Appeal Nos. 2021-1858, 2021-1859, 2021-1860

United States Court of Appeals for the Federal Circuit

IN RE: PERSONALWEB TECHNOLOGIES, LLC,

AMAZON.COM, INC., AMAZON WEB SERVICES, INC.
Plaintiffs – Appellees

v.

PERSONALWEB TECHNOLOGIES, LLC
Defendant – Appellant

LEVEL 3 COMMUNICATIONS, LLC
Defendant

PERSONALWEB TECHNOLOGIES, LLC
Plaintiff – Appellant

LEVEL 3 COMMUNICATIONS, LLC
Plaintiff

v.

TWITCH INTERACTIVE, INC.,
Defendant – Appellee

2021-1858, 2021-1859, 2021-1860
IN RE: PERSONALWEB TECHNOLOGIES LLC

On Appeal from the United States District
Court for the Northern District of California
Honorable Beth Labson Freeman
Case Nos. 5:18-cv-00767-BLF; 5:18-cv-05619-BLF;
and 5:18-md-02834-BLF

PERSONALWEB TECHNOLOGIES, LLC'S REPLY BRIEF

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UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT
Amended
CERTIFICATE OF INTEREST

Case Number 2021-1858

Short Case Caption In re: PersonalWeb Technologies LLC

Filing Party/Entity Personalweb Technologies LLC

Instructions: Complete each section of the form. In answering items 2 and 3, be specific as to which represented entities the answers apply; lack of specificity may result in non-compliance. **Please enter only one item per box; attach additional pages as needed and check the relevant box**. Counsel must immediately file an amended Certificate of Interest if information changes. Fed. Cir. R. 47.4(b).

I certify the following information and any attached sheets are accurate and complete to the best of my knowledge.

Date: 01/12/2022

Signature: /s/ Michael A. Sherman

Name: Michael A. Sherman

1. Represented Entities. Fed. Cir. R. 47.4(a)(1).	**2. Real Party in Interest.** Fed. Cir. R. 47.4(a)(2).	**3. Parent Corporations and Stockholders.** Fed. Cir. R. 47.4(a)(3).
Provide the full names of all entities represented by undersigned counsel in this case.	Provide the full names of all real parties in interest for the entities. Do not list the real parties if they are the same as the entities. ☑ None/Not Applicable	Provide the full names of all parent corporations for the entities and all publicly held companies that own 10% or more stock in the entities. ☑ None/Not Applicable
PersonalWeb Technologies, LLC		

☐ Additional pages attached

4. Legal Representatives. List all law firms, partners, and associates that (a) appeared for the entities in the originating court or agency or (b) are expected to appear in this court for the entities. Do not include those who have already entered an appearance in this court. Fed. Cir. R. 47.4(a)(4).

☐ None/Not Applicable ☐ Additional pages attached

Maceiko IP c/o Theodore S. Maceiko	Kent, Beatty & Gordon LLP c/o Jack A. Gordan, Joshua B. Katz	
Stanley H. Thompson, Jr.	Farnan, LLP c/o Brian E. Farnan, Michael J. Farnan	
Sandeep Seth		

5. Related Cases. Provide the case titles and numbers of any case known to be pending in this court or any other court or agency that will directly affect or be directly affected by this court's decision in the pending appeal. Do not include the originating case number(s) for this case. Fed. Cir. R. 47.4(a)(5). See also Fed. Cir. R. 47.5(b).

☐ None/Not Applicable ☑ Additional pages attached

See attached Exhibit A		

6. Organizational Victims and Bankruptcy Cases. Provide any information required under Fed. R. App. P. 26.1(b) (organizational victims in criminal cases) and 26.1(c) (bankruptcy case debtors and trustees). Fed. Cir. R. 47.4(a)(6).

☑ None/Not Applicable ☐ Additional pages attached

Exhibit A

The following cases pending in this or any other court or agency may directly affect, or be directly affected by, this court's decision in the pending appeal:

Federal Circuit Cases

1. *In re PersonalWeb Techs. LLC*, Case No. 19-1918, docketed on 5/24/2019, and decided on 6/17/2020; and
2. *In re PersonalWeb Techs. LLC*, Case No. 20-1566, docketed on 3/6/2020.

District Court Cases (all pending in the Northern District of California)

1. *Amazon.com, Inc. and Amazon Web Services, Inc. v. PersonalWeb Techs., LLC et. al.,* No. 5:18-cv-00767-BLF;
2. *PersonalWeb Techs., LLC v. Twitch Interactive, Inc.,* No. 3:18-cv-05619-BLF;
3. *In re PersonalWeb Techs., LLC* No. 5:18-md-02834-BLF;
4. *PersonalWeb Techs., LLC et al. v. Buzzfeed Inc.,* No. 5:18-cv-06046-BLF;
5. *PersonalWeb Techs., LLC et al. v. Dictionary.com*, *LLC*, No. 5:18-cv-05606-BLF;
6. *PersonalWeb Techs., LLC et al. v. Oath Inc*., No. 5:18-cv-06044-BLF;
7. *PersonalWeb Techs., LLC et al. v. Patreon, Inc*., No. 5:18-cv-05599-BLF;
8. *PersonalWeb Techs., LLC et al. v. Popsugar, Inc*., No. 5:18-cv-06612-BLF;
9. *PersonalWeb Techs., LLC et al. v. Vice Media, LLC*, No. 5:18-cv-05970-BLF;
10. *PersonalWeb Techs., LLC et al. v. Vox Media, Inc*., No. 5:18-cv-05969-BLF;
11. *PersonalWeb Techs., LLC et al. v. Ziff Davis, LLC*, No. 5:18-cv-07119-BLF;
12. *PersonalWeb Techs. LLC v. Airbnb, Inc*., No. 5:18-cv-00149-BLF;
13. *PersonalWeb Techs. LLC v. Amicus FTV, Inc.,* No. 5:18-cv-00150-BLF;
14. *PersonalWeb Techs. LLC v. Atlas Obscura, Inc.,* No. 5:18-cv-04037-BLF;
15. *PersonalWeb Techs. LLC v. Atlassian, Inc*., No. 5:18-cv-00154-BLF;
16. *PersonalWeb Techs. LLC v. BDG Media, Inc.,* No. 5:18-cv-03571-BLF;
17. *PersonalWeb Techs. LLC v. Bitly, Inc*., No. 5:18-cv-03 572-BLF;

