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Article

**ISSUE PRECLUSION AS APPLIED TO CLAIM INTERPRETATION**

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### \*324 I. Introduction

In its broadest sense, the concept of res judicata encompasses two distinct doctrines of preclusion: 1) claim preclusion (the traditional form of res judicata); and 2) issue preclusion (traditionally referred to as collateral estoppel). The close relationship of these two doctrines often leads to confusion by litigants and the courts. Before addressing the scope of issue preclusion as it applies to claim interpretation, it is therefore important to clearly distinguish these two separate doctrines.

The doctrine of claim preclusion means that a judgment, once rendered as a final decision, is treated as the full measure of relief to be accorded between the same parties on the same “claim” or “cause of action.” In other words, claim preclusion prevents either of the parties to a first suit from relitigating the grounds for or the defenses to an already-litigated claim if those grounds or defenses were available to the parties during the first suit. One of the key aspects of claim preclusion is that it applies regardless of whether all of the available grounds for or defenses to that claim were actually asserted in the first suit.<sup>1</sup> As an example, claim preclusion would prevent a patentee from asserting infringement of a patent against \*325 an alleged infringer’s product, if an earlier judgment had already been rendered in which that patentee’s claim of infringement of the same patent by the same product had failed. Such a claim preclusion would apply regardless of whether the patentee asserted some new basis for infringement, if that new basis was available during the original suit.

The doctrine of issue preclusion, on the other hand, is equitable in nature and is therefore not as predictable as claim preclusion.<sup>2</sup> As an initial matter, issue preclusion is analogous to claim preclusion because it can be used to prevent a party from relitigating an issue decided against that party in a prior suit.<sup>3</sup> On the other hand, issue preclusion differs from claim preclusion because a court’s decision on an individual issue of fact or law that was necessary to its final judgment may preclude relitigation of that issue in a subsequent suit based on a different cause of action wherein the preclusion is asserted against a party (or privy) to the original suit.<sup>4</sup> Two primary distinctions between issue preclusion and claim preclusion are therefore:

(1) Issue preclusion cannot be applied if such issue was not actually litigated in an earlier suit, as opposed to claim preclusion whereby issues that were available but were not litigated can be estopped; and

(2) Issue preclusion can potentially be pled in a subsequent suit by a stranger to the original suit, while claim preclusion applies only to the parties (or privies) of the original suit.

Moreover, a key prerequisite for the proper application of issue preclusion is whether it appears that the party against whom it is pleaded had a “full and fair opportunity” to litigate the issue.<sup>5</sup>

The doctrine of issue preclusion has the potential to be very important to patent litigation due to the common scenario in which a single patent is asserted in separate suits against different allegedly infringing products. For instance, a court’s claim construction of that patent in a first suit has the potential to make or break a subsequent suit if the doctrine of issue preclusion is applicable. Accordingly, the following paper addresses the doctrine of issue preclusion as it generally applies to patent law, and in particular as it applies to the issue of claim interpretation.

## **\*326 II. The Requirements for Application of Issue Preclusion**

### **A. Blonder-Tongue Application of Issue Preclusion to Patent Validity**

In *Blonder-Tongue Laboratories, Inc. v. University of Illinois Foundation*,<sup>6</sup> the Supreme Court considered “whether mutuality of estoppel is a viable rule where a patentee seeks to relitigate the validity of a patent once a federal court has declared it to be invalid.”<sup>7</sup>

In the Supreme Court’s *Triplett v. Lowell*<sup>8</sup> decision rendered several decades earlier, the Court had reinforced the concept that *res judicata* is improper if there was not mutuality of estoppel, i.e., *res judicata* was only proper where both parties in the subsequent action were also parties to the original suit such that both parties would be subject to estoppel. In *Blonder-Tongue*, however, the Court noted a widespread trend away from the requirement of mutuality based on “the goal of limiting relitigation of issues where that can be achieved without compromising fairness in particular cases.”<sup>9</sup> Among the reasons cited for eliminating the mutuality requirement were: (1) the public interest in efficient judicial administration; and (2) the misallocation of resources likely to occur when a single plaintiff is allowed to assert a claim against new defendants, even when that plaintiff has already lost on the same claim against a first defendant.<sup>10</sup> The Court therefore partially overruled the *Triplett* mutuality requirement, but tempered its holding by making clear that defensive issue preclusion (collateral estoppel) cannot be successfully asserted unless “the party against whom an estoppel is asserted had a full and fair opportunity to litigate.”<sup>11</sup>

Moving on to the specific application of issue preclusion in the context of patent validity, the Court held that patent litigation is admittedly unique, but nevertheless should not be treated as an exception to the Court’s decision to depart from the rigid requirements of mutuality.<sup>12</sup> The Court acknowledged the complexity of patent litigation relative to many other areas of law and the possibility of judicial uncertainty, but noted that there is no reason to believe that a second court would more accurately decide the issue than a first court.<sup>13</sup> Moreover, the Court discussed the very substantial economic consequences incurred by a patentee, the accused infringer, and even the courts when litigating patents and their \*327 validity. If a patent is accurately determined to be invalid in a first action, then it would be inefficient and unfair to force both a new defendant and the court to expend additional resources to again prove invalidity of the same patent in a subsequent action by the patentee. To prevent such an inefficient use of resources, the Court held that issue preclusion prevents such a relitigation of the validity of a patent, unless the patentee can demonstrate that it was not accorded a full and fair opportunity to litigate the matter in the first action.<sup>14</sup>

### **B. Development of Issue Preclusion Since *Blonder-Tongue***

Since *Blonder-Tongue*, the Federal Circuit has more fully explained the requirements for application of issue preclusion during patent litigation. Specifically, the court has held that issue preclusion can be appropriate when the following requirements are met:

(1) “the issue is identical to one decided in the first action”;

(2) “the issue was actually litigated in the first action”;

(3) “resolution of the issue was essential to a final judgment in the first action”; and

(4) the “plaintiff had a full and fair opportunity to litigate the issue in the first action.”<sup>15</sup>

Satisfaction of the above requirements, however, does not necessarily guarantee that issue preclusion will be applied by the courts. One exception is addressed in the Restatement (Second) of Judgments--“Although an issue is actually litigated and determined by a valid and final judgment, and the determination is essential to the judgment, relitigation of the issue in a subsequent action between the parties is not precluded [when] . . . [t]he party against whom preclusion is sought could not, as a matter of law, have obtained review of the judgment in the initial action.”<sup>16</sup> Moreover, equitable considerations are also appropriate considerations, thereby allowing the court some discretion in determining whether a party can successfully assert issue preclusion. For instance, it may be more difficult for a plaintiff to successfully assert issue preclusion as an offensive tactic to estop a defendant from relitigating issues the defendant previously litigated and lost against a different plaintiff because such an offensive use of issue preclusion may be unfair to the defendant.<sup>17</sup>

**\*328** As a result, the likely success of a party’s assertion of issue preclusion is difficult to predict, even when the standard factors listed above favor such party. The injection of equitable considerations into the analysis results in a very fact-specific, case-by-case determination when evaluating issue preclusion. In fact, this determination becomes even more difficult to predict when the particular issue being considered has not been clearly adjudicated by the federal courts, or, as is the case with claim interpretation, when the significance of the particular issue in deciding the outcome of a suit can vary widely depending on the theories of the case.

