22, 2019;
- *PersonalWeb Technologies LLC v. Vice Media, LLC*, No. 5:18-cv-05970-BLF (N.D. Cal.), judgment entered on April 22, 2019;
- *PersonalWeb Technologies LLC v. Oath, Inc.*, No. 5:18-cv-06044-BLF (N.D. Cal.), judgment entered on April 22, 2019;
- *PersonalWeb Technologies LLC v. BuzzFeed, Inc.*, No. 5:18-cv-06046-BLF (N.D. Cal.), judgment entered on April 22, 2019;
- *PersonalWeb Technologies LLC v. PopSugar, Inc.*, No. 5:18-cv-06612-BLF (N.D. Cal.), judgment entered on April 22, 2019;
- *PersonalWeb Technologies LLC v. Ziff Davis, LLC*, No. 5:18-cv-07119-BLF (N.D. Cal.), judgment entered on April 22, 2019.

TABLE OF CONTENTS

	Page
Opinions Below.....	1
Statement of Jurisdiction	1
Constitutional and Statutory Provisions Involved	2
Preliminary Statement	2
Statement.....	4
I. Relevant Legal Principles	4
A. Claim and Issue Preclusion	4
B. The <i>Kessler</i> Doctrine	6
II. Proceedings Below	9
A. PersonalWeb’s Patented Technology	9
B. PersonalWeb’s Voluntary Dismissal of Its First Suit Against Amazon	10
C. Proceedings in the District Court.....	10
D. The Federal Circuit’s Decision.....	11
Reasons for Granting the Petition	13
I. The Court Should Decide Whether <i>Kessler</i> Remains a Freestanding Preclusion Doctrine.....	15
A. <i>Kessler</i> ’s Status as a Separate Preclusion Doctrine Presents an Important Question	15
1. The Federal Circuit’s <i>Kessler</i> Doctrine Is an Impermissible Patent-Specific Preclusion Rule.....	15
2. The Issue Is Recurring and Ripe for Review	19

TABLE OF CONTENTS—Continued

	Page
B. The Federal Circuit’s Modern Resurrection of <i>Kessler</i> Is Erroneous.....	22
C. This Case Is an Excellent Vehicle	28
II. At a Minimum, the Court Should Reject <i>Kessler</i> ’s Application to Voluntary Dismissals.....	29
Conclusion.....	32
Appendix A – Opinion of the Court of Appeals (June 17, 2020)	1a
Appendix B – Order of the District Court (Mar. 13, 2019).....	27a
Appendix C – Order of the Court of Appeals Denying Rehearing and Rehearing En Banc (Nov. 10, 2020).....	64a

TABLE OF AUTHORITIES

	Page(s)
CASES	
<i>ABS Glob., Inc. v. Cytonome/ST, LLC</i> , 984 F.3d 1017 (Fed. Cir. 2021)	9, 19
<i>Adaptix, Inc. v. AT&T Mobility LLC</i> : No. 6:12-cv-17, 2015 WL 12696204 (E.D. Tex. May 12, 2015).....	20
No. 5:14-cv-1379, 2016 WL 948960 (N.D. Cal. Mar. 14, 2016).....	20
<i>Adobe Sys. Inc. v. Wowza Media Sys., LLC</i> , 72 F. Supp. 3d 989 (N.D. Cal. 2014).....	20
<i>Albrecht v. Herald Co.</i> , 390 U.S. 145 (1968)	26
<i>Arizona v. California</i> , 530 U.S. 392 (2000).....	<i>passim</i>
<i>Asahi Glass Co. v. Pentech Pharms., Inc.</i> , 289 F. Supp. 2d 986 (N.D. Ill. 2003).....	32
<i>Beacon Theatres, Inc. v. Westover</i> , 359 U.S. 500 (1959).....	7
<i>Bigelow v. Old Dominion Copper Mining & Smelting Co.</i> , 225 U.S. 111 (1912).....	6
<i>Blonder-Tongue Labs., Inc. v. Univ. of Ill. Found.</i> , 402 U.S. 313 (1971)	<i>passim</i>
<i>Brain Life, LLC v. Elekta Inc.</i> , 746 F.3d 1045 (Fed. Cir. 2014)	<i>passim</i>
<i>Brownback v. King</i> , 141 S. Ct. 740 (2021)	4
<i>CFL Techs. LLC v. Osram Sylvania, Inc.</i> , No. 18-cv-1445, 2019 WL 2995815 (D. Del. July 9, 2019).....	19
<i>Dickinson v. Zurko</i> , 527 U.S. 150 (1999)	16
<i>eBay Inc. v. MercExchange, LLC</i> , 547 U.S. 388 (2006).....	15, 27

TABLE OF AUTHORITIES—Continued

	Page(s)
<i>EEOC v. Waffle House, Inc.</i> , 534 U.S. 279 (2002).....	32
<i>Finjan, Inc. v. Blue Coat Sys., LLC</i> , 230 F. Supp. 3d 1097 (N.D. Cal. 2017).....	20
<i>Hart Steel Co. v. R.R. Supply Co.</i> , 244 U.S. 294 (1917).....	7
<i>Improved Search LLC v. Microsoft Corp.</i> , 387 F. Supp. 3d 422 (D. Del. 2019).....	20
<i>Indivior Inc. v. Dr. Reddy’s Labs. S.A.</i> : No. 17-cv-7111, 2018 WL 3421328 (D.N.J. July 13, 2018)	20
No. 17-cv-7111, 2018 WL 3496643 (D.N.J. July 20, 2018)	20
<i>Intel Corp. v. Teva Innovations, Inc.</i> , No. 3:18-cv-2848, 2021 WL 783560 (N.D. Cal. Mar. 1, 2021)	19
<i>JumpSport, Inc. v. Academy, Ltd.</i> , No. 6:17-cv-645, 2018 WL 10124888 (E.D. Tex. Sept. 6, 2018)	20
<i>Kerotest Mfg. Co. v. C-O-Two Fire Equip.</i> Co., 342 U.S. 180 (1952)	7, 19
<i>Kessler v. Eldred</i> , 206 U.S. 285 (1907)	<i>passim</i>
<i>Lawlor v. Nat’l Screen Serv. Corp.</i> , 349 U.S. 322 (1955).....	5, 18, 25, 31
<i>Lucky Brand Dungarees, Inc.</i> <i>v. Marcel Fashions Grp., Inc.</i> , 140 S. Ct. 1589 (2020).....	<i>passim</i>
<i>MGA, Inc. v. Gen. Motors Corp.</i> , 827 F.2d 729 (Fed. Cir. 1987)	8, 19, 24, 30
<i>Mentor Graphics Corp. v. EVE-USA,</i> <i>Inc.</i> , 851 F.3d 1275 (Fed. Cir. 2017)	8, 19

TABLE OF AUTHORITIES—Continued

	Page(s)
<i>Mirror Worlds Techs., LLC v. Apple Inc.</i> , No. 6:13-cv-419, 2015 WL 6750306 (E.D. Tex. July 7, 2015).....	20
<i>Nevada v. United States</i> , 463 U.S. 110 (1983)	4
<i>Octane Fitness, LLC v. ICON Health & Fitness, Inc.</i> , 572 U.S. 545 (2014)	16
<i>PPC Broadband, Inc. v. Corning Optical Commc'ns RF, LLC</i> , 193 F. Supp. 3d 133 (N.D.N.Y. 2016).....	20
<i>Pennhurst State Sch. & Hosp. v. Halderman</i> , 465 U.S. 89 (1984).....	29
<i>Plymouth Rubber Co. v. Minn. Min. & Mfg. Co.</i> , 321 F.2d 151 (1st Cir. 1963).....	23
<i>In re Provider Meds, LLC</i> , 907 F.3d 845 (5th Cir. 2018).....	21
<i>Rubber Tire Wheel Co. v. Goodyear Tire & Rubber Co.</i> , 232 U.S. 413 (1914)	7
<i>Ryan Data Exch., Ltd. v. Graco Inc.</i> , No. 4:14-cv-198, 2015 WL 12516158 (S.D. Iowa Jan. 20, 2015).....	20
<i>SCA Hygiene Prods. Aktiebolag v. First Quality Baby Prods., LLC</i> : 137 S. Ct. 954 (2017).....	16
807 F.3d 1311 (Fed. Cir. 2015) (en banc)	19
<i>Senju Pharm. Co. v. Apotex Inc.</i> , 746 F.3d 1344 (Fed. Cir. 2014)	19
<i>SimpleAir, Inc. v. Google LLC</i> : 884 F.3d 1160 (Fed. Cir. 2018)	8, 17, 19
204 F. Supp. 3d 908 (E.D. Tex. 2016).....	20

TABLE OF AUTHORITIES—Continued

	Page(s)
<i>Sowinski v. Cal. Air Res. Bd.</i> , 971 F.3d 1371 (Fed. Cir. 2020)	28, 29
<i>SpeedTrack, Inc. v. Office Depot, Inc.</i> : 791 F.3d 1317 (Fed. Cir. 2015)	<i>passim</i>
No. 07-cv-3602, 2014 WL 1813292 (N.D. Cal. May 6, 2014)	20
<i>St. Clair Intell. Prop. Consultants Inc.</i> <i>v. Samsung Elecs. Co.</i> , No. 12-cv-69, 2020 WL 6799261 (D. Del. Nov. 19, 2020)	19
<i>State Oil Co. v. Khan</i> , 522 U.S. 3 (1997)	26, 27
<i>Steel Co. v. Citizens for a Better Env't</i> , 523 U.S. 83 (1998)	29
<i>Taylor v. Sturgell</i> , 553 U.S. 880 (2008)	4, 17
<i>Tech. Props. Ltd. v. Barnes & Noble, Inc.</i> , No. 3:12-cv-3863, 2015 WL 12977074 (N.D. Cal. May 31, 2015)	20
<i>Telebrands Corp. v. Nat'l Express, Inc.</i> , No. 12-cv-6671, 2014 WL 4930897 (D.N.J. Oct. 2, 2014)	20
<i>Teva Pharms. USA, Inc. v. Sandoz, Inc.</i> , 574 U.S. 318 (2015)	16
<i>Triplett v. Lowell</i> , 297 U.S. 638 (1936)	5, 6, 23, 26
<i>Trs. of Boston Univ. v. Kingbright Elec.</i> <i>Co.</i> , 427 F. Supp. 3d 246 (D. Mass. 2019)	19
<i>V & S Ice Mach. Co. v. Eastex Poultry Co.</i> , 381 F.2d 303 (5th Cir. 1967)	23
<i>Whole Woman's Health v. Hellerstedt</i> , 136 S. Ct. 2292 (2016)	18
<i>Xiaohua Huang v. Huawei Techs. Co.</i> , 787 F. App'x 723 (Fed. Cir. 2019)	9, 19

TABLE OF AUTHORITIES—Continued

	Page(s)
CONSTITUTIONAL PROVISIONS AND STATUTES	
U.S. Const. amend. XI	29
28 U.S.C. § 1254(1)	2
OTHER AUTHORITIES	
Jay Kesan & Gwendolyn Ball, <i>How Are Patent Cases Resolved? An Empirical Examination of the Adjudication and Settlement of Patent Disputes</i> , 84 Wash. U. L. Rev. 237 (2006)	31
Mark Lemley, <i>Rational Ignorance at the Patent Office</i> , 95 Nw. U. L. Rev. 1495 (2001).....	31
Resp. Br. in <i>Kessler v. Eldred</i> , No. 196 (Jan. 1907)	23
<i>Restatement (Second) of Judgments</i> (1982)	4, 32
Stephen Shapiro, <i>et al.</i> , <i>Supreme Court Practice</i> (10th ed. 2013).....	22
Charles Wright & Arthur Miller, <i>Federal Practice and Procedure</i> (3d ed. rev. 2020)	4, 5, 25, 31

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PETITION FOR A WRIT OF CERTIORARI

PersonalWeb Technologies, LLC, respectfully petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit in this case.

OPINIONS BELOW

The court of appeals' opinion (App., *infra*, 1a-26a) is reported at 961 F.3d 1365. The district court's decision (App., *infra*, 27a-63a) is available at 2019 WL 1455332.

STATEMENT OF JURISDICTION

The court of appeals entered its decision on June 17, 2020. App., *infra*, 4a. The court denied rehearing and rehearing en banc on November 10, 2020. *Id.* at 68a. On March 19, 2020, by general order, this Court extended

the time to file this petition to April 9, 2021. This Court has jurisdiction under 28 U.S.C. § 1254(1).

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

There are no constitutional or statutory provisions involved in this case.

PRELIMINARY STATEMENT

This Court has repeatedly told the Federal Circuit not to invent special procedural rules for patent cases absent clear guidance from Congress. And just last Term, the Court reiterated that courts should not improvise novel preclusion doctrines that stray beyond the traditional bounds of claim and issue preclusion.

Over the past decade, the Federal Circuit has managed to disregard *both* those principles, creating and then expanding a novel species of preclusion that applies *solely* to patent cases. Invoking this Court’s 114-year-old decision in *Kessler v. Eldred*, 206 U.S. 285 (1907)—a case this Court has not cited for almost 70 years—the Federal Circuit has created a new category of preclusion known as the “*Kessler* doctrine” that permits defendants to obtain the benefits of both claim and issue preclusion despite satisfying the requirements of neither.

This petition arises from the Federal Circuit’s latest and most extreme extension of that doctrine. PersonalWeb holds patents for a groundbreaking data management technology. It initially sued Amazon for infringing the patents, but voluntarily dismissed the suit early on after learning that the potential damages made the suit uneconomic. PersonalWeb then sued *different* defendants for infringement that occurred *after* the first action.

Neither claim nor issue preclusion forecloses those claims. Claim preclusion poses no bar, because claims for

infringement that occurred after the first case could not have been brought in that earlier action. Issue preclusion does not apply either, because PersonalWeb’s voluntary dismissal did not decide any issues at all.

That did not stop the Federal Circuit. Citing its so-called *Kessler* doctrine, the court held that PersonalWeb’s prior voluntary dismissal precluded these suits. Recognizing that traditional preclusion principles could not support that result, the court announced that “[t]he *Kessler* doctrine * * * ‘fills the gap’ left by claim and issue preclusion.” App., *infra*, 20a. That “gap,” however, is just a pejorative way of describing the traditional boundaries of claim and issue preclusion—boundaries that control outcomes in every other area of the law, in every other court of appeals, except patent cases in the Federal Circuit.

The decision below is the latest installment in the Federal Circuit’s ever-expanding *Kessler* jurisprudence. That jurisprudence is impossible to reconcile with this Court’s precedents. *Kessler* did not invent some broad new category of preclusion. Rather, it applied ordinary issue preclusion while relaxing the mutuality requirement—the rule that both cases must involve the same parties—that still generally applied at the time. Now that the Court has abolished the mutuality requirement for issue preclusion, *Kessler* no longer has independent force. Yet the Federal Circuit has repurposed the case into a freestanding preclusion doctrine that applies even when claim and issue preclusion do not. In this case, the court applied the doctrine to a *voluntary dismissal* that decided no issue of any sort. This Court should grant review and confirm that *Kessler* does not create a novel form of preclusion beyond ordinary claim and issue preclusion—or at least confine the doctrine to appropriate bounds.

STATEMENT

I. RELEVANT LEGAL PRINCIPLES

This case concerns the preclusive effect of a prior judgment voluntarily dismissing a case.

A. Claim and Issue Preclusion

“The preclusive effect of a federal-court judgment is determined by federal common law,” which “this Court has ultimate authority to determine and declare.” *Taylor v. Sturgell*, 553 U.S. 880, 891 (2008). The Court has recognized two types of preclusion: claim preclusion (sometimes called *res judicata*) and issue preclusion (sometimes called collateral estoppel).

1. Claim preclusion “prevents parties from raising issues that could have been raised and decided in a prior action—even if they were not actually litigated.” *Lucky Brand Dungarees, Inc. v. Marcel Fashions Grp., Inc.*, 140 S. Ct. 1589, 1594 (2020); see also *Brownback v. King*, 141 S. Ct. 740, 747 n.3 (2021). “The principle underlying the rule of claim preclusion is that a party who once has had a chance to litigate a claim before an appropriate tribunal usually ought not to have another chance to do so.” *Restatement (Second) of Judgments* ch. 1 (1982).

Claim preclusion traditionally requires mutuality of parties. “[A] judgment [i]s binding only on parties and persons in privity with them, and a judgment c[an] be invoked only by parties and their privies.” 18A Charles Wright & Arthur Miller, *Federal Practice and Procedure* § 4463 (3d ed. rev. 2020); see also *Nevada v. United States*, 463 U.S. 110, 143 (1983) (mutuality “remain[s] a part of the doctrine”). Exceptions apply only “in limited circumstances.” *Taylor*, 553 U.S. at 898.

Claim preclusion also requires that the two actions involve the “same claim.” *Lucky Brand*, 140 S. Ct. at 1594.

“Suits involve the same claim * * * when they ‘aris[e] from the same transaction’ or involve a ‘common nucleus of operative facts.’” *Id.* at 1595 (citations omitted). Because of that requirement, “[c]laim preclusion generally ‘does not bar claims that are predicated on events that postdate’” the prior action. *Id.* at 1596; see also *Lawlor v. Nat’l Screen Serv. Corp.*, 349 U.S. 322, 328 (1955) (no claim preclusion where “[t]he conduct presently complained of was all subsequent to the [prior] judgment”). That rule respects claim preclusion’s underlying rationale: A judgment “cannot be given the effect of extinguishing claims which did not even then exist and which could not possibly have been sued upon in the previous case.” *Lawlor*, 349 U.S. at 328.

2. Issue preclusion is a related but more specific doctrine. It “precludes a party from relitigating *an issue actually decided* in a prior case and *necessary to the judgment*.” *Lucky Brand*, 140 S. Ct. at 1594 (emphasis added). Thus, while claim preclusion requires only that the party *could have asserted* a claim, issue preclusion requires that the issue have been *actually and necessarily decided*. For that reason, “consent judgments ordinarily support claim preclusion but not issue preclusion.” *Arizona v. California*, 530 U.S. 392, 414 (2000). “[T]he central characteristic of a consent judgment is that the court has not actually resolved the substance of the issues presented.” 18A Wright & Miller, *supra*, § 4443.

For much of this Nation’s history, issue preclusion required the same mutuality of parties as claim preclusion. In *Triplett v. Lowell*, 297 U.S. 638 (1936), for example, the Court held that patent invalidity rulings in one suit had no preclusive effects in another unless “both suits are between the same parties or their privies.” *Id.* at 645. That approach reflected the “principle of general elementary

law that the estoppel of a judgment must be mutual.” *Bigelow v. Old Dominion Copper Mining & Smelting Co.*, 225 U.S. 111, 127 (1912).

In 1971, this Court changed course in *Blonder-Tongue Laboratories, Inc. v. University of Illinois Foundation*, 402 U.S. 313 (1971). Canvassing decisions over several decades, the Court observed that “the court-produced doctrine of mutuality of estoppel is undergoing fundamental change in the common-law tradition.” *Id.* at 322-327. The Court concluded that “the principle of mutuality of estoppel expressed in *Triplett v. Lowell* is today out of place” and overruled the decision. *Id.* at 350. As a result, a judgment that resolves an issue against a party in one case may now be used against that party in other cases, even where the opposing party is different.

B. The *Kessler* Doctrine

This case concerns the so-called *Kessler* doctrine—a doctrine the Federal Circuit traces to this Court’s 114-year-old decision in *Kessler v. Eldred*, 206 U.S. 285 (1907). The Court’s opinion in *Kessler* occupies less than three full pages of the U.S. Reports and does not cite a single legal authority. *Id.* at 287-290. Those features have led to considerable uncertainty over the case’s meaning.

