

SPEEDTRACK, INC. v. OFFICE DEPOT, INC., Appeal No. 2014-1475 (Fed. Cir. June 30, 2015). Before Prost, Mayer and O'Malley. Appealed from N.D. Cal. (Judge Hamilton).

Background:

SpeedTrack brought suit against Office Depot alleging patent infringement based on Office Depot's use of an Information Access Platform ("IAP") software distributed by Endeca (now Oracle). The claims of SpeedTrack's patent were directed to accessing files in a computer data storage system. Office Depot used the IPA software as a search platform on its retail website.

Office Depot moved for summary judgment based on a 2013 Federal Circuit decision which found that Oracle's IAP software, as used by Walmart, did not infringe SpeedTrack's patent. The district court granted judgment as a matter of law in favor of Office Depot based on the *Kessler* doctrine, which bars patent infringement suits against customers for use of a product previously found not to infringe in a suit against the supplier of that product. SpeedTrack appealed.

Issue/Holding:

Did the district court err in granting Office Depot's motion for summary judgment of non-infringement? No, affirmed.

Discussion:

In contrast to *res judicata*, which would bar infringement claims related to acts up to the date of the previous court decision, under the *Kessler* doctrine (created by the Supreme Court in 1907) once a product is found to not infringe a patent, the patent owner is precluded from bringing any subsequent claim against a user of that product based on the same patent.

The Federal Circuit found that Oracle's IAP software acquired the status of a non-infringing product in the earlier decision involving Walmart. SpeedTrack asserted that the *Kessler* doctrine only protected the seller of the product from later claims of infringement, and thus claims could be brought against a customer. The Federal Circuit disagreed and found there was no requirement for the software manufacturer, Oracle, to intervene on behalf of the customer, Office Depot, because the previous judgment of non-infringement became attached to the IAP software product itself for all future sales. In addition, because the use of the IAP software by Office Depot was essentially the same as the use by Walmart previously found not to infringe SpeedTrack's patent, Office Depot's use of the IAP software was non-infringing. Accordingly, the Federal Circuit held that summary judgment of non-infringement was proper.

The Federal Circuit emphasized that the *Kessler* doctrine is a necessary supplement to protect consumers where issue and claim preclusion would not. The *Kessler* doctrine, thus, remains binding precedent.