

No. 20-1394

In the Supreme Court of the United States

PERSONALWEB TECHNOLOGIES, LLC, PETITIONER

v.

PATREON, INC., ET AL.

*ON PETITION FOR A WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT*

BRIEF FOR THE UNITED STATES AS AMICUS CURIAE

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QUESTION PRESENTED

Petitioner sued respondents Amazon.com, Inc. and Amazon Web Services, Inc. (collectively, Amazon) for patent infringement in a prior suit that resulted in a stipulated dismissal with prejudice. Petitioner later sued several of Amazon's customers for patent infringement for using the same Amazon product that had been at issue in the earlier suit. Amazon intervened in those suits and filed its own declaratory-judgment action against petitioner, arguing that the final judgment in the earlier suit precluded petitioner's later suits against Amazon's customers. The court of appeals determined that, under traditional principles of claim preclusion, the prior judgment between petitioner and Amazon would not bar petitioner's infringement claims against Amazon's customers for conduct occurring after the entry of the prior judgment. The court nonetheless found those claims barred under what it called the "*Kessler* doctrine," which it had derived in earlier cases from this Court's decision in *Kessler v. Eldred*, 206 U.S. 285 (1907). The question presented is as follows:

Whether the court of appeals erred in applying *Kessler v. Eldred*, 206 U.S. 285 (1907), to conclude that a prior final judgment of stipulated dismissal between petitioner and Amazon precludes petitioner's later-filed suits against Amazon's customers for conduct occurring after the entry of the prior judgment.

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INTEREST OF THE UNITED STATES

This brief is submitted in response to the Court's order inviting the Solicitor General to express the views of the United States. In the view of the United States, the petition for a writ of certiorari should be denied.

STATEMENT

1. This case concerns principles of res judicata that the court of appeals derived from this Court's decision in *Kessler v. Eldred*, 206 U.S. 285 (1907). There, George Eldred had filed a series of suits alleging infringement of a patent for electric lighters. See *id.* at 285 (statement of the case). In the first suit, filed in Indiana, Eldred asserted that lighters manufactured and sold by his competitor, William Kessler, infringed the patent. *Ibid.* That suit resulted in a final judgment of noninfringement that was affirmed on appeal. *Id.* at 285-286.

Eldred later sued one of Kessler's customers in New York for using the Kessler-manufactured lighters that had been found to be noninfringing in the Indiana suit. *Kessler*, 206 U.S. at 286 (statement of the case). "Many of Kessler's customers were intimidated by [that] suit, so that they ceased to send in further orders for lighters, and refused to pay their accounts for lighters already sold and delivered to them." *Ibid.* Kessler assumed defense of the suit against his customer in New York and filed a separate bill in equity against Eldred in Illinois, seeking "to enjoin Eldred from prosecuting any suit in any court of the United States against anyone" for alleged infringement of Eldred's patent by "purchase, use, or sale" of the Kessler-manufactured lighters. *Ibid.* The Illinois court declined to grant such an injunction. *Ibid.*

On certified questions from the Seventh Circuit, this Court held that "jurisdiction in equity exist[ed]" to grant the anti-suit injunction sought by Kessler. *Kessler*, 206 U.S. at 290 (opinion of the Court). The Court observed that the Indiana suit had resulted in a judgment of noninfringement 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" at issue in that suit. *Id.* at 288. Under then-prevailing principles of res judicata, a prior final judgment in the defendant's favor generally would have had preclusive effect in a later suit by the same plaintiff against other parties only if those parties were in privity with the original defendant. See *Bigelow v. Old Dominion Copper Mining & Smelting Co.*, 225 U.S. 111, 127 (1912) ("It is a principle of general elementary law that the estoppel of a judgment must be mutual."); see also, e.g., *Triplett v. Lowell*, 297 U.S. 638, 642-644 (1936), overruled in part by *Blonder-Tongue Labs., Inc.*

v. *University of Ill. Found.*, 402 U.S. 313, 350 (1971); *Southern Pac. R.R. v. United States*, 168 U.S. 1, 48-49 (1897).