18. *PersonalWeb Techs. LLC v. Blue Apron, LLC,* No. 5:18-cv-03573-BLF;

19. *PersonalWeb Techs. LLC v. Braze Inc.,* No. 5:18-cv-04624-BLF;

20. *PersonalWeb Techs. LLC v. Brooklyn Brewery Corp.,* No. 5:18-cv-05436-BLF;

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27. *PersonalWeb Techs. LLC v. Curious.com, Inc.,* No. 5:18-cv-05198-BLF;

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29. *PersonalWeb Techs. LLC v. Doximity, Inc*., No. 5:18-cv-00157-BLF;

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38. *PersonalWeb Techs. LLC v. Hootsuite, Inc.,* No. 5:18-cv-06615-TSH;

39. *PersonalWeb Techs. LLC v. Imgur, Inc.,* No. 5:18-cv-05596-BLF;

40. *PersonalWeb Techs. LLC v. Intuit, Inc.,* No. 5:18-cv-05611-BLF;

41. *PersonalWeb Techs. LLC v. Karma Mobility, Inc*., No. 5:18-cv-03459-BLF;

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50. *PersonalWeb Techs. LLC v. NRT LLC and NRT New York LLC d/b/a Citi Habitats,* No. 5:18-cv-05201-BLF;

51. *PersonalWeb Techs. LLC v. Optimizely, Inc.,* No. 3:18-cv-06614-BLF;

52. *PersonalWeb Techs. LLC v. Our Film Festival, Inc. d/b/a Fandor, Inc.,* No. 5:18-cv-00159-BLF;

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54. *PersonalWeb Techs. LLC v. PayPal, Inc. formerly sued as Venmo Inc.,* No. 5:18-cv-00177-BLF;

55. *PersonalWeb Techs. LLC v. Peek Travel, Inc.,* No. 5:18-cv-04628-BLF;

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58. *PersonalWeb Techs. LLC v. RetailMeNot, Inc.,* No. 5:18-cv-05966-BLF;

59. *PersonalWeb Techs. LLC v. Roblox Corporation,* No. 5:18-cv-00171-BLF;

60. *PersonalWeb Techs. LLC v. Rockethub, Inc and ELEQT Group Ltd.,* No. 5:18-cv-03583-BLF;

61. *PersonalWeb Techs. LLC v. ShareFile, LLC,* No. 5:18-cv-05202-BLF;

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63. *PersonalWeb Techs. LLC v. Slack Techs., Inc.,* No. 5:18-cv-05600-BLF;

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81. *PersonalWeb Techs. LLC v. Vimeo, Inc.,* No. 5:18-cv-06042-BLF;

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83. *PersonalWeb Techs. LLC v. WeddingWire, Inc.,* No. 5:18-cv-03463-BLF;

84. *PersonalWeb Techs. LLC v. Wework Companies, Inc.,* No. 5:18-cv-05272-BLF;

85. *PersonalWeb Techs. LLC v. Yotpo Ltd.,* No. 5:18-cv-03412-BLF;

86. *PersonalWeb Techs. LLC v. Zoom Video Communications, Inc.,* No.5:18-cv-05625-BLF.

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STATEMENT OF RELATED CASES (UPDATE)

In re PersonalWeb Technologies LLC, CAFC Case No. 19-1918, docketed on 5/24/2019, decided on 6/17/2020.

As indicated in PersonalWeb's Principal Brief and Amazon's Response Brief, PersonalWeb petitioned for certiorari on April 2, 2021. *PersonalWeb Techs., LLC v. Patreon, Inc.*, No. 20-1394, 2021 WL 1298201. Since the filing of the petition for certiorari, an amicus brief in support of the petitioner was filed by CFL Technologies LLC on May 6, 2021. 2021 WL 1893128. Amazon filed its brief in opposition to the petition on August 23, 2021, 2021 WL 3773238, and PersonalWeb filed its reply on September 3, 2021, 2021 WL 4121497.

On October 4, 2021, the Supreme Court, following its Conference on September 27, 2021, invited the Acting Solicitor General to file a brief in the case expressing the views of the United States. 142 S. Ct. 66 (Mem), 211 L.Ed.2d 8). The Acting Solicitor General has not yet filed a brief.

INTRODUCTION

Amazon repeats "85 lawsuits" like a mantra[1], as if the number itself reflects some untoward or exceptional activity. It does not. The broad scope and practical application of the patents, their survival over the years through numerous IPRs, their looming expiration, and then-new statutory law precluding the joinder of infringement allegations all required PersonalWeb to make a choice: Either file numerous lawsuits in multiple venues, or sleep on its patent rights forever. There was nothing unreasonable nor exceptional in PersonalWeb's decision to exercise its rights under the patent laws and Constitution of the United States and as expressly found by the district court PersonalWeb "presented reasonable infringement arguments throughout the case." Appx0014. And once those lawsuits were filed, PersonalWeb promptly moved to consolidate them in an MDL over strong objection, to promote judicial and party efficiency.

ARGUMENT

I. PersonalWeb's Suits Were Not Objectively Baseless

A. The United States Supreme Court's Actions on PersonalWeb's Petition for Certiorari Leave No Doubt that PersonalWeb's Infringement Suit Was *Not* Objectively Baseless Because of *Kessler*

The post-decision actions of both the United States Supreme Court and this Court conclusively show that PersonalWeb's pre-filing position that *Kessler* did not

[1] Amazon's Response Brief ("RB") at 3, 5, 8, 9, 26, 30, 38. *See also*, "scores of lawsuits" RB25, 31, 32, 40.

bar the present action was not objectively baseless. Not only did the Supreme Court request Amazon respond to PersonalWeb's petition after Amazon had previously waived its right to respond (Appx9745), but Amazon's response did not convince the Supreme Court to decline PersonalWeb's Writ of Certiorari. Rather, the Court invited the Acting Solicitor General to express the United States' views on PersonalWeb's petition. Similarly, after PersonalWeb filed its Petition for Rehearing *en banc* in *In re PersonalWeb Technologies LLC,* 961 F.3d 1365 CAFC Case No. 19-1918 (ECF No. 125), the Court considered the issues raised to be of sufficient interest to invite Amazon to respond to PersonalWeb's petition (ECF No. 126).