### III. Application of Issue Preclusion to Claim Interpretation

Initially, courts did not apply *Blonder-Tongue* issue preclusion to any issues other than patent validity. However, *Chisum* argues that collateral estoppel should apply to “claim construction (interpretation), prosecution history estoppel, inequitable conduct on fraudulent procurement, and misuse.”<sup>18</sup> More recently, several courts have addressed the application of collateral estoppel (issue preclusion) to the particular issue of claim interpretation.<sup>19</sup> One overriding theme through each case is that the preclusive effects of prior judicial claim constructions should be narrowly construed. The following discussion will highlight and analyze some of the most important decisions to date.

#### A. Essential to a “Final Judgment”

##### 1. *A.B. Dick Co. v. Burroughs Corp.*<sup>20</sup>

The Federal Circuit has held that “judicial statements regarding the scope of patent claims are entitled to collateral estoppel effect in a subsequent infringement suit only to the extent that determination of scope was essential to a final judgment on the question of validity or infringement; further, that such statements should be narrowly construed.”<sup>21</sup> In *A.B. Dick v. Burroughs*, the Federal Circuit evaluated Defendant-Burroughs’ assertion of collateral estoppel as a defense to the plaintiff’s suit for patent infringement. Based on the “final judgment” requirement, however, the court refused to give collateral estoppel effect to the broader statements made by a district court in an earlier action involving the same *A.B. Dick* patent.<sup>22</sup>

**\*329** In the prior litigation involving the same *A.B. Dick* patent, *Mead Digital Systems, Inc. v. A.B. Dick*, Defendant-Mead sought a declaratory judgment on the issue of the patent’s validity.<sup>23</sup> The patent described both a method and apparatus for applying ink drops to paper in which ink drops are given an electrostatic charge and are then deflected by an electrode “in a direction transverse to the direction the recording medium moves as a function of time.”<sup>24</sup> The *Mead* court determined that the meaning of the terms “deflected laterally” in claim 1 and “deflection in multiple ‘trajectories’ to multiple ‘regions’” in claim 33 were ambiguous but were essential to the determination of infringement by the defendant’s printer. In its analysis, the *Mead* court noted that Mead’s device would literally infringe these two claims “if ‘lateral’ deflection in claim 1 is interpreted to include deflection longitudinal of the relative movement between the record member and the nozzle, or if deflection in multiple ‘trajectories’ to multiple ‘regions’ in claim 33 is interpreted to include deflection.”<sup>25</sup> On the other hand, Mead’s device would not literally infringe if the court interpreted these phrases as describing “only deflection transverse of the time-axis of relative movement between the record member and nozzle.”<sup>26</sup> The court interpreted the patent as disclosing only a transverse deflection of the charged droplets while the accused *Mead* device did not cause transverse deflection; the court

therefore held that the Mead device did not literally infringe.<sup>27</sup> Additionally, the court further explained in its final opinion that the patent “is limited in scope to oscillographic recording.”<sup>228</sup>

In the subsequent suit against Defendant-Burroughs in *A.B. Dick v. Burroughs*, the district court focused only on the language used by the Mead court regarding the limited “oscillographic recording” scope of the patent, and failed to examine the underlying rationale for the Mead court’s final judgment regarding infringement. In reviewing the lower court’s decision, the Federal Circuit noted that the accused Burroughs device, unlike the accused Mead device of the earlier suit, does cause transverse deflection of droplets. “Ironically, the [district] court relied on the collateral estoppel effect of a decision of another court which held that a different machine did not infringe because it lacked a characteristic (transverse deflection) unquestionably found in the Burroughs machine.”<sup>29</sup> Accordingly, the Federal Circuit noted that only the transverse deflection claim interpretation by the Mead court has preclusive effect in a subsequent suit because only this interpretation was **\*330** essential to the final judgment regarding the Mead device.<sup>30</sup> On the other hand, the Mead court’s broader statements regarding the scope of the patent do not have preclusive effect because they were not essential to the final judgment regarding the Mead device.<sup>31</sup>

## 2. *Molinaro v. Fannon/Courier Corp.*<sup>32</sup>

In *Molinaro v. Fannon/Courier Corp.*, the patent infringement defendant moved for summary judgment based in part on the defense of collateral estoppel.<sup>33</sup> In several earlier cases involving the same Molinaro patent, the courts had interpreted the scope of the same patent claims. Such earlier decisions ultimately held that the accused “termination of signal” radio receivers did not infringe this patent because the courts interpreted the claims to be limited to “signal-sampling radio receivers.”<sup>34</sup>

For example, in *Catanzaro v. Masco Corp.*, *Catanzaro*--assignee of a fifty-percent interest in the Molinaro patent--alleged that the defendant’s “automatic scanning receivers” infringed the Molinaro patent.<sup>35</sup> After analyzing the claim language, specification, and file wrapper for the patent, the *Catanzaro* court determined that the Molinaro patent does not cover “termination of signal” radio receivers. Since the defendant’s receivers were “pure termination of signal devices,” they were found to be noninfringing.<sup>36</sup> As a result, the *Catanzaro* court granted the defendant’s motion for summary judgment of noninfringement.<sup>37</sup>

As in *Catanzaro*, the accused products in *Molinaro v. Fannon/Courier Corp.* were “termination of signal” radio receivers, thus raising an issue identical to that addressed in *Catanzaro*.<sup>38</sup> The Federal Circuit therefore noted that the scope of the patent claims had been determined by the earlier litigation, and that this determination was a final judgment of noninfringement in these prior cases.<sup>39</sup> Moreover, the patentee had a “full and fair” opportunity to litigate this issue in the earlier litigation and failed to establish that such decisions were “seriously **\*331** defective.”<sup>40</sup> The Molinaro court thus affirmed the grant of summary judgment, because the patentee was estopped from arguing that the scope of the same patent claims encompassed the accused products.<sup>41</sup>

## 3. *Pfaff v. Wells Electronics, Inc.*<sup>42</sup>

The Federal Circuit has supported this application of issue preclusion to prior claim interpretation more recently in *Pfaff v. Wells Electronics, Inc.*<sup>43</sup> and *In re Freeman*.<sup>44</sup> In both cases, the Federal Circuit held that claim interpretation, which had been essential to the final noninfringement determination in prior litigation, could have a preclusive effect on subsequent litigation.<sup>45</sup> For example in *Pfaff v. Wells Electronics, Inc.*, the Federal Circuit agreed that the claim interpretation in prior litigation had an issue preclusive effect on litigation in a subsequent case.<sup>46</sup> In the prior litigation, the patentee sued the defendant in the Northern District of Indiana for allegedly infringing its patent on the housings or sockets for leadless chip carriers.<sup>47</sup> The district court concluded that claim 1 of the patent required the “coact[ion] with the inner edges of the conductive pins that define the cavity.”<sup>48</sup> Following this determination, the court held that the defendant’s device did not literally infringe because it did not have the “inner edges of the conductive pins” described in claim 1 of the patent.<sup>49</sup>

In the subsequent Federal Circuit case, *Pfaff v. Wells Electronics Inc.*, the patentee again sued the defendant for infringement by the defendant’s subsequently developed devices.<sup>50</sup> All parties and the district court agreed that the prior interpretation of claim 1 in the Indiana suit--“that ‘the claim requires the coaction of the spreader means with the pin ends’ inner edges which define the cavity”--was controlling in the new case.<sup>51</sup> The Federal Circuit affirmed this interpretation stating that “prior claim

interpretation has issue preclusive effect in the present case \*332 insofar as it was necessary to the judgment of noninfringement in the previous case.”<sup>52</sup>