In *Kessler*, however, the Court declined to address whether Kessler’s customer was “a privy to the original judgment” between Eldred and Kessler himself. 206 U.S. at 288. The Court explained that it “need not stop to consider whether the judgment in the case of *Eldred v. Kessler* had any other effect than to fix unalterably the rights and duties of the immediate parties to it,” because only the “rights and duties of those” same two parties—*i.e.*, Eldred and Kessler—were “necessarily in question here.” *Ibid.*; see *ibid.* (expressing no opinion on whether the prior judgment between Eldred and Kessler would “afford [Kessler’s customer] * * * a defense to Eldred’s suit”). The Court held that Kessler could invoke the prior judgment to obtain an injunction that would prevent Eldred from interfering with his business. *Id.* at 289. The Court explained that “[t]he effect which may reasonably be anticipated of harassing the purchasers of Kessler’s manufactures by claims for damages on account of the use of them[] would be to diminish Kessler’s opportunities for sale,” and that the prior judgment would “fail[] of the full effect which the law attaches to it” unless such harassment could be enjoined. *Ibid.*

2. Petitioner sued respondents Amazon.com, Inc. and Amazon Web Services, Inc. (collectively, Amazon) for patent infringement. That action ended in a stipulated judgment of dismissal with prejudice. Petitioner later sued several of Amazon’s customers, in part over their use of the same Amazon product that had been at issue in the prior action. Amazon intervened in those suits and filed a declaratory-judgment action against

petitioner. In consolidated proceedings, the district court held that petitioner's suits against Amazon's customers for conduct post-dating the earlier judgment were not foreclosed by traditional principles of claim preclusion but were nonetheless barred by the "*Kessler* doctrine." Pet. App. 62a.

a. Petitioner owns several patents drawn to a "True Name" system of naming computer files on a network using a substantially unique hash tag generated from the content of each file. Pet. App. 6a-7a. According to petitioner, the unique names generated using the system can be used to ensure that "identical file names refer to the same data, and conversely, that different file names refer to different data." *Id.* at 30a-31a (brackets and citation omitted).

In 2011, petitioner sued Amazon and one of Amazon's customers in the Eastern District of Texas, alleging that Amazon's cloud-storage service, Amazon S3, infringed the True Name patents. Pet. App. 7a-8a; see *PersonalWeb Techs., LLC v. Amazon.com, Inc.*, No. 11-cv-658 (E.D. Tex. filed Dec. 8, 2011). Customers can use Amazon S3 to store files, such as images for a website, that can then be made available over the entire internet. Pet. App. 8a. Information is stored in the Amazon S3 system in the form of "objects," for which the system generates a unique tag. *Ibid.* "These [tags] are essentially extra bits of information that describe a file." *Id.* at 33a. The gravamen of petitioner's Texas suit was that Amazon S3's system for generating and using unique tags to identify objects infringed the True Name patents. See *id.* at 9a-11a. After the district court issued a claim-construction order, the parties stipulated to a dismissal with prejudice. *Id.* at 11a. The court entered final judgment on June 11, 2014. *Id.* at 35a.

b. In 2018, petitioner “filed dozens of new lawsuits in various districts against website operators, many of which were Amazon’s customers,” alleging that the website operators “had infringed the True Name patents” by using Amazon S3. Pet. App. 11a. Petitioner also alleged acts of infringement that did not involve Amazon S3. *Id.* at 38a. The asserted patents had by then expired, but petitioner sought damages for the pre-expiration period. *Id.* at 30a.

Amazon intervened as a party in the suits against its customers; undertook the defense of those suits pursuant to an indemnification agreement; and filed a declaratory-judgment action against petitioner in the Northern District of California, “seeking an order barring [petitioner’s] infringement actions against Amazon and its customers based on the” preclusive effect of the prior judgment in the Texas case. Pet. App. 12a; see *id.* at 28a, 45a. The Judicial Panel on Multidistrict Litigation transferred petitioner’s various suits to the Northern District of California for consolidated pretrial proceedings. *Id.* at 28a-29a. The transferee district court elected to proceed first with Amazon’s declaratory-judgment action and a single representative customer suit, while staying the other suits. *Id.* at 29a.

Amazon moved for summary judgment on the basis of the Texas judgment, and the district court granted in part and denied in part that motion. Pet. App. 27a-63a. As relevant here, the court explained that “claim preclusion applies where the prior suit: (1) reached a final judgment on the merits; (2) involved identical parties or their privies; and (3) involved the same claim or cause of action.” *Id.* at 40a (citation and internal quotation marks omitted). The court found each of those elements satisfied. See *id.* at 40a-54a. The court determined,

however, that “claim preclusion does not bar [petitioner] from bringing infringement claims for acts of infringement occurring after the final judgment in [the] previous case.” *Id.* at 55a (citation omitted). For those “post-judgment” claims, the court determined that Amazon could instead invoke “the *Kessler* doctrine” as a bar to further litigation. *Id.* at 59a; see *id.* at 59a-62a.