Thus, at least some judges of the United Supreme Court, at least some judges of the Federal Circuit and an amicus, CFL Technologies LLC, all agree, as demonstrated through concrete action, that PersonalWeb's position that *Kessler* did not bar its claims is not objectively unreasonable. The district court's finding otherwise is clear error and was an abuse of discretion.

Notably, even though the Supreme Court invited the Acting Solicitor General to express the United States' views on PersonalWeb's petition over a month before Amazon filed its Response Brief in this case, Amazon does not address it, relegating its entire discussion of the status of the Writ of Certiorari to a buried footnote. RB29, fn. 17. Even in this footnote, Amazon misstates the standard for objective unreasonableness, arguing that "PersonalWeb's position was inconsistent with

controlling precedent." Amazon also ignores that before the Federal Circuit ruled on PeronalWeb's first appeal in this case, another district court explicitly rejected the position the district court took here. *CFL Technologies LLC v. Osram Sylvania, Inc.*, 2019 WL 2995815 at 4, fn. 3.

The standard the district court applied to this issue was whether the claim was objectively baseless or an untenable claim. Appx0008. To be "objectively baseless," a claim must be such that "no reasonable litigant could reasonably expect success on the merits." *Dominant Semiconductors Sdn. Bhd. v. OSRAM GmbH,* 524 F.3d 1254, 1260 (Fed. Cir. 2008). What has transpired following PersonalWeb's Petitions for Certiorari and for an *en banc* hearing show that this does not apply to PersonalWeb's *Kessler* position.

B. The District Court Confirmed that PersonalWeb's Infringement Positions were Meritorious

Throughout their brief, Amazon makes aspersions and innuendos suggesting the lack of merit in PersonalWeb's *infringement* claim. RB4; RB6-7, RB8-9. The district court *rejected* Amazon's argument that PersonalWeb's infringement claim was objectively baseless. Appx0015. ("[T]he Court finds that PersonalWeb's infringement positions were not objectively baseless and thus, do not support a finding of an exceptional case."). Amazon does not explicitly refute this point in its brief. Rather, Amazon attempts to relitigate the issue by repeating these aspersions

and innuendos that PersonalWeb's infringement claim was baseless for their potentially prejudicial effects.

Amazon also launches *ad hominems* that PersonalWeb filed its cases in an attempt to collect nuisance-value or cost-of-litigation settlements with no intention of testing the merits of its claims. RB8, 9, 40. Again, the district court specifically rejected Amazon's argument. Appx0031. ("[T]he Court finds that Amazon/Twitch failed to establish PersonalWeb engaged in litigation tactics aimed at 'nuisance-value' or 'cost-of-litigation' settlements."). Amazon's reassertion of this rejected argument, as well as its scattered prejudicial aspersions and innuendos on this issue suggest that Amazon rightly recognizes that the reasoning of the district court is insufficient to support the conclusion it reached.

C. The District Court Failed to Address PersonalWeb's Meritorious Position on Privity

PersonalWeb argued in its opening brief that the district court failed to consider that PersonalWeb had a meritorious position that claim preclusion did not apply because of a lack of privity. Amazon argues that it was improper for PersonalWeb to raise this issue on appeal because PersonalWeb did not raise it in opposition to the motion for attorneys' fees. Here, unlike the circumstances present in the case Amazon cites, *Sage Prods., Inc. v. Devon Indus., Inc.*, 126 F.3d 1420, 1426 (Fed. Cir. 1997), PersonalWeb in fact opposed the attorney's fees motion by direct reference in its opposition memo and in evidence before the district court, to

counsel's pre-filing analysis on this exact privity argument, and made the same privity argument in its opposition to Amazon's summary judgment motion. Appx 7885-7887, Appx2849-2852.

Specifically, PersonalWeb's opposition to the motion for attorneys' fees contained detailed information in the form of attorney work-product, showing that pre-filing PersonalWeb's counsel had extensively analyzed, both factually and legally, what was then understood to be the lack of privity between Amazon and its customers and that Amazon and its customers stood on opposite sides of the contracts that Amazon ultimately claimed its indemnification obligation. In providing this material to the district court and explaining its efforts as it relates to claim preclusion (including privity), PersonalWeb argued to the district court:

> Recognizing the possibility of a defendant raising preclusion in defense, and with PersonalWeb desiring greatest confidence, prefiling, present legal counsel again conducted that analysis, and concluded it unlikely that either claim preclusion or the *Kessler* doctrine would preclude the claims. PersonalWeb relied on those opinions that demonstrate the substantive strength in proceeding. (Bermeister Decl. ¶ 4, Ex. 1; Sherman Decl. ¶ 6; Monroe Decl. ¶ 25, Ex. 2.)

Appx7887.

II. PersonalWeb's Alleged "Shifting Infringement Positions" Is Revisionist History Based on Out of Context Sound Bites and Regardless, Did Not Prolong the Case.

A. S3 vs. Ruby on Rails

PersonalWeb did not take contrary infringement positions before the JPML and the district court on what PersonalWeb alleged infringed its patent. Amazon

attempts to show otherwise by mischaracterizing PersonalWeb's positions and taking statements out of context. The circumstances and what the motions were about proves otherwise. The district court's finding that PersonalWeb changed its infringement positions between the JPML and the preliminary injunction before the district court is clearly erroneous and an abuse of discretion.

As explained below, PersonalWeb's motion in the JPML and Amazon's injunction motion before the district court were pending simultaneously. Amazon was asking for the same relief in both motions and its legal positions was the same in both. PersonalWeb sought the opposite outcome, which was the same in both motions and thus PersonalWeb's legal position was the same in both motions. In both, Amazon sought a stay in all the customer cases until Amazon's declaratory judgment case could be adjudicated. Appx9700-9706, Appx9722-9725 In the JMPL, Amazon additionally argued that if the stays were granted, the Amazon declaratory judgment case would resolve everything and there would then be no need to transfer and consolidate the customer cases.