#### **4. Phonometrics, Inc. v. Northern Telecom Inc.**<sup>53</sup>

Inherent in the “essential to a final judgment” requirement is that issue preclusion is not appropriate when the subsequent litigation depends on different claim limitations than those interpreted in the prior litigation, even when both are interpreting the same claims.<sup>54</sup> For example, in *Phonometrics, Inc. v. Northern Telecom Inc.*, the plaintiff sued the defendant for patent infringement under the doctrine of equivalents. The infringement issue involved claim 1 of the patent regarding a device used in hotels for tracking the length and cost of calls made from individual hotel rooms.<sup>55</sup>

In a prior suit involving the same patent, the clause “digital display” in claim 1 was interpreted to mean “only a visual display” and not to include “machine readable devices, or information given to a computer for later access.”<sup>56</sup> Because the interpretation of this “digital display” limitation was the only limitation relied on for the final judgment in the prior litigation, the earlier court’s interpretation of other limitations in claim 1 would not have a preclusive effect in the subsequent litigation. The Federal Circuit explained that “[a]ny construction of other limitations in claim 1, including any construction of those limitations at issue here, that we or the district court made in *Intellicall* was merely dictum, and therefore has no issue preclusive effect” in the subsequent *Northern Telecom* case.<sup>57</sup> Consequently, if a court in earlier litigation interprets limitations A, B, and C in a particular claim but only relies on its interpretation of limitation B for its final judgment, then only the interpretation of limitation B can be cited for its collateral estoppel effect in a subsequent suit.

#### **5. Miscellaneous District Court Decisions**

Finally, it should be noted that district courts have sometimes relied heavily on the Federal Circuit’s admonition to narrowly construe statements regarding the scope of a patent when considering issue preclusion.<sup>58</sup> For example, in *Altech Controls Corp. v. E.I.L. Instruments Inc.*, the Southern District of Texas held that \*333 an earlier decision by a district court in another jurisdiction that gave broader scope to claims of the patent in suit “is not binding on this Court.”<sup>59</sup> Additionally, in *Liposome Co. v. Vestar Inc.*, a Delaware federal court held that a patentee was not barred from asserting “inconsistent positions in litigation unless the party opposing the subsequent position demonstrates either personal reliance on a decision granted in a prior suit, prejudice in the current litigation by reason of the prior decision, or the patent holder’s apparent misuse of the court.”<sup>60</sup>

### **B. What Constitutes a “Final Judgment” ?**

The existence of a final judgment in prior litigation is necessary for a party to raise a collateral estoppel defense, yet the actual boundaries of what constitutes a “final judgment” for issue preclusion purposes is somewhat ambiguous.

#### **1. Pendency of Appeal and Judgment as Matter of Law/New Trial Motion**

It is well established that the pendency of an appeal does not affect the finality of a trial court’s holding and thus does not affect issue preclusion.<sup>61</sup> Little or no case law specifically addresses the effects that a pending appeal may have on the application of issue preclusion to claim construction. Nevertheless, the logical conclusion is that issue preclusion regarding claim interpretation is appropriate even when an appeal is pending for the earlier litigation because: (1) there is no dispute that claim interpretation can be the subject of issue preclusion in subsequent litigation; and (2) there is no dispute that issue preclusion in general can be applied even when an appeal is pending.

#### **\*334 a. Pharmacia & Upjohn v. Mylan Pharmaceuticals**<sup>62</sup>

In *Pharmacia & Upjohn v. Mylan Pharmaceuticals*, the Federal Circuit addressed the effects of both the pendency of appeal and judgment as a matter of law on collateral estoppel as applied to patent invalidity and unenforceability.<sup>63</sup> In *Pharmacia & Upjohn*, one basis for the defendant’s motion for summary judgment was the collateral estoppel effect of *Upjohn Co. v. Mova Pharmaceutical Corp.*, a previously litigated case holding the same patent invalid and unenforceable.<sup>64</sup> On appeal, the

patentee asserted two bases for avoiding the preclusive effect of the earlier litigation in *Mova*: (1) no “full and fair opportunity to litigate” occurred because the *Mova* jury failed to grasp the technical nature of the patent; and (2) the *Mova* decision did not constitute a “final judgment” because an appeal and a motion for judgment as a matter of law/new trial were still pending.<sup>65</sup> The Federal Circuit rejected both bases and affirmed the collateral estoppel effects of the prior litigation.

The Federal Circuit specifically addressed the patentee’s arguments regarding a pending appeal and motion for judgment as a matter of law/new trial. With respect to the pending appeal, the court explained that “[t]he vast weight of case law supports according the *Mova* judgment full collateral estoppel effect.”<sup>66</sup> The mere fact that a losing party has not exhausted all appellate remedies does not avoid the preclusive effects of the earlier decision. As to the pending judgment as a matter of law/new trial motion, the authorities and case law “are nearly uniform in concluding that the fact that post-trial motions are pending does not affect the finality of a judgment and thus does not prevent its preclusive effect.”<sup>67</sup> While scholars have suggested that it is probably preferable to “allow some time to pass to allow for the resolution of post-trial motions before according a judgment collateral estoppel effect,”<sup>68</sup> the delay in *Pharmacia & Upjohn* would have been nine months. This is far longer than the time typically required to rule on such a post-trial motion.<sup>69</sup> Moreover, a wait of nine months would have delayed the defendant’s \*335 Abbreviated New Drug Application.<sup>70</sup> Accordingly, the Federal Circuit affirmed the preclusive effects of the earlier litigation in *Mova* regardless of the pending appeal and post-trial motion.

#### **b. *Mendenhall v. Barber-Greene Co.***<sup>71</sup>

In *Mendenhall v. Barber-Greene*, the Federal Circuit further explained that its “precedent holds that the defense of collateral estoppel based on a final judgment of patent invalidity in another suit can ‘be timely made at any stage of the affected proceedings.’”<sup>72</sup>

The patentee in *Barber-Greene* filed three separate actions against three different defendants for infringement of the same two patents. In one of those actions, a judgment of invalidity was entered just prior to the entry of final judgment by the trial court in a second action and only after appeal to the Federal Circuit in the third action, *Mendenhall v. Barber-Greene*.<sup>73</sup> The defendants in *Barber-Greene* therefore first raised the collateral estoppel defense after the trial court’s judgment and during the appeal to the Federal Circuit.<sup>74</sup> In response, the patentee’s only substantive argument against collateral estoppel was the timeliness of the defendant’s assertion of this defense.<sup>75</sup> The Federal Circuit rejected the patentee’s timeliness argument and applied collateral estoppel because of the extreme inconsistencies that would result. In other words, it would be contrary to the policies expressed in *Blonder-Tongue* to enter one judgment that the patents at issue are invalid while awarding injunctions and damages for infringement of such invalid patents in two other judgments.<sup>76</sup>

## **2. Settlements and Consent Judgments**

The general rule is that issue preclusion does not arise from a settlement or consent judgment.<sup>77</sup> Typically, a “judgment entered pursuant to a stipulation will give rise only to a claim preclusion, not issue preclusion.”<sup>78</sup> Nevertheless, parties may wish that their consent decrees or settlements be preclusive with regard to \*336 specific issues, thus courts have occasionally applied collateral estoppel to these issues.<sup>79</sup>