The district court’s decision fully resolved Amazon’s declaratory-judgment action. See Pet. App. 13a, 62a. The court later determined that its decision fully resolved eight of the customer suits, which were based solely on Amazon S3. *Id.* at 15a. The court dismissed those eight cases, and petitioner appealed. *Ibid.* The eight defendants in those cases are, with Amazon, respondents in this Court. See Pet. ii.

3. The court of appeals affirmed. Pet. App. 1a-26a. The court agreed with the district court that traditional claim-preclusion principles barred petitioner “from pursuing infringement claims in the eight customer cases for actions predating the judgment in the Texas case.” *Id.* at 20a; see *id.* at 15a-20a. The court of appeals also agreed that the “*Kessler* doctrine” bars petitioner’s suits against Amazon’s customers for conduct involving Amazon S3 that occurred *after* the final judgment in the Texas action. *Id.* at 20a.

Petitioner sought to distinguish *Kessler* on the ground that the judgment in the Texas action, unlike the prior Indiana judgment at issue in *Kessler*, had been entered by stipulation of the parties without any judicial ruling on infringement. Pet. App. 20a-21a. But the court of appeals understood its precedent to have established that *Kessler* may apply even when the issue of infringement was not actually resolved in the prior case. *Id.* at 21a. In that respect, the court described “the

Kessler doctrine” as “a close relative to claim preclusion,” which applies to claims that could have been brought even if they were not, rather than as an early forerunner of “non-mutual” issue preclusion, which applies only to issues actually and necessarily decided in the prior suit. *Id.* at 22a; see *id.* at 20a (stating that *Kessler* “‘fills the gap’ left by claim and issue preclusion” in patent cases) (citation omitted). The court expressed concern that, absent such a gap-filling doctrine, a patentee would be “free to engage in the same type of harassment that the Supreme Court sought to prevent in *Kessler*.” *Id.* at 25a.

4. The district court’s grant of partial summary judgment did not resolve petitioner’s claims involving products other than Amazon S3, and the consolidated pretrial proceedings continued with respect to those claims. After the court issued a claim-construction order, the parties agreed that petitioner could not “meet its burden of proving infringement” under the court’s construction of relevant claim limitations. D. Ct. Doc. 578, at 13 (Feb. 3, 2020). The court accordingly entered summary judgment against petitioner on that basis. *Ibid.*; see D. Ct. Doc. 708, at 2-3 (July 27, 2021).

The court of appeals issued an unpublished decision that unanimously affirmed the district court’s claim construction. 2021 WL 3557196, at *6. “Because the claim construction issue [was] dispositive,” the court of appeals declined to reach any other issue. *Ibid.* The court later denied a petition for rehearing en banc, and petitioner did not seek further review of that decision.

In 2021, the district court awarded Amazon and one of its customers approximately \$5.4 million in attorney’s fees and costs under 35 U.S.C. 285. See D. Ct. Doc. 648, at 1, 30 (Mar. 2, 2021); D. Ct. Doc. 656, at 4 (Apr. 19,

2021). In finding that this is an “exceptional case * * * ‘that stands out from others’” and warrants such an award, D. Ct. Doc. 636, at 6 (Oct. 6, 2020) (quoting *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 572 U.S. 545, 554 (2014)), the court stated that some of petitioner’s claims “were clearly barred based on existing Federal Circuit precedent on the *Kessler* doctrine and thus[] were objectively unreasonable when brought,” *id.* at 9. The court also found that petitioner had frequently changed its infringement positions, had unnecessarily prolonged the litigation after claim construction, was “unreasonable” in its conduct and positions, and had “submitted declarations that it should have known were not accurate.” *Id.* at 9, 33; see *id.* at 8-10.

Petitioner appealed the fee award. See *In re PersonalWeb Techs. LLC*, No. 21-1858 (Fed. Cir. docketed Apr. 16, 2021). That appeal remains pending.

DISCUSSION

The court of appeals erred in treating *Kessler v. Eldred*, 206 U.S. 285 (1907), as a freestanding basis for precluding petitioner’s claims against Amazon’s customers over their use of Amazon S3 after the entry of the Texas judgment. In *Kessler*, this Court recognized an equitable cause of action for a manufacturer to enjoin a patent holder’s suits against the manufacturer’s customers, in order to secure to the manufacturer the full enjoyment of the rights established by a prior final judgment. Because the prior judgment in *Kessler* was premised on a judicial finding of noninfringement, while the Texas judgment at issue in this case was entered after a stipulated dismissal, *Kessler* is not controlling here.