In *both* proceedings, PersonalWeb argued against the stay of the customer cases because the Amazon declaratory judgment action would not resolve the issues in the cases relating to Ruby on Rails. Appx9433, Appx9738-9739, Appx9741, Appx9752. Accordingly, in both proceedings, PersonalWeb argued that its

infringement claims included the website operators' use of website operators' use of Ruby on Rails, not *just* S3. In its reply brief in the JPML, PersonalWeb argued:

> PersonalWeb alleges that the defendants infringe based on their use of certain aspects of the Ruby on Rails system architecture and the operation of intermediate cache servers in combination with certain aspects of the HTTP web protocol, and *not solely or even primarily on Amazon S3*.

(emphasis added). Appx9733. In its opposition to Amazon's injunction motion, PersonalWeb argued:

> [T]he defendants in PersonalWeb's current actions could have used any number of other web hosting services in connection with their websites based on the Ruby on Rails system architecture instead of S3. As such, PersonalWeb's current actions are *not just all about S3*.

(emphasis added). Appx9429. At the hearing on Amazon's injunction motion, PersonalWeb argued: "PersonalWeb's theory of infringement revolves around Ruby on Rails not S3." Appx9505 at 44:1-2. The juxtaposition of PersonalWeb's arguments before the JPML and the district court ***prove*** that PersonalWeb was making the ***same*** arguments before both and that Amazon's argument of changing theories is sophistry—sophistry that unfortunately deceived the district court.

Indeed, the JPML granted the Transfer Order because of PersonalWeb's arguments to the JPML that Amazon's proposed "stay" solution was inadequate *because* the cases involved more than just S3. Appx0544. Specifically, the Transfer Order states, "Recent developments such as PersonalWeb's amendments to several customer action complaints, combined with some customers' alleged use of Amazon

cloud services other than S3, add further doubt as to whether Amazon and its customers' motions to stay can be promptly resolved and, thus, stand as an adequate alternative to centralization." *Id.* This shows, as PersonalWeb argued to the district court, that it was *Amazon* taking the position before the JPML that the cases were all about S3 and that PersonalWeb was taking the opposite position. Accordingly, the district court's factual finding that "PersonalWeb clearly emphasized each Defendant's use of Amazon S3 as a common issue supporting its centralization efforts" before the JPML and "distanced its infringement position from S3 and put its focus on Ruby on Rails" only in opposition to Amazon's preliminary injunction motion is clearly erroneous and an abuse of discretion. Appx0016-0017.

The quotation from the JPML's Transfer Order also shows that PersonalWeb did not wait until serving infringement contentions to introduce CloudFront ("Amazon's cloud services other than S3") into the cases but did so during the JMPL Proceedings. This quotation is, in part, in response to PersonalWeb's reply brief filed with the JPML on April 19, 2018, in which PersonalWeb stated, "Recent additional factual investigation by Personal Web has indicated that a few of the 50+ individual defendants sued may have used Amazon CloudFront, an intermediate cache server as alleged in the complaints, but hosted the asset files for their webpages on non-Amazon S3 servers during the time period covered by the infringement actions." Appx9735-9736.

Amazon inaccurately depicts the MDL motion and injunction motion as sequential events, namely, that PersonalWeb took one position for its MDL motion and, after winning the MDL, PersonalWeb changed its position before the district court in response to the injunction motion, and after defeating the injunction, withdrew its motion to dismiss. RB30-31. This is a mischaracterization of what happened: PersonalWeb filed its MDL motion (February 26, 2018) *after* Amazon filed its injunction motion (February 20, 2018). PersonalWeb filed its MDL reply (April 18, 2018) *after* its injunction opposition (March 26, 2018). The hearing on the injunction (April 27, 2018) was *a month before* the hearing on the MDL (May 31, 2018). The district court made the same mistake in finding the case exceptional. Appx0016. ("But after the MDL was created and it came time to oppose Amazon's motion for preliminary injunction, PersonalWeb distanced its infringement position from S3 and put its focus on Ruby on Rails.").

Also, contrary to Amazon's assertion, "Having succeeded in avoiding an injunction, PersonalWeb then withdrew its baseless motion to dismiss," the district court did not rule on Amazon's injunction motion before PersonalWeb withdrew its motion to dismiss[2]. Indeed, at the April 28 hearing, the district court granted PersonalWeb leave to file a sur-reply to Amazon's injunction motion due to

[2] Amazon's claim that the motion to dismiss was "baseless" and "frivolous" are discussed in detail below.

Amazon's inclusion of new evidence in its reply. Appx9505 at 44:5-25. PersonalWeb filed this sur-reply on May 11, 2018, *the same day* it withdrew its motion to dismiss. The MDL was ordered on June 6, 2018. Appx0543-0548. The district court never ended up ruling on the injunction motion because of this. Appx0690-0691. To the extent that the district court's ruling reflects this error, it is clearly erroneous and an abuse of discretion. Appx0018.

As to the chronology of the *statements* that Amazon argues show the alleged position shifting, the first time PersonalWeb said that its claims were "not solely or even primarily on Amazon S3" was in its *MDL* reply on April 18, 2018, before the April 27, 2018, injunction hearing, where PersonalWeb's counsel said, "PersonalWeb's theory of infringement revolves around Ruby on Rails not S3." Appx9505 at 44:1-2. Amazon's challenge in keeping things in the right order is also on display when Amazon argued that PersonalWeb's "reversal" about its theory revolving around Ruby "did not escape the attention of the district court." RB11. According to Amazon's citations to the hearing transcript supporting this narrative, fifteen minutes into the hearing, the district court made the statements where Amazon says PersonalWeb's supposed "reversal" did not escape the court's attention. Appx9471-9472. But the statement by PersonalWeb's counsel that Amazon says revealed this "reversal" to the district court was made over forty-five minutes *later*, five minutes before the *end* of the hearing. Appx9505. Contrary to

Amazon's narrative, the district court could not have noticed something forty-five minutes before that thing happened.

The district court accepted Amazon's argument and thus made similar chronological errors as Amazon. For example, the district court stated, "But *after* the MDL was created and it came time to oppose Amazon's motion for preliminary injunction, PersonalWeb distanced its infringement position from S3 and put its focus on Ruby on Rails." Appx0016 (emphasis added). In the context of deciding when and under what circumstances a party's position changed, or "reversed," the chronology matters. This is a clear factual error and an abuse of discretion.