1. *Kessler* had its origins in a suit that Eldred filed against Kessler for infringing his patent for an electric lighter. 206 U.S. at 285. The trial court dismissed after finding that Kessler’s lighters did not infringe. *Id.* at 285-286. Years later, Eldred sued one of Kessler’s customers for infringing the same patent by using the same lighters. *Id.* at 286. That suit intimidated other customers, so Kessler sought to enjoin Eldred from bringing such suits. *Ibid.*

This Court held that Kessler was entitled to the injunction. In the first suit, the Court noted, the parties had squarely litigated the issue of infringement, and “[o]n the issue thus joined there was final judgment for Kessler.” *Kessler*, 206 U.S. at 288. In the Court’s view, that judgment of non-infringement “settled finally and everywhere, and so far as Eldred * * * was concerned, that Kessler had the right to manufacture, use and sell the electric cigar lighter before the court.” *Ibid.*

The Court did not decide whether Kessler’s customers could invoke the prior judgment as a defense. *Kessler*, 206 U.S. at 288. Instead, the Court held that, “by bringing a suit against one of Kessler’s customers, Eldred has violated the right of Kessler” himself. *Id.* at 289. “No one wishes to buy anything, if with it he must buy a law suit,” so Eldred’s suit “diminish[ed] Kessler’s opportunities for sale.” *Ibid.* That result was “manifestly in violation of the obligation of Eldred, and the corresponding right of Kessler, established by the judgment.” *Ibid.*

2. This Court cited *Kessler* a handful of times during the early twentieth century. See, e.g., *Rubber Tire Wheel Co. v. Goodyear Tire & Rubber Co.*, 232 U.S. 413, 418-419 (1914); *Hart Steel Co. v. R.R. Supply Co.*, 244 U.S. 294, 298-299 (1917). In 1952, the Court cited *Kessler* in a footnote. See *Kerotest Mfg. Co. v. C-O-Two Fire Equip. Co.*, 342 U.S. 180, 185-186 & n.5 (1952); cf. *Beacon Theatres, Inc. v. Westover*, 359 U.S. 500, 512 n.2 (1959) (Stewart, J., dissenting) (citing case for unrelated proposition). The Court has not cited the case again in nearly 70 years.

After this Court abandoned the mutuality requirement for issue preclusion in its 1971 *Blonder-Tongue* decision, *Kessler* lay dormant in the courts of appeals too. In 1987, the Federal Circuit cited *Kessler* to predict how Michigan courts would interpret Michigan preclusion law (which at

the time still generally required mutuality). See *MGA, Inc. v. Gen. Motors Corp.*, 827 F.2d 729, 733-735 (Fed. Cir. 1987), cert. denied, 484 U.S. 1009 (1988). After *MGA*, the Federal Circuit did not cite *Kessler* again in a published opinion for nearly 30 years.

All that changed when the Federal Circuit decided *Brain Life, LLC v. Elekta Inc.*, 746 F.3d 1045 (Fed. Cir. 2014). In that case, Brain Life sued Elekta for infringing certain method claims. Brain Life’s licensor, however, had lost an earlier suit alleging that the same products infringed apparatus claims in the same patent. The Federal Circuit recognized that claim preclusion did not bar claims for infringement occurring after the prior action. *Id.* at 1053-1054. It also recognized that issue preclusion did not apply because the prior suit did not decide infringement of the method claims—only the apparatus claims. *Id.* at 1054-1055.

Nonetheless, in the Federal Circuit’s view, “[t]here exists a separate and distinct doctrine, known as the *Kessler* Doctrine, that precludes some claims that are not otherwise barred by claim or issue preclusion.” *Brain Life*, 746 F.3d at 1055-1056. The court deemed that doctrine “directly applicable.” *Id.* at 1058. It acknowledged that “the continuing force of the *Kessler* Doctrine * * * may be questionable,” but deemed itself “bound by it.” *Ibid.*

The Federal Circuit’s resurrection of *Kessler* in *Brain Life*—and its holding that *Kessler* may apply even where claim and issue preclusion do not—has led to an explosion of cases invoking the doctrine over the past seven years. See, e.g., *SpeedTrack, Inc. v. Office Depot, Inc.*, 791 F.3d 1317, 1323-1329 (Fed. Cir. 2015), cert. denied, 577 U.S. 1063 (2016); *SimpleAir, Inc. v. Google LLC*, 884 F.3d 1160, 1169-1170 (Fed. Cir. 2018); *Mentor Graphics Corp. v. EVE-USA, Inc.*, 851 F.3d 1275, 1301 (Fed. Cir. 2017),

cert. dismissed, 139 S. Ct. 44 (2018); *Xiaohua Huang v. Huawei Techs. Co.*, 787 F. App'x 723, 724 (Fed. Cir. 2019); *ABS Glob., Inc. v. Cytonome/ST, LLC*, 984 F.3d 1017, 1022 (Fed. Cir. 2021).

II. PROCEEDINGS BELOW

This case concerns the Federal Circuit's latest—and most extreme—application of the *Kessler* doctrine.

A. PersonalWeb's Patented Technology

PersonalWeb owns a family of patents directed to a longstanding problem in the way computer networks identify data. In the mid-1990s, the conventional method for identifying data did not link the data names used for identification to the contents of the data items. App., *infra*, 6a. “The same file name in two different folders could refer to different data items, or two different file names could refer to the same data item.” *Ibid.* Duplicative data clogged networks, impairing “the efficiency and integrity of data processing systems.” *Ibid.*

PersonalWeb's patents solved that problem through the “True Name” system. App., *infra*, 6a. That system creates a “substantially unique” identifier for each data item that depends only on the contents of the data itself. *Id.* at 6a-7a. The True Name system thus enables computers on a network to store, manage, and access data using a content-specific identifier.

The True Name system works by using a “hash function”—a “mathematical function that reduces a data block of arbitrary size and converts it into a relatively small, fixed-length sequence.” App., *infra*, 7a. First, a large file is partitioned into smaller segments. *Ibid.* The system then applies a hash function to each segment, strings the resulting values together, and applies another

hash function to the entire string. *Ibid.* The resulting value is the “True Name” of the file. *Ibid.*

B. PersonalWeb’s Voluntary Dismissal of Its First Suit Against Amazon

In 2011, PersonalWeb sued Amazon in the Eastern District of Texas for infringement. App., *infra*, 7a. It accused Amazon of infringing the True Name patents through a service known as “Simple Storage Service” or “S3.” *Id.* at 8a.

In 2014, before any dispositive motions were filed, PersonalWeb voluntarily dismissed its claims with prejudice. App., *infra*, 11a. It did so after learning that “the potential damages that could be obtained for patent infringement did not warrant the expense of trial.” C.A. App. 599-600.

Recognizing that PersonalWeb’s voluntary dismissal did not actually adjudicate any issues, Amazon insisted on reserving its “right to challenge validity, infringement, and/or enforceability of the patents-in-suit * * * in any future proceeding.” App., *infra*, 41a. The district court entered a final judgment. *Id.* at 11a.

C. Proceedings in the District Court

In 2018, PersonalWeb sued several Amazon customers that used the S3 service for infringing the True Name patents. App., *infra*, 11a. Amazon intervened and sought a declaratory judgment that the 2014 voluntary dismissal precluded the claims. *Id.* at 12a. The Judicial Panel on Multidistrict Litigation consolidated the cases in the Northern District of California. *Ibid.* The district court then stayed all but Amazon’s declaratory judgment action and one representative customer case. *Ibid.*

The district court granted summary judgment to Amazon. App., *infra*, 27a-63a. Amazon did not argue that Per-

sonalWeb’s voluntary dismissal had any *issue*-preclusive effects. *Id.* at 37a. And while the district court held that *claim* preclusion barred claims for infringement that occurred before the 2014 judgment, it recognized that claim preclusion could not bar claims for infringement occurring *after* that judgment. *Id.* at 40a-58a.

Nonetheless, the district court held that the Federal Circuit’s *Kessler* doctrine barred those claims. App., *infra*, 58a-62a. The court rejected PersonalWeb’s argument that “*Kessler* requires [an] actual adjudication of non-infringement”—an adjudication that was present in *Kessler* but missing here, given PersonalWeb’s voluntary dismissal. *Id.* at 61a. Instead, the court concluded that “the *Kessler* doctrine bars PersonalWeb’s current suit * * * for all claims related to use of S3 after the prior final judgment.” *Id.* at 62a.

The district court’s summary judgment ruling resolved all claims in eight of the consolidated customer cases. App., *infra*, 15a. The court therefore entered final judgments in those cases. *Ibid.*

D. The Federal Circuit’s Decision

The court of appeals affirmed. App., *infra*, 1a-26a. Beginning with claim preclusion, the court held that “claim preclusion principles bar PersonalWeb from pursuing infringement claims * * * for actions predating the judgment in the [prior] case.” *Id.* at 20a. PersonalWeb argued that claim preclusion did not apply because the second suit involved a “different feature of Amazon’s S3 system.” *Id.* at 15a. The court disagreed. “At most,” it held, PersonalWeb “emphasized different facts in support of a different theory of infringement.” *Id.* at 19a. The court therefore affirmed the ruling that claim preclusion applied—but only with respect to infringement “predating the judgment in the [first] case.” *Id.* at 20a.

The court of appeals next turned to the *Kessler* doctrine. “In addition to the two traditional pillars of preclusion law,” it opined, “there is a separate and less frequently invoked doctrine that derives from the Supreme Court’s decision in *Kessler v. Eldred*.” App., *infra*, 20a. *Kessler* can apply, it held, even if claim and issue preclusion do not. *Ibid*. Claim preclusion, for example, “cannot apply to acts of alleged infringement that occur after the final judgment in the earlier suit.” *Ibid*. And issue preclusion will not protect post-judgment conduct if “the requirements of issue preclusion”—such as *actual decision* of the issue in the prior case—“are not satisfied.” *Ibid*. In the court’s view, however, “[t]he *Kessler* doctrine * * * ‘fills the gap’ left by claim and issue preclusion.” *Ibid*. The Court held that the *Kessler* doctrine barred PersonalWeb’s claims even though claim and issue preclusion did not. *Id.* at 26a.

The court of appeals rejected PersonalWeb’s argument that “the *Kessler* doctrine does not apply in this case because Amazon is not an ‘adjudged non-infringer,’” as the prior suit was voluntarily dismissed without adjudication of any issues. App., *infra*, 20a-21a. The court deemed that argument contrary to Federal Circuit cases like *Brain Life*, which applied *Kessler* to “claims that were brought or ‘could have been brought’ in the prior action.” *Id.* at 21a. The court found no case that “requires that issues of noninfringement or invalidity be actually litigated before the *Kessler* doctrine can be invoked.” *Id.* at 22a.

The court asserted that “[t]he policy that drove the Supreme Court’s decision in *Kessler* would be ill-served” by requiring an actual finding of non-infringement. App., *infra*, 24a. The traditional limits on claim and issue preclusion, it opined, “would leave the patentee free to en-

gage in the same type of harassment that the Supreme Court sought to prevent.” *Id.* at 25a. The court also rejected PersonalWeb’s argument that applying *Kessler* to voluntary dismissals would “interfere with the ability of parties to resolve patent disputes” through settlements. *Ibid.* Patent owners, it suggested, could “fram[e] the dismissal agreement to preserve any such rights that the defendant is willing to agree to.” *Id.* at 26a.

The court of appeals thus held that *Kessler* barred PersonalWeb’s claims. “Under that doctrine, the stipulated dismissal with prejudice conferred upon Amazon a limited trade right to continue producing, using, and selling Amazon S3 without further harassment from PersonalWeb, either directly or through suits against Amazon’s customers for using that product.” App., *infra*, 26a.

REASONS FOR GRANTING THE PETITION

The Federal Circuit’s exhumation and expansion of *Kessler* over the past seven years flouts this Court’s repeated admonitions and contradicts controlling precedent. This Court has repeatedly held that, absent some contrary indication from Congress, courts should apply the same procedural rules to patent cases that they apply to other matters. The Court has also repeatedly held that courts should respect the settled bounds of claim and issue preclusion and not invent novel preclusion theories unmoored from those traditional categories.

The Federal Circuit now violates *both* those proscriptions. That court applies a unique brand of preclusion that applies to patent cases and patent cases alone. And it relies on that doctrine to bar suits that would survive both claim and issue preclusion. Indeed, the court applies its newfound preclusion doctrine *precisely because* it perceives a “gap” in the traditional rules—and it uses the

doctrine to fill that “gap” whenever traditional rules produce a result the court disfavors.

The departure from this Court’s precedents could not be more stark. Just last Term, the Court unanimously rejected the Second Circuit’s creation of a novel species of preclusion in the *trademark* context. *Lucky Brand Dungarees, Inc. v. Marcel Fashions Grp., Inc.*, 140 S. Ct. 1589, 1595 (2020). The Court faulted the Second Circuit for creating “a standalone category of *res judicata*, unmoored from the two guideposts of issue preclusion and claim preclusion.” *Ibid.* Yet the Federal Circuit persists in doing in the *patent* context precisely what this Court prohibited in the *trademark* context.

Nothing in *Kessler* supports, much less compels, that anomalous approach. *Kessler* is an anachronism from an era when courts normally required mutuality for issue preclusion. The Court’s holding—that a patent owner could not sue a manufacturer for infringement, lose on the merits, and then relitigate the *same issue* against the manufacturer’s customers—is most naturally read as an early instance of non-mutual issue preclusion, a holding that ceased to have independent force once the Court endorsed non-mutual issue preclusion more generally in *Blonder-Tongue Laboratories, Inc. v. University of Illinois Foundation*, 402 U.S. 313 (1971). Yet the Federal Circuit persists in repurposing *Kessler* as a freestanding, patent-specific “gap-filler” for perceived inadequacies in settled preclusion law.

This Court’s intervention is urgently needed. This Court has not cited *Kessler* in nearly 70 years. The Federal Circuit did not cite *Kessler* in a reported federal preclusion case until its 2014 decision in *Brain Life, LLC v. Elekta Inc.*, 746 F.3d 1045 (Fed. Cir. 2014). In the past seven years, however, the Federal Circuit’s reanimation

of the doctrine has spawned a deluge of cases where parties who fail to qualify for claim or issue preclusion try their luck with *Kessler* instead. That jurisprudence drives an arbitrary wedge between the preclusion rules that apply in patent cases and the rules that govern every other case throughout the Nation. The Court should grant the petition and put an end to the Federal Circuit's groundless departure from uniform principles.

I. THE COURT SHOULD DECIDE WHETHER *KESSLER* REMAINS A FREESTANDING PRECLUSION DOCTRINE

Kessler is an anachronism from the era before non-mutual issue preclusion. But the Federal Circuit has now resurrected the case and expanded it into a freestanding preclusion doctrine that enables defendants to avoid the customary requirements of claim and issue preclusion. Those decisions wreak havoc on preclusion law in the Federal Circuit.

A. *Kessler's* Status as a Separate Preclusion Doctrine Presents an Important Question

The Federal Circuit's reinvention of *Kessler* as a novel category of preclusion applicable only to patent cases defies this Court's precedent and places Federal Circuit law at odds with the rules that govern every other case throughout the Nation. In case after case, patent owners confront an ever-expanding patent-specific preclusion rule that forecloses suits that would otherwise proceed.

1. The Federal Circuit's Kessler Doctrine Is an Impermissible Patent-Specific Preclusion Rule

This Court has repeatedly admonished the Federal Circuit not to adopt special procedural rules that apply only in patent cases without clear guidance from Congress. In *eBay Inc. v. MercExchange, LLC*, 547 U.S. 388 (2006), for example, the Court reversed the Federal Cir-

cuit for adopting an injunction standard “unique to patent disputes.” *Id.* at 393-394. Reviewing the traditional equitable standards, the Court held that “[t]hese familiar principles apply with equal force to disputes arising under the Patent Act.” *Id.* at 391. “[A] major departure from the long tradition of equity practice should not be lightly implied,” and the Court saw “[n]othing in the Patent Act [that] indicates that Congress intended such a departure.” *Id.* at 391-392.

Similarly, in *SCA Hygiene Products Aktiebolag v. First Quality Baby Products, LLC*, 137 S. Ct. 954 (2017), this Court rejected the Federal Circuit’s more expansive version of laches for patent cases. Observing that “[p]atent law is governed by the same common-law principles, methods of statutory interpretation, and procedural rules as other areas of civil litigation,” the Court refused to countenance a “very different patent-law-specific rule.” *Id.* at 964; see also *Teva Pharms. USA, Inc. v. Sandoz, Inc.*, 574 U.S. 318, 324-327 (2015) (no patent-specific rule for appellate review of factual findings); *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 572 U.S. 545, 557-558 (2014) (attorney’s fees); *Dickinson v. Zurko*, 527 U.S. 150, 165 (1999) (judicial review).

This Court has also repeatedly told courts of appeals not to invent new preclusion doctrines that stray beyond traditional claim or issue preclusion. Just last Term, the Court unanimously reversed the Second Circuit for adopting a novel doctrine of “defense preclusion” in *Lucky Brand Dungarees, Inc. v. Marcel Fashions Group, Inc.*, 140 S. Ct. 1589 (2020). The Court noted that it had “never explicitly recognized ‘defense preclusion’ as a standalone category of *res judicata*, unmoored from the two guideposts of issue preclusion and claim preclusion.” *Id.* at 1595. “[O]ur case law indicates that any such preclusion

of defenses must, at a minimum, satisfy the strictures of issue preclusion or claim preclusion.” *Ibid.*

A decade earlier, the Court rejected another novel preclusion doctrine known as “virtual representation” in *Taylor v. Sturgell*, 553 U.S. 880 (2008). Emphasizing the importance of “‘uniform federal rule[s]’ of res judicata,” the Court “disapprove[d] the theory of virtual representation” because it strayed from “the established grounds for nonparty preclusion.” *Id.* at 891, 904 (emphasis added); see also *Arizona v. California*, 530 U.S. 392, 414-418 (2000) (rejecting theory that strayed beyond “standard preclusion doctrine”).

The Federal Circuit’s reincarnation of *Kessler* defies those admonitions. The Federal Circuit applies *Kessler* as a special preclusion rule to patent cases alone. See *SimpleAir, Inc. v. Google LLC*, 884 F.3d 1160, 1170 n.3 (Fed. Cir. 2018) (describing *Kessler* as a “doctrine[] in patent law”). The Federal Circuit has never applied *Kessler* outside that context.

The Federal Circuit also applies *Kessler* as a third category of preclusion that strays beyond traditional claim and issue preclusion. Indeed, in that court’s view, the whole point of the doctrine is to fill a perceived “gap” in traditional claim and issue preclusion by enabling defendants to terminate litigation even though they cannot satisfy the requirements of either doctrine. *Brain Life*, 746 F.3d at 1056; see also *SpeedTrack, Inc. v. Office Depot, Inc.*, 791 F.3d 1317, 1323-1329 (Fed. Cir. 2015) (*Kessler* a “necessary supplement to issue and claim preclusion”), cert. denied, 577 U.S. 1063 (2016).

The Federal Circuit’s *Kessler* doctrine leads to outcomes in patent cases that are squarely contrary to this Court’s preclusion precedents. Claim preclusion, for

example, does not apply to conduct that postdates the prior action. See *Lucky Brand*, 140 S. Ct. at 1596 (no claim preclusion where “the complained-of conduct in the [second] Action occurred after the conclusion of the [first] Action”); *Whole Woman’s Health v. Hellerstedt*, 136 S. Ct. 2292, 2305 (2016) (claim preclusion “does not bar claims that are predicated on events that postdate” the first action); *Lawlor v. Nat’l Screen Serv. Corp.*, 349 U.S. 322, 328 (1955) (judgment cannot “extinguish[] claims which did not even then exist and which could not possibly have been sued upon in the previous case”). Yet the Federal Circuit routinely finds such claims precluded under *Kessler*—sometimes in the *very same opinions* where it holds that claim preclusion does not apply. See, e.g., *Brain Life*, 746 F.3d at 1053-1054, 1055-1059.

Similarly, while issue preclusion may sometimes apply to post-judgment conduct, it requires that the issue have been “actually litigated and determined” in the prior action. *Arizona*, 530 U.S. at 414. Yet the Federal Circuit routinely applies *Kessler* even where the issues differ from those previously decided. See, e.g., *Brain Life*, 746 F.3d at 1054-1059; *SpeedTrack*, 791 F.3d at 1323-1329. In this case, the court applied *Kessler* to a *voluntary dismissal*—the paradigmatic disposition that decides no issues at all. App., *infra*, 20a-26a.

This Court should not allow that arbitrary state of affairs to persist. There is no reason why courts should apply one set of preclusion rules in patent cases and a different set everywhere else. Although the Federal Circuit claims to be preventing “harassment,” *Brain Life*, 746 F.3d at 1056, what it really objects to is just the ordinary limits on claim and issue preclusion. If Congress wants to prescribe special preclusion rules for patent cases, it is

free to do so. But courts should not invent patent-specific rules on their own initiative.

2. *The Issue Is Recurring and Ripe for Review*

The need for this Court’s intervention is more urgent than ever. This Court has not cited *Kessler* for nearly 70 years. See *Kerotest Mfg. Co. v. C-O-Two Fire Equip. Co.*, 342 U.S. 180, 185-186 & n.5 (1952). Before 2014, the Federal Circuit cited *Kessler* in a published decision only once, to interpret Michigan preclusion law that (like federal law before *Blonder-Tongue*) still required mutuality. See *MGA, Inc. v. Gen. Motors Corp.*, 827 F.2d 729, 733-735 (Fed. Cir. 1987), cert. denied, 484 U.S. 1009 (1988).