The decision below nonetheless does not warrant further review. The ultimate outcomes of this case and

other recent Federal Circuit decisions applying *Kessler* could alternatively be explained under traditional principles of claim and issue preclusion. And, contrary to petitioner’s contention, *Kessler* is not a relic, but rather announced principles that remain legally sound and practically significant. The Federal Circuit’s understanding of *Kessler* as a gap-filling doctrine applies only in limited circumstances that are unlikely to occur with any frequency. And this Court’s resolution of the question presented would not affect the ultimate disposition of petitioner’s suits against Amazon’s customers. The petition for a writ of certiorari should be denied.

A. The *Kessler* Court Recognized An Equitable Cause Of Action To Protect Rights Established By A Final Judgment

This Court’s decision in *Kessler v. Eldred, supra*, is best understood as recognizing an equitable cause of action to effectuate a final judgment. Petitioner is therefore wrong to contend (Pet. 22-27) that the decision rested on an early form of non-mutual issue preclusion or that it has been superseded by later developments. The equitable cause of action that the Court recognized in *Kessler* would be available today in similar circumstances and remains relevant as a practical matter.

1. The preclusive effect of a judgment entered by a federal court in a case arising under federal law—such as any patent-infringement action, see 28 U.S.C. 1331, 1338(a)—is determined by a body of “‘uniform federal rules’ of res judicata, which this Court has ultimate authority to determine and declare.” *Taylor v. Sturgell*, 553 U.S. 880, 891 (2008) (quoting *Semtek Int’l Inc. v. Lockheed Martin Corp.*, 531 U.S. 497, 508 (2001)) (brackets omitted). Those rules encompass two related

but distinct doctrines: “claim preclusion (sometimes itself called *res judicata*)” and “issue preclusion (sometimes called collateral estoppel).” *Lucky Brand Dungarees, Inc. v. Marcel Fashions Grp., Inc.*, 140 S. Ct. 1589, 1594 (2020); see *Taylor*, 553 U.S. at 892.

“Under the doctrine of claim preclusion, a final judgment forecloses ‘successive litigation of the very same claim’” in any future suit between the same parties or those in privity with them. *Taylor*, 553 U.S. at 892 (quoting *New Hampshire v. Maine*, 532 U.S. 742, 748 (2001)). Claim preclusion applies “whether or not relitigation of the claim raises the same issues as the earlier suit.” *New Hampshire*, 532 U.S. at 748.

“Issue preclusion, in contrast, bars ‘successive litigation of an issue of fact or law actually litigated and resolved in a valid court determination essential to the prior judgment,’ even if the issue recurs in the context of a different claim.” *Taylor*, 553 U.S. at 892 (quoting *New Hampshire*, 532 U.S. at 748-749). Issue preclusion does not apply unless the issue was “actually litigated” and necessarily decided. *Parklane Hosiery Co. v. Shore*, 439 U.S. 322, 326 n.5 (1979). The doctrine also does not apply “when the party against whom the earlier decision is asserted did not have a ‘full and fair opportunity’ to litigate that issue in the earlier case.” *Allen v. McCurry*, 449 U.S. 90, 95 (1980) (citations omitted).

At one time, under the “mutuality doctrine,” a prior judgment gave rise to issue preclusion only between parties who “were bound by the judgment.” *Parklane Hosiery*, 439 U.S. at 326-327. But this Court relaxed the mutuality requirement in *Blonder-Tongue Laboratories, Inc. v. University of Illinois Foundation*, 402 U.S. 313 (1971), and then more broadly in *Parklane Ho-*

siery, supra. Under the Court’s modern approach, issue preclusion may be raised as a defense by a litigant who was not bound by the prior judgment. *Blonder-Tongue*, 402 U.S. at 350. The Court in some circumstances has also permitted “offensive use” of issue preclusion, through which a plaintiff can preclude a defendant from relitigating an issue previously decided against the defendant. *Parklane Hosiery*, 439 U.S. at 329; see *id.* at 329-332.

2. Petitioner contends (Pet. 14) that *Kessler* is best understood as “an early instance of non-mutual issue preclusion.” As previously explained, Eldred had sued Kessler in Indiana for patent infringement; the Indiana suit resulted in a final judgment of noninfringement in Kessler’s favor; and Eldred later sued one of Kessler’s customers in New York for using the same product. See *Kessler*, 206 U.S. at 285-286 (statement of the case); see also pp. 1-2, *supra*. If a similar dispute arose today, the customer could invoke defensive non-mutual issue preclusion: The question whether the accused product infringed Eldred’s patent was actually decided against Eldred in the first suit, resolution of that issue was necessary to the judgment, and Eldred presumably had a full and fair opportunity to litigate.