Amazon also claims that in addition to a change of positions, PersonalWeb's motion to dismiss was "frivolous." RB30. This claim is demonstrably untrue. Before filing any complaints, once PersonalWeb had determined that websites were infringing its patents by using Amazon S3 and/or Ruby on Rails, PersonalWeb encountered a new issue—was the direct infringer Amazon, who operated the servers that generated ETags and responded to If-None-Match GET requests or was it the website operators, who set parameters on S3 that told the browsers how long they could use cached content before sending an If-None-Match GET request ? After much internal debate, PersonalWeb and its counsel concluded that the website operators were more likely to be found direct infringers, not Amazon. Accordingly, as a matter of law (specifically the joinder provisions of the AIA) if it was to pursue

its rights as a patent holder against the infringing website operators, PersonalWeb was obliged to sue them in separate lawsuits—leading directly to PersonalWeb suing 85 of the larger infringing website operators, and promptly seeking MDL status for its efficiency benefits. Appx7943.

Exactly because PersonalWeb concluded that the direct infringers were the website operators PersonalWeb initially resisted Amazon's declaratory judgment action. *See Limelight Networks, Inc. v. Akamai Technologies, Inc.*, 572 U.S. 915 (2014). Also, for this reason PersonalWeb filed its motion to dismiss Amazon's action—the motion was about *who* the direct infringer was, not about *what* they used to infringe (S3 and Ruby on Rails). Appx9455-9458. Amazon's statement that PersonalWeb "argued it *had not accused Amazon S3* of infringement" is false. RB31 (emphasis in original). What PersonalWeb *actually* argued in the motion to dismiss was that while the *use* of Amazon S3 *was* part of the infringement, PersonalWeb had accused the *website operators* as direct infringers by their use of S3, not Amazon, and that the specter of an *indirect* infringement claim against Amazon was not enough to establish subject matter jurisdiction for Amazon's declaratory judgment action. Appx9455-9456. This was not the first time PersonalWeb raised the issue of Amazon not being alleged to be a direct infringer—it was raised in PersonalWeb's opposition to the injunction motion, the first substantive filing PersonalWeb made in the district court. Appx9431-9432. In later withdrawing its motion to dismiss,

PersonalWeb did not change its position, or "reverse" its position as characterized by the district court Appx0018. In PersonalWeb's counterclaim against Amazon, PersonalWeb maintained its position that it "alleges that the website defendants directly infringe the asserted True Name 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 and used the claimed system such that infringement is attributable to the website owner. … [I]t is also possible this Court may find in lawsuits against the website defendants that despite infringement of the patents-in-suit, such website defendants are not the ones directly infringing, but rather Amazon is. Thus, PersonalWeb is hereby pleading direct infringement by Amazon or the website defendants *in the alternative*." Appx9526-9527 (emphasis added). That PersonalWeb explicitly renewed the argument it made in the motion to dismiss to its counterclaim against Amazon exposes that there is no evidentiary support for Amazon's arguments that PersonalWeb's withdrawal of its motion to dismiss was a reversal of any position or can be interpreted as showing PersonalWeb believed it motion was baseless or frivolous. Appx9456-9562. The district court's finding that PersonalWeb's withdrawal of its motion to dismiss was a change in positions and its implication that the motion was baseless is clear error and an abuse of discretion. Appx0018.

Additionally, Amazon never even argues, and the district court did not find, that any of the criticized conduct prolonged the case in any way. As described above, all these so-called shifting infringement positions took place in three simultaneously pending motions: motion for preliminary injunction (February 20-May 11), JPML motion for consolidation (February 26-May 31), and motion to dismiss and counterclaim (April 13-May 25). Additionally, all these motions were concluded *before* any responsive pleading to PersonalWeb's complaints had been filed, and while all the customer lawsuits had been stayed. There are no arguments or facts in the record that suggest that the criticized conduct had any effect whatsoever on any subsequent events in the litigation contributed to delay, or unnecessarily multiplied costs.

B. Four Categories

Amazon claims, incorrectly, that "PersonalWeb falsely states that it alleged all four theories in its original complaints (["OB"] at 11-12)." RB12 The district court also made no such finding. Amazon's argument thus appears to be another instance of attempting to bolster the inadequacy of the bases for the district court's exceptional case determination. Worse, Amazon itself contradicts this statement later in its brief: "PersonalWeb had only a single infringement theory related to the accused HTTP operations—the 'four types' did not have any material differences for the infringement analysis, as the district court's summary judgment order made

clear." RB20. Amazon fails to explain how PersonalWeb's introduction of the four categories could be a significant shift in the infringement theories in the original complaints, while at the same time there were not any material differences between the infringement in the four categories[3].

In any case, Amazon does not argue any prolonging effect of PersonalWeb's "four categories." The only result was that instead of going forward with only the Amazon case, the district court allowed the Twitch case to move forward simultaneously. Virtually all subsequent filings and hearings in the litigation jointly applied to both Amazon and Twitch, so there was no prolonging in this way. Further, Twitch is a wholly owned subsidiary of Amazon and the same counsel represented both, so there was no multiplication of the litigation either.

C. CloudFront Infringement Contentions

The district court finding that PersonalWeb's inclusion of CloudFront in its Infringement Contentions was an improper change in infringement positions late into the litigation (Appx0018-0019) is factually incorrect and clearly erroneous.

In its April 19, 2018 reply brief filed in the JPML proceedings, PersonalWeb informed the panel that PersonalWeb had learned of some defendants' use of

[3] As PersonalWeb explains in detail in its briefs, there are material differences regarding infringement between the four categories (most significantly that only category 4 includes fingerprints in filenames/Ruby on Rails), but all are included in the original complaints applied to at least one patent claim.

CloudFront: "Recent additional factual investigation by Personal Web has indicated that a few of the 50+ individual defendants sued may have used Amazon CloudFront, an intermediate cache server as alleged in the complaints, but hosted the asset files for their webpages on non-Amazon S3 servers during the time period covered by the infringement actions." Appx9735-9736. This was six months before PersonalWeb served its infringement contentions on October 29, 2018. Appx0004.

Even if PersonalWeb had not been on record in April about CloudFront's involvement in the infringement, introducing CloudFront in its infringement contentions would not have been late in any way. Amazon and PersonalWeb did not exchange Rule 26(A)(1) initial disclosures until October 26, 2018[4], just three days before. Twitch was not designated as the representative customer case and unstayed until November 27, 2018. Appx0836-0838. Amazon did not propound any discovery in the case until over a month later, on December 7, 2018.