#### **a. *Arizona v. California***<sup>80</sup>

The Supreme Court has addressed the preclusive effect of settlements and consent judgments. In *Arizona v. California*, the Court noted that “settlements ordinarily occasion no issue preclusion . . . unless it is clear . . . that the parties intend their agreement to have such an effect.”<sup>81</sup> The Court emphasized that the purpose of consent decrees and settlements is to avoid further litigation on a claim or cause of action, but not to avoid litigation on particular issues.<sup>82</sup> Furthermore, when parties settle, litigation ceases so a court will not have reached a “final judgment” on the issue.<sup>83</sup>

#### **b. *Foster v. Halco Manufacturing Co.***<sup>84</sup>

The Federal Circuit also noted in *Foster v. Halco Manufacturing* that issue preclusion does not usually arise from a consent judgment, but the issue of patent validity could nevertheless be precluded when the parties to the consent judgment stipulate their intention to preclude challenges to the validity of that patent.<sup>85</sup> The court qualified this holding by explaining that

“provisions in a consent judgment asserted to preclude litigation of the issue of validity in connection with a new claim must be construed narrowly.”<sup>86</sup> This narrow construction therefore leaves open the possibility of subsequent challenges to the preclusive effect of a consent judgment containing language regarding patent validity.<sup>87</sup> Moreover, it appears that the Federal Circuit has not yet specifically addressed the possible preclusive effect of a consent decree containing language regarding the interpretation of claim limitations. The only guidance is the Federal Circuit’s general recognition that **\*337** “[u]pholding the terms of settlement agreements encourages patent owners to agree to settlements and promotes judicial economy.”<sup>88</sup>

### 3. Markman Hearing

In *Markman v. Westview Instruments, Inc.*, the Supreme Court held that claim interpretation is a matter of law for the judge’s determination based at least partly on the importance of obtaining “uniformity in the treatment of a given patent.”<sup>89</sup> In its opinion, the Court recognized that one possible advantage of treating claim construction as purely legal in nature is the application of issue preclusion to promote uniformity and certainty.<sup>90</sup> It appears that the Federal Circuit has not yet explicitly addressed the preclusive effect of a Markman hearing claim construction on subsequent litigation, but several district courts have addressed this issue without reaching a consensus.<sup>91</sup>

#### a. *Jackson Jordan, Inc. v. Plasser American Corp.*<sup>92</sup>

One notable concern of the courts is whether *Markman* overruled the Federal Circuit’s decision in *Jackson Jordan, Inc. v. Plasser American Corp.*<sup>93</sup> In *Jackson Jordan*, the Federal Circuit affirmed its earlier opinion in *A.B. Dick Co.* that issue preclusion requires that the scope of the claim be essential to a final judgment on the question of validity or infringement.<sup>94</sup> More importantly, however, the court noted that it was inherent in the issue preclusion requirements that the claim interpretation be the reason for the loss on the issue of infringement.<sup>95</sup> In other words, the court was distinguishing the hypothetical scenario where the patentee can be said to have “lost” on the sub-issue of claim construction even though it “won” on the ultimate validity and infringement issues. Specifically, it is conceivable that a patentee could urge a broad interpretation on the sub-issue of claim construction, but the court rejects such broad interpretation in favor of a **\*338** narrower construction that nevertheless results in a valid and infringed claim.<sup>96</sup> In this scenario, the patentee has “lost” on the sub-issue of claim construction but has “won” on the ultimate issues of validity and infringement and thus cannot appeal.<sup>97</sup> The Federal Circuit therefore noted that no collateral estoppel effect would occur for that narrow claim construction because the patentee could not have obtained appellate review of such narrow construction.<sup>98</sup>

Reviewing *Jackson Jordan* in view of *Markman*, there is a possible conflict. The Federal Circuit in *Jackson Jordan* concluded that a claim construction by a jury had no preclusive effect because of the patentee’s inability to obtain appellate review of such construction. In contrast, the Supreme Court in *Markman* held that claim construction must be performed by the court as a matter of law and that one advantage of such judicial claim construction is the availability of issue preclusion in subsequent cases. Accordingly, the district courts have grappled with the task of reconciling these two decisions.

#### b. *TM Patents, L.P. v. IBM Corp.*<sup>99</sup>

In *TM Patents v. IBM*, the Southern District of New York relied on the Supreme Court’s *Markman* decision for its holding that a claim interpretation determined in a *Markman* hearing was preclusive in subsequent litigation.<sup>100</sup> In response to the patentees’ claim of infringement, the defendant asserted issue preclusion based on the claim construction contained in a *Markman* order from a prior infringement suit involving the same patent.<sup>101</sup> The plaintiffs maintained that a *Markman* hearing was not a final judgment and thus could not preclude further litigation on the meaning of the claim terms.<sup>102</sup> The district court noted that “[t]he jury is not free to override the [c]ourt’s construction of the disputed terms,” thus “[i]t is hard to see how much more ‘final’ a determination can be.”<sup>103</sup> The court therefore held that “results of the *Markman* hearing in the [prior] action were sufficiently ‘final’ to permit application of collateral estoppel—even though the matter to which they were necessary was never reduced to a final judgment after verdict.”<sup>104</sup> Moreover, the court analyzed certain pre-*Markman* Federal Circuit **\*339** decisions, including *Jackson Jordan*, but found them to be inapplicable in light of the purpose of *Markman* hearings.<sup>105</sup> Based on this purpose, the court held that issue preclusion would apply to a *Markman* ruling against the patentee on previously litigated claim interpretations even if the construction of such claims were wrong.<sup>106</sup>

#### c. *Graco Children’s Products, Inc. v. Regalo International, LLC*<sup>107</sup>

In contrast to TM Patents, the Eastern District of Pennsylvania in *Graco Children's Products v. Regalo International* was able to accord the *Markman* and *Jackson Jordan* decisions.<sup>108</sup> The court explained that “the Court in *Markman* did not guarantee that collateral estoppel would apply in every case, and this Court will not extend the Supreme Court ruling to mean as much, especially where, as here, the circumstances of the instant action require that a different result be reached.”<sup>109</sup> The court therefore concluded that certain exceptions still exist to prevent a prior *Markman* order from having preclusive effect in subsequent litigation.

The *Graco* court agreed that the patentee was not bound by a *Markman* claim construction from an earlier case regarding the same patent.<sup>110</sup> The court relied on several bases for its conclusion. First, as in *Jackson Jordan*, the court noted that the patentee won in the earlier case on the ultimate issue of patent infringement but lost on a sub-issue of claim construction.<sup>111</sup> Because this sub-issue could not have been appealed, no issue preclusion attaches to the claim construction in this earlier litigation.<sup>112</sup> Similarly, the patentee succeeded in the prior litigation based on the doctrine of equivalents, thus the prior court's interpretation of the claim terms was not essential to the final judgment.<sup>113</sup> Finally, the court noted that the patentee “convincingly argues that granting preclusory effect to claim construction would encourage more appeals and discourage settlement.”<sup>114</sup> The *Graco* court therefore concluded that collateral estoppel did not apply despite the fact that a prior court's \*340 *Markman* hearing interpreted the scope of the same patent and despite the importance that the Supreme Court's *Markman* decision placed on uniformity in the treatment of a given patent.<sup>115</sup>

#### **d. Kollmorgen Corp. v. Yaskawa Corp. (District Court Opinion)<sup>116</sup>**

In *Kollmorgen v. Yaskawa Electric*, the question was whether a *Markman* order from prior litigation should be given preclusive effect even though the parties settled such prior dispute before trial.<sup>117</sup> In a decision that was appealed to the Federal Circuit<sup>118</sup> but was settled before appeal briefs were filed, the Western District of Virginia refused to give any preclusive effect to such *Markman* order.