In *Kessler*, however, the Court declined to resolve any issue of mutuality or privity. The Court “express[ed] no opinion” on the question whether the judgment in the Indiana suit would operate as “a bar to the suit” against Kessler’s customer in New York. *Kessler*, 206 U.S. at 288; see *id.* at 289 (stating that the Court was “[l]eaving entirely out of view any rights which Kessler’s customers have or may have”). Indeed, the customer was not a party to the proceedings in this

Court, which instead arose from Kessler’s separate injunctive action against Eldred. The Court therefore viewed the case before it as implicating only “the respective rights and duties” of Kessler and Eldred themselves. *Id.* at 288.

The decision is therefore best understood as resting on *mutual* preclusion principles. Viewing the dispute in that light, the innovative aspect of *Kessler* was not any relaxation of traditional mutuality rules, but rather the Court’s holding that Kessler could obtain an anti-suit injunction to prevent Eldred from undermining the prior judgment by suing Kessler’s customers. See *Kessler*, 206 U.S. at 289. The Court reasoned that the Indiana judgment otherwise would “fail[] of the full effect which the law attaches to it,” *ibid.*, because the prospect of being sued for patent infringement would cause (and had already caused) Kessler’s customers not to buy the product. See *ibid.* (“No one wishes to buy anything, if with it he must buy a law suit.”). That holding concerned Kessler’s ability to invoke a federal court’s equity jurisdiction to effectuate the prior judgment in his favor, not the judgment’s preclusive effect in litigation involving other parties. See *Rubber Tire Wheel Co. v. Goodyear Tire & Rubber Co.*, 232 U.S. 413, 418 (1914) (describing *Kessler* as having gone “no further than to hold it to be a wrongful interference with Kessler’s business to sue his customers” over the identical product).

3. Petitioner contends (Pet. 14) that *Kessler* lacks any remaining “independent force” in light of the Court’s later decision in *Blonder-Tongue*, *supra*, and the advent of principles of non-mutual issue preclusion. See Pet. 27 (describing *Kessler* as a “relic of a legal regime that no longer exists”). To the extent petitioner

suggests that the lower federal courts are free to disregard *Kessler* in light of later doctrinal developments, petitioner is mistaken. This Court has never overruled *Kessler*, and the decision accordingly remains binding on the lower courts. See, e.g., *State Oil Co. v. Khan*, 522 U.S. 3, 20 (1997). *Kessler* also remains practically significant in at least two respects.

First, *Kessler* affords the prevailing manufacturer an equitable cause of action to prevent harassment of its customers. Petitioner is correct that, if similar circumstances arose today, *Kessler*'s customer could invoke non-mutual issue preclusion as a defense to Eldred's suit. See p. 11, *supra*. But for an individual customer, the path of least resistance may be to acquiesce in a patent holder's demands or to find a different supplier. Giving the manufacturer its own cause of action helps to ensure that the manufacturer receives the full practical benefit of the favorable judgment it obtained. That remedy remains useful today, particularly in contexts where a patent owner sues numerous customers for the apparent purpose of extracting settlements. Cf. *Halo Elecs., Inc. v. Pulse Elecs., Inc.*, 579 U.S. 93, 113 (2016) (Breyer, J., concurring) (discussing recent concerns over abusive "patent-related demands" for licensing fees or settlements).

Second, *Kessler* reflects a pragmatic rather than hyper-technical view of the issue-preclusive effect of a prior judgment, which should continue to inform the application of preclusion principles in similar contexts. Eldred had argued that estoppel did not apply because *Kessler* *manufactured* the allegedly infringing product while *Kessler*'s customers *used* it, such that Eldred's two suits presented distinct infringement issues. See Appellee Br. at 16, *Kessler v. Eldred*, *supra* (No. 196)

(Jan. 1907). This Court attached no weight to that distinction, evidently recognizing that Eldred's claims against the customers were logically inconsistent with the Indiana court's prior determination that Kessler's lighters did not embody the patented invention. The Court observed that the prior judgment had established Kessler's "right to sell his wares freely without hindrance from Eldred," and that the judgment would "fail[] of the full effect which the law attaches to it if" Eldred could sue Kessler's customers instead over the same product. *Kessler*, 206 U.S. at 289. A court applying *Kessler* today should likewise take a practical view in evaluating whether an anti-suit injunction is warranted to protect a manufacturer that has obtained a judgment of noninfringement.