PersonalWeb knows of no authority that everything in initial infringement contentions needs to be included in a complaint. Indeed, courts adopted patent rules

[4] Amazon also gets the chronology involving the infringement contentions wrong, saying, "[o]n November 28, 2018, the day after the district court's case management order and nearly a year into the case, PersonalWeb served infringement contentions that accused a different Amazon product, CloudFront, along with vaguely-described uses of CloudFront in combination with Amazon S3. Appx1188-1200." What was filed on November 28, 2018 was a declaration in support of their motion for summary judgment, to which was attached an Exhibit 12, "a true and correct copy of Exhibit A to Plaintiffs' Infringement Contentions, … *served October 29, 2018*." Appx0871 (emphasis added).

requiring patent owners to provide their complete infringement contentions soon after the initial case management conference for this reason[5]. Disclosing an infringement theory in initial infringement contentions that was only generally described in the complaint is expressly permitted by the local rules—it cannot be a legitimate basis for finding a case exceptional, unless the contentions were baseless. The district court specifically found PersonalWeb's were not. Appx0015.

D. "Seemingly Vanishing" Ruby on Rails

The district court found, "Importantly, … Ruby on Rails seemingly vanished from the case. PersonalWeb's expert offered no infringement opinion based on Ruby on Rails and PersonalWeb did not even mention Ruby on Rails in its opposition to Amazon and Twitch's summary judgment motions. *See generally*, de la Iglesia Report." Appx0018 (citations omitted). The record shows that the district court's impression of Ruby on Rails seemingly vanishing from the case was clearly erroneous.

As explained in the September 13, 2018 Joint Status Report to the district court, Ruby on Rails was part of the category 4 infringements involving including a file fingerprint in the filename (URI) for the file. Appx0573. Category 4 activity was

[5] Northern District of California Patent Local Rule 3-1(b) specifies that the initial infringement contentions contain: "Separately for each asserted claim, each accused apparatus, product, device, process, method, act, or other instrumentality ('Accused Instrumentality') of each opposing party of which the party is aware."

part of PersonalWeb's infringement allegations for the '544 patent. *Id.* Because Amazon S3 did not use Ruby on Rails or insert fingerprints into filenames, PersonalWeb dropped the '544 patent from the counterclaim against Amazon on October 16, 2018. Appx9563-9583. This was explained again in PersonalWeb's opposition to the attorneys' fees motion. Appx7890 (citations omitted).

Five of the ten claim terms construed in the district court's claim construction order of August 16, 2019 were claim terms from the '544 patent—the patent which PersonalWeb alleged was infringed using fingerprints in filenames (Ruby on Rails). Appx5194-5202. That half of the claim terms construed by the district court are from the one patent that involves Ruby on Rails, out of the four patents asserted, shows that PersonalWeb's infringement claims against Twitch did to a large degree, revolve around Ruby on Rails. The '544 patent, and thus Ruby on Rails, was also of greater significance than the other patents because the '544 patent expired almost two years after the other asserted patents.

PersonalWeb had no choice but to drop its '544 claim against Twitch immediately after the claim construction order because the construction of the '544 claim terms was fatal to PersonalWeb's '544 patent infringement claim. Appx8388. Accordingly, as PersonalWeb told the district court in its opposition to the attorneys' fees motion, "The only cause of action for infringement of the '544 patent before the Court during claim construction was in the Twitch action, and the business day after

the claim construction order was issued, PersonalWeb offered to unconditionally dismiss its '544 claim against Twitch. (*Id.*) After making this offer, it would have been a waste of both PersonalWeb's and Twitch's resources to include the '544 patent in its expert report served later the same week …." Appx7896.[6]

PersonalWeb also noted that had it included fingerprints in URIs and Ruby on Rails in its expert report, Amazon would have argued that filing an expert report alleging infringement of the '544 patent, when the claim construction ruled out infringement by the '544 patent, would have been unreasonably prolonging the litigation and be grounds for finding the case exceptional. *Id.* Notably, Amazon did not argue in its briefs to the district court that PersonalWeb's dropping of the '544 patent (and thus Ruby on Rails) after the claim construction order was a shift in PersonalWeb's infringement theory.

Rather than the "vanishing" of Ruby on Rails being an element of exceptional litigation conduct warranting the shifting of attorney's fees, the record below shows it "vanished" *precisely because* the practical effect of the district court's claim construction order informed PersonalWeb and its counsel that pursuit of claims of '544 patent infringement and Ruby on Rails, was a dead letter and that the right thing

[6] The facts and chronology related in this paragraph coupled with PersonalWeb still maintaining patent infringement claim unrelated to Ruby, as discussed above in the S3 vs. Ruby on Rails discussion, provide a complete response to the district court's rhetorical question at Appx0018.

to do then, was to drop Ruby on Rails. Accordingly, the district court's finding that "Ruby on Rails seemingly vanished from the case" and that PersonalWeb changed infringement positions in dropping Ruby on Rails from its case is clearly erroneous.

III. PersonalWeb Did Not Prolong Litigation After Claim Construction

The district court explicitly gave two specific courses of action that would have been reasonable for PersonalWeb to take after the district court's claim construction order. Amazon fails to address that the second of these courses of action was practically and logically impossible for PersonalWeb to have pursued, and fails to address the flaw in the district court's conclusion that pursuing this second course of action (even assuming it could have been pursued) "would have eliminated the need for summary judgment motions altogether" because once the expert report was served "Twitch had no choice but to prepare its summary judgment motion that was due a few days later." Appx0022.

The district court concluded that PersonalWeb's second "reasonable course of action" would have been that "PersonalWeb could have immediately sought clarification of the Court's Claim Construction Order ***before*** instructing its expert to "interpret" the Court's construction." Appx0022 (emphasis in original). Summarizing PersonalWeb's argument in its Opening Brief: (1) the claim construction order was issued on Friday, August 16, 2019; (2) with PersonalWeb's technical expert Erik de la Iglesia having in fact submitted a 66 page technical report

(with hundreds of pages of appendices) mapping infringement on August 23, 2019, and (3) with PersonalWeb having been working on this matter with Mr. De la Iglesia since prior to January 2019 (Appx1432-1440), and (4) with the Claim Construction Order issuing on Friday August 16, 2019, (5) followed immediately on Monday, August 19 with a week's worth of meetings/conferences spent with Amazon's counsel on the issue of clarification—the concept that there was any genuine opportunity to "immediately [seek] clarification ***before*** instructing its expert to 'interpret' the Court's construction" borders on logical impossibility. In fact, the time that did elapse on the clarification motion from filing to decision was 39 days. Contextually, neither with the benefit of foresight nor of hindsight could that be equated to a "reasonable course of action" and the district court's finding is clearly erroneous.