In the prior litigation, the court issued a *Markman* order providing its claim interpretation of the allegedly infringed patents. The parties then agreed to settle if the court would vacate the *Markman* order, but the court denied this request.<sup>119</sup> Shortly thereafter, the patentee sued another defendant for infringement of the same patents, but the new defendant relied on the preclusive effect of the prior court's *Markman* order construing the patent claims at issue.<sup>120</sup>

The district court relied on several bases for refusing the defendant's assertion of issue preclusion. The court first noted that the patentee had no opportunity to seek review of the *Markman* order because the parties settled the case, and “[w]hen the parties settle, . . . the Federal Circuit lacks jurisdiction to review the *Markman* Order without a certified interlocutory appeal.”<sup>121</sup> Even with an interlocutory appeal of the court's claim construction, “nearly 40 percent of claims constructions are changed or overturned by the Federal Circuit.”<sup>122</sup> Moreover, the district court explained:

Clearly, uniformity of patent claims laid the foundation for the Supreme Court's analysis [in *Markman*]. This foundation, however, presupposes that the court's construction of the patent is correct. Surely no judicial scholar would argue the Supreme Court's interests in uniformity is mutually exclusive to an interest in a proper patent claim construction. Further, the Supreme Court's interest in uniformity also stemmed from Congress' creation of the Federal Circuit as the exclusive appellate court for patent cases. The Court appeared to value the role of the Federal Circuit as the final interpreter of patent claim construction. Accordingly, this Court believes *Markman* supports the promotion of \*341 uniformity, yet it does not stand for the blanket adoption of patent constructions without first undergoing the Federal Circuit's rigorous review.<sup>123</sup>

The *Kollmorgen* court therefore emphasized its assumption that the Supreme Court did not intend to forfeit proper claim interpretation for the sole purpose of achieving uniformity.

Second, similar to *Graco*, the court also noted that parties would be less likely to settle with the knowledge that a *Markman* construction was virtually unreviewable and had a preclusive effect on other infringement actions.<sup>124</sup>

Finally, the court held that the settlement between the parties in the prior litigation “clearly ceased the litigation,” thus neither the court nor the jury “ever decided whether defendants infringed upon plaintiff's patents.”<sup>125</sup> Accordingly, the *Kollmorgen* court determined that the mere entry of a *Markman* order does not constitute a final judgment on the question of validity or

infringement.<sup>126</sup>

For these reasons, the court concluded that “the lack of any realistic opportunity for Federal Circuit review greatly outweighs the adequacy of the hearing and nature of the Markman Order.”<sup>127</sup> “Courts need not blindly apply the doctrine of collateral estoppel to a prior Markman ruling that construes a patent’s scope and claim. The Federal Circuit’s review of a lower court’s ruling is crucial to providing the public with a uniform and proper patent claim construction.”<sup>128</sup>

#### **e. Kollmorgen Corp. v. Yaskawa Corp. (Authors’ Analysis)**

As already noted, the district court’s decision in the Kollmorgen case was appealed to the Federal Circuit but the parties settled before the initial briefing was due. Nevertheless, it is instructive to evaluate the relative strengths and weaknesses of the district court’s opinion.

As an initial matter, the authors believe that the more flexible approach encouraged by the Kollmorgen and the Graco decisions is more appropriate than the rigid approach of TM Patents. In other words, the authors believe that the Supreme Court’s Markman decision did not overrule the Federal Circuit’s Jackson Jordan decision; instead, these decisions can be accorded in a manner that promotes uniformity in the treatment of a given patent while still comporting with the traditional requirements of collateral estoppel/issue preclusion. Such a flexible approach to this analysis also reemphasizes the traditional equitable principles that \*342 must be considered when determining the merits of a claim of issue preclusion. As inferred by the district court in Kollmorgen, courts have never “blindly applied” the doctrine of collateral estoppel, and there is no reason to believe that the Supreme Court in Markman intended to change this basic principle.

Overall, the authors believe that the district court’s analysis in Kollmorgen would likely have been adopted by the Federal Circuit. Specifically, the district court opinion properly takes into account: (1) the policy considerations underlying the Supreme Court’s Markman decision; (2) the chilling effect on settlements that would occur if a Markman order is given preclusive effect regardless of whether settlement occurs; and (3) the fact that a Markman order is not a “final” judgment because it is only a sub-issue that is taken into account when making a determination on the final issue of validity or infringement. As to the chilling effect on settlements, it is important to note that one advantage of Markman rulings by the court is that parties gain knowledge regarding whether they will have to fight an uphill battle at trial based on an unfavorable Markman claim construction. This added knowledge increases the likelihood of settlement, thus conserving the resources of the parties and the courts. To blindly apply preclusive effect to such a Markman claim construction regardless of whether pre-trial settlement is reached would eliminate this advantage.

However, the Kollmorgen court’s reliance on the importance of reaching the proper claim construction causes some concern. While it is true that appellate review is intended to ensure that the proper result is reached, the primary concern in considering the application of collateral estoppel is whether the party opposing such estoppel has already been given a “full and fair opportunity to litigate” the issue. In fact, the Federal Circuit has explicitly stated that “[i]t is clear from the case law that has developed since *Blonder-Tongue* that an inappropriate inquiry is whether the prior finding of invalidity was correct; instead, the court is only to decide whether the patentee had a full and fair opportunity to litigate the validity of his patent in the prior unsuccessful suit.”<sup>129</sup> While the district court’s Kollmorgen decision likely would have been affirmed, it seems that its rationale of reaching the proper claim construction improperly places the greater emphasis on the accuracy of the result instead of simply ensuring a full and fair opportunity to litigate the issue. Based on the Federal Circuit’s earlier opinions, it seems likely that this particular aspect of the district court’s opinion would have been rejected.

#### **4. The Effect of a Dismissal on Issue Preclusion**

If the parties to an infringement suit agree to dismiss the action without prejudice, this dismissal is not considered a judgment on the merits and therefore \*343 does not satisfy at least one requirement for issue preclusion.<sup>130</sup> Thus, a dismissal without prejudice will have no issue preclusive effect in subsequent litigation.<sup>131</sup>

The Federal Circuit has also held that a dismissal with prejudice pursuant to a settlement agreement does not provide a basis for collateral estoppel but may provide a basis for contractual estoppel.<sup>132</sup> In *Flex-Foot, Inc. v. CRP, Inc.*, the parties signed an initial settlement agreement in which the defendant “waived its right to challenge the validity and enforceability” of the plaintiff’s patent.<sup>133</sup> Additionally, the defendant agreed in the settlement decree not to challenge the scope of the plaintiff’s

patent before “any court or tribunal, or before the United States Patent and Trademark Office or in any arbitration proceeding.”<sup>134</sup> By agreeing not to challenge the scope of the patent, the defendant inherently agreed not to challenge the meaning of the claims. The Federal Circuit noted that no issue preclusion arises as a result of the parties’ agreed dismissal pursuant to the settlement agreement, but “such a dismissal with prejudice and accompanying settlement agreement certainly gives rise to contractual estoppel” of the defendant’s later challenge on this issue.<sup>135</sup>