B. The Court Of Appeals Erred In Treating *Kessler* As Controlling Here

1. The facts of this case are materially different from those of *Kessler*. The prior Texas suit resulted in a "voluntary dismissal[] with prejudice," Pet. App. 25a, without any court determining whether Amazon S3 infringes petitioner's True Name patents. Accordingly, as between petitioner and Amazon, the judgment entered in the Texas case did *not* "settle[] finally and everywhere" that Amazon "had the right to manufacture, use[,] and sell" its product "free from all interference from [petitioner] by virtue of the [True Name] patent[s]." *Kessler*, 206 U.S. at 288. Because the initial suit in *Kessler* culminated in a judgment of noninfringement, the Court had no occasion to consider the effect of a voluntary dismissal.

The court of appeals viewed that distinction as irrelevant under its precedent. See Pet. App. 20a-22a. But petitioner is correct (Pet. 25-26, 31) that the court had

never before applied *Kessler* in analogous circumstances. Until this case, the Federal Circuit had relied on *Kessler* only in cases in which the prior judgment embodied a judicial determination of the respective rights and duties of the parties. See *SpeedTrack, Inc. v. Office Depot, Inc.*, 791 F.3d 1317, 1320-1321 (2015) (prior final judgment of noninfringement), cert. denied, 577 U.S. 1063 (2016); *Brain Life, LLC v. Elekta Inc.*, 746 F.3d 1045, 1050-1051 (2014) (similar); cf. *MGA, Inc. v. General Motors Corp.*, 827 F.2d 729, 731 (1987) (prior final state-court judgment in royalty dispute), cert. denied, 484 U.S. 1009 (1988).

When a manufacturer has obtained a judgment determining that its product does not infringe, *Kessler* supports affording the manufacturer an equitable cause of action to ensure that the patent owner does not undermine the practical force of the judgment by suing the manufacturer's customers. But Amazon had not previously secured such a judgment when the court of appeals permitted it to invoke *Kessler*.

The court of appeals apparently concluded that a contrary rule would undermine “[t]he policy that drove [this] Court’s decision in *Kessler*,” by permitting a patentee to engage in “the same type of harassment” that the Court sought to forestall. Pet. App. 24a-25a. But *Kessler* is not an invitation for the lower courts to address those kinds of policy concerns by fashioning new rules of preclusion, “unmoored from the two guideposts of issue preclusion and claim preclusion.” *Lucky Brand*, 140 S. Ct. at 1595. Moreover, this Court’s animating concern in *Kessler* was not harassment of the customers but rather protection of the manufacturer, *Kessler*, in the full enjoyment of the “rights * * * established by the final judgment.” 206 U.S. at 289. As

explained above, the prior judgment in this case did not conclusively establish Amazon’s rights in the same way.

2. Although the court of appeals erred in invoking *Kessler*, the court was not clearly wrong in finding petitioner’s claims precluded on these facts. The court separately held—and petitioner no longer disputes—that, under traditional principles of claim preclusion, the Texas judgment bars petitioner’s claims against Amazon’s customers for using the Amazon S3 product *before* the entry of judgment in the Texas case. Pet. App. 16a-20a. The court turned to *Kessler* only to fill a perceived “temporal gap’ left by claim preclusion,” *id.* at 22a (citation omitted), which the court apparently understood as categorically unavailable when the second suit challenges conduct postdating the entry of judgment in the first suit. Cf. *Aspex Eyewear, Inc. v. Marchon Eyewear, Inc.*, 672 F.3d 1335, 1342-1343 (Fed. Cir. 2012); Pet. App. 55a-57a (district court’s opinion).

Traditional principles of claim preclusion do not support any such hard-and-fast rule. To be sure, “[c]laim preclusion *generally* ‘does not bar claims that are predicated on events that postdate the filing of the initial complaint.’” *Lucky Brand*, 140 S. Ct. at 1596 (quoting *Whole Woman’s Health v. Hellerstedt*, 136 S. Ct. 2292, 2305 (2016)) (emphasis added); see *Lawlor v. National Screen Serv. Corp.*, 349 U.S. 322, 328 (1955) (stating that a prior judgment “cannot be given the effect of extinguishing claims which did not even then exist”). But the general rule admits of some exceptions, and questions about whether two suits involve the same claim “are to be determined pragmatically.” Restatement (Second) of Judgments § 24(2) (1982); see 18 Charles Alan Wright et al., *Federal Practice and Procedure* § 4409 (3d ed. 2016 & Supp. 2021) (Wright & Miller) (reciting the general

rule but also noting established exceptions); cf. *Foster v. Hallco Mfg. Co.*, 947 F.2d 469, 472-473, 479-480 (Fed. Cir. 1991) (indicating that products sold after an earlier consent judgment could trigger claim preclusion if they were “essentially the same” as those in the earlier suit).