PersonalWeb served the contested expert report late in the evening on Friday, August 23, 2019, which was the district court's *deadline* for serving it. PersonalWeb filed its motion for clarification on Monday, August 26, 2019, the next business day after it served the expert report. Accepting the district court's reasoning to illustrate its lack as a "reasonable course of action", if PersonalWeb had "sought clarification of the Court's Claim Construction Order" by having filed its motion for clarification one business day earlier, on Friday, August 23, 2019, this apparently would have been reasonable conduct. However there is no way that the filing of PersonalWeb's

motion for clarification the day earlier would or could have affected the preparation and serving of Amazon's rebuttal expert report[7]. Amazon fails to address this critical flaw in the district court's reasoning.

As already noted, the district court tied the potential of an immediate clarification request to it "[eliminating] the need for summary judgment motions altogether" because "Twitch had no choice" otherwise. Appx0022. This is a non sequitur as the summary judgment motion that Twitch did file advanced multiple arguments unrelated to both the Motion to Clarify and to any of the other claim terms construed in the Claim Construction Order. Appx6448.

Amazon's efforts to contort and exalt the district court's order on the purpose/motive of the clarification request and the aftermath of the denial of that request cannot imbue the fee award order with findings that the district court did not make, and in fact *rejected*: Specifically, Amazon persists that PersonalWeb's attempt to "clarify the court's construction during that time was pretext," and "this [*i.e.,* the Motion for Judgment that PersonalWeb filed immediately following the district court denial on the clarification motion] was not a concession, but rather another gambit to prolong the case." Nowhere in that order does the district court

[7] The district specially ruled that, "the Court recognizes that Amazon and Twitch sought, and were granted, summary judgment based on additional grounds independent of the Claim Construction Order. The fees associated with those independent grounds cannot fairly be attributed to PersonalWeb's conduct." Appx0023.

conclude pretext or any ill-motive associated with the clarification request (in fact, the order on clarification specifically found that PersonalWeb was "properly submitted" over Amazon's strident objections) Appx5433, and the district court *specifically rejected* Amazon's pejorative labelling of the Motion for Judgement as "another bad faith gambit." Appx0022.

IV. PersonalWeb's Conduct Regarding the Customer Cases Was Reasonable

The core of the district court's criticism of PersonalWeb's conduct regarding the customer cases is that it threatened to "unravel the MDL." Appx0022, Appx0025-0026. In its opening brief, PersonalWeb explained how the district court was mistaken in concluding that Twitch being removed as a category 2 defendant could have "unraveled" the MDL. OB48-50. Amazon does not directly refute this, but rather argues that the difference between categories 2 (which Twitch is not in) and 3 (which Twitch and Amazon are in) that PersonalWeb argued to the district court after losing summary judgment on infringement reflect an infringement theory that would depend "on the wording of the individual terms of service for defendants' websites," which would "have the effect of unraveling the MDL." RB15, fn. 12. The district court arrived at a similar conclusion. Appx0026. This is incorrect. The fundamental requirement for instituting an MDL is cases "involving one or more common questions of fact … pending in different districts." 28 U.S.C. § 1407(a). Amazon's argument and the district court's conclusion presume that even if there

are many common questions of fact among MDL cases, if there are *any* questions of fact that are different between individual MDL cases, that somehow dissolves the MDL. That is not the law. All of the district court's findings based on PersonalWeb actions being an attempt to "unravel" the MDL are clearly erroneous and an abuse of discretion.

Amazon also finds fault in there being seven months that elapsed from when PersonalWeb learned from Twitch (late in discovery) that, despite all public appearances to the contrary, Twitch was not a category 2 defendant, to the time when PersonalWeb informed the district court of this information. Amazon never offers up that anything different would have happened at the district court if PersonalWeb raised this issue with the district court earlier; so too, the district court order is devoid of any linkage. In any case, Amazon does not allege and the district court did not find, that any attorney's fees were incurred due to the *timing* of PersonalWeb's disclosure of this Twitch issue to the district court.

V. The District Court's Finding about Inaccuracies in Declarations PersonalWeb Submitted Was Based on Testimony of the Declarants that They Did Not Make.

The district court rejected Amazon's argument that the declarations of Mr. Hadley and Mr. Bermeister submitted in support of PersonalWeb's opposition to Amazon's preclusion summary judgment motion were "shams" and determined that "there was no showing of blatant misrepresentation or bad faith." The district court

found that Mr. Hadley's Declaration did not amount to a breach of his duty of candor. Appx0028-29.

The district court did find: "Mr. Hadley and Mr. Bermeister testified that they were 'not aware' that conditional GET requests were a part of the Texas Action" and that this testimony "was inaccurate and should not have been presented to the Court." Appx0028-0029. But *neither Mr. Hadley nor Mr. Bermeister gave such testimony.*

Mr. Hadley's declaration specifically acknowledges "references to conditional HTTP GET requests in the Preliminary Infringement Contentions" but explained that these references "were made in passing just a handful of times in over 100 pages of contentions." Appx1565 at ¶ 4. Mr. Hadley then explained that these references to conditional GET requests in the Texas infringement contentions were included "in presenting, illustrating and describing the use of conditional commands in Multipart Upload …." *Id*. Mr. Hadley's testimony was that he was not aware "that there were S3 customers who were using ETags *for an entirely different purpose of controlling caches by directing browsers to use conditional HTTP GET request containing ETags.*" Appx1564 (emphasis added). This is not a statement about the Texas infringement contentions, but about Mr. Hadley's knowledge of S3's *use* of conditional GET requests "for an entirely different purpose" than what is discussed in the Texas infringement contentions. None of the statements the court cites from

the Texas action discuss using conditional GET requests for controlling browser caches.

