

Amazon Hit With \$525M Verdict Over Data Storage Patents

By [Lauren Berg](#) · [Listen to article](#)

Law360 (April 10, 2024, 7:10 PM EDT) -- An Illinois federal jury on Wednesday found that [Amazon](#) infringed three of a Chicago software company's patents relating to cloud data storage technology, determining that while the infringement was not willful, Amazon owes \$525 million in damages.



Amazon intends to appeal an Illinois federal jury's decision finding that the company infringed three patents relating to cloud data storage technology. (AP Photo/Michael Sohn, File)

The jury returned a verdict in favor of Kove IO Inc., finding that Amazon Web Services infringed a trio of patents related to technology that enables "hyper-scalable cloud storage" and improves on the scalability limitations of conventional data storage systems, according to a [docket entry](#).

However, the jury also determined that Amazon's infringement was not willful, the entry states.

The jury awarded \$525 million in damages to Kove, according to the entry.

"We're extremely grateful to the jury and the court for recognizing the significance of our client's inventions," Courtland L. Reichman of [Reichman Jorgensen Lehman & Feldberg LLP](#), lead counsel for Kove, said in a statement Wednesday. "This decision is a testament to the power of innovation and the importance of protecting IP rights for startup companies against tech giants."

In a statement to Law360 on Wednesday evening, Amazon said, "We disagree with today's ruling and intend to appeal. We thank the jury, which also acknowledged that AWS did not willfully infringe on patents."

Kove [sued Amazon](#) in December 2018, accusing the cloud computing subsidiary of infringing its patents in order to solve the problem of storing and retrieving massive amounts of data, according to the complaint. That allowed AWS to become the "first large-scale vendor of economical cloud infrastructure and services," offering people and businesses access to the cloud without having to set up their own servers and software, the suit states.

"The ability to offer cloud services on this scope and scale was made possible through infringement of Kove's patents, paving the way for AWS to become what is believed to be Amazon's largest profit center," Kove said.

"Companies such as AWS have little incentive to do business with small companies that have patented (and therefore disclosed) technology if they are able to take it without meaningful consequences," it added. "The disclosure of innovation in patents is not intended to facilitate unauthorized use, but rather to incentivize public disclosure for the benefit of all, in return for the promise to inventors of exclusive rights for a limited period of time.

While students at the University of Chicago in the 1990s, John Overton and Stephen Bailey, the named inventors of the patented technology, foresaw the advent of cloud storage and identified a key roadblock: data storage requirements would grow beyond the capabilities of traditional computer networks, the suit states.

Along with storing the data file, a storage system also has to store its corresponding location information in order to retrieve it, according to the complaint. But Overton and Bailey realized it would become nearly impossible to store the location information all in one place, so they devised the patented technology allowing location data to be stored across multiple servers, the suit states.

"This fundamental technology allowed for the efficient organization of location information even as files are constantly added, deleted, modified, and moved," Kove said. "It enabled hyper-scalable cloud storage and improved upon the scalability limitations of conventional storage systems."

Kove alleged that cloud-based products and services provided by AWS, including Amazon Simple Storage Service and DynamoDB, infringed the trio of asserted patents, according to the suit.

Amazon in May 2020 [lobbed counterclaims](#) in its answer to the lawsuit, arguing that it did not infringe the patents, that the patents are invalid and that Kove didn't state a claim upon which relief can be granted, among other things.

The case went to trial on April 1, according to the docket, and the jury reached its verdict after being handed the case on Wednesday.

Amazon's noninfringement, invalidity and other counterclaims were all dismissed with prejudice Wednesday, according to the docket entry.

The patents-in-suit are U.S. Patent Nos. 7,814,180; 7,233,978 and 7,103,640.

Kove is represented by Courtland L. Reichman, Christine Lehman, Shawna Ballard, Khue Hoang, Amy Ruhland, Jennifer Estremera, Jaime F. Cardenas-Navia, Gina Cremona, Adam Adler, Taylor Mauze, Philip Eklem, Savannah Carnes, Naveed Hasan, Navid Bayar and Brian Baran of Reichman Jorgensen Lehman & Feldberg LLP, and Renato Mariotti and Holly Campbell of [Bryan Cave Leighton Paisner LLP](#).

Amazon is represented by Alan M. Fisch, Bill Sigler, Jeff Saltman and Lisa Phillips of [Fisch Sigler LLP](#).

The case is Kove IO Inc. v. Amazon Web Services Inc., case number [1:18-cv-08175](#), in the [U.S. District Court for the Northern District of Illinois](#).