## 5. Interlocutory Appeal

An interlocutory order in itself generally provides no issue preclusive effect on subsequent litigation. The Federal Circuit has held “that an interlocutory ruling that has not been subject to appeal normally cannot be given preclusive effect.”<sup>136</sup> Support for this premise is based on the fact that an interlocutory order is “subject to free revision by the court on its own motion or on motion of any party at any time before judgment.”<sup>137</sup>

If, however, an interlocutory order is finalized upon the entry of a judgment, such order then may have an issue preclusive effect. For example, in *Hartley v. Mentor Corp.*, the Federal Circuit explained that “issue preclusion is likely to be based on what was at the time an ‘interlocutory’ ruling” based at least partly on the fact that “generally such orders become finalized upon entry of the judgment in the \*344 case.”<sup>138</sup> In *Hartley*, an earlier court granted summary judgment against the patentee on the issue of invalidity.<sup>139</sup> Thereafter, the parties to the earlier suit negotiated a settlement in which the patentee agreed to the entry of a stipulated judgment dismissing the infringement claim with prejudice.<sup>140</sup> When considering the possible preclusive effect of such stipulated judgment, the Federal Circuit noted that the dismissal with prejudice operated as “an adverse adjudication on the merits” of the patentee’s earlier infringement claim.<sup>141</sup> Accordingly, the Federal Circuit concluded that one ground for the final judgment entered by the earlier court—pursuant to the parties’ stipulated judgment—was the supposedly “interlocutory ruling” of invalidity.<sup>142</sup> Of course, the court also noted that such an “interlocutory ruling” may not be given preclusive effect if the final judgment entered either expressly or by necessary implication has the effect of vacating such ruling.<sup>143</sup>

As a result, it seems that an interlocutory ruling will be given preclusive effect only if it is expressly or implicitly included as a basis the final judgment entered in the prior litigation. If the final judgment conflicts with such interlocutory ruling, then it would be inappropriate to rely on such ruling for collateral estoppel.

## 6. Consent to Entry of Judgment

During litigation, a party may file a motion with the court to enter a final judgment enabling the moving party to appeal this lower court’s final judgment more quickly. It is very important to note that a final judgment resulting from such a motion likely has a preclusive effect in subsequent litigation, even though the party may have sought the final judgment solely to enable its appeal.

### a. *Aqua Marine Supply v. Aim Machining, Inc.*<sup>144</sup>

In its recent *Aqua Marine Supply v. Aim Machining, Inc.* decision, the Federal Circuit suggested that a final judgment resulting from a consent to entry of judgment may have an issue preclusive effect in later litigation, but also speculated that a party could potentially avoid issue preclusion by demonstrating it lacked a “full and fair opportunity to litigate the issue.”<sup>145</sup> In *Aqua Marine*, the plaintiff filed a motion asking the district court to enter a final judgment on its patent \*345 infringement case after the court ordered an “entry of declaratory judgment of invalidity.”<sup>146</sup> The plaintiff’s strategy in filing such motion was obviously to expedite the appeal of the district court’s invalidity ruling.<sup>147</sup> While considering the plaintiff’s motion, the Federal Circuit explained that “the district court’s judgment of invalidity could be asserted as a [collateral estoppel] defense by another alleged infringer in a future infringement suit” by the patentee.<sup>148</sup> Nevertheless, there is no reason that the patentee would be limited in such future suit from arguing that it lacked a “full and fair opportunity to litigate the issue of invalidity.”<sup>149</sup>

### b. *Budde v. Harley-Davidson, Inc.*<sup>150</sup>

Unlike a consent to entry of a judgment of invalidity, it is doubtful that a patentee could legitimately assert the lack of a “full

and fair opportunity” to litigate the claim construction issue if a final judgment results from the patentee’s consent to entry of judgment of noninfringement based on an allegedly erroneous Markman order. In other words, it is likely that such a final judgment would have a preclusive effect with respect to the claim interpretation issue in subsequent litigation.

In *Budde v. Harley-Davidson Inc.*, the patentee claimed that the district court’s erroneous construction of its patent claims prevented it from proving infringement against the alleged infringer.<sup>151</sup> On this basis, the patentee moved for entry of a final judgment of noninfringement to “facilitate an early appeal.”<sup>152</sup> As in *Aqua Marine Supply*, this final judgment of noninfringement is likely to have a preclusive effect in future litigation with third parties if the dispute involves the same patent claim construction issues. Unlike *Aqua Marine Supply*, however, there is little room for the patentee to avoid issue preclusion based on lack of a full and fair opportunity to litigate the claim construction issue because both parties had ample opportunity to litigate the issue during the Markman hearing. While a Markman order not incorporated into a final judgment does not necessarily have preclusive effect, a final judgment based on the claim interpretation from the Markman ruling will most likely give rise to issue preclusion.

### **\*346 7. Reexamination of the Patent**

Issue preclusion may also prevent the relitigation of claim interpretation issues during the reexamination of a patent.<sup>153</sup> In *Freeman*, the Federal Circuit held that a claim construction essential to a final judgment in an earlier infringement suit constituted issue estoppel during a reexamination proceeding for the same patent.<sup>154</sup> During the reexamination, the examiner rejected the patentee’s amended claims because they broadened the scope of the claims beyond the claim construction determined by a district court in an earlier infringement suit.<sup>155</sup> The Board of Patent Appeals and Interferences sustained the examiner’s rejection of the reissue claims, noting that it was “constrained to accept the court’s interpretation of the claim language” even though it disagreed with the court’s interpretation.<sup>156</sup> On appeal, the Federal Circuit affirmed the Board’s opinion that issue preclusion prohibited any relitigation of the claim term “buoyant uplift” that had been previously construed in a final judgment of noninfringement.<sup>157</sup> The court first noted that interpretation of the claim term “buoyant uplift” was at issue in both the prior infringement litigation and the reexamination proceeding.<sup>158</sup> Second, the court noted that the district court in the prior infringement suit actually decided the meaning of “buoyant uplift” and even commented that “most of the trial involved interpreting this phrase.”<sup>159</sup> Third, the prior court’s interpretation of “buoyant uplift” was essential to the judgment and was in fact the reason for the patentee’s loss on his infringement allegation.<sup>160</sup> Finally, the patentee had a full and fair opportunity to litigate the meaning of the claim term “buoyant uplift” in the previous infringement case, as strongly evidenced by the fact that the Federal Circuit affirmed the prior court’s claim interpretation and noninfringement conclusions.<sup>161</sup> The Federal Circuit in *Freeman* therefore concluded that “all of the requirements for the application of issue preclusion” had been met, and thus affirmed that issue preclusion applies during a reexamination proceeding when claim interpretation has already been finally determined during a prior infringement suit.<sup>162</sup>

### **\*347 C. “Full and Fair Opportunity” to Litigate**

As noted above, one of the fundamental requirements before issue preclusion is appropriate is a “full and fair opportunity” to litigate the issue.<sup>163</sup> This requirement again emphasizes the equitable nature of issue preclusion and the resulting difficulty in predicting the success of a collateral estoppel defense. In *Blonder-Tongue*, however, the Supreme Court at least enumerated several factors that might be considered when determining whether a patentee had the “full and fair opportunity to litigate” on the issue of patent invalidity: (1) does the earlier court’s opinion indicate that it applied the appropriate legal standards in reaching its conclusion; (2) does the earlier court’s opinion indicate that the court “wholly failed to grasp the technical subject matter and issues in suit”; and/or (3) without fault of his own, was the patentee “deprived of crucial evidence or witnesses in the first litigation[.]”<sup>164</sup> Although the Supreme Court was specifically addressing the use of collateral estoppel for patent invalidity when providing this non-exhaustive list, these factors may also apply for claim interpretation issues as well.