In the seven years since *Brain Life*, however, litigation over *Kessler* has exploded. The Federal Circuit has cited *Kessler* numerous times.¹ District courts have cited *Kessler* even more often.² Time and again, those courts dismiss claims that would proceed in any other context.

¹ See App., *infra*, 1a-26a; *ABS Glob., Inc. v. Cytonome/ST, LLC*, 984 F.3d 1017, 1022 (Fed. Cir. 2021); *Xiaohua Huang v. Huawei Techs. Co.*, 787 F. App’x 723, 724 (Fed. Cir. 2019); *SimpleAir, Inc. v. Google LLC*, 884 F.3d 1160, 1170 (Fed. Cir. 2018); *Mentor Graphics Corp. v. EVE-USA, Inc.*, 851 F.3d 1275, 1301 (Fed. Cir. 2017), cert. dismissed, 139 S. Ct. 44 (2018); *SCA Hygiene Prods. Aktiebolag v. First Quality Baby Prods., LLC*, 807 F.3d 1311, 1325 (Fed. Cir. 2015) (en banc), vacated in part, 137 S. Ct. 954 (2017); *SpeedTrack, Inc. v. Office Depot, Inc.*, 791 F.3d 1317, 1329 (Fed. Cir. 2015), cert. denied, 577 U.S. 1063 (2016); *Senju Pharm. Co. v. Apotex Inc.*, 746 F.3d 1344, 1354-1355 n.1 (Fed. Cir. 2014) (O’Malley, J., dissenting).

² See App., *infra*, 27a-63a; *Intel Corp. v. Teva Innovations, Inc.*, No. 3:18-cv-2848, 2021 WL 783560, at *5-*8 (N.D. Cal. Mar. 1, 2021); *St. Clair Intell. Prop. Consultants Inc. v. Samsung Elecs. Co.*, No. 12-cv-69, 2020 WL 6799261, at *6 & n.6 (D. Del. Nov. 19, 2020); *Trs. of Boston Univ. v. Kingbright Elec. Co.*, 427 F. Supp. 3d 246, 251 (D. Mass. 2019); *CFL Techs. LLC v. Osram Sylvania, Inc.*, No. 18-cv-

The reason for the avalanche of cases is not hard to imagine. The customary limits on claim and issue preclusion strike a careful balance between avoiding serial litigation and giving plaintiffs with meritorious claims their day in court. The *Kessler* doctrine distorts that balance by applying special rules to patent cases. No court has ever explained why a copyright or trademark owner should be entitled to assert claims consistent with ordinary preclusion principles while a patent owner must overcome additional hurdles. Until this Court intervenes, accused in-

1445, 2019 WL 2995815, at *4 & n.3 (D. Del. July 9, 2019); *Improved Search LLC v. Microsoft Corp.*, 387 F. Supp. 3d 422, 428 (D. Del. 2019), aff'd, 813 F. App'x 609 (Fed. Cir. 2020); *JumpSport, Inc. v. Academy, Ltd.*, No. 6:17-cv-645, 2018 WL 10124888, at *4 (E.D. Tex. Sept. 6, 2018); *Indivior Inc. v. Dr. Reddy's Labs. S.A.*, No. 17-cv-7111, 2018 WL 3496643, at *6 (D.N.J. July 20, 2018), vacated, 752 F. App'x 1024 (Fed. Cir. 2018); *Indivior Inc. v. Dr. Reddy's Labs. S.A.*, No. 17-cv-7111, 2018 WL 3421328, at *6 (D.N.J. July 13, 2018), vacated, 752 F. App'x 1024 (Fed. Cir. 2018); *Finjan, Inc. v. Blue Coat Sys., LLC*, 230 F. Supp. 3d 1097, 1104 (N.D. Cal. 2017); *Simple Air, Inc. v. Google Inc.*, 204 F. Supp. 3d 908, 911-912, 914 (E.D. Tex. 2016), vacated, 884 F.3d 1160 (Fed. Cir. 2018); *PPC Broadband, Inc. v. Corning Optical Commc'ns RF, LLC*, 193 F. Supp. 3d 133, 148 (N.D.N.Y. 2016); *Adaptix, Inc. v. Amazon.com, Inc.*, No. 5:14-cv-1379, 2016 WL 948960, at *2, *5 (N.D. Cal. Mar. 14, 2016); *Mirror Worlds Techs., LLC v. Apple Inc.*, No. 6:13-cv-419, 2015 WL 6750306, at *4-*5 (E.D. Tex. July 7, 2015); *Tech. Props. Ltd. v. Barnes & Noble, Inc.*, No. 3:12-cv-3863, 2015 WL 12977074, at *5 (N.D. Cal. May 31, 2015); *Adaptix, Inc. v. AT&T Mobility LLC*, No. 6:12-cv-17, 2015 WL 12696204, at *6, *21 (E.D. Tex. May 12, 2015); *Ryan Data Exch., Ltd. v. Graco Inc.*, No. 4:14-cv-198, 2015 WL 12516158, at *8 n.7 (S.D. Iowa Jan. 20, 2015); *Adobe Sys. Inc. v. Wowza Media Sys., LLC*, 72 F. Supp. 3d 989, 996 (N.D. Cal. 2014); *Telebrands Corp. v. Nat'l Express, Inc.*, No. 12-cv-6671, 2014 WL 4930897, at *5 (D.N.J. Oct. 2, 2014); *SpeedTrack, Inc. v. Office Depot, Inc.*, No. 07-cv-3602, 2014 WL 1813292, at *7-*9 (N.D. Cal. May 6, 2014), aff'd, 791 F.3d 1317 (Fed. Cir. 2015).

fringers across the country will continue to invoke *Kessler* to evade claims that would ordinarily proceed.

The Federal Circuit itself has repeatedly questioned the *Kessler* doctrine, while professing to be bound by this Court's decision. In *Brain Life*, the Federal Circuit noted that *Kessler* "was handed down by the United States Supreme Court in the heyday of the federal mutuality of estoppel rule" and that the Court "may have created the *Kessler* Doctrine as an exception to the strict mutuality requirement that existed at that time." 746 F.3d at 1057. Given the abandonment of the mutuality rule in *Blonder-Tongue*, "the continuing force of the *Kessler* Doctrine * * * may be questionable." *Id.* at 1058. Nonetheless, the court opined that "the *Kessler* Doctrine exists, and we are bound by it, even if its viability under current estoppel law may be of less value now than it was at the time it was handed down." *Ibid.* "We may only apply the law as it continues to exist." *Ibid.*

The Federal Circuit reiterated those sentiments in *SpeedTrack*. The patent owner there argued that "*Kessler* became unnecessary when the Supreme Court authorized non-mutual collateral estoppel in *Blonder-Tongue*." 791 F.3d at 1328. The court responded that "we must apply the law as it exists." *Id.* at 1329. "[W]e must follow *Kessler* unless and until the Supreme Court overrules it * * * ." *Ibid.* While those sentiments hardly justify the Federal Circuit's continuing *expansion* of the *Kessler* doctrine, they underscore the need for review. Only this Court can correct course.

Because *Kessler* is a patent-specific doctrine, no modern circuit conflict is likely to emerge. Since Congress created the Federal Circuit, only one other court of appeals has ever cited *Kessler*—and only to predict how the *Federal Circuit* would rule. See *In re Provider*

Meds, LLC, 907 F.3d 845, 852 n.21, 853-854 n.32 (5th Cir. 2018), cert. denied, 139 S. Ct. 1347 (2019).

Circuit conflicts almost never arise in patent cases, so this Court evaluates petitions “largely on the importance of the questions presented.” Stephen Shapiro, *et al.*, *Supreme Court Practice* §4.21, at 289 (10th ed. 2013). That importance is undeniable here. The Federal Circuit has repeatedly reached results that cannot be reconciled with this Court’s traditional claim and issue preclusion precedents. District court cases across the country face termination as a result. Only this Court can intervene and put an end to the disarray.

B. The Federal Circuit’s Modern Resurrection of *Kessler* Is Erroneous

Nothing in *Kessler* compels the Federal Circuit’s expansive interpretation. The case is most naturally read as an early application of non-mutual *issue* preclusion—a ruling that ceased to have independent force once the Court abandoned the mutuality requirement for issue preclusion in *Blonder-Tongue*.

1. *Kessler* readily supports that interpretation. The first suit in that case ended when the court “found for *Kessler on the issue* of non-infringement.” 206 U.S. at 285-286 (emphasis added); see also *id.* at 288 (court ruled for *Kessler* “[o]n the issue thus joined”). Eldred then sued one of *Kessler*’s customers for infringing the same patent by using “identical” products. *Id.* at 286. There is no indication that the Court considered the second suit to raise any new issues. Rather, the plaintiff sought to re-litigate the *same* issue against new defendants. *Ibid.*³

³ Eldred’s first suit alleged infringement of “all the claims” of the same patent. *Kessler*, 206 U.S. at 285. Eldred contended that the

Under the mutuality rule that prevailed at the time, that difference ordinarily would have made issue preclusion inapplicable. See *Triplett v. Lowell*, 297 U.S. 638, 645 (1936). This Court, however, decided that Eldred could not avoid preclusion simply by suing Kessler’s customers rather than Kessler himself. “[I]t is Kessler’s right that *those customers* should, in respect of the articles before the court in the previous judgment, be let alone by Eldred, and it is Eldred’s duty to let them alone. The judgment in the previous case fails of the full effect which the law attaches to it if this is not so.” *Kessler*, 206 U.S. at 289 (emphasis added).

Nothing in that discussion suggests the Court was inventing a wholly new species of preclusion. Rather, the Court was simply relaxing the mutuality requirement that otherwise might have prevented issue preclusion from applying. The Court allowed Kessler to assert his judgment of non-infringement for the benefit of his customers. *Kessler* thus is best understood as an early harbinger of the more general rule this Court adopted in *Blonder-Tongue*.

2. History confirms that reading. Before *Blonder-Tongue*, courts of appeals regularly cited *Kessler* for the proposition that a customer could claim the benefit of a manufacturer’s prior judgment of non-infringement. See, e.g., *V & S Ice Mach. Co. v. Eastex Poultry Co.*, 381 F.2d 303, 304 (5th Cir. 1967); *Plymouth Rubber Co. v. Minn. Min. & Mfg. Co.*, 321 F.2d 151, 158 (1st Cir. 1963), cert.

two suits involved different issues in the sense that the first involved Kessler’s “manufacture and sale” of the product, while the second involved the purchaser’s “use” of the product—a difference inherent in the fact that Eldred was now suing Kessler’s customer. Resp. Br. in No. 196, at 15-16 (Jan. 1907) (emphasis omitted).

denied, 375 U.S. 969 (1964). After *Blonder-Tongue*, those citations stop. There is not a single *Kessler* citation in any published appellate decision until the Federal Circuit interpreted Michigan law in *MGA* in 1987, and then not another one for nearly 30 years until *Brain Life* in 2014. That lengthy silence speaks volumes. The courts of appeals clearly understood that *Blonder-Tongue* had subsumed *Kessler*, rendering the older decision irrelevant.

The Federal Circuit initially read *Kessler* the same way. In *MGA*, the defendant “admit[ted] that the [prior] litigation involved the *issue* of whether the [same] patent covered the accused machines and resolved that issue adversely to it.” 827 F.2d at 733 (emphasis added). It opposed preclusion only because, “under Michigan law, mutuality between parties to litigation continues to be required.” *Ibid.* The Federal Circuit invoked *Kessler* because it concluded that Michigan courts would follow that decision as an exception to mutuality: “[T]he *Kessler* doctrine * * * in its effect may be compared to *defensive collateral estoppel*, to give preclusive effect to the *issue* of noninfringement.” *Id.* at 734 (emphasis added). It did not interpret *Kessler* as a brand-new species of preclusion.

Only in *Brain Life* did the Federal Circuit go off the rails. The court conceded that this Court “may have created the *Kessler* Doctrine as an exception to the strict mutuality requirement that existed at that time.” 746 F.3d at 1057. But the court nonetheless assigned *Kessler* a wholly different and more expansive function. It announced that *Kessler* “precludes some claims that are not otherwise barred by claim or issue preclusion” and applied the doctrine to foreclose claims in that case while simultaneously holding both claim and issue preclusion inapplicable. *Id.* at 1053-1056.

The Federal Circuit then doubled down in *SpeedTrack*. Refusing to limit *Kessler* to its “original footprint,” the court rejected the argument that *Kessler* merely “carved a narrow exception to * * * mutuality principle[s].” 791 F.3d at 1325, 1328. It instead described *Kessler* as a “necessary *supplement* to issue and claim preclusion” and applied the doctrine even though neither claim nor issue preclusion applied. *Id.* at 1328-1329 (emphasis added).

In this case too, the Federal Circuit held that *Kessler* is a “separate” preclusion doctrine distinct from the “two traditional pillars of preclusion law.” App., *infra*, 20a. It rejected the argument that *Kessler* “is based on principles of collateral estoppel.” *Id.* at 21a. And it once again applied the doctrine to circumvent fundamental limits on claim and issue preclusion: Claim preclusion does not apply here because PersonalWeb sought damages for infringement occurring *after* the prior action, see *Lucky Brand*, 140 S. Ct. at 1596, and issue preclusion does not apply because the first action did not actually *decide* infringement, see *Arizona*, 530 U.S. at 414.

The Federal Circuit pushed the envelope further still in this case by applying the *Kessler* doctrine to a voluntary dismissal that decided no issue of infringement at all. That was a particularly stark departure from settled law. This Court held long ago that consent judgments have no claim-preclusive effects on suits over later conduct. See *Lawlor*, 349 U.S. at 324, 328 (no claim preclusion where “conduct presently complained of was all subsequent” to prior consent judgment). Nor do they have issue-preclusive effects. See *Arizona*, 530 U.S. at 414 (no issue preclusion for “consent judgments”). “[T]he central characteristic of a consent judgment is that the court has not actually resolved the substance of the issues presented.” 18A Charles Wright & Arthur Miller, *Fed-*

eral Practice and Procedure §4443 (3d ed. rev. 2020). The Federal Circuit’s latest application of its *Kessler* doctrine brushes aside all those limits.

Kessler has thus metastasized from a narrow precursor to *Blonder-Tongue* into a freestanding, patent-specific preclusion doctrine that bulldozes otherwise valid claims without regard to the settled limits on claim and issue preclusion. The Federal Circuit’s “*Kessler* doctrine” bears no resemblance to its modest namesake from over a century ago. This Court should intervene to correct the Federal Circuit’s increasingly egregious misinterpretations.

3. To the extent the Court concludes that *Kessler* does compel the Federal Circuit’s expansive view, the Court should reconsider that decision. This Court does not lightly overrule its precedents. But it has not hesitated to do so where a case has been overtaken by intervening developments, particularly in the field of its common-law-making authority.

In *Blonder-Tongue* itself, the Court overruled *Triplett*’s “judge-made doctrine of mutuality.” 402 U.S. at 320. Surveying decades of intervening law, the Court observed that “the court-produced doctrine of mutuality of estoppel is undergoing fundamental change in the common-law tradition.” *Id.* at 327. That evolution was “accompanied by other developments” that cast still further doubt on *Triplett*’s vitality. *Ibid.*

Similarly, in *State Oil Co. v. Khan*, 522 U.S. 3 (1997), this Court unanimously overruled its holding in *Albrecht v. Herald Co.*, 390 U.S. 145 (1968), that maximum vertical price fixing is a per se antitrust violation. The Court’s later decisions had “substantially weakened” *Albrecht*’s “analytical underpinnings.” *State Oil*, 522 U.S. at 14. And “the general presumption that legislative changes

should be left to Congress ha[d] less force” given that “Congress ‘expected the courts to give shape to the [Sherman Act’s] broad mandate by drawing on common-law tradition.’” *Id.* at 20-21.

The same factors apply here. *Kessler* is a relic of a legal regime that no longer exists. Now that *Blonder-Tongue* has eliminated the mutuality requirement, there is no longer any justification for it. Even the Federal Circuit admits that “the continuing force of the *Kessler* Doctrine * * * may be questionable” and, at a minimum, *Kessler*’s “viability under current estoppel law may be of less value now than it was at the time it was handed down.” *Brain Life*, 746 F.3d at 1058.

Meanwhile, the Federal Circuit’s version of *Kessler* sticks out like a sore thumb against this Court’s modern decisions. This Court has repeatedly chastised the Federal Circuit for creating procedural rules “unique to patent disputes.” *eBay*, 547 U.S. at 393-394. It has also regularly warned courts not to invent new preclusion doctrines “unmoored from the two guideposts of issue preclusion and claim preclusion.” *Lucky Brand*, 140 S. Ct. at 1595. Yet, according to the Federal Circuit, this Court ignored both principles in *Kessler* and created a new patent-specific preclusion doctrine that applies when traditional preclusion doctrines do not.

Kessler was a paradigmatic exercise of this Court’s common-law-making authority: a case that cites not a single legal authority, let alone a statute. The “general presumption that legislative changes should be left to Congress” is thus irrelevant. *State Oil*, 522 U.S. at 20. While the best reading of *Kessler* is that *Blonder-Tongue* has already subsumed the case, to the extent the Court disagrees, *Kessler* has earned its retirement.

C. This Case Is an Excellent Vehicle

1. This case is an ideal vehicle. The *Kessler* doctrine was clearly dispositive with respect to post-judgment infringement. The district court held that claim preclusion did not apply, and Amazon did not appeal that ruling. App., *infra*, 14a, 54a-58a. Amazon admitted in the court of appeals that “issue preclusion does not apply here” either. C.A. Arg. Audio 25:40. The Federal Circuit invoked *Kessler* precisely because the “two traditional pillars of preclusion law” would not support the judgment. App., *infra*, 20a. This case thus squarely presents whether *Kessler* is a third, freestanding preclusion doctrine.

This case also involves a particularly extreme application of *Kessler*. PersonalWeb’s first suit against Amazon did not decide any issues of infringement. It did not decide any issues at all. PersonalWeb voluntarily dismissed the suit—a paradigmatic disposition with no issue-preclusive effects. See *Arizona*, 530 U.S. at 414. In the past, the Federal Circuit has applied *Kessler* to prior judgments that decided *different* infringement issues. See *Brain Life*, 746 F.3d at 1055-1056 (first suit decided apparatus claims; second suit asserted method claims); *SpeedTrack*, 791 F.3d at 1321-1322 (first suit decided literal infringement; second suit asserted doctrine of equivalents). This is the first time the court has applied the doctrine to a judgment that decided *no issue of infringement at all*.

2. This Court currently has before it another petition presenting the same issue in *Sowinski v. California Air Resources Board*, No. 20-1339. While the pendency of that petition underscores the issue’s importance, this case is the better vehicle.

For one thing, the Federal Circuit’s decision in *Sowinski* does not clearly rest on *Kessler*. The decision does not cite *Kessler*. See *Sowinski v. Cal. Air Res. Bd.*, 971

F.3d 1371 (Fed. Cir. 2020). Instead, the court held the claims barred by *claim preclusion*. See *id.* at 1374-1375. Although the opinion contains one brief quotation from *Brain Life*, the court appears to have relied on that case to support its claim preclusion ruling, not to invoke *Kessler* as a separate basis for dismissal. *Id.* at 1376. The decision here, by contrast, indisputably rests on the *Kessler* doctrine. App., *infra*, 20a-26a.

Sowinski also has lurking jurisdictional issues. The defendant, a California state agency, moved to dismiss on Eleventh Amendment grounds. 971 F.3d at 1374. The district court dismissed on claim preclusion grounds without reaching the Eleventh Amendment, denying the plaintiff *in forma pauperis* status because the complaint was “frivolous.” *Ibid.* The Eleventh Amendment, however, is a “jurisdictional bar.” *Pennhurst State Sch. & Hosp. v. Halderman*, 465 U.S. 89, 100 (1984). This Court has not yet decided whether a federal court may reach the merits despite a timely Eleventh Amendment claim. Cf. *Steel Co. v. Citizens for a Better Env’t*, 523 U.S. 83, 101 (1998). There is no reason to grapple with that question when PersonalWeb’s petition presents the same *Kessler* question without that jurisdictional complication.

II. AT A MINIMUM, THE COURT SHOULD REJECT *KESSLER*’S APPLICATION TO VOLUNTARY DISMISSALS

If the Court concludes that *Kessler* is, in fact, a free-standing patent-specific preclusion doctrine, it should at least reject the Federal Circuit’s latest expansion of the doctrine to voluntary dismissals—cases where there was no prior finding on *any* issue.