The declaration of PersonalWeb's nonexecutive chairman Mr. Bermeister states, "I was not aware at the time of the Texas Action that there were S3 website operator customers who were using ETags *for an entirely different purpose* [than Multipart Upload] of controlling browser caches by directing *browsers* to use conditional HTTP GET requests containing content-based ETags in order to instruct the browsers when they were authorized to reuse previously cached content or when they must get newly authorized content in rendering the website operator's webpages." Appx1430 (emphasis added). His declaration does *not* say that he was "'not aware' that conditional GET requests were a part of the Texas Action" or anything similar.

What is left is that the district court found inaccuracy in testimony *not* given. Because such testimony was not given, the additional finding that it "should not have been presented" must also fall as clearly erroneous.

VI. If the District Court Findings of Exceptionality Linked to (a) Claim Preclusion/*Kessler* and (b) Ruby "Vanishing" Are Both Reversed, the Remaining Alleged Conduct Does Not Support an Exceptional Case Finding

For the reasons articulated above, the district court's findings that PersonalWeb's claims were objectively baseless as filed (because of claim preclusion and *Kessler*) and that PersonalWeb changed its infringement position as

respects Ruby on Rails with that theory having "seemingly vanished from the case" (Appx0018), are clearly erroneous, and constitute an abuse of discretion. If PersonalWeb's position is accepted, then as explained above, the remaining bases of the district court findings of exceptionality do not rise to the level of a case "stand[ing] out from others" to support such a conclusion, *i.e.*:

1) PersonalWeb serving its infringement contentions three days after the parties' initial exchange under Rule 26, could not have multiplied or prolonged the litigation in any way;
2) Submission of an expert report after the Claim Construction Order, the net effect charged by the district court to PersonalWeb, being only that Amazon had to file a rebuttal expert report;
3) PersonalWeb's unsuccessful attempt in February 2020 to maintain cases against some customers after the infringement summary judgment motion was granted and judgement entered against it, was followed two weeks later by a joint submission that left nothing substantive remaining in the MDL (save for the attorney's fee motion); and
4) PersonalWeb's submission of declarations in opposition to a summary judgment motion on which Amazon prevailed regardless.

The combination of these alleged instances of misconduct, with little to no prolonging effect on the litigation and accounting for a mere fraction of the awarded

fees, as explained below, does not rise to the level of a case standing out from others that would justify a finding of exceptional case, and the district court finding otherwise was an abuse of discretion.

VII. Most of the District Court's Fee Awards Were for Fees Not Incurred "But For" the Conduct that Was the Basis for the Finding of an Exceptional Case.

Amazon does not contest that attorneys' fees are only properly awarded if there is a direct causal connection between the conduct found to be the bases of an exceptional case determination and the attorneys' fees incurred. RB44.

Objectively Baseless Claims regarding S3 for Claim Preclusion/*Kessler*

The only cause the district court found for the following fee categories was that the S3 claims were baseless due to claim preclusion and *Kessler*: Declaratory Judgment Complaint (Appx0049) ($71k), Motions to Stay (Appx0049-0059) ($152k), Motion for Preliminary Injunction (Appx0050-0051) ($220k), Summary Judgement Motion (Preclusion/*Kessler*) (Appx0051) ($73k), Invalidity Contentions (Appx0052-0053) ($140k), Fact Discovery Disputes (Appx0054) ($932k), Discovery Disputes (Appx0054-0055) ($154k), and Federal Circuit Appeal (Preclusion/*Kessler*) (Appx0057) ($136k). A determination that the district court abused its discretion in reaching this finding should result in the reversal of all these awards.

Shifting Infringement Positions

The district court found that PersonalWeb's Motion to Dismiss (Appx0049) ($34k) fee category was caused by PersonalWeb's shifting infringement positions. The district court found that the following fee categories were caused by both PersonalWeb's shifting infringement positions and PersonalWeb's claims being baseless because of preclusion: Case Management (Appx0046-0047) ($809k) and Investigation of Infringement Claims (Appx0048-0049) ($159k).

As discussed above, the district court's finding regarding Ruby on Rails vanishing from the case was due to a complete misreading of the record on an issue not briefed by the parties. As to the other three supposed shifting infringement positions, the last alleged shift was on October 29, 2018, immediately after the parties' Rule 26 initial exchange and a month before the Twitch case was designated as the representative customer case. The vast bulk of the fees in the Case Management and Investigation of Infringement Claims were incurred after this last alleged shift in infringement position and fees incurred after this should not have been awarded, but the district court failed to so adjust the fees awarded.

Attempt to Keep Some Customer Cases in Play

The district court found that PersonalWeb's attempt to keep some customer cases in play after the noninfringement summary judgment, beginning with a filing on February 17, 2020. Appx0024. The district court awarded fees for the MDL

category fees as being caused by this conduct. Appx0047-0048 ($146k). The MDL proceedings, however, were concluded by June 6, 2018. The district court does not provide any explanation of how fees ending in June 2018 were or could have been caused by alleged misconduct that occurred a year and a half later.

Expert Report Prolonging Case

The district court found PersonalWeb's serving of its expert's report after the claim construction order was issued was the sole cause cited for fees awarded in the Claim Construction (Appx0053-0054) ($391k) category and were a cause, along with shifting infringement positions of the Expert Discovery (Appx0055-0056) ($447k) category. However, all of the fees for the Claim Construction category had been incurred before the district court's claim construction order, which was a week before PersonalWeb served the contested expert report on infringement. Similarly, the Expert Discovery fees incurred before PersonalWeb's expert report could not have been caused by that expert report.

CONCLUSION

In light of the foregoing, the Orders should be reversed, in their entirety.

January 12, 2022

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July 2020

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

CERTIFICATE OF COMPLIANCE WITH TYPE-VOLUME LIMITATIONS

Case Number: 2021-1858

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Signature: /s/ Michael A. Sherman

Name: Michael A. Sherman

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of this **PERSONALWEB TECHNOLOGIES, LLC'S REPLY BRIEF** was served on this 12th day of January, 2022 by operation of the Court's CM/ECF system on all counsel of record.

January 12, 2022

STUBBS, ALDERTON & MARKILES, LLP

/s/ *Michael A. Sherman*
Michael A. Sherman