The Federal Circuit has also emphasized that “a full and fair opportunity to litigate is quite narrow and does not involve a judgment on the merits: ‘[I]t is clear from the case law that has developed since *Blonder-Tongue* that an inappropriate inquiry is whether the prior finding of invalidity was correct; instead, the court is only to decide whether the patentee had a full and fair opportunity to litigate the validity of his patent in the prior unsuccessful suit.’”<sup>165</sup> Although this statement was made in the context of collateral estoppel as applied to invalidity and unenforceability, this guideline most likely applies with equal force to the application of collateral estoppel to claim interpretation issues.<sup>166</sup>

#### IV. Conclusion

Based on the above survey of recent case law, it appears likely that a patent claim interpretation determined in prior litigation can give rise to issue preclusion when such claim interpretation was essential to a final judgment of infringement and/or validity. At a minimum, however, the following four requirements must be satisfied: (1) the issue must be identical to one previously decided; (2) the issue must have been actually litigated; (3) the issue must have been essential to a final judgment in the prior litigation; and (4) the plaintiff must have had a “full and fair opportunity” to litigate the issue in the prior action. Of these, courts have attributed \*348 particular significance to the requirement that the issue was essential to a final judgment in the prior litigation. It must therefore be clear that the interpretation of the identical claim limitation was essential to the prior court’s final judgment regarding infringement and/or validity. For example, statements made by the prior court regarding the general scope of the patent probably would not have preclusive effect if not specifically relied on in the court’s final decision on infringement.

On the other hand, it is not yet clear whether a Markman claim construction ruling will be given preclusive effect where that Markman ruling was not specifically relied on in a final judgment regarding infringement and/or validity. While there has been no consensus among the district courts that have addressed the issue to date, a currently pending Federal Circuit appeal should provide some additional guidance as to whether a Markman ruling has preclusive effect even when the parties settled before a final judgment was reached on the infringement issue.

#### Footnotes

<sup>a1</sup> James P. Bradley is a Partner with the firm of Sidley Austin Brown & Wood LLP. Kelly J. Kubasta is an Associate with the firm of Sidley Austin Brown & Wood LLP. Mr. Bradley and Mr. Kubasta would also like to thank Deborah L. Lively, who drafted an earlier version of this document while she was a Summer Associate with the firm of Sidley Austin Brown & Wood LLP in 2001. Editor’s note: The authors presented this article at the Third Annual Intellectual Property Symposium, “Intellectual Property in a Challenging Economy,” hosted by the University of Texas School of Law, the Journal, and the U.T. Intellectual Property Law Society on February 28 and March 1, 2002.

<sup>1</sup> See 3 James Wm. Moore et al., Moore’s Manual: Federal Practice and Procedure § 30.04[1] (2000) (citing *Federated Dep’t Stores, Inc. v. Moitie*, 452 U.S. 394 (1981)).

<sup>2</sup> *In re Freeman*, 30 F.3d 1459, 1467, 31 U.S.P.Q.2d (BNA) 1444, 1467 (Fed. Cir. 1994) (explaining that “[t]he doctrine of issue preclusion is premised on principles of fairness. Thus, a court is not without discretion to decide whether a particular case is appropriate for application of the doctrine.”).

<sup>3</sup> *Id.* at 1459, 1465, 31 USPQ2d at 1448 (Fed. Cir. 1994). See also 3 Moore et al, *supra* note 2, § 30.05[1] (2001).

<sup>4</sup> 18 James Wm. Moore et al., Moore’s Federal Practice § 132.01[4][c] (3d ed. 2001).

<sup>5</sup> *Parklane Hosiery Co. v. Shore*, 439 U.S. 322 (1979). Note that the court is also permitted to consider other bases for its determination that it would be unfair to permit the use of issue preclusion.

<sup>6</sup> 402 U.S. 313, 169 U.S.P.Q. (BNA) 513 (1971).

<sup>7</sup> *Id.* at 327, 169 U.S.P.Q. at 519

<sup>8</sup> 297 U.S. 638 (1936).

<sup>9</sup> *Blonder-Tongue Labs.*, 402 U.S. at 328, 169 U.S.P.Q. at 519.

10 Id. at 328-29, 169 U.S.P.Q. at 519.

11 Id. at 329, 169 U.S.P.Q. at 520 (emphasis added).

12 Id. at 349, 169 U.S.P.Q. at 526.

13 Id. at 331-32, 169 U.S.P.Q. at 521.

14 Id. at 346-49, 169 U.S.P.Q. at 526-27.

15 A.B. Dick Co. v. Burroughs Corp., 713 F.2d 700, 702, 218 U.S.P.Q. (BNA) 965, 967 (Fed. Cir. 1983). See also Comair Rotron, Inc. v. Nippon Densan Corp., 49 F.3d 1535, 1537, 33 U.S.P.Q.2d (BNA) 1929, 1930 (Fed. Cir. 1995); In re Freeman, 30 F.3d 1459, 1465, 31 U.S.P.Q.2d (BNA) 1444, 1448 (Fed. Cir. 1994).

16 Restatement (Second) of Judgments § 28(1) (1980). See also 3 Ethan Horwitz & Lester Horwitz, Patent Litigation: Procedures & Tactics § 11.09 [7][a] (2000).

17 A.B. Dick Co. v. Burroughs Corp., 713 F.2d 700, 702, 218 U.S.P.Q. (BNA) 965, 967 (Fed. Cir. 1983) (citing Parklane Hosiery Co. v. Shore, 439 U.S. 322, 331 (1979)).

18 6 Donald S. Chisum, Chisum on Patents § 6.19.02[2][f][i] (2000).

19 In re Freeman, 30 F.3d 1459, 31 U.S.P.Q.2d (BNA) 1444, 1448-51 (Fed. Cir. 1994); Markman v. Westview Instruments, Inc., 517 U.S. 370, 38 U.S.P.Q.2d (BNA) 1461 (1996); Pfaff v. Wells Elecs., Inc., 5 F.3d 514, 28 U.S.P.Q.2d (BNA) 1119 (Fed. Cir. 1993); Molinaro v. Fannon/Courier, 745 F.2d 651, 223 U.S.P.Q. (BNA) 706 (Fed. Cir. 1984); A.B. Dick Co. v. Burroughs Corp., 713 F.2d 700, 218 U.S.P.Q. (BNA) 965 (Fed. Cir. 1983).

20 713 F.2d 700, 218 U.S.P.Q. (BNA) 965 (Fed. Cir. 1983).

21 Id. at 704, 218 U.S.P.Q. at 968 (emphasis added) . See also In re Freeman, 30 F.3d at 1466.

22 Id.

23 Id. at 701, 218 U.S.P.Q. at 966 (citing Mead Digital Sys., Inc. v. A.B. Dick Co., 521 F.Supp. 164, 213 U.S.P.Q. (BNA) 328 (S.D. Ohio 1981)).

24 Id.

25 Id. at 702, 218 U.S.P.Q. at 966 (citing Mead Digital Sys., 521 F. Supp. at 180, 213 U.S.P.Q. at 340) (emphasis in original).