A. *Kessler* itself supports that limitation. Eldred’s first suit ended when the court “found for *Kessler on the issue of non-infringement*.” 206 U.S. at 285-286 (emphasis added); see also *id.* at 288 (“On the issue [of infringe-

ment] thus joined there was final judgment for Kessler.”). It was that *judgment of non-infringement* that “settled finally and everywhere, and so far as Eldred * * * was concerned, that Kessler had the right to manufacture, use and sell the electric cigar lighter.” *Id.* at 288. That rationale does not apply to voluntary dismissals that decide no issue of infringement at all.

Moreover, the Court’s concern was the “harass[ment]” that would result if a patent owner could sue customers for infringement after a court had already found the product non-infringing. *Kessler*, 206 U.S. at 289. Voluntary dismissals present no comparable threat. A party may voluntarily dismiss a suit for many reasons—including, as here, because it discovers that “the potential damages that could be obtained for patent infringement d[o] not warrant the expense of trial.” C.A. App. 599-600. Bringing a new suit against other infringers in those circumstances is not harassment.

B. The Federal Circuit’s earlier cases were consistent with that understanding. In *MGA*, the court described *Kessler* as applying to “a seller who has previously prevailed against the patentee *because of invalidity or non-infringement* of the patent.” 827 F.2d at 734 (emphasis added). And in *Brain Life*, the court described *Kessler* as “allowing an *adjudged non-infringer* to avoid repeated harassment.” 746 F.3d at 1056 (emphasis added); see also *SpeedTrack*, 791 F.3d at 1327 (“*Kessler* only protects an *adjudged noninfringer’s* right to make and sell its noninfringing article.” (emphasis added)).

The Federal Circuit has not required that the earlier suit involve the *same* issue of infringement. In *Brain Life*, the court applied *Kessler* where the first suit decided apparatus claims while the second suit asserted method claims. 746 F.3d at 1055-1056. And in *Speed-*

Track, the court applied *Kessler* where the first suit decided literal infringement while the second suit concerned the doctrine of equivalents. 791 F.3d at 1321-1322. But at least the prior judgments in those cases decided *some* issue of infringement. Until this case, the Federal Circuit had never applied *Kessler* where there was *no finding of non-infringement at all*.

Applying *Kessler* to voluntary dismissals is a particularly jarring departure from traditional rules. Consent judgments have no claim-preclusive effects on suits over post-judgment conduct. See *Lawlor*, 349 U.S. at 324, 328. Nor does issue preclusion apply: “[T]he central characteristic of a consent judgment is that the court has not actually resolved the substance of the issues presented.” 18A Wright & Miller, *supra*, §4443. Under the Federal Circuit’s latest expansion, however, the *Kessler* doctrine will apply to consent judgments as a matter of course.

C. Extending *Kessler* to voluntary dismissals has broad and undesirable consequences. “The overwhelming majority of [patent] lawsuits settle or are abandoned before trial.” Mark Lemley, *Rational Ignorance at the Patent Office*, 95 Nw. U. L. Rev. 1495, 1501 (2001). Only about 15% of patent suits are “terminated through some sort of court ruling on the merits.” Jay Kesan & Gwendolyn Ball, *How Are Patent Cases Resolved? An Empirical Examination of the Adjudication and Settlement of Patent Disputes*, 84 Wash. U. L. Rev. 237, 271 (2006). Applying *Kessler* to voluntary dismissals sweeps in an enormous number of cases.

That expansion will discourage voluntary dismissals. Patent owners will be less willing to compromise or walk away from litigation if doing so may have unforeseen consequences for future actions against other parties. “The general policy of the law is to favor the settlement

of litigation, and the policy extends to the settlement of patent infringement suits.” *Asahi Glass Co. v. Pentech Pharms., Inc.*, 289 F. Supp. 2d 986, 991 (N.D. Ill. 2003) (Posner, J.). That is one reason why issue preclusion does not apply to settlements: “[I]f preclusive effect were given to issues not litigated, the result might serve to discourage compromise, to decrease the likelihood that the issues in an action would be narrowed by stipulation, and thus to intensify litigation.” *Restatement (Second) of Judgments* §27 cmt. e (1982).

The court of appeals urged that a plaintiff that wants to reserve its rights against third parties “can do so by framing the dismissal agreement to preserve any such rights that the defendant is willing to agree to.” App., *infra*, 25a-26a. It never explained why such an agreement would bind a third party that sought to assert the *Kessler* doctrine. See *EEOC v. Waffle House, Inc.*, 534 U.S. 279, 294 (2002) (“It goes without saying that a contract cannot bind a nonparty.”). Nor did it explain why a defendant *would* be “willing to agree” to such terms—particularly in a case like this, where the plaintiff just wants to discontinue the suit upon learning that it is un-economic. C.A. App. 599-600. This Court should not embrace rules that needlessly clog up court dockets by forcing plaintiffs to continue litigating suits they would rather not pursue, solely to avoid foreclosing unknown future actions. The Federal Circuit’s latest expansion of *Kessler* has precisely that effect.

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted.

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APRIL 2021

APPENDIX A
UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

No. 2019-1918

IN RE: PERSONALWEB TECHNOLOGIES LLC

PERSONALWEB TECHNOLOGIES LLC,
Plaintiff-Appellant,
LEVEL 3 COMMUNICATIONS, LLC,
Plaintiff,

v.

PATREON, INC.,
Defendant-Appellee,
AMAZON.COM, INC.,
AMAZON WEB SERVICES, INC.,
Intervenors.

PERSONALWEB TECHNOLOGIES LLC,
Plaintiff-Appellant,
LEVEL 3 COMMUNICATIONS, LLC,
Plaintiff,

v.

DICTIONARY.COM, LLC,
Defendant-Appellee,

(1a)

2a

AMAZON.COM, INC.,
AMAZON WEB SERVICES, INC.,
Intervenors.

PERSONALWEB TECHNOLOGIES LLC,
Plaintiff-Appellant,
LEVEL 3 COMMUNICATIONS, LLC,
Plaintiff,

v.

VOX MEDIA, INC.,
Defendant-Appellee,

AMAZON.COM, INC.,
AMAZON WEB SERVICES, INC.,
Intervenors.

PERSONALWEB TECHNOLOGIES LLC,
Plaintiff-Appellant,
LEVEL 3 COMMUNICATIONS, LLC,
Plaintiff,

v.

VICE MEDIA, LLC,
Defendant-Appellee,

AMAZON.COM, INC.,
AMAZON WEB SERVICES, INC.,
Intervenors.

PERSONALWEB TECHNOLOGIES LLC,
Plaintiff-Appellant,

3a

LEVEL 3 COMMUNICATIONS, LLC,
Plaintiff,

v.

OATH INC.,
Defendant-Appellee,

AMAZON.COM, INC.,
AMAZON WEB SERVICES, INC.,
Intervenors.

PERSONALWEB TECHNOLOGIES LLC,
Plaintiff-Appellant,

LEVEL 3 COMMUNICATIONS, LLC,
Plaintiff,

v.

BUZZFEED, INC.,
Defendant-Appellee,

AMAZON.COM, INC.,
AMAZON WEB SERVICES, INC.,
Intervenors.

PERSONALWEB TECHNOLOGIES LLC,
Plaintiff-Appellant,

LEVEL 3 COMMUNICATIONS, LLC,
Plaintiff,

v.

POPSUGAR, INC.,
Defendant-Appellee,

4a

AMAZON.COM, INC.,
AMAZON WEB SERVICES, INC.,
Intervenors.

PERSONALWEB TECHNOLOGIES LLC,
Plaintiff-Appellant,
LEVEL 3 COMMUNICATIONS, LLC,
Plaintiff,

v.

ZIFF DAVIS, LLC,
Defendant-Appellee,

AMAZON.COM, INC.,
AMAZON WEB SERVICES, INC.,
Intervenors.

Appeal from the United States District Court
for the Northern District of California in
Nos. 5:18-cv-05599-BLF, 5:18-cv-05606-BLF,
5:18-cv-05969-BLF, 5:18-cv-05970-BLF,
5:18-cv-06044-BLF, 5:18-cv-06046-BLF,
5:18-cv-06612-BLF, 5:18-cv-07119-BLF,
5:18-md-02834-BLF, United States
District Judge Beth Labson Freeman.

OPINION

June 17, 2020

MICHAEL AMORY SHERMAN, Stubbs Alderton & Markiles LLP, Sherman Oaks, CA, argued for plaintiff-appellant. Also represented by VIVIANA H. BOERO HEDRICK, JEFFREY F. GERSH, WESLEY WARREN MONROE, STANLEY HUGH THOMPSON, JR.; SANDEEP SETH, SethLaw, Houston, TX.

J. DAVID HADDEN, Fenwick & West, LLP, Mountain View, CA, argued for all defendants-appellees and for intervenors. Defendants-appellees Vox Media, Inc., Vice Media, LLC, Oath Inc., BuzzFeed, Inc., Dictionary.com, LLC, Patreon, Inc., Ziff Davis, LLC, Popsugar Inc. and intervenors Amazon.com, Inc., Amazon Web Services, Inc. also represented by SAINA S. SHAMILOV, RAVI RAGAVENDRA RANGANATH; TODD RICHARD GREGORIAN, San Francisco, CA. Defendant-appellee Vice Media, LLC also represented by BENJAMIN J. BYER, Davis Wright Tremaine LLP, Seattle, WA; KIMBERLY HERMAN, Sullivan & Worcester, Boston, MA; CHRISTOPHER T. MCWHINNEY, Washington, DC. Intervenors Amazon.com, Inc., Amazon Web Services, Inc. also represented by JEFFREY H. DEAN, Amazon.com, Inc., Seattle, WA.

Before WALLACH, BRYSON, and TARANTO, *Circuit Judges*.

BRYSON, *Circuit Judge*.

Appellant PersonalWeb Technologies LLC filed a number of lawsuits charging dozens of customers of Amazon.com, Inc., and Amazon Web Services, Inc. (collectively “Amazon”) with infringing several related patents. Amazon responded with a declaratory judgment action seeking an order declaring that PersonalWeb’s lawsuits against Amazon’s customers were barred as a result of a prior lawsuit brought by PersonalWeb against

Amazon, which was dismissed with prejudice. In the eight cases that are now on appeal, the district court agreed with Amazon that the consequence of the prior dismissal was to bar PersonalWeb’s infringement actions against Amazon’s customers. *In re: PersonalWeb Techs., LLC*, No. 5:18-md-02834-BLF, 2019 WL 1455332 (N.D. Cal. Apr. 2, 2019). We affirm.

I

A

There are five patents at issue in this appeal: U.S. Patent Nos. 5,978,791 (“the ’791 patent”), 6,928,442 (“the ’442 patent”), 7,802,310 (“the ’310 patent”), 7,945,544 (“the ’544 patent”), and 8,099,420 (“the ’420 patent”) (collectively, “the True Name patents”). All five patents share a largely common specification and claim priority to the same abandoned patent application, which was filed on April 11, 1995.

According to the specification, there was a problem with the way prior art computer networks of the mid-1990s identified data in their systems. There was “no direct relationship between the data names” and the contents of the data item. ’442 patent, col. 2, ll. 13-14. The same file name in two different folders could refer to different data items, or two different file names could refer to the same data item. *Id.* at col. 2, ll. 15-17. Consequently, computer networks could become clogged with duplicate data, and the efficiency and integrity of data processing systems could be impaired. *Id.* at col. 2, line 30, through col. 3, line 43.

The inventors of the patents in suit purported to solve this problem by devising what they referred to as “True Names” for data items. *Id.* at col. 6, ll. 7-11. The True Name system created a “substantially unique” identifier

for each data item that depended only on the content of the data itself. *Id.*; see also *id.* at col. 3, ll. 30-33. The True Name system thus did not depend on other purportedly less reliable means of identifying data items, such as user-provided file names.

The common specification of the patents in suit teaches that file names in the True Name system can be created using a “hash function.” *Id.* at col. 12, ll. 57-63. A hash function is a mathematical function that reduces a data block of arbitrary size and converts it into a relatively small, fixed-length sequence, “such that the True Name of the data block is virtually guaranteed to represent the data block B and only data block B.” *Id.*

In the True Name system, a large file is first partitioned into smaller segments. The hash function is then applied to each segment. *Id.* at col. 14, ll. 16-35. The resulting values are strung together, and a hash function is applied to the entire string of values, to compute the True Name of the large file. *Id.*

The specification summarizes a variety of applications for the True Name invention, including using True Names (1) to avoid storing multiple copies of a file, when those copies have been assigned different names; (2) to avoid copying data from a remote location when a local copy is already available; and (3) to verify that data retrieved from a remote location is the data that was intended to be retrieved. *Id.* at col. 3, ll. 49-55; see also *id.* at col. 4, ll. 25-27.

B

In December 2011, PersonalWeb sued Amazon and one of Amazon’s customers, Dropbox, Inc., for patent infringement in the United States District Court for the Eastern District of Texas. In the complaint, Personal-

Web alleged that “Amazon has infringed and continues to infringe [the True Name patents, among others] by its manufacture, use, sale, importation, and/or offer for sale of the following products and services within the Personal-Web Patent Field: Amazon Simple Storage Service (S3)[.]”

Amazon S3 provides web-based storage to certain customers, typically companies with websites. The customers can use S3 to store static content, such as images, for their websites. Information that is stored in the S3 system is stored in the form of “objects” that are organized into customer-created containers called “buckets.” Once an object is stored in S3, it can be made available over the entire Internet.

To use an example featured in Amazon’s brief, if a company creates a webpage containing a picture of a puppy, that picture can be stored in S3. When a user visits the company’s website, the user’s web browser is directed to download the puppy picture from S3 in order to display the website. The way the user’s web browser asks to download the puppy picture from S3 is through a Hyper Text Transfer Protocol (“HTTP”) “GET” request.¹

S3 automatically generates an “ETag” for every object stored in S3. ETags provide useful identifying information about an object. For most objects, S3 creates an ETag by running a particular hash function on the object’s content. If the object’s content changes, the ETag changes. S3 uses ETags in several of its operations where it is helpful to know that identifying information.

For example, when the user downloads the puppy picture described above from S3, the user’s computer might

¹ HTTP is a standard communication protocol that web browsers and web servers follow in order to communicate with each other on the Internet.

store that picture in the computer's temporary memory or cache. If the user requests the same file again, S3 compares the ETag for the file stored in the user's cache to the file stored on S3. If the ETags are identical, S3 responds with a status code indicating that the user's computer already has a copy of the picture, so there is no need to download the picture again. If S3 does not contain a file with the same ETag, however, that indicates that the contents of the file have been changed. In that event, S3 will send the user's web browser the file containing the updated version of the picture. The parties refer to the request for a file in that scenario as a "conditional get request" because the operation will be performed only if a certain condition is met. PersonalWeb also refers to such conditional get requests as "cache control." Conditional get requests help avoid unnecessary downloads, thereby saving time and network bandwidth.

S3 also uses ETags when customers, such as companies with websites, upload objects to S3. One method of uploading that S3 supports is what Amazon calls the Multi-part Upload Application Program Interface. The multi-part upload function allows users to upload an object larger than five gigabytes as a series of parts. Once all the parts have been uploaded, S3 can assemble them into a single object for storage. S3 generates an ETag for each uploaded part as well as for the completed object. The ETags can be used to verify that none of the parts were corrupted during the upload.

In its infringement contentions in the Texas case, PersonalWeb referenced S3's use of both multipart upload and conditional get requests. The contentions are extensive, but they consist mainly of similar and sometimes identical material repeated numerous times. A commonly appearing feature in the infringement contentions is a

reference to S3's use of ETags to compare the identity of different objects in order to determine whether or not to perform certain operations. See, *e.g.*, J.A. 1651 ("Amazon S3 causes the content-dependent name of the particular data item (the 'ETag') to be compared to a plurality of values (other 'ETags') When doing GET, HEAD, PUT/COPY operation with certain conditional parameters, the existence of the particular item at a particular location is determined with Etag."); J.A. 1652 ("GetIfMatch-Etags uses the received Etag attached by the user request and compares it with the digest contained in the node for that specific object to determine whether or not access to the object is allowed based upon the match or non-match of hashes."); J.A. 1653 ("Upon receiving the parts during multipart upload, the user's list of etags is used to compare with the etags that are generated for the parts to check for the correct parts before combining the parts.").

Consistent with its infringement contentions in the Texas case, PersonalWeb represented in a discovery motion in that case that S3's use of ETags to perform conditional operations infringed the True Name patents:

The accused products in this case are Amazon's Simple Storage Service ("S3") and Amazon Web Services, LLC's Storage Gateway. S3 is a cloud storage service, and the accused functionalities of S3 include but are not limited to its "multipart upload" feature and "conditional operations." . . . In response to receiving each uploaded part of a file, S3 creates an ETag for the part uploaded, which is a MD5 hash of the contents of the part. PersonalWeb maintains that S3's use of these hash values infringes the patents-in-suit.

A customer who stores files using S3 is able to send a variety of different requests to Amazon, *e.g.*, to get a file, to copy a file, or to put a file into storage. The customer can optionally require that the operation succeed or fail based on a comparison of a user-provided ETag against the ETag S3 has stored for the file in question, referred to as “conditional operations.” For example, in S3’s “conditional copy” feature, the two options are “If-Match” and “If-None-Match”—the former allowing a successful copy operation only if the ETags match, and the latter only if the ETags do not match. If the match succeeds, then the copy operation is allowed to be performed; otherwise, S3 returns an error. *PersonalWeb maintains that S3’s conditional operations infringe the patents-in-suit.*

J.A. 2045-46 (emphasis added).

After the district court issued its claim construction order in the Texas case, PersonalWeb stipulated to the dismissal of all its claims against Amazon with prejudice.² Pursuant to that stipulation, the district court in June 2014 issued an order dismissing all claims against Amazon with prejudice; the court subsequently entered final judgment against PersonalWeb.

C

Beginning in January 2018, PersonalWeb filed dozens of new lawsuits in various districts against website operators, many of which were Amazon’s customers. PersonalWeb alleged that by using S3, Amazon’s customers had infringed the True Name patents.

² PersonalWeb had previously dismissed its claims against Dropbox, Inc., without prejudice. Dropbox is not a party to any of the cases before this court.

Amazon intervened in the actions against its customers and undertook the defense of the customer-defendants in all the cases now before this court. In addition, Amazon filed a declaratory judgment complaint against PersonalWeb, seeking an order barring PersonalWeb's infringement actions against Amazon and its customers based on the prior action against Amazon in the Eastern District of Texas. The Judicial Panel on Multidistrict Litigation consolidated the customer cases and the Amazon declaratory judgment action in a multidistrict litigation proceeding, and assigned the consolidated cases to the United States District Court for the Northern District of California for pretrial proceedings. That court decided to proceed with the Amazon declaratory judgment action first. Based on input from the parties, the court selected one representative customer case (the case against Twitch Interactive, Inc.) to proceed along with the Amazon declaratory judgment action. The court stayed all the other customer cases. Because PersonalWeb represented that it would not be able to proceed in the other customer cases if it lost its case against Twitch, the district court relied on PersonalWeb's pleadings against Twitch as being representative of PersonalWeb's pleadings in the other customer cases.

In its counterclaim against Amazon in the declaratory judgment action, PersonalWeb alleged that S3 infringed the True Name patents when S3 used ETags to perform conditional operations. In particular, PersonalWeb accused S3's use of ETags to determine whether a customer's web browser should reuse its cached data or download a new, updated version of the data. According to PersonalWeb, "Amazon thereby reduced the bandwidth and computation required by its S3 web host servers (acting as origin servers for its web server customers)

and any intermediate cache servers” J.A. 2929. PersonalWeb made similar allegations in its complaints against Amazon’s customers.

PersonalWeb’s infringement contentions tracked the complaints against Amazon’s customers. For example, PersonalWeb alleged that “[t]he distribution of hosted webpage file content (content) to other computers such as outside intermediate cache servers and computers running web browsers . . . is controlled from an S3 website file host server (a first computer). This is done in response to a conditional HTTP GET request (a request) obtained by an S3 website file host server (a first device in the system) from another computer (a second device in the system)” J.A. 381. The conditional HTTP GET requests included ETags that, according to PersonalWeb, corresponded to the claimed “content-dependent name.”

D

Amazon moved for summary judgment in its declaratory judgment action and partial summary judgment in PersonalWeb’s infringement action against Twitch. Amazon argued that, in light of the with-prejudice dismissal of PersonalWeb’s action against Amazon in the Texas case, PersonalWeb was barred from suing Amazon or its customers for infringement based on Amazon’s S3 system.