3. Petitioner contends (Pet. 24) that the Federal Circuit’s application of *Kessler* went “off the rails” in two prior cases, *Brain Life* and *SpeedTrack*. In those cases, the court described *Kessler* as a special gap-filling doctrine that operates as a freestanding rule of preclusion in patent cases. See *SpeedTrack*, 791 F.3d at 1323-1325; *Brain Life*, 746 F.3d at 1056; cf. *SimpleAir, Inc. v. Google LLC*, 884 F.3d 1160, 1170 (Fed. Cir. 2018). That understanding of *Kessler* is unsound for the reasons discussed above. But the actual results the court reached in its earlier cases are broadly consistent with regular principles of claim and issue preclusion.

In *Brain Life*, the court of appeals reasoned that a judgment of noninfringement in an earlier case involving the same patents and products did not preclude re-litigating infringement in a second suit, where the patent claimed both an apparatus and a method and the patentee had litigated only the method claims to final judgment in the first suit. See 746 F.3d at 1050-1051, 1054-1055. The court nonetheless found the second suit barred under *Kessler*. See *id.* at 1055-1059. The result in that case, which did not involve litigation against a prevailing defendant’s customers, could be better explained as an application of issue preclusion. To the extent that the method claims asserted in the second suit described processes for using the patented apparatus to achieve a desired result, the court of appeals might have alternatively concluded that the holding in the prior suit—*i.e.*, that the accused products were different from

the apparatus described in the patent—logically precluded liability for infringing the method claims.

In *SpeedTrack*, the district court concluded that a finding of noninfringement in the patent holder’s suit against a software maker did not preclude the patent holder from suing the software maker’s customers, where the patent holder had relied on a theory of literal infringement in the first suit and sought to invoke the doctrine of equivalents in the second one. 791 F.3d at 1319-1322. The court instead found the second suit barred under *Kessler*, and the court of appeals affirmed on that basis. *Id.* at 1321-1322. In responding to the patent holder’s argument that *Kessler* had become superfluous, the court of appeals stated that the doctrine “is a necessary supplement to issue and claim preclusion” because “without it, a patent owner could sue a manufacturer for literal infringement and, if unsuccessful, file suit against the manufacturer’s customers under the doctrine of equivalents.” *Id.* at 1328.

As in *Brain Life*, the result in *SpeedTrack* would be better explained as an application of issue preclusion. In applying ordinary rules of issue preclusion, a court must decide at what level of specificity the “issue” decided in the first suit should be described. See Restatement (Second) of Judgments § 27 cmt. c, at 252 (setting forth factors a court should consider, including whether “there [is] a substantial overlap between the evidence or argument to be advanced in the second proceeding and that advanced in the first”). A court might reasonably conclude that the “issue” of *infringement* was decided against the patentee in a prior case involving the same product, even when the patentee seeks to proceed on the basis of new arguments or theories (*e.g.*, by invoking the doctrine of equivalents) in a later suit.

C. The Question Presented Does Not Have Practical Importance And Does Not Warrant Further Review In This Case

Although the court of appeals erred in treating *Kessler* as controlling here, the error does not have practical importance. This case would also be an unsuitable vehicle in which to address the question presented, given the further proceedings that have occurred since the panel decision.

1. Petitioner argues (Pet. 20) that an “avalanche of cases” invoking *Kessler* has recently occurred. But the court of appeals has directly relied on *Kessler* only three times—in this case, in *Brain Life*, and in *SpeedTrack*. As explained above, the latter two decisions could be better explained as examples of issue preclusion. See pp. 17-18, *supra*. And in *SpeedTrack*, this Court denied a petition for a writ of certiorari presenting essentially the same question that petitioner seeks to present here. *SpeedTrack, Inc. v. Office Depot, Inc.*, 577 U.S. 1063 (2016) (No. 15-461). The other decisions that petitioner invokes (Pet. 19 n.1) either declined to apply *Kessler* or merely referred to it in dicta. See, e.g., *ABS Global, Inc. v. Cytonome/ST, LLC*, 984 F.3d 1017, 1022 (Fed. Cir. 2021) (referring to *Kessler* in the course of finding a case moot); *SimpleAir*, 884 F.3d at 1170 (declining to apply *Kessler*); *Mentor Graphics Corp. v. EVE-USA, Inc.*, 851 F.3d 1275, 1301 (Fed. Cir. 2017) (same), 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) (citing *Kessler* for unrelated historical point), vacated in part, 137 S. Ct. 954 (2017).

