

Jury Hits Cloudera With \$240M Verdict In Coding Patent Case

By **Kelly Lienhard**

Law360 (October 13, 2023, 9:48 PM EDT) -- A Western District of Texas jury found Friday that California-based hybrid data cloud company Cloudera infringed three separate coding patents and owes a patent-holding company \$240 million.



California-based hybrid data cloud company Cloudera had argued during trial that it did not infringe the coding patents of Waco-based StreamScale because it did not make or sell hardware. StreamScale countered that using a patent without authorization is still infringement. (Photo by Yichuan Cao/Sipa USA)

The jury also found that Cloudera failed to show that any of the three patents owned by Waco company StreamScale were invalid.

During a trial earlier in the week, Cloudera defended itself against claims from StreamScale, which is trying to market coding patents issued to a programmer named Michael Anderson.

StreamScale accused the data company's CDH software products, which are open-source platform distributions specifically built to meet enterprise demands, of infringing three coding patents.

During this week's trial, StreamScale said Cloudera's witnesses admitted that when the company tests the erasure code's functionality prior to its release, it executes the infringing erasure code instruction.

While Cloudera argued that its CDH software did not infringe the patents because it did not make or sell hardware, StreamScale said using a patent without authorization is still infringement.

Cloudera also alleged at trial that the coding covered by StreamScale's claims was not patentable because the method covered would have been obvious based on prior art.

However, StreamScale said Cloudera failed to show that each element in the disputed patents were covered by previous patents.

StreamScale sued Cloudera and rivals ADP, Intel, Experian and Wargaming in March 2021, claiming the companies lifted a group of coding patents.

StreamScale **agreed to dismiss claims** against ADP and Wargaming in August 2021 and September 2022, respectively. The company also dropped its complaint against Intel in March 2022 after Intel filed a separate suit in California court accusing StreamScale of breaking a nondisclosure agreement signed during licensing negotiations.

Jamie McDole of Winstead PC, one of StreamScale's attorneys, told Law360 Friday night that StreamScale was pleased with the verdict.

"This verdict evidences the tremendous value StreamScale's Accelerated Erasure Coding patent portfolio provides to storage companies," McDole said.

Counsel for Cloudera did not immediately respond to a request for comment Friday.

The patents-in-suit are U.S. Patent Nos. 9,385,759; 10,291,259; and 10,666,296.

Streamscale is represented by Jamie H. McDole, Phillip B. Philbin, Michael D. Karson, David W. Higer, Matthew K. Joeckel and Grant Tucker of Winstead PC, Jason Sheasby, Lisa Glasser, Rebecca Carson and Stephen Payne of Irell & Manella LLP and Max Ciccarelli of Ciccarelli Law Firm LLC.

Cloudera is represented by Christopher Kao, Brock S. Weber, Steven P. Tepera, Benjamin L. Bernell and Audrey Lo of Pillsbury Winthrop Shaw Pittman LLP.

The case is Streamscale, Inc. v. Cloudera, Inc. et al., case number 6:21-cv-00198, in the U.S. District Court for the District of West Texas.

–Additional reporting by Andrew Karpan. Editing by Drashti Mehta.