The district court granted the motion in part. It held that claim preclusion barred PersonalWeb’s claims regarding acts of infringement occurring prior to the final judgment in the Texas action, and that the *Kessler* doctrine, first adopted by the Supreme Court in *Kessler v. Eldred*, 206 U.S. 285 (1907), barred PersonalWeb’s claims of infringement relating to S3 after the final judgment in the Texas action.

With respect to claim preclusion, the district court held that all the requirements of that doctrine were met. First, the court determined that the with-prejudice dismissal in the Texas action was a final judgment on the merits, and that PersonalWeb did not reserve any rights in the stipulated dismissal in that case. *In re PersonalWeb*, 2019 WL 1455332, at *6-7.

Second, the court concluded that Amazon's customers were in privity with Amazon. As the court explained, Amazon and its customers share the same interest in the unfettered use of Amazon's web services; Amazon adequately represented that interest in the Texas action; and Amazon agreed to indemnify its customers and assumed the defense of its customers against PersonalWeb's infringement charges. *Id.* at *7-9.

Third, the court ruled that the causes of action asserted in the Texas case and in the customer cases were the same. The court rejected PersonalWeb's contention that the claims against Amazon in the Texas case were limited to the multipart upload features of S3, and did not extend to S3 generally. *Id.* at *10-13. The court concluded that "both the complaint and the infringement contentions in the Texas Action indisputably support the Court's conclusion that the Texas Action asserted infringement against all of S3 and was not limited only to [the multipart upload feature]." *Id.* at *12. Different features of the same product, the court ruled, do not give rise to separate causes of action. *Id.* at *13.

Finally, the court rejected Amazon's argument that claim preclusion applies through the expiration of the patents, and instead concluded that claim preclusion applies only up to the date of the final judgment in the Texas action. *Id.* at *13-14.

With respect to the *Kessler* doctrine, the district court held that the judgment in the Texas case gave rise to a limited trade right to continue producing, using, and selling the product at issue in that case “even when the acts of infringement occurred post-final judgment and even when it was third parties who allegedly engaged in those acts of infringement.” *Id.* at *15 (internal quotation marks and citation omitted). The court rejected PersonalWeb’s argument that the *Kessler* doctrine is “rooted in . . . issue preclusion” and does not apply because the judgment in the Texas case did not specifically adjudicate the issue of non-infringement. *Id.* at *14-16.

The district court then determined that its summary judgment ruling had the effect of disposing of the eight customer cases in which PersonalWeb alleged infringement based solely on the customer’s use of Amazon’s S3 system. Accordingly, the court dismissed those eight cases. PersonalWeb appeals from the judgment in those cases.

II

PersonalWeb raises two primary challenges to the district court’s decision. First, PersonalWeb contends that claim preclusion is inapplicable to the actions against Amazon’s customers because the Texas case involved a different feature of Amazon’s S3 system, and therefore a different cause of action, than the feature that is at issue in the customer cases. Second, PersonalWeb contends that the with-prejudice dismissal of the action against Amazon in the Texas case did not constitute an adjudication of non-infringement and is therefore insufficient to trigger the *Kessler* doctrine.³ We reject both challenges.

³ In the trial court, PersonalWeb also contended that claim preclusion applies only up to the date of the operative complaint in the prior

Under the doctrine of claim preclusion, “a judgment on the merits in a prior suit bars a second suit involving the same parties or their privies based on the same cause of action.” *Parklane Hosiery Co. v. Shore*, 439 U.S. 322, 326 n.5 (1979). Claim preclusion bars both those claims that were brought as well as those that could have been brought in the earlier lawsuit. *Lucky Brand Dungarees, Inc. v. Marcel Fashions Grp., Inc.*, 140 S. Ct. 1589, 1594-95 (2020); *Brain Life, LLC v. Elekta Inc.*, 746 F.3d 1045, 1053 (Fed. Cir. 2014); *Owens v. Kaiser Found. Health Plan, Inc.*, 244 F.3d 708, 713 (9th Cir. 2001).

To the extent that a case turns on general principles of claim preclusion, as opposed to a rule of law having special application to patent cases, this court applies the law of the regional circuit in which the district court sits—here the Ninth Circuit. *Acumed LLC v. Stryker Corp.*, 525 F.3d 1319, 1323 (Fed. Cir. 2008). However, the question whether two causes of action for patent infringement are the same is an issue peculiar to patent law, and we therefore analyze that issue under Federal Circuit law. *Id.*

For purposes of claim preclusion, PersonalWeb does not dispute the district court’s ruling that the with-prejudice judgment in the Texas case is a final judgment on the merits. PersonalWeb also does not challenge the district court’s determination that Amazon and its customers are in privity, and thus are regarded as the same parties for claim preclusion purposes. The sole basis for PersonalWeb’s challenge to the district court’s finding on

action. PersonalWeb has not challenged the trial court’s ruling that “claim preclusion bars PersonalWeb’s claims through the date of the final judgment in the Texas Action.” *In re PersonalWeb*, 2019 WL 1455332, at *13. Because PersonalWeb has not appealed that aspect of the trial court’s decision, we do not address it.

claim preclusion is its contention that the Texas action and the customer suits involved different causes of action.

In determining whether causes of action for patent infringement are the same, we are guided by the Restatement (Second) of Judgments (1982). See *SimpleAir, Inc. v. Google LLC*, 884 F.3d 1160, 1165 (Fed. Cir. 2018); *Acumed*, 525 F.3d at 1323-24. Following the approach taken in the Restatement, we define a cause of action by the transactional facts from which it arises, and we consider the extent of the factual overlap between the two alleged claims at issue. See *Gillig v. Nike, Inc.*, 602 F.3d 1354, 1363 (Fed. Cir. 2010) (“Claims arising from the same nucleus of operative facts are barred by res judicata.”); *Senju Pharm. Co. v. Apotex Inc.*, 746 F.3d 1344, 1349 (Fed. Cir. 2014); *Acumed*, 525 F.3d at 1323-24 (citing Restatement §24); *Foster v. Hallco Mfg. Co.*, 947 F.2d 469, 478 (Fed. Cir. 1991) (noting that a “claim,” i.e., a cause of action, “is used in the sense of the facts giving rise to the suit”).

In patent cases, one of the areas of factual overlap we consider “is the overlap of *the product or process* accused in the instant action with *the product or process* accused in the prior action.” *Senju*, 746 F.3d at 1349. Claim preclusion does not apply unless the products or processes are essentially the same. *Id.* (citing *Acumed*, 525 F.3d at 1324); *SimpleAir*, 884 F.3d at 1167. “Accused devices are ‘essentially the same’ where the differences between them are merely ‘colorable’ or ‘unrelated to the limitations in the claim of the patent.’” *Acumed*, 525 F.3d at 1324 (quoting *Foster*, 947 F.2d at 480). We also consider whether the same patents are involved in both suits. *Senju*, 746 F.3d at 1349.

Importantly, under well-settled principles of claim preclusion, different arguments or assertions in support of liability do not all constitute separate claims. See *Fos-*

ter, 947 F.2d at 478. Regardless of the number of substantive theories available to a party and regardless of the differences in the evidence needed to support each of those theories, a party may not split a single claim into separate grounds of recovery and raise those separate grounds in successive lawsuits. See *Mars Inc. v. Nippon Conlux Kabushiki-Kaisha*, 58 F.3d 616, 619 (Fed. Cir. 1995); Restatement §24 cmt. a. Rather, the party must raise in a single lawsuit all the grounds of recovery arising from a particular transaction that it wishes to pursue. *Mars*, 58 F.3d at 619.

PersonalWeb asserts that in the Texas case it accused only the multipart upload functionality of Amazon’s S3 system. In the customer cases before the California court, PersonalWeb contends it has accused the “cache control” functionality, an entirely different feature of Amazon’s S3 system. According to PersonalWeb, these different features constitute different products or processes for purposes of claim preclusion analysis.⁴ PersonalWeb thus contends that the accused activity in the customer cases is not essentially the same as the activity that was accused in the Texas case, and that claim preclusion is therefore inapplicable in the customer cases.

Although PersonalWeb contends that the accused feature in the customer cases is different from the accused feature in the Texas case, PersonalWeb concedes that “the conditional GET commands” that are at issue in the customer cases were identified in the infringement contentions in the Texas case. Appellant’s Br. at 37. None-

⁴ PersonalWeb also contends that the customer cases are different because they include a new product, Amazon CloudFront. None of the customer cases before this court, however, involve accusations against CloudFront, so that argument is irrelevant to the resolution of this appeal.

theless, PersonalWeb contends that there were only a “handful” of references to those conditional operations in the Texas infringement contentions, not enough to constitute a substantial factual overlap. Moreover, PersonalWeb contends that it referred to that infringement theory in the Texas case only by way of “analogy.”

Contrary to PersonalWeb’s assertions, PersonalWeb did not limit its infringement contentions in the Texas case to S3’s multipart upload functionality. As PersonalWeb told the trial court in the Texas case, “the accused functionalities of S3 include but are not limited to its ‘multipart upload’ feature and ‘conditional operations.’” PersonalWeb’s assertion that it included conditional get requests in the Texas infringement contentions as analogies, not accusations, is thus at odds with the representations PersonalWeb made in the Texas case. Because PersonalWeb accused the use of “conditional operations” in the Texas case, PersonalWeb’s arguments regarding the purported differences between the multipart upload and the “cache control” functionalities of S3 are irrelevant.

In any event, regardless of the breadth of the specific infringement theories PersonalWeb pursued in the Texas case, it is clear that the complaints in the customer cases and the complaint in the Texas case relate to the same set of transactions. In the Texas case, PersonalWeb alleged that it had been injured by acts of infringement consisting of the manufacture, use, sale, importation, and/or offer for sale of the Amazon S3 product. Every alleged act of infringement in the eight customer cases before us is likewise based on the use of the same Amazon S3 product.

At most, PersonalWeb has shown that it emphasized different facts in support of a different theory of infringement in the prior case. But that is not enough to avoid claim preclusion. See Restatement §24 cmt. c (“That a

number of different legal theories casting liability on an actor may apply to a given episode does not create multiple transactions and hence multiple claims. This remains true although the several legal theories depend on different shadings of the facts, or would emphasize different elements of the facts . . .”). We therefore uphold the district court’s ruling that claim preclusion principles bar PersonalWeb from pursuing infringement claims in the eight customer cases for actions predating the judgment in the Texas case.

B

In addition to the two traditional pillars of preclusion law—claim and issue preclusion—there is a separate and less frequently invoked doctrine that derives from the Supreme Court’s decision in *Kessler v. Eldred*. We have generally held that claim preclusion cannot apply to acts of alleged infringement that occur after the final judgment in the earlier suit. See *Brain Life*, 746 F.3d at 1054; see also *Dow Chem. Co. v. Nova Chems. Corp. (Canada)*, 803 F.3d 620, 626 (Fed. Cir. 2015) (“It is well-established that, as to claims for continuing conduct after the complaint is filed, each period constitutes a separate claim.” (citations omitted)). Likewise, if the requirements of issue preclusion are not satisfied, relief under that doctrine will not be available to protect post-judgment activity. *Brain Life*, 746 F.3d at 1056. The *Kessler* doctrine, however, “fills the gap” left by claim and issue preclusion, by “allowing an adjudged *noninfringer* to avoid repeated harassment for continuing its business as usual post-final judgment in a patent action where circumstances justify that result.” *Id.*

PersonalWeb contends that the *Kessler* doctrine does not apply in this case because Amazon is not an “adjudged non-infringer.” In particular, PersonalWeb con-

tends that the *Kessler* doctrine is based on principles of collateral estoppel, and that the doctrine therefore cannot be invoked unless the issue of infringement or invalidity was “actually litigated” in the prior case. PersonalWeb contends that “no issues” were actually litigated in the Texas case because PersonalWeb dismissed its claims before there was any adjudication.

We have previously addressed whether the *Kessler* doctrine precludes relitigation only of issues that were actually litigated in a prior action, albeit in slightly different contexts. In *Brain Life*, we explained that the *Kessler* doctrine barred all claims that were brought or “could have been brought” in the prior action. *Brain Life*, 746 F.3d at 1058-59; see also 18 Charles A. Wright *et al.*, *Federal Practice & Procedure* § 4409 & n.34 (3d ed. 2020 update) (characterizing *Brain Life* as utilizing the *Kessler* doctrine as a “substitute for claim preclusion” to bar claims against “conduct that the parties reasonably should expect to continue without change”). Similarly, in *SpeedTrack, Inc. v. Office Depot, Inc.*, we explained that

the *Kessler* doctrine is a necessary supplement to issue and claim preclusion: without it, a patent owner could sue a manufacturer for literal infringement and, if unsuccessful, file suit against the manufacturer’s customers under . . . any [patent] claim or theory not actually litigated against the manufacturer as long as it challenged only those acts of infringement that post-dated the judgment in the first action. That result would authorize the type of harassment the Supreme Court sought to prevent in *Kessler* when it recognized that follow-on suits against customers could destroy the manufacturer’s judgment right.

791 F.3d 1317, 1328 (Fed. Cir. 2015).

Likewise, in *SimpleAir* we said that the *Kessler* doctrine serves to fill the “temporal gap” left by claim preclusion, even if that gap is not filled by issue preclusion. 884 F.3d at 1170. As *Brain Life*, *SpeedTrack*, and *SimpleAir* illustrate, we have treated the *Kessler* doctrine as a close relative to claim preclusion, without its temporal limitation, rather than as an early version of non-mutual collateral estoppel, as PersonalWeb characterizes it.

None of the other cases PersonalWeb cites requires that issues of noninfringement or invalidity be actually litigated before the *Kessler* doctrine can be invoked. In *MGA, Inc. v. General Motors Corp.*, we said that “in its effect,” the *Kessler* doctrine may be compared to defensive collateral estoppel. 827 F.2d 729, 734 (Fed. Cir. 1987). PersonalWeb relies on that statement in an effort to confine the *Kessler* doctrine to instances in which collateral estoppel would apply. But PersonalWeb’s reliance on that statement from *MGA* is misplaced. The question presented in *MGA* was whether Michigan state courts would have applied the *Kessler* doctrine. *Id.* at 733. We concluded that they would do so because the *Kessler* doctrine was sufficiently similar to the collateral estoppel law applied by Michigan state courts at the time. *Id.* at 734 (“[W]e discern from a review of the law of the state of Michigan, that its courts would apply the *Kessler* doctrine, which in its effect may be compared to defensive collateral estoppel[.]”). As our subsequent decisions interpreting *MGA* demonstrate, however, nothing we said in *MGA* limited *Kessler* to requiring that the issue of noninfringement or invalidity be “actually litigated,” as PersonalWeb contends. See *Brain Life*, 746 F.3d at 1058-59; *SpeedTrack*, 791 F.3d at 1328.

Nor does *Mentor Graphics Corp. v. EVE-USA, Inc.*, 851 F.3d 1275 (Fed. Cir. 2017), impose such a require-

ment. In that case, Mentor sued EVE for patent infringement. The parties subsequently settled the case, with EVE taking a license to the patents. Following the licensing agreement and settlement, the trial court dismissed Mentor's claims with prejudice. *Id.* at 1297-98. Later, however, the licensing agreement was terminated. *Id.* at 1298. When Mentor sought to bring a second infringement action, EVE argued that the *Kessler* doctrine barred the lawsuit. We disagreed and held that the *Kessler* doctrine did not bar the second lawsuit against EVE over actions that took place after the termination of the license. Although the first suit was dismissed with prejudice, we noted that EVE was a willing licensee, not an adjudicated non-infringer. *Id.* at 1301. Under those circumstances, we held that *Kessler* did not permit EVE to infringe the patents with impunity after the license was no longer in effect. *Id.*

The with-prejudice dismissal of PersonalWeb's action against Amazon in the Texas case is quite different from the licensing agreement that ended the first action in the *Mentor* case. The dismissal in *Mentor* was contingent on the license; when the license was terminated, the contingency disappeared, and Mentor was free to re-initiate its infringement action. In this case, by contrast, there was no contingency attached to the with-prejudice dismissal to which PersonalWeb stipulated.⁵ PersonalWeb aban-

⁵ PersonalWeb points to a provision in the stipulation and order of dismissal in the Texas case providing that Amazon retains "the right to challenge validity, infringement, and/or enforceability of the patents-in-suit via defense or otherwise, in any future suit or proceeding" and suggests that the language in question somehow limits the preclusive effect of the dismissal. Appellant's Reply Br. at 10 (quoting J.A. 335). That is plainly not so. The proviso protects Amazon, not PersonalWeb, and therefore does not in any way qualify the effect of the with-prejudice dismissal of PersonalWeb's claims in the Texas case.

doned its claims against Amazon without reservation, explicit or implicit. The judgment in that case therefore stands as an adjudication that Amazon was not liable for the acts of infringement alleged by PersonalWeb.

The policy that drove the Supreme Court's decision in *Kessler* would be ill-served by adopting the rule proposed by PersonalWeb. The Court in *Kessler* recognized that even if a manufacturer of goods were to prevail in a patent infringement suit, the manufacturer could be deprived of the benefits of its victory if the patentee were free to sue the manufacturer's customers. The Court asked rhetorically whether, after *Kessler* had earned, "by virtue of the judgment, the right to sell his wares freely, without hindrance from Eldred [the patentee], must *Kessler* stand by and see that right violated . . . ?" *Kessler*, 206 U.S. at 289. To allow follow-up suits by the patentee against *Kessler*'s customers, the Court explained, "will be practically to destroy *Kessler*'s judgment right." *Id.* at 289-90. Accordingly, the Court concluded that, setting aside "any rights which *Kessler*'s customers have or may have, it is *Kessler*'s right that those customers should, in respect of the articles before the court in the previous judgment, be let alone by Eldred, and it is Eldred's duty to let them alone." *Id.* at 289. As the Court put the matter a few years after *Kessler*, a party that obtains a final adjudication in its favor obtains "the right to have that which it lawfully produces freely bought and sold without restraint or interference." *Rubber Tire Wheel Co. v. Goodyear Tire & Rubber Co.*, 232 U.S. 413, 418 (1914); see also *SpeedTrack*, 791 F.3d at 1323.

Based on the Supreme Court's analysis in *Kessler* and *Rubber Tire Wheel*, we have characterized the *Kessler* doctrine as granting a "limited trade right" that attaches to the product itself. *SpeedTrack*, 791 F.3d at 1323 (quoting

MGA, 827 F.2d at 734-35). The scope of that right is not limited to cases involving a finding of non-infringement that was necessary to the resolution of an earlier lawsuit, but extends to protect any products as to which the manufacturer established a right not to be sued for infringement. For that reason, the judgment in the Texas case, pursuant to a with-prejudice dismissal, protected Amazon's S3 product from subsequent infringement challenges, even when those challenges were directed at Amazon's customers rather than at Amazon itself.

Under PersonalWeb's narrower construction of the *Kessler* doctrine, a final, adverse disposition of a patentee's claims against the manufacturer of a particular product would not give the manufacturer protection from infringement actions against its customers for the use of the same product, unless the adverse decision was accompanied by a specific, contested adjudication of non-infringement. Such a proposition would leave the patentee free to engage in the same type of harassment that the Supreme Court sought to prevent in *Kessler*, a result that would be inconsistent both with *Kessler* itself and with this court's cases interpreting *Kessler*. See *Kessler*, 206 U.S. at 289-90; *Speed-Track*, 791 F.3d at 1328-29; *Brain Life*, 746 F.3d at 1056, 1058-59.

We do not agree with PersonalWeb's contention that applying *Kessler* to voluntary dismissals with prejudice would contravene the public interest in the settlement of patent litigation. See *Foster*, 947 F.2d at 477 ("[T]he Federal Circuit has repeatedly expressed the view that there is a strong public interest in settlement of patent litigation."). Contrary to PersonalWeb's assertions, the rule we apply here will not interfere with the ability of parties to resolve patent disputes. To the extent that a plaintiff wishes to settle an infringement action while

preserving its rights to sue the same or other parties in the future, it can do so by framing the dismissal agreement to preserve any such rights that the defendant is willing to agree to. Settling parties will remain free to limit the preclusive effect of a dismissal; they simply have to fashion their agreement in a way that makes clear any limitations to which they wish to agree as to the downstream effect of the dismissal. See, e.g., *Hallco Mfg. Co. v. Foster*, 256 F.3d 1290, 1295 (Fed. Cir. 2001); *Pactiv Corp. v. Dow Chem. Co.*, 449 F.3d 1227, 1231 (Fed. Cir. 2006).