Moreover, even accepting at face value the court of appeals’ own description of *Kessler*, the doctrine applies only in narrow circumstances. When a patentee sues a

manufacturer and the suit results in a judgment of noninfringement, the manufacturer's customers may rely on non-mutual issue preclusion if the patentee later sues them over the same product. And when a patentee sues a manufacturer and the suit results in a final judgment on the merits *without* any definitive resolution of infringement, the manufacturer and its privies may rely on claim preclusion in any future suits by the patentee. The Federal Circuit has invoked *Kessler* only to fill a perceived temporal gap when claim preclusion would not protect the manufacturer and its privies because a second suit involves conduct postdating the first judgment. See Pet. App. 21a. Petitioner has not demonstrated that those circumstances are likely to occur with any frequency.

2. Further review is also not warranted to correct any error in applying *Kessler* to stipulated dismissals. See Pet. 29-32; cf. pp. 14-16, *supra*. Petitioner is wrong to suggest (Pet. 30) that stipulated dismissals can never give rise to concerns about harassment. Here, for example, petitioner dismissed its prior suit only after a claim-construction order. Pet. App. 11a. Petitioner maintains (Pet. 10) that the dismissal occurred for other reasons, but a court could reasonably take into account petitioner's litigation conduct in applying traditional preclusion principles. Cf. 18A Wright & Miller § 4435 n.14 (3d ed. 2017) (stating that, at least sometimes, a voluntary dismissal with prejudice "support[s] preclusion on issues actually resolved before the dismissal").

In any event, as the court of appeals explained, the effect of a stipulated dismissal is within the control of the parties themselves. Pet. App. 25a-26a. When the parties agree to dismiss a case, they may also agree on the extent to which the dismissal will foreclose future

litigation between them. See, e.g., *Pactiv Corp. v. Dow Chem. Co.*, 449 F.3d 1227, 1231 (Fed. Cir. 2006). And if the parties cannot agree, a defendant who desires certainty can pursue a declaratory-judgment action or counterclaim to obtain a definitive ruling on the issue of infringement, which would then have preclusive effect in later litigation. See generally *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 126-127 (2007).

3. Finally, this case would be an unsuitable vehicle in which to address the question presented because the question appears to have no practical significance to the correct disposition of the case. After the panel's decision, the litigation between the parties continued with respect to products other than Amazon S3; the district court issued a claim-construction order under which petitioner concededly cannot prove infringement for those other products; and the court of appeals affirmed that claim construction in a decision that is now final. 2021 WL 3557196, at *3-*6; see p. 7, *supra*. Respondents argue (Br. in Opp. 33), and petitioner does not deny (see Cert. Reply Br. 10-11), that the same claim construction would be fatal to petitioner's infringement contentions for Amazon S3. If that is correct, then whether the court of appeals erred in applying *Kessler* would make no difference to the ultimate outcome here.

The parties dispute whether this dispute is now moot in light of those developments. Compare Br. in Opp. 33, with Cert. Reply Br. 10-11. The district court's conclusion that some of petitioner's claims against Amazon and its customers were barred under *Kessler* appears to have played a role in its award of attorney's fees and costs, and litigation concerning the fee award remains ongoing at this time. See pp. 7-8, *supra*. But even if this case is not yet moot in the technical Article III

sense, a threshold question about mootness would complicate the Court's review.

It would also be anomalous to treat the fee award as a reason to grant review rather than to deny it. The district court entered the fee award after finding petitioner's litigation conduct unreasonable in various ways wholly unrelated to *Kessler*. See, e.g., D. Ct. Doc. 636, at 33 ("The Court 'has lived with the case and the lawyers for an extended period' and has observed firsthand how [petitioner] repeatedly flip flopped its positions to suit the argument of the day.") (citation omitted). Further review is unwarranted.

CONCLUSION

The petition for a writ of certiorari should be denied.

Respectfully submitted.

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