

Zealous Advocacy or Objectively Baseless: A Cautionary Tale

In re PersonalWeb Techs. LLC, No. 2021-1858, 2023 WL 7267010 (Fed. Cir. Nov. 3, 2023)

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The consequences of pushing zealous advocacy beyond reasonable limits can be severe. A recent Federal Circuit decision illustrates just how severe: in *In re PersonalWeb Techs*, a three-judge panel affirmed a \$5.2 million attorneys’ fee award to the alleged infringer after over a decade of patent infringement litigation.



The twelve-year saga began in 2011 when PersonalWeb sued Amazon alleging that its Amazon Simple Storage Service (or “Amazon S3”) infringed its patents (the “Texas Action”). After claim construction, PersonalWeb stipulated to a dismissal with prejudice without reserving any rights to litigate any issues. In 2018, PersonalWeb sued 85 Amazon customers, asserting the same patents against their use of Amazon S3 (the “Customer Cases”). Amazon intervened and filed a declaratory judgment action against PersonalWeb to bar re-litigation of the Texas Action. PersonalWeb counterclaimed against Amazon, alleging, again, patent infringement due to Amazon S3 and another Amazon product, CloudFront, a content delivery network. To streamline the Customer Cases, PersonalWeb represented to the court that the outcome of its case against Twitch, one of the Customer Cases, is tied to the rest of the Customer Cases but later withdraw this representation. Eventually, PersonalWeb lost to both Amazon and Twitch because PersonalWeb was barred from re-litigating Amazon S3, and as to CloudFront, PersonalWeb conceded it could not prove infringement after claim construction. Determining the case was exceptional under 35 U.S.C. § 285, the court granted Amazon’s and Twitch’s motion for attorneys’ fees and costs. PersonalWeb appealed the fee award.

The Federal Circuit affirmed, citing five findings as support that the case was “exceptional.” First, relying on claim preclusion and *Kessler* (bars patent infringement action against customers if seller previously prevailed), the panel found the claims related to Amazon S3 were objectively baseless and PersonalWeb’s “broad stipulation” in dismissing the Texas Action did not reserve any rights to litigate. Second, PersonalWeb’s frequently changing infringement theories undermined its trustworthiness and reliability before the court. Third, PersonalWeb unnecessarily prolonged the case when it “attempt[ed] to re-litigate” claim construction by offering expert opinion on certain alleged ambiguities in the district court’s claim construction. Fourth, PersonalWeb’s late reversal on its representation about the Twitch case supported a finding of exceptionality. And, finally, fifth, the district court did not abuse its discretion by considering two inaccurate declarations submitted by PersonalWeb, in which the declarants misrepresented the technology at issue in the Texas Action. As a result, the panel found that the district court did not abuse its discretion in awarding \$5,187,203.99 in attorneys’ fees to Amazon and Twitch.

This case serves as a cautionary tale for patent litigators. Counsel should carefully examine their infringement theories and tread lightly to avoid having zealous advocacy turn to frivolous arguments. As this case has shown, counsel should be mindful of their representations to the court and quickly act to address them should they become inaccurate or are no longer supported by evidence. Failure to do so may push conduct from zealous representation to frivolous conduct. As the panel stated, “[e]xceptionality cannot hide behind a claim of zealous representation.”