We therefore reject PersonalWeb’s contention that the issue of non-infringement must be “actually litigated” in order to invoke the *Kessler* doctrine. PersonalWeb’s stipulated dismissal with prejudice in the Texas case operated as an adjudication on the merits for claim preclusion purposes. *Levi Strauss & Co. v. Abercrombie & Fitch Trading Co.*, 719 F.3d 1367, 1372-73 (Fed. Cir. 2013) (citing 18A Charles A. Wright *et al.*, *Federal Practice and Procedure* §4435 (2d ed. 2002)). That is, the with-prejudice dismissal resolved the dispute about liability for the alleged patent infringement that gave rise to the Texas action. Thus, the dismissal operated as an adjudication of non-liability for infringement for purposes of invoking the *Kessler* doctrine. Under that doctrine, the stipulated dismissal with prejudice conferred upon Amazon a limited trade right to continue producing, using, and selling Amazon S3 without further harassment from PersonalWeb, either directly or through suits against Amazon’s customers for using that product.

AFFIRMED

27a

APPENDIX B
UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION

IN RE: PERSONALWEB TECHNOLOGIES LLC, ET AL.,
PATENT LITIGATION

No. 18-MD-02834-BLF

ORDER GRANTING IN PART
AND DENYING IN PART AMAZON'S
MOTION FOR SUMMARY JUDGMENT
[RE: ECF 315]

March 13, 2019

BETH LABSON FREEMAN, United States District Judge.

PersonalWeb Technologies LLC and Level 3 Communications, LLC (collectively, "PersonalWeb") allege patent infringement by Amazon.com, Inc. and Amazon Web Services, Inc. (collectively, "Amazon"), and separately by dozens of customers of Amazon, related to the customers' use of Amazon's S3 in connection with downloading files from S3. However, PersonalWeb previously sued Amazon in the Eastern District of Texas ("the Texas Action") for infringement of the same patents by the same product.

Amazon now seeks summary judgment under claim preclusion and the related *Kessler* doctrine, arguing that

PersonalWeb’s current lawsuits are barred by the prior action. PersonalWeb counters that claim preclusion does not apply because the instant litigation involves a different feature of S3 than what was accused in the Texas Action. PersonalWeb further argues that the instant litigation does not involve the same parties or their privies and that the previous litigation did not end in a final judgment on the merits.

The Court has considered Amazon’s motion for summary judgment of Amazon’s declaratory judgment claims and defenses under the claim preclusion and *Kessler* doctrines, ECF No. 315 (“Mot.”), PersonalWeb’s opposition, ECF No. 334 (“Opp.”), Amazon’s reply, ECF No. 350 (“Reply”), and PersonalWeb’s sur-reply, ECF No. 354-1 (“Sur-reply”).

For the reasons discussed below, Amazon’s motion for summary judgment is GRANTED IN PART and DENIED IN PART.

I. BACKGROUND

A. Procedural Background

Beginning in January 2018, PersonalWeb filed numerous lawsuits against Amazon’s customers alleging infringement related to their use of Amazon S3. See, e.g., Case No. 18-cv-00149-BLF, ECF No. 1 ¶56 (“Defendant has utilized . . . both hardware and software hosted on the Amazon S3 hosting system.”). On February 5, 2018, Amazon filed a complaint for declaratory judgment against PersonalWeb, seeking to preclude PersonalWeb’s infringement actions against Amazon’s customers. ECF No. 18-cv-767-BLF (“Amazon DJ Action”). On February 27, 2018, PersonalWeb filed a motion for transfer and consolidation of pretrial proceedings before the Judicial Panel on Multidistrict Litigation (JPML). MDL No. 2834, Dkt. No. 1. On June 7, 2018, the JPML transferred and as-

signed to this Court all then-existing cases comprising this MDL. ECF No. 1. Following consolidation of the MDL, additional cases were related or transferred to this Court. See ECF Nos. 23, 42, 44, 158, 160, 311.

On September 26, 2018, this Court ordered that it would proceed with the Amazon DJ Action first. ECF No. 157. At that time, the Court stayed the proceedings in the “customer cases” (any case comprising this MDL other than the Amazon DJ Action). *Id.* On October 3 and 4, 2018, PersonalWeb filed amended complaints in the customer cases and an amended counterclaim in the Amazon DJ Action. ECF Nos. 175-257.

During the November 2, 2018 Case Management Conference, the Court raised the concern that a verdict against Amazon in the Amazon DJ Action may leave unresolved issues as to the liability of the other defendants in the customer cases. ECF No. 300 at 4. After considering the parties’ oral and written statements, the Court designated *PersonalWeb v. Twitch*, 18-cv-05619-BLF as a representative customer case. Order Re Representative Customer Case, ECF No. 313. PersonalWeb represented to the Court that PersonalWeb would not be able to proceed against the defendants in the other customer cases if it lost against Twitch. Nov. 2, 2018 Case Mgmt. Conf., ECF No. 300 at 6. The Court ordered the stay lifted as to Twitch and ordered that Twitch shall participate in all proceedings. Order Re Representative Customer Case, ECF No. 313 at 3. Accordingly, for purposes of discussing Amazon’s motion for summary judgment, the Court relies on PersonalWeb’s pleadings against Twitch as representative of PersonalWeb’s pleadings in the customer cases. ECF No. 198 (“Twitch Compl.”). The Court also refers to the operative complaint in the Amazon DJ Action. See 18-cv-767-BLF, ECF No. 36 (“DJ Compl.”).

B. Factual Background Regarding the Technology

1. Patents-In-Suit

In the earliest complaints filed in the customer cases, PersonalWeb alleged infringement of U.S. Patent Nos. 5,978,791 (the “’791 patent”), 6,928,442 (the “’442 patent”), 7,802,310 (the “’310 patent”), 7,945,544 (the “’544 patent”), and 8,099,420 (the “’420 patent”) (collectively, “patents-in-suit”).¹ See, *e.g.*, Case No. 18-cv-00149-BLF, ECF No. 1 ¶1. All five patents share a specification and each claims priority to a patent filed on April 11, 1995. All of the patents-in-suit have expired, and PersonalWeb’s allegations are directed to the time period prior to their expiration. Twitch Compl. ¶18. PersonalWeb has dropped the ’791 patent from the operative complaints in the customer cases and its counterclaim against Amazon; however, Amazon’s FAC in the DJ Action still includes the ’791 patent. DJ. Compl. ¶¶49-56.

In its complaint, PersonalWeb represents that the patents-in-suit address the problem of how to efficiently name and identify files on a computer network. Twitch Compl. ¶11. The patent specification describes the alleged problem that the patents address: “[t]he same [file] name in two different [folders] may refer to different data items, and two different [file] names in the same [folder] may refer to the same data item.” ’442 Patent at 2:15-17 (available at ECF No. 315-3). PersonalWeb’s complaint explains that the patents-in-suit involve using a cryptographic hash function to produce a content-based “True Name” identifier for a file, which “ensure[s] that identical file names refer[] to the same data, and conversely, that

¹ PersonalWeb does not allege infringement of the ’544 patent in its counterclaim against Amazon. ECF No. 257. However, Amazon includes the ’544 patent in its complaint in the DJ Action. DJ Compl. at 18.

different file names refer[] to different data.” Twitch Compl. ¶¶13, 15-17. For a small file, “[a] True Name is computed using a [hash] function . . . which reduces a data block . . . to a relatively small, fixed size identifier, the True Name of the data block, such that the True Name of the data block is virtually guaranteed to represent the data block B and only data block B.” ’442 Patent at 12:58-63. Larger files are split into smaller segments. The hash function is applied to each segment, and the resulting values are strung together into an indirect data item. The True Name of this indirect data item is then computed. This becomes the True Name of the larger file. *Id.* at 14:16-35.

The summary of the invention describes multiple uses for these True Names, including (1) to avoid keeping multiple copies of a given data file, regardless of how files are named; (2) to avoid copying a data file from a remote location when a local copy is already available; (3) to access files by data name without reference to file structures; (4) to maintain consistency in a cache of data items and allow corresponding directories on disconnected computers to be resynchronized with one another; (5) to confirm whether a user has a particular piece of data, regardless of its name; and (6) to verify that data retrieved from a remote location is the intended data. ’442 Patent at 3:49-4:37. The patents-in-suit are directed to various specific aspects of this system.

2. *Background Regarding Website Functions*

In both the Twitch case and Amazon DJ Action, PersonalWeb’s infringement allegations involve website cache management. PersonalWeb summarizes the following relevant background regarding website functioning in the Twitch Complaint. Typically, a “webpage base file” includes text, formatting, and links to other web content

such as images (“asset files”) that make up part of the webpage. Twitch Compl. at ¶20. An individual’s web browser retrieves a webpage base file from a remote web server, and then the individual’s web browser retrieves the referenced asset files from the same or different servers. *Id.* at ¶22. The web browser retrieves a webpage base file or asset file by making a “GET” request to a web server using the Hypertext Transfer Protocol (“HTTP”). *Id.* The web server may respond to a GET request with a response that includes the requested content and may include other information or instructions. *Id.* In order to improve the speed of retrieving webpages, a web browser can store a webpage base file and related asset files in a “cache” on the local computer running the browser. *Id.* at ¶24. The web browser can subsequently use cached versions of the webpage or asset file, rather than having to download the same files repeatedly over the Internet. *Id.*

In addition to these local caches, files are frequently cached on “intermediate” servers. *Id.* at ¶25. When computers communicate on the Internet, they typically do so through a chain of intermediate servers. Like the local cache of a file, an intermediate server can use its cache to deliver files downstream, rather than needing to repeatedly make upstream requests for the same files from the originating server. A webserver can include a “cache-control” header along with an asset file. *Id.* at ¶26. This cache-control header tells downstream intermediate servers and web browsers whether and for how long an asset file may be used, and when the asset file should be refreshed.

Typically, website operators want a browser or intermediate server to use cached files as long as the files have not changed. *Id.* at ¶¶27-28. By using cached files,

downstream individuals can load webpages quicker, and a web server saves bandwidth by not delivering the same data repeatedly. However, website operators want a browser or intermediate server to stop using a cached file as soon as the file has changed. *Id.* The challenge, then, is how to tell a browser when the file has changed such that the browser should download a new version of the file. PersonalWeb alleges that the “True Name” system described by its patents provide a solution to this problem of forcing a browser to download a new version of a file only when the file has changed. That solution is at the heart of the instant litigation.

3. *Background Regarding Amazon S3*

Amazon’s Simple Storage Service (S3) provides web-based storage, which customers access using an Application Programming Interface (API) built according to the HTTP specification. Markle Decl., ECF No. 315-18 ¶¶3-4. For example, customers use an HTTP “GET” command to request a file and an HTTP “PUT” command to upload a file. *Id.* ¶4.

S3 generates “ETag” headers for the objects that it stores. *Id.* ¶9. These ETags are essentially extra bits of information that describe a file. For most objects, S3 generates the ETag using the MD5 hash algorithm. This ensures that when a file’s contents change, the ETag also changes. *Id.* Clients can use this ETag functionality for cache management. When a client first retrieves an object from S3, it can store it in a local cache. *Id.* ¶10. If the client subsequently requests the same file, S3 can compare the ETag for the file stored on S3 with the ETag for the same file stored in the client’s cache. If the values are the same, “S3 saves time and network bandwidth by responding with a status code” to inform the client that the file has not been modified. *Id.* ¶10. If the

ETags do not match, S3 will instruct the client to download the newer version of the file. *Id.* ¶10.

Multipart upload (“MPU”) is one feature of S3. *Id.* ¶6. MPU allows an S3 customer to upload a large object, like a video file, as a series of parts. *Id.* Once all the parts have been uploaded, S3 can assemble them into a single file for storage. *Id.* MPU generates ETags for each uploaded part as well as for the completed object. *Id.* ¶9. In the MPU context, S3 uses ETags to verify the integrity of the uploaded data.

C. The Complaints in the Texas Action

On December 8, 2011, PersonalWeb sued Amazon and its customer DropBox in the Eastern District of Texas, alleging infringement of eight related patents by Amazon’s S3 service. *PersonalWeb Techs., LLC v. Amazon.com Inc.*, No. 6:11-cv-00658 (E.D. Tex. Filed Dec. 8, 2011). As discussed further below, the parties do not contest that the Texas Action involved the same patents as the instant MDL.

In the complaint in the Texas Action, PersonalWeb alleged that Amazon infringed PersonalWeb’s patents “by its manufacture, use, sale, importation and/or offer for sale of . . . Amazon Simple Storage Service (S3) and Amazon ElastiCache. Amazon further contributes to and induces others to manufacture, use, sell, import, and/or offer for sale these infringing products and services.” FAC Texas Action, ECF No. 315-2 ¶20. “For PersonalWeb’s claims of indirect infringement, Amazon’s end-user customers and consultants are direct infringers of the Patents-in-Suit within the PersonalWeb Patent Field.” *Id.* ¶52. Nowhere in the Texas complaint did PersonalWeb discuss or limit its allegations to any specific features of S3.

Pursuant to the parties’ stipulation, on June 9, 2014, the court in the Eastern District of Texas Action issued

an order of dismissal with prejudice. ECF No. 315-7. The court entered a final judgment dismissing all claims on June 11, 2014. ECF No. 315-8.

D. The Complaints in the Instant Case

PersonalWeb alleges that the instant case revolves specifically around use of ETags for cache management. In its counterclaim against Amazon in the DJ Action, PersonalWeb alleges that S3 uses ETags in response to “conditional” HTTP GET requests to determine whether a customer’s browser should reuse its cached data or download a new copy of the data. First Amended Counterclaim (“FACC”), ECF No. 257 ¶¶36-38. PersonalWeb alleges that “Amazon thereby reduce[s] the bandwidth and computation required by its S3 web host servers.” *Id.* ¶39. Specifically, PersonalWeb alleges that S3 can generate ETags for asset files that customers upload to S3. *Id.* ¶41. In addition, even if the ETag is generated outside of S3, S3 uses the ETag in response to GET requests to determine whether to send a new version of a file to a browser. PersonalWeb’s counterclaim alleges infringement of the ’442 patent, ’310 patent, and ’420 patent. Each of these allegations is specifically in relation to S3’s cache control features.

The operative complaint in the Twitch case alleges that Twitch “contracted with Amazon to use Amazon’s S3 system to store and serve at least some of” Defendant’s asset files. Twitch Compl. ¶41. The Twitch complaint largely mirrors the counterclaim, including both the background section and the specific infringement allegations. Compare Twitch Compl. ¶¶54-60 with FACC, ECF No. 257 ¶¶50-56. The Twitch complaint alleges infringement of the three patents included in the Amazon Counterclaim as well as the ’544 Patent. Twitch Compl. ¶¶71-81.

As an example of Twitch’s allegedly infringing conduct, the Twitch complaint includes “an asset file served by S3 with a content-based ETag generated by S3 for that asset file.” Twitch Compl. ¶51. This example relates to what PersonalWeb labels “Category 3” in the infringement contentions (which are auxiliary to the complaint). As discussed in more detail below with respect to the scope of the summary judgment motion, PersonalWeb accuses four categories of infringing activities by Twitch, of which only Category 3 involves use of S3. The infringement allegations in the Twitch complaint largely ascribe the infringing conduct to Twitch’s own origin servers rather than to S3 servers. See, *e.g.*, *id.* ¶57.

In its counterclaim against Amazon, PersonalWeb alleges that the customer defendants directly infringe PersonalWeb’s patents “because for each of the elements of the asserted claims, the website defendants either perform or direct and control the vicarious performance of each claimed element.” FACC, ECF No. 257 ¶23. Alternatively, PersonalWeb alleges direct infringement by Amazon. *Id.* PersonalWeb sums up the relationship between its complaints against the customer defendants and Amazon as follows:

In some of these actions, *inter alia*, PersonalWeb alleges that the website defendants infringe certain claims of the True Name patents through their control over and use of certain aspects of Amazon’s S3 system to distribute their webpage content so that downstream intermediate caches and end-point browsers only serve/use the latest content authorized by the website defendant. In those actions, PersonalWeb also alleges that the certain website defendants also infringe certain claims of the True Name patents through the combination of their

control over and use of these certain aspects of Amazon's S3 system and their control over and use of certain aspects of the website architecture they have used to produce webpages for their websites. FACC, ECF No. 257 ¶22.

II. LEGAL STANDARD

“A party is entitled to summary judgment if the ‘movant shows that there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law.’” *City of Pomona v. SQM N. Am. Corp.*, 750 F.3d 1036, 1049 (9th Cir. 2014) (quoting Fed. R. Civ. P. 56(a)). The moving party has the burden of establishing that there is no dispute as to any material fact. *Celotex Corp. v. Catrett*, 477 U.S. 317, 323 (1986). “The court must view the evidence in the light most favorable to the nonmovant and draw all reasonable inferences in the nonmovant’s favor.” *City of Pomona*, 750 F.3d at 1049. “[T]he ‘mere existence of a scintilla of evidence in support of the plaintiff’s position’” is insufficient to defeat a motion for summary judgment. *Id.* (quoting *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 252 (1986)). “Where the record taken as a whole could not lead a rational trier of fact to find for the nonmoving party, there is no genuine issue for trial.” *Id.* (quoting *Matsushita Elec. Indus. Co., Ltd. v. Zenith Radio Corp.*, 475 U.S. 574, 587 (1986)).

III. DISCUSSION

In its motion for summary judgment, Amazon argues that (1) claim preclusion bars PersonalWeb’s claims in this case, and (2) the *Kessler* doctrine independently bars PersonalWeb’s claims. Mot. at 2. For the reasons discussed below, the Court concludes that claim preclusion bars PersonalWeb’s claims regarding acts of infringement occurring prior to the final judgment in the Texas Action. The Court concludes that the *Kessler* doctrine

bars PersonalWeb's claims accusing S3 regarding acts of infringement after the final judgment in the Texas Action.

A. Scope of the Motion

As an initial matter, the parties do not dispute that Amazon's motion for summary judgment does not apply to all of PersonalWeb's claims in the Twitch case. PersonalWeb identifies four categories of infringing activities committed by the various customers. See De la Iglesia Declaration, ECF No. 336 ¶6; Twitch Infringement Contentions, ECF No. 340-12. Category 1 infringement involves ETags for webpage base files generated by non-S3 web servers. De la Iglesia Decl., ECF No. 336 ¶7. Category 2 infringement involves ETags for webpage asset files generated by non-S3 web servers. *Id.* ¶8. Category 3 infringement involves ETags for webpage asset files generated by S3 web servers. *Id.* ¶9. Category 4 infringement involves fingerprints for webpage asset files generated by non-S3 web servers. *Id.* ¶10. At the hearing, Amazon agreed that Amazon's summary judgment motion cannot reach categories 1, 2, and 4. Trans., ECF No. 376 at 24. The parties also do not dispute that Amazon's motion applies to the Declaratory Judgment Action and PersonalWeb's counterclaims against Amazon.

As to Category 3, PersonalWeb alleges that customer infringement in this category involves use of both S3 and CloudFront. Opp. at 3. The parties do not contest that S3 and CloudFront are different products, nor that CloudFront was not accused in the Texas Action; however, Amazon argues that PersonalWeb does not have standing to assert claims related to CloudFront. Reply at 8-10.

PersonalWeb's right to assert the patents-in-suit is apparently governed by the agreement between Kinetech, Inc., the predecessor-in-interest to PersonalWeb, and Digital Island, Inc., the predecessor-in-interest to

Level 3 (Kinetech-Digital Island Agreement). ECF No. 363-1, Schedule 1.2. Under that agreement, Level 3 retains the exclusive right to enforce all of the patents in the field of “the infrastructure services of one or more managed global content delivery networks (CDNs) in which a customer’s content is served faster, on average, than if served from the customer’s origin server or the CDN can typically serve more users than a customer’s origin server alone; where at least some customer content on origin servers is replicated to possibly many alternate servers of the CDN, many of said CDN servers being at [Internet Service Provider (ISP)] sites, and where users’ requests for origin content are satisfied by directing them to CDN servers.” *Id.*

Although PersonalWeb argues that the Kinetech-Digital Island Agreement does not preclude its right to assert these infringement claims against Amazon’s CloudFront product, the Court will not analyze and resolve this issue without input from Level 3. Amazon is free to challenge the inclusion of CloudFront in a separate motion and the Court will expect Level 3 to either join in PersonalWeb’s opposition or to file a separate opposition.

Accordingly, for purposes of the instant motion for summary judgment, in the Twitch case the Court will only consider whether claim preclusion applies to PersonalWeb’s Category 3 infringement claims based on use of Amazon S3. In its briefing on the motion for summary judgment, PersonalWeb does not argue that its counterclaim against Amazon involves CloudFront. See, *e.g.*, Opp. at 6 (Category 3 involves CloudFront “if the *website operator* separately pays CloudFront to serve its S3 webpage asset files.”) (emphasis added). The Court has reviewed the counterclaim against Amazon and the infringement contentions against Amazon, neither of which appear

to mention CloudFront anywhere. ECF Nos. 257, 340-2. Nonetheless, the Court notes that its analysis of claim preclusion in the Amazon DJ Action is limited to S3 and does not reach any allegations based on CloudFront.

B. Claim Preclusion

In a patent infringement case, the Federal Circuit applies the claim preclusion rules of the regional circuit. See *Brain Life, LLC v. Elekta Inc.*, 746 F.3d 1045, 1052 (Fed. Cir. 2014). In the Ninth Circuit, claim preclusion applies where the prior suit: (1) “reached a final judgment on the merits;” (2) “involved identical parties or privies;” and (3) “involved the same claim or cause of action.” *Mpoyo v. Litton Electro-Optical Sys.*, 430 F.3d 985, 987 (9th Cir. 2005) (citation omitted). “Whether two claims of infringement constitute the same claim or cause of action is an issue particular to patent law” to which Federal Circuit law applies. *Brain Life, LLC*, 746 F.3d at 1052.

1. Final Judgment on the Merits

Typically, this element is undisputed. Here, however, PersonalWeb contends that there is no prior final judgment on the merits for purposes of claim preclusion because the contracted stipulation of dismissal in the Texas Action contained express reservations limiting the dismissal’s preclusive effect. Opp. at 18.

A dismissal with prejudice “constitutes a final judgment on the merits, and prevents [the plaintiff] from re-asserting the same claim in a subsequent action against [the same defendant].” *Int’l Union of Operating Eng’rs v. Karr*, 994 F.2d 1426, 1429 (9th Cir. 1993). The “parties can draft the terms of a settlement agreement so as to alter the preclusive effect of prior judgments,” but the court will not “supply by inference what the parties have failed to expressly provide [in the settlement agreement], especially when that inference would suspend the appli-

cation of this circuit's principles of res judicata." *Id.* at 1432-33 (citations omitted).

In the Texas Action, the parties' stipulation of dismissal with prejudice provided:

Now, therefore, it is hereby stipulated, by and among Plaintiffs PersonalWeb Technologies LLC and Level 3 Communications LLC and Defendants Amazon.com, Inc., and Amazon Web Services LLC, that all claims in the above captioned action shall, in accordance with the concurrently submitted Order of Dismissal, be dismissed with prejudice, that Defendant Amazon.com, Inc. and Amazon Web Services LLC retain the right to challenge validity, infringement, and/or enforceability of the patents-in-suit, via defense or otherwise, in any future proceeding, and that each party shall bear its own costs, expenses and attorneys' fees. ECF No. 340-1.

The stipulation contained no additional language as to the preclusive effect of the dismissal. In the Order of Dismissal with Prejudice, the Texas court specified that Amazon "retain[s] the right to challenge validity, infringement, and/or enforceability of the patents-in-suit via defense or otherwise, in any future suit or proceeding." ECF No. 315-7.

PersonalWeb submits several arguments in opposition. First, PersonalWeb argues that "PersonalWeb retained the right to pursue both the *identical* as well as *additional* patent infringement claims pertaining to the TrueName patents against Amazon, which is the only reason Amazon expressly reserved all future, substantive defense rights." Opp. at 18. However, nothing in the stipulation or judgment supports that contention. The stipulation is remarkably and unequivocally one-sided in favor of Amazon. The Court cannot infer that Personal-

Web retained the right to assert future infringement contentions in the absence of express language in the stipulation. See *Karr*, 924 F.2d at 1432-33; see also *Aspex Eyewear, Inc. v. Marchon Eyewear, Inc.*, 672 F.3d 1335, 1346 (Fed. Cir. 2012) (“the parties’ decision to depart from the normal rules of claim preclusion by agreement ‘must be express’”) (citation omitted).

Second, at the hearing PersonalWeb argued that at the time of the stipulated dismissal, the parties understood that the dismissal would be construed according to *Aspex*. Trans., ECF No. 376 at 58, 69. Specifically, PersonalWeb quoted from *Aspex*: “In order to construe the settlement agreement to reach [new] products that were introduced during the several-month period before the settlement agreement was executed, we would have to conclude that the parties intended to depart from the normal rule that the products at issue in a patent suit are those in existence at the time the suit is filed.” 672 F.3d at 1346. *Aspex* has to do with whether a settlement agreement applies to new products and offers no support to PersonalWeb. In this case, the very same S3 at issue in the Texas Action is again at issue here.

Additionally, in its briefing, PersonalWeb cites declarations of PersonalWeb’s counsel and PersonalWeb’s Non-Executive Chairman stating that the parties to the Texas Action recognized that PersonalWeb retained the right to assert infringement claims involving S3 in the future. Hadley Decl. & Bermeister Decl., ECF Nos. 335, 337. However, at the hearing, PersonalWeb conceded that it does not intend to argue that these declarations should be interpreted to modify the express language of the stipulated dismissal. Trans., ECF No. 376 at 57-58.

Because PersonalWeb did not reserve any rights in the stipulated dismissal in the Texas Action, the Court

finds that the dismissal with prejudice in the Texas Action constitutes a final judgment on the merits for purposes of the claim preclusion analysis in the instant case. See *Karr*, 994 F.2d at 1429 (dismissal with prejudice constitutes judgment on the merits for purposes of claim preclusion).

2. *Identical Parties or Privies*

For the reasons discussed below, there appears to be privity between Amazon and its customers. However, the Court does not rely solely on this conclusion to bar PersonalWeb's claims. Even if the Court found no privity between Amazon and its customers with respect to claim preclusion, the *Kessler* doctrine would fill the gap and thus preclude PersonalWeb's claims. As discussed further below, the *Kessler* doctrine developed specifically to address customer-manufacturer relationships.

There is no question that the Amazon DJ Action involves the identical parties as the Texas Action. As to the customer cases, Amazon argues that the defendants are in privity with Amazon (1) because their interests as customers are identical to Amazon's own interests in the use of S3, and (2) because Amazon is indemnifying the customer-defendants in the instant actions. Mot. at 8-9.

In the Ninth Circuit, "privity may exist . . . when there is sufficient commonality of interest" between the parties. *Tahoe-Sierra Pres. Council, Inc. v. Tahoe Reg'l Planning Agency*, 322 F.3d 1064, 1081 (9th Cir. 2003) (internal quotation and citation omitted). Specifically, the Ninth Circuit has concluded 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. See *Shaw v. Hahn*, 56 F.3d 1128, 1131-32 (9th Cir. 1995). Moreover, a "lesser degree of privity is required for a new defendant to benefit from claim preclusion than for a plaintiff to bind a new defendant

in a later action.” *Mars Inc. v. Nippon Conlux Kabushiki-Kaisha*, 58 F.3d 616, 619 (Fed. Cir. 1995).

As to whether the technology provider-customer relationship creates privity, Amazon relies primarily on another case from this district, *Adaptix, Inc. v. Amazon.com, Inc.*, No. 14-cv-01379-PSG, 2015 WL 4999944 (N.D. Cal. Aug. 21, 2015). There, the court concluded that privity existed between the manufacturers of 4G LTE-compatible devices and the manufacturers’ customers because the patent-holder “was fully aware that customers like the John Does existed [and] were in possession of the allegedly infringing devices . . . yet failed to bring claims against them [in the earlier litigation].” *Id.* at *6. In response, PersonalWeb cites Federal Circuit dicta and a federal practice treatise for the general propositions that a manufacturer “typically is not in privity with a [customer],” and unrelated parties “ordinarily do not have authority to bind each other by litigation with third parties.” *Transclean Corp. v. Jiffy Lube Int’l, Inc.*, 474 F.3d 1298, 1306 (Fed. Cir. 2007); 18 Wright et al., *Federal Practice & Procedure* § 4460 (3d ed. 2018). These authorities state only general propositions that are entirely consistent with this Court’s analysis. *Transclean Corp.* recognizes that privity exists between a manufacturer and customer “when the parties are so closely related and their interests are so nearly identical that it is fair to treat them as the same parties for purposes of determining the preclusive effect of the first judgment.” 474 F.3d at 1306 (internal quotations and citation omitted).

The Court agrees 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 Texas Action. See *Shaw*, 56

F.3d at 1131-32 (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); see also *Mars Inc.*, 58 F.3d at 619 (a “lesser degree of privity is required for a new defendant to benefit from claim preclusion than for a plaintiff to bind a new defendant in a later action.”); *Adaptix*, 2015 WL 4999944, at *6 (customers are in privity with manufacturer for purposes of determining preclusive effect of previous noninfringement judgment against manufacturer). None of PersonalWeb’s arguments displace the fact that in the instant MDL, PersonalWeb sues Amazon’s customers for infringement of the same patents related to use of the same technology as PersonalWeb sued Amazon for in the Texas Action. Moreover, 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.

As to the effect of the indemnification agreement, it is undisputed that: (1) Amazon’s customer agreement has contained an indemnification provision since June 2017, prior to the date that PersonalWeb filed any of the complaints in the cases comprising this MDL; (2) sometime following PersonalWeb’s filing of complaints in the customer cases, Amazon agreed to indemnify its customers; and (3) during the alleged infringement period in this case (January 2012 through December 2016, Opp. at 10), Amazon’s customer agreement did not include the indemnification provision.

In support of its argument that privity flows from the indemnity agreement, Amazon cites a case from the Northern District of California with similar facts. See *SpeedTrack, Inc. v. Office Depot, Inc.*, 2014 WL 1813292

(N.D. Cal. May 6, 2014), *aff'd*, 791 F.3d 1317 (Fed. Cir. 2015). In *SpeedTrack*, the court found that the defendant-customers were in privity with the supplier of software for managing defendants' websites, and thus the customer-defendants could assert *res judicata* defensively against SpeedTrack based on the software supplier's previous noninfringement judgment. *Id.* at *6. The court explained that "[b]ecause [the software supplier] is contractually obligated to indemnify defendants for any losses stemming from a finding of infringement, the court finds that the parties are in privity." *Id.* The court reasoned that express limitations in the indemnification agreement, including language stating that "[neither] party is the agent or representative of the other party," merely defined the limits of the indemnification agreement and did not defeat the preclusive effect of the indemnification agreement. *Id.* (emphasis omitted).

For its part, PersonalWeb does not dispute that an indemnification agreement can create privity. Rather, PersonalWeb argues that the indemnification agreement in this case is insufficient to create privity because prior to June 2017 Amazon was not contractually obligated to indemnify its customers for infringement, and the agreement does not apply to claims "arising from infringement by combinations of [Amazon's services], with any other product, service, software, data, content or method." Opp. at 9-10. In addition, PersonalWeb argues that privity is improper because Amazon's customer agreement states that "neither party . . . is an agent of the other for any purpose or has the authority to bind the other." Opp. at 8. PersonalWeb fails to cite any authority in support of its arguments regarding a lack of preclusive effect flowing from the indemnification agreement.

On the specific facts before it, the Court finds 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.” *Transclean Corp.*, 474 F.3d at 1306. As the court in *SpeedTrack* explained, PersonalWeb’s objections regarding the scope of the indemnification agreement “merely set[] an outer limit on the relationship between [Amazon] and defendants.” 2014 WL 1813292, at *6. It is undisputed that Amazon’s customer agreement included an indemnification provision prior to PersonalWeb’s filing of any of the customer cases, and that Amazon expressly assumed the defense of its customers sometime between when PersonalWeb filed complaints in the customer cases and when Amazon filed its First Amended Complaint in the DJ Action. Thus, 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.

3. *Same Cause of Action*

Federal circuit law applies to the question of whether two actions for patent infringement constitute the same cause of action. See *Brain Life, LLC*, 746 F.3d at 1052. The Federal Circuit considers two factors to determine whether the same cause of action is present for claim preclusion purposes: (1) “whether the same patents are involved in both suits” and (2) whether “the products or processes are essentially the same” in both suits. *Senju Pharm. Co. v. Apotex Inc.*, 746 F.3d 1344, 1349 (Fed. Cir. 2014) (emphasis omitted). “Accused devices are essentially the same where the differences between them are . . . unrelated to the limitations in the claim of the pat-

ent.” *Acumed LLC v. Stryker Corp.*, 525 F.3d 1319, 1324 (Fed. Cir. 2008) (internal quotations and citation omitted).

As to the first factor, PersonalWeb asserted infringement of the ’791, ’442, ’310, and ’544 patents in the Eastern District of Texas Action. PersonalWeb did not previously assert infringement of the ’420 patent. In its briefing, Amazon argues that the ’420 patent “makes no difference as a matter of law” because it is a “continuation of the twice-asserted ’442 patent, claims priority to the same patent application as [the other patents-in-suit], shares the same specification with the other [patents-in-suit], and is limited by a terminal disclaimer.” Mot. at 4. At the hearing, counsel for PersonalWeb stated on the record that PersonalWeb does not contest that the ’420 patent alleges the same claims at issue in the Texas Action. Trans., ECF No. 376 at 75. Accordingly, the Court finds that for purposes of claim preclusion, the scope of the ’420 patent is essentially the same as the previously asserted ’442 patent. See *SimpleAir, Inc. v. Google LLC*, 884 F.3d 1160, 1167 (Fed. Cir. 2018) (“[W]here different patents are asserted in a first and second suit, a judgment in the first suit will trigger claim preclusion only if the scope of the asserted patent claims in the two suits is essentially the same.”).

As to the second factor, it is undisputed that the infringement contentions in Category 3 involve the use of Amazon S3, the same product in dispute in the Texas Action. However, the parties dispute (1) the scope of the contentions in the previous litigation and (2) whether claim preclusion applies to different features of the same product.

a. *Scope of the Contentions in the Previous Litigation*

PersonalWeb argues that claim preclusion does not apply because “[t]he Texas infringement contentions were

very specific to the MPU features of S3, not to S3 in general.” Opp. at 11. In particular, PersonalWeb argues that the conditional HTTP GET request used in the cache control feature central to the instant MDL is not used in MPU. Opp. at 5. Amazon argues that the complaint in the Texas Action involved the entire S3 product. Reply at 4. Moreover, Amazon argues that PersonalWeb’s infringement contentions in the Texas Action included the same use of GET and ETags that it accuses in the instant litigation, and that PersonalWeb sought discovery related to these commands in the Texas Action. Mot. at 13.

PersonalWeb’s argument regarding the scope of the Texas Action is not persuasive. The complaint in the Texas Action alleged that Amazon infringed “by its manufacture, use, sale, importation and/or offer for sale of . . . Amazon Simple Storage Service.” Texas Compl., ECF No. 315-2 ¶28. The complaint does not discuss any specific features of S3, does not include the words “upload” or “download” anywhere, and does not limit PersonalWeb’s allegations to any specific features of S3. This evidence alone is sufficient for this Court to conclude that the allegations in the Texas Action involved all of S3, not just a particular feature. See *Mars Inc.*, 58 F.3d at 619-20 (looking to the prior complaint to determine whether two cases related to the same set of transactions for purposes of claim preclusion).

Moreover, PersonalWeb’s enumerated patent claims in the Texas Action included claims directed to downloading. ECF No. 340-2 at 1. PersonalWeb also made discovery requests in the Texas Action including the use of GET operations related to downloading. ECF No. 350-6 (discovery request related to “conditional matching GET Object operation, using an eTag, such as “If-Match” and “If-None-Match.”); ECF No. 350-7 at 90:19-23, 91:5-8

(deposition testimony on conditional GET commands). The Court finds that this evidence supports Amazon's argument that the Texas Action included the specific functionality accused in the instant case.

At the hearing, PersonalWeb offered two arguments to get around this evidence. First, PersonalWeb argued that there are disputed issues of material fact as to whether the infringement contentions in the Texas Action included use of the HTTP GET command. Trans., ECF No. 376 at 51. PersonalWeb cited the declaration of Mr. Hadley, who stated that the use of "conditional HTTP GET requests containing ETags . . . was not a part of the Texas Action and PersonalWeb made no contention that such uses infringed any PersonalWeb patent." Hadley Decl., ECF No. 337 ¶ 4. Mr. Hadley explained that "[t]he references to conditional HTTP GET requests in the [Texas] Infringement Contentions" were related to showing that conditional HTTP GET requests are analogous to MPU. Hadley Decl., ECF No. 337 ¶ 4.

The Court finds that Mr. Hadley's declaration does not create a genuine dispute of material fact because the declaration is "uncorroborated and self-serving." *Villiarimo v. Aloha Island Air, Inc.*, 281 F.3d 1054, 1061 (9th Cir. 2002). Mr. Hadley's recollection of the gravamen of the Texas Action does not dispute the plain meaning of the Texas Complaint, infringement contentions, and discovery requests. Viewing the evidence in the light most favorable to PersonalWeb, the evidence shows that the discovery and infringement contentions in the Texas Action primarily involved MPU but also encompassed the HTTP GET (download) command. No reasonable jury could conclude otherwise. See *Scott v. Harris*, 550 U.S. 372, 380 (2007) ("When opposing parties tell two different stories, one of which is blatantly contradicted by the rec-

ord, so that no reasonable jury could believe it, a court should not adopt that version of the facts for purposes of ruling on a motion for summary judgment.”). Mr. Hadley’s post hoc recollection of his litigation strategy is simply insufficient to place this issue in dispute.

Second, PersonalWeb argues that the scope of the Texas Action should be limited to what was included in the infringement contentions, and not the complaint. Trans., ECF No. 376 at 44-45. Even if the Court agreed with PersonalWeb, the Texas infringement contentions included the HTTP GET command, and thus PersonalWeb’s argument fails on its own terms. Moreover, the case that PersonalWeb cites does not support its argument. Contrary to PersonalWeb’s description, *Wowza* involved *different versions* of the same product. See *Adobe Sys. Inc. v. Wowza Media Sys., LLC*, 72 F. Supp. 3d 989, 995 (N.D. Cal. 2014). During the prior case in *Wowza*, the court struck Adobe’s “RTMP Enhanced” infringement theory because the theory was added to an expert report but was not in the infringement contentions. *Id.* at 991. In the second case, the court held that the RTMP Enhanced theory was not barred by claim preclusion because the “RTMP Enhanced theory [was] asserted against products released after the filing of the infringement contentions in *Wowza I.*” *Id.* at 995. Thus, the RTMP Enhanced theory was not barred in *Wowza II* because it related to new products, not as PersonalWeb would have it because the court limited its claim preclusion analysis to the infringement contentions.

In sum, the Court finds that both the complaint and the infringement contentions in the Texas Action indisputably support the Court’s conclusion that the Texas Action asserted infringement against all of S3 and was not limited only to MPU.

b. *Different Features of the Same Product*

Even if the Texas Action involved all of S3, PersonalWeb argues that claim preclusion does not apply because “the accused *features* of S3 here and in the Texas Action were completely different.” Opp. at 12. PersonalWeb argues that “MPU is priced separately from the downloading and serving features of S3.” Opp. at 13. Amazon argues that “multipart upload is a *feature* of S3, not a separate product, and a feature that uses ETags no less so than single-part upload files.” Mot. at 12.

As an initial matter, the Court finds that there is no genuine dispute of material fact as to whether multipart upload is a feature of S3, not a separate product. The declaration that PersonalWeb cites explains that S3 customers are charged for each individual transaction involving uploading or downloading objects and for retaining storage. Markle Decl., ECF No. 341-11 at 97-99, 101. At most, this evidence shows that Amazon charges individual prices for specific transactions within S3, not that MPU is a separate product.

The Court notes that PersonalWeb does not argue that S3 has changed in any way that is meaningful to PersonalWeb’s infringement contentions, and Amazon does not argue that the differences between multipart upload and cache control are “unrelated to the limitations in the claim of the patent.” *Acumed LLC*, 525 F.3d at 1324. Accordingly, the issue before the Court is the legal question of whether claim preclusion applies where the later suit involves different features of the same product as the original suit.

Amazon has pointed the Court to a single case involving similar facts. See *ViaTech Techs., Inc. v. Microsoft Corp.*, No. 17-570, 2018 WL 4126522 (D. Del. Aug. 28, 2018). The court there explained:

Plaintiff accused Windows alone of directly infringing the '567 patent in the First Action. Now, reading the Amended Complaint in the manner most favorable to Plaintiff, Plaintiff's direct infringement claim in the Second Action includes not only Windows, but other items, such as media, as well. Plaintiff has not alleged that adding media changes Windows, nor alleged that Windows has changed since the First Action. Given that Plaintiff previously asserted that Windows infringed the '567 patent, Plaintiff cannot once again accuse Windows of infringing the '567 patent, but argue that other items, like media, are necessary for infringement. Likewise, Plaintiff cannot repeatedly assert its patent against different parts of Windows in separate suits, even if one accused part is on the left-hand side of Windows and the other is on the right-hand side, so to speak.

Id. at *3 (internal citations omitted).

ViaTech is consistent with the doctrine of claim splitting. "It is well established that a party may not split a cause of action into separate grounds of recovery and raise the separate grounds in successive lawsuits." *Mars Inc.*, 58 F.3d at 619. "A main purpose behind the rule preventing claim splitting is to protect the defendant from being harassed by repetitive actions based on the same claim." *Clements v. Airport Auth. of Washoe Cty.*, 69 F.3d 321, 328 (9th Cir. 1995) (internal quotation and citation omitted). In the patent infringement context, the Federal Circuit has explained that "claim preclusion bars both claims that were brought as well as those that *could have been* brought." *Brain Life*, 746 F.3d at 1053 (emphasis in original).

PersonalWeb cites *Young Engineers, Inc. v. U.S. Int'l Trade Comm'n*, 721 F.2d 1205, 1316 (Fed. Cir. 1983),

which states the unremarkable proposition that “claim preclusion [does not] apply to conduct of a different nature from that involved in the prior litigation.” PersonalWeb argues that “[n]one of Amazon’s cases suggest that the commercial packaging of different features or aspects of accused devices has any bearing whatsoever on whether they are part of the ‘same transaction’ for claim preclusion purposes.” Opp. at 13.

PersonalWeb’s argument is unpersuasive. PersonalWeb fails to cite any cases that support its contention that infringement allegations related to different features of the same product give rise to separate causes of action. The Court finds nothing in the relevant Federal Circuit precedent to support PersonalWeb’s argument. See, *e.g.*, *Acumed LLC*, 525 F.3d at 1324 (“[O]ne of the essential transactional facts giving rise to a patent infringement claim is the structure of the *device* or *devices* in issue Adjudication of infringement is a determination that a *thing* is made, used or sold without authority under the claim(s) of a valid enforceable patent.” (emphasis added) (internal quotations and citations omitted)). The doctrine against claim splitting applies with full force here. Accordingly, the Court concludes that the fact that this suit allegedly involves a different feature of S3 from the Texas Action makes no difference to whether claim preclusion applies.

4. *Post-Judgment Claims of Infringement*

Having concluded that claim preclusion applies to the instant case, the Court now turns to Amazon’s argument that claim preclusion applies “through the expiration of the patents.” Mot. At 14. As a fallback, Amazon argues that PersonalWeb’s claims are barred at least through the date of final judgment in the Texas Action. Reply at 10. PersonalWeb contends that claim preclusion only

applies up to the date of its amended complaint in the Texas Action. Opp. at 15. The Court concludes that claim preclusion bars PersonalWeb’s claims through the date of the final judgment in the Texas Action.

Recent Federal Circuit case law is conclusive on this point. In *Mentor Graphics Corp. v. EVE-USA, Inc.*, 851 F.3d 1275, 1301 (Fed. Cir. 2017) the court held that “claim preclusion does not bar a patentee from bringing infringement claims for acts of infringement occurring after the final judgment in a previous case.” The court explained that “for products made or sold after the previous actions, it [does] not matter whether the new products [are] essentially the same as the previously accused products. . . . [T]he patentee *could not* have brought those claims in the prior case.” *Id.* at 1299 (internal quotation and citation omitted); see also *Asetek Danmark A/S v. CMI USA Inc.*, 852 F.3d 1352, 1365 (Fed. Cir. 2017) (claim preclusion does not apply to post-dismissal conduct, “even if all the conduct is alleged to be unlawful for the same reason”); *Brain Life*, 746 F.3d at 1054 (claim preclusion does not bar infringement claims arising from “acts occurring after final judgment was entered in the first suit”).

Amazon argues that there is an intra-circuit split within the Federal Circuit as to whether claim preclusion bars infringement claims arising from acts occurring after the date of the first judgment. Mot. at 14. Amazon argues that, until the Federal Circuit resolves the alleged conflict *en banc*, *Nystrom v. Trex Co., Inc.*, 580 F.3d 1281 (Fed. Cir. 2009) is the controlling precedent. In *Nystrom*, the Federal Circuit held that claim preclusion barred the patentee’s suit as to products that “reached the market after the filing date of the original . . . complaint.” *Id.* at 1284. However, the Federal Circuit has since clarified

that “[a]lthough the *Nystrom* court characterized its analysis as falling under the general rubric of res judicata or claim preclusion, the principle that the court applied was” that of issue preclusion. *Aspex*, 672 F.3d at 1343. Accordingly, this Court will follow the Federal Circuit’s own interpretation of *Nystrom* as not conflicting with more recent Federal Circuit precedent directing that claim preclusion only applies to acts of infringement that pre-date the first judgment.

PersonalWeb argues that claim preclusion can only apply up to the date of the amended complaint in the Texas Action because PersonalWeb was not required to assert any cause of action that it acquired during the pendency of the Texas Action, and that any such cause of action is not barred by claim preclusion. Opp. at 16. PersonalWeb submits that *Gillig*, *Aspex*, and *Dow Chemical* support its argument. Opp. at 15; Trans., ECF No. 376 at 38-42. PersonalWeb’s argument that it was not required to assert any *new* cause of action is true as far as it goes, but that does not help PersonalWeb here. As discussed above, this case involves the same cause of action as the Texas Action. The cases that PersonalWeb cites do not say otherwise.

Gillig, which did not involve patent infringement claims, states that “The *res judicata* doctrine does not apply to new rights acquired during the action which might have been, but which were not, litigated.” *Gillig v. Nike, Inc.*, 602 F.3d 1354, 1363 (Fed. Cir. 2010) (citation omitted). Quoting this language, *Aspex* explains that “[i]n patent cases, this court has applied the general rule that res judicata does not bar the assertion of ‘new rights acquired during the action which might have been, but were not, litigated.’” *Aspex*, 672 F.3d at 1345 (quoting *Gillig*, 602 F.3d at 1363). In *Aspex*, the Federal Circuit concluded

that claim preclusion does not apply to products that were not in existence at the time of the filing of the prior complaint. See *id.* Unlike *Aspex*, the instant case does not involve new products that were not in existence at the time of the filing of the prior complaint. Moreover, *Aspex* explicitly held that claim preclusion could apply to new products introduced between the filing of the complaint and the judgment in the previous case, if the patentee elected to have those products included in the previous action. See *id.* Thus, *Aspex* and *Gillig* do not support the conclusion that claim preclusion only applies up to the date of the complaint in the prior action.

At the hearing, PersonalWeb specifically directed the Court to the holding in *Dow Chemical, Trans.*, ECF No. 376 at 39, a case it had cited only once in a string cite in its papers, Opp. at 17. In *Dow Chemical*, the Federal Circuit reiterated that “traditional notions of claim preclusion do not apply when a patentee accuses new acts of infringement, i.e., *post-final judgment*, in a second suit.” *Dow Chem. Co. v. Nova Chems. Corp.*, 803 F.3d 620, 627 (quoting *Brain Life*, 746 F.3d at 1056) (emphasis added). In the language quoted by counsel for PersonalWeb, the *Dow Chemical* court applied the general rule on claim preclusion to the specific facts of that case to explain why claim preclusion did not apply from a previous judgment to a period of supplemental damages. *Id.* (“Here, the bulk of the supplemental damages accrued after the [previous judgment], and it is clear that claim preclusion also does not apply to damages accruing after the filing of the complaint and not the subject of the first judgment.”). *Aspex* and *Dow Chemical* are both consistent with Federal Circuit precedent instructing that claim preclusion in patent infringement cases applies up to the date of the

judgment in the previous case, at least when the same product is involved in both cases.

5. *Summary*

For the reasons discussed above, the Court finds that claim preclusion applies because the Texas Action ended in a final judgment, involved the same parties or privies, and involved the same cause of action. Claim preclusion applies to PersonalWeb's claims up to the date of the final judgment in the Texas Action.

C. *Kessler Doctrine*

Amazon contends that the *Kessler* doctrine bars all of PersonalWeb's S3 claims, "including claims against Amazon customers for conduct occurring after the date of the Texas judgment." Mot. at 15. Amazon argues that the dismissal with prejudice in the Texas Action "created a trade right [under *Kessler*] that conferred upon Amazon and its customers the status of non-infringers and upon S3 the status of a non-infringing product." Mot. at 17. PersonalWeb argues that *Kessler* is "rooted in . . . issue preclusion," and accordingly requires that the question of infringement was actually litigated in the prior case. Trans., ECF No. 376 at 65; Opp. at 19. Under issue preclusion rules, PersonalWeb argues that the dismissal with prejudice in the previous case is insufficient to trigger preclusion under the *Kessler* doctrine. *Id.* In addition, PersonalWeb argues that *Kessler* does not apply to the cache-busting feature of S3 because that feature has never been "held to be non-infringing by any court." Opp. at 20. For the reasons discussed below, the Court finds that the *Kessler* doctrine bars PersonalWeb's post-judgment

infringement claims against Amazon and its customers related to use of S3.²

In *Kessler v. Eldred*, 206 U.S. 285, 288 (1907), the Supreme Court held that a prior noninfringement judgment conferred upon the manufacturer “the right to manufacture, use, and sell” the adjudged non-infringing product. Accordingly, the Court concluded that “it is Kessler’s right that those customers should, in respect of the articles before the court in the previous judgment, be let alone by [the patentee].” *Id.* at 289. The Federal Circuit has recently affirmed the continued vitality of the *Kessler* doctrine, explaining that “the Court granted *Kessler* a limited trade right to continue producing, using, and selling the [adjudged non-infringing product] . . . even when the acts of infringement occurred post-final judgment and even when it was third parties who allegedly engaged in those acts of infringement.” *Brain Life*, 746 F.3d at 1056. The Federal Circuit explained that “[t]he *Kessler* doctrine fills the gap between [claim preclusion and issue preclusion] doctrines.” *Id.*

The Court finds persuasive the only case that the parties have identified that squarely addresses the applicability of *Kessler* based on a prior dismissal with prejudice. In *Molinaro v. Am. Tel & Tel. Co.*, 460 F. Supp. 673, 675 (E.D. Penn. 1978), the previous suit was dismissed with prejudice as a sanction for failure to comply with discovery orders. The *Molinaro* court explained

² At the hearing, Amazon acknowledged that they have not seen a case specifically addressing whether *Kessler* applies to claims arising prior to the final judgment in the previous case. Trans., ECF No. 376 at 71. Because this Court concludes that claim preclusion bars PersonalWeb’s claims against both Amazon and its customers prior to the previous judgment, this Court does not need to consider whether *Kessler* also applies to that time period.

that the “analysis of the applicability of the *Kessler* doctrine is not altered by the fact that the infringement question in the instant case was not actually litigated in the [prior] suit.” *Id.* at 676. *Molinaro* is consistent with Federal Circuit precedent, which explains that the *Kessler* doctrine applies to claims that “could have been brought”—and were necessarily not adjudicated—in the prior action. See *Brain Life*, 746 F.3d at 1059 (method claims were not actually litigated in the prior action and thus were not barred by issue preclusion but were barred by *Kessler*).

PersonalWeb seeks to distinguish *Molinaro* on two grounds, neither of which is persuasive. First, PersonalWeb fails to explain how the fact that *Molinaro* was based on a dismissal entered as a sanction for failure to comply with discovery orders makes any difference to the preclusive effect of the dismissal. *Opp.* at 19. At the hearing, PersonalWeb argued that a judicial sanction of dismissal should be treated differently than the parties’ voluntary stipulation to dismiss the case because of the punitive aspect of the sanction. *Trans.*, ECF No. 376 at 62-63. Other than the emotional appeal of that distinction, PersonalWeb points to no authority or anything rooted in the *Kessler* doctrine to support its argument.

Second, PersonalWeb’s characterization of *Molinaro* as “a non-controlling 50 year-old district court case,” *Opp.* at 19, is inconsistent with the Federal Circuit’s 2015 opinion citing *Molinaro* approvingly. See *Speedtrack, Inc. v. Office Depot, Inc.*, 791 F.3d 1317, 1326 (2015). Although *Speedtrack* cited *Molinaro* for the specific proposition that a customer could invoke the *Kessler* doctrine, nothing in *Speedtrack* suggested that the Federal Circuit disagreed with *Molinaro* as to the preclusive effect of a dismissal with prejudice.

In its briefing and at the hearing, PersonalWeb cited numerous additional cases that it argues require actual adjudication of noninfringement in order for *Kessler* to apply. Trans., ECF No. 376 at 68; Opp. at 19. As discussed above, neither *Brain Life* nor *Speedtrack* supports PersonalWeb's argument. In *MGA, Inc. v. General Motors Corp.*, 827 F.2d 729, 734 (Fed. Cir. 1987), the Federal Circuit applied *Kessler* as the equivalent of non-mutual defensive issue preclusion. However, nothing in *MGA* limits *Kessler* to the issue preclusion context, and *Brain Life* cites *MGA* approvingly for its discussion of *Kessler*. See *Brain Life*, 746 F.3d at 1056-57. None of the additional cases that PersonalWeb cites support PersonalWeb's argument that *Kessler* requires actual adjudication of non-infringement. See *Mentor Graphics*, 851 F.3d at 1301 (*Kessler* does not apply when previous case ended with grant of a license to the alleged infringer); *Foster v. Hallco Mfg. Co., Inc.*, 947 F.2d 469, 479-80 (Fed. Cir. 1991) (addressing requirements for claim preclusion); *Wowza*, 72 F. Supp. 3d at 996 (concluding that *Kessler* did not apply where earlier case was still pending at time that second case was filed).

As to PersonalWeb's attempt to limit *Kessler* to the MPU feature of S3, the Court finds the *Brain Life* opinion instructive. In the first suit, Brain Life dismissed without prejudice their method claims and pursued only their apparatus claims. The Federal Circuit reasoned that the products in question "have acquired the status of non-infringing products as to the [relevant] patent," and accordingly "all claims that were brought or could have been brought in the first suit" were barred under *Kessler* in the second suit. *Brain Life*, 746 F.3d at 1058-59. PersonalWeb fails to identify any authority suggesting that the question of whether this case involves the same product

as the prior case should be any different under *Kessler* than under claim preclusion. Accordingly, this Court concludes that the *Kessler* doctrine bars PersonalWeb's current suit as to both Amazon and its customers for all claims related to use of S3 after the prior final judgment.

IV. ORDER

For the foregoing reasons, IT IS HEREBY ORDERED that:

1. Amazon's motion for summary judgment is GRANTED with respect to Amazon's DJ Action and PersonalWeb's counterclaim against Amazon. Amazon's motion is GRANTED with respect to the Category 3 allegations involving use of Amazon Simple Storage Service ("S3") in the *Twitch* case.

2. PersonalWeb is barred by claim preclusion from asserting any claim of infringement in any case based on use or operation of S3 and 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 any claim of U.S. Patent Nos. 5,978,791, 6,928,442, 7,802,310, 7,945,544, and 8,099,420 (the "patents-in-suit"), up to the date of the final judgment in the Texas Action.

3. PersonalWeb is barred, under the *Kessler* doctrine, from asserting any claim of infringement in any case based on use or operation of S3 and 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 any claim of the patents-in-suit.

4. Amazon's motion for summary judgment related to CloudFront is DENIED WITHOUT PREJUDICE. Amazon is free to challenge the inclusion of CloudFront in a separate motion. If Amazon files such a motion, the

Court will expect Level 3 to either join in PersonalWeb's opposition or to file a separate opposition.

5. Amazon's requested relief to preclude assertion that S3 meets any limitation of any claim of the patents-in-suit is DENIED as beyond the scope of the motion.

6. The Parties shall advise the Court as to which customer cases are fully adjudicated by this Order, and which claims of the remaining cases are fully adjudicated regarding accused S3 no later than April 3, 2019.

64a

APPENDIX C

**UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT**

No. 2019-1918

IN RE: PERSONALWEB TECHNOLOGIES LLC

PERSONALWEB TECHNOLOGIES LLC,
Plaintiff-Appellant,

LEVEL 3 COMMUNICATIONS, LLC,
Plaintiff,

v.

PATREON, INC.,
Defendant-Appellee,

AMAZON.COM, INC.,
AMAZON WEB SERVICES, INC.,
Intervenors.

PERSONALWEB TECHNOLOGIES LLC,
Plaintiff-Appellant,

LEVEL 3 COMMUNICATIONS, LLC,
Plaintiff,

v.

DICTIONARY.COM, LLC,
Defendant-Appellee,

65a

AMAZON.COM, INC.,
AMAZON WEB SERVICES, INC.,
Intervenors.

PERSONALWEB TECHNOLOGIES LLC,
Plaintiff-Appellant,
LEVEL 3 COMMUNICATIONS, LLC,
Plaintiff,

v.

VOX MEDIA, INC.,
Defendant-Appellee,
AMAZON.COM, INC.,
AMAZON WEB SERVICES, INC.,
Intervenors.

PERSONALWEB TECHNOLOGIES LLC,
Plaintiff-Appellant,
LEVEL 3 COMMUNICATIONS, LLC,
Plaintiff,

v.

VICE MEDIA, LLC,
Defendant-Appellee,
AMAZON.COM, INC.,
AMAZON WEB SERVICES, INC.,
Intervenors.

PERSONALWEB TECHNOLOGIES LLC,
Plaintiff-Appellant,

66a

LEVEL 3 COMMUNICATIONS, LLC,
Plaintiff,

v.

OATH INC.,
Defendant-Appellee,

AMAZON.COM, INC.,
AMAZON WEB SERVICES, INC.,
Intervenors.

PERSONALWEB TECHNOLOGIES LLC,
Plaintiff-Appellant,

LEVEL 3 COMMUNICATIONS, LLC,
Plaintiff,

v.

BUZZFEED, INC.,
Defendant-Appellee,

AMAZON.COM, INC.,
AMAZON WEB SERVICES, INC.,
Intervenors.

PERSONALWEB TECHNOLOGIES LLC,
Plaintiff-Appellant,

LEVEL 3 COMMUNICATIONS, LLC,
Plaintiff,

v.

POPSUGAR, INC.,
Defendant-Appellee,

67a

AMAZON.COM, INC.,
AMAZON WEB SERVICES, INC.,
Intervenors.

PERSONALWEB TECHNOLOGIES LLC,
Plaintiff-Appellant,
LEVEL 3 COMMUNICATIONS, LLC,
Plaintiff,

v.

ZIFF DAVIS, LLC,
Defendant-Appellee,
AMAZON.COM, INC.,
AMAZON WEB SERVICES, INC.,
Intervenors.

Appeal from the United States District Court
for the Northern District of California in
Nos. 5:18-cv-05599-BLF, 5:18-cv-05606-BLF,
5:18-cv-05969-BLF, 5:18-cv-05970-BLF,
5:18-cv-06044-BLF, 5:18-cv-06046-BLF,
5:18-cv-06612-BLF, 5:18-cv-07119-BLF,
5:18-md-02834-BLF, United States
District Judge Beth Labson Freeman.

ON PETITION FOR PANEL REHEARING
AND REHEARING EN BANC

November 10, 2020

Before PROST, *Chief Judge*, NEWMAN, LOURIE, BRYSON¹, DYK, MOORE, REYNA, WALLACH, TARANTO, CHEN, HUGHES, and STOLL, *Circuit Judges*.²

PER CURIAM.

ORDER

Appellant PersonalWeb Technologies, LLC filed a combined petition for panel rehearing and rehearing en banc. A response to the petition was invited by the court and filed by Appellees BuzzFeed, Inc., Dictionary.com, LLC, Oath Inc., Patreon, Inc., Popsugar Inc., Vice Media, LLC, Vox Media, Inc., and Ziff Davis, LLC and Intervenor Amazon Web Services, Inc. and Amazon.com, Inc. The petition was referred to the panel that heard the appeal, and thereafter the petition for rehearing en banc was referred to the circuit judges who are in regular active service.

Upon consideration thereof,

IT IS ORDERED THAT:

The petition for panel rehearing is denied.

The petition for rehearing en banc is denied.

The mandate of the court will issue on November 17, 2020.

FOR THE COURT

November 10, 2020

Date

/s/ Peter R. Marksteiner

Peter R. Marksteiner

Clerk of Court

¹ Circuit Judge Bryson participated only in the decision on the petition for panel rehearing.

² Circuit Judge O'Malley did not participate.