26 Id.

27 Id. at 703, 218 U.S.P.Q. at 967.

28 Id. at 702, 218 U.S.P.Q. at 966 (citing Mead Digital Sys., 521 F.Supp. at 180, 213 U.S.P.Q. at 340).

29 Id. at 703, 218 U.S.P.Q. at 968.

30 Id. at 704, 218 U.S.P.Q. at 960.

31 Id.

32 745 F.2d 651, 223 U.S.P.Q. (BNA) 706 (Fed. Cir. 1984).

33 Id. at 653, 223 U.S.P.Q. at 707.

34 Catanzaro v. Masco Corp., 423 F.Supp. 415, 437, 192 U.S.P.Q. 696, 715 (D. Del. 1976); Molinaro v. Rockwell Int'l, 212 U.S.P.Q. (BNA) 165, 165 (D. Del. 1980) . See also Molinaro v. Hart Elecs. Corp. of Scranton, 209 U.S.P.Q. (BNA) 735, 738 (M.D. Pa. 1980).

35 Catanzaro, 423 F.Supp. at 417, 192 U.S.P.Q. at 698.

36 Id. at 437, 192 U.S.P.Q. at 715.

37 Id. at 440, 192 U.S.P.Q. at 717.

38 Fannon/Courier Corp., 745 F.2d at 654, 223 U.S.P.Q. at 707.

39 Id. at 655, 223 U.S.P.Q. at 708.

40 Id. (citing Blonder-Tongue Labs., Inc. v. Univ. of Ill. Found., 402 U.S. 313, 169 U.S.P.Q. (BNA) 513 (1971)).

41 Id., 223 U.S.P.Q. at 709.

42 5 F.3d 514, 28 U.S.P.Q.2d (BNA) 1119 (Fed. Cir. 1993).

43 Id. at 518, 28 U.S.P.Q.2d at 1122.

44 In re Freeman, 30 F.3d at 1466, 31 U.S.P.Q.2d at 1449. Discussed in more detail infra Part B.7.

45 Id. See also Graco Children's Prods., Inc. v. Regalo Int'l, LLC, 77 F. Supp. 2d 660, 664, 53 U.S.P.Q.2d (BNA) 1429, 1432 (E.D. Pa. 1999) (citing when the application of issue preclusion to claim interpretation is appropriate).

46 Pfaff, 5 F.3d at 518, 28 U.S.P.Q.2d at 1122.

47 Pfaff v. Wells Elecs. Inc., 9 U.S.P.Q.2d (BNA) 1366, 1367 (N.D. Ind. 1988).

48 Id. at 1370.

49 Id.

50 Pfaff v. Wells Elecs., Inc., 5 F.3d 514, 516, 28 U.S.P.Q.2d (BNA) 1119, 1121 (Fed. Cir. 1993).

51 Id. at 518, 28 U.S.P.Q.2d at 1122.

52 Id.

53 133 F.3d 1459, 45 U.S.P.Q.2d (BNA) 1421 (Fed. Cir. 1998).

54 Id. at 1464, 45 U.S.P.Q.2d at 1425.

55 Id. at 1462, 45 U.S.P.Q.2d at 1423.

56 Id. at 1464, 45 U.S.P.Q.2d at 1425 (citing Intellicall Inc. v. Phonometrics Inc., 952 F.2d 1384, 1387-88, 21 U.S.P.Q.2d (BNA) 1383, 1386-87 (Fed. Cir. 1992)).

57 Id.

58 See A.B. Dick Co. v. Burroughs Corp., 713 F.2d 700, 704, 218 U.S.P.Q. (BNA) 965, 968 (Fed. Cir. 1983); In re Freeman, 30 F.3d 1459, 1466, 31 U.S.P.Q.2d (BNA) 1444, 1449 (Fed. Cir. 1994).

59 Altech Controls Corp v. E.I.L. Instruments Inc., 44 U.S.P.Q.2d (BNA) 1890, 1901 (S.D. Tex. 1997) (citing Altech Controls Corp. v. Larkin Group, Inc., No. 1:88-CV-499-MHS at \*6, 56-61 (N.D. Ga. Sept. 18, 1990)). See also 6 Chisum, supra note 19, §6.19.02[2][f][ii].

60 The Liposome Co. v. Vestar Inc., 36 U.S.P.Q.2d (BNA) 1295, 1306 (D. Del. 1994).

61 See, e.g., SSIH Equip., S.A. v. U.S. Int'l Trade Comm'n, 718 F.2d 365, 370, 218 U.S.P.Q. (BNA) 678, 683 (Fed. Cir. 1983) (noting that “the law is well settled that the pendency of an appeal has no effect on the finality or binding effect of a trial court’s holding”). See also Pharmacia & Upjohn Co. v. Mylan Pharm., 170 F.3d 1373, 1381, 50 U.S.P.Q.2d (BNA) 1040 (Fed. Cir. 1999) (noting that the “vast weight of case law” supports the preclusive effect of a final judgment despite a pending appeal); Mendenhall v. Barber-Greene Co., 26 F.3d 1573, 1578, 31 U.S.P.Q.2d (BNA) 1001, 1004 (Fed. Cir. 1994) (holding that the “defense of collateral estoppel based on a patent invalidity judgment in another case may be raised at any time during the pendency of proceedings”); Williams v. Comm’r of Internal Revenue, 1 F.3d 502, 504 (7th Cir. 1993) (stating that “a judgment final in the trial court may have collateral estoppel effect even though the loser has not exhausted his appellate remedies.”); Old Republic Ins. Co. v. Chuhak & Tescon, P.C., 84 F.3d 998, 1000-01 (7th Cir. 1996) (noting that collateral estoppel “requires only a judgment that is final in the court rendering it, and not a judgment that is final after exhaustion of appellate remedies”); Erebia v. Chrysler Plastic Prods. Corp., 891 F.2d 1212, 1215 n.1 (6th Cir. 1989) (holding that “the established rule in the federal courts is that a final judgment retains all of its preclusive effect pending appeal”).

62 170 F.3d 1373, 50 U.S.P.Q.2d (BNA) 1033 (Fed. Cir. 1999).

63 Id.

64 Id. at 1375, 50 U.S.P.Q. at 1040 (citing *Upjohn Co. v. Mova Pharm. Corp.*, 31 F.Supp.2d 211, 48 U.S.P.Q.2d 1357 (D.P.R. 1998)).

65 Id. at 1379, 50 U.S.P.Q.2d at 1038.

66 Id. at 1381, 50 U.S.P.Q.2d at 1040.

67 Id.

68 Id., 50 U.S.P.Q.2d at 1041. See, e.g., 18 Charles Alan Wright & Arthur R. Miller, *Federal Practice and Procedure* § 4432 (1st ed. 1981) (arguing that “it would be far wiser to avoid the matter by postponing the later proceedings for the relatively brief period typically required to await disposition of the new trial motion”).

69 *Pharmacia & Upjohn*, 170 F.3d at 1382, 50 U.S.P.Q.2d at 1041. See also 3 Moore, *supra* note 2, §130.30[3][a][1] (explaining that “[p]ost-trial motions are usually made and disposed of in a comparatively narrow time frame, so the issue of what impact a possible or pending motion has on the preclusive effect of the judgment is seldom addressed”).

70 Id.

71 26 F.3d 1573, 31 U.S.P.Q.2d (BNA) 1001 (Fed. Cir. 1994).

72 Id. at 1579, 31 U.S.P.Q.2d at 1005 (quoting *Dana Corp. v. NOK, Inc.*, 882 F.2d 505, 507, 11 U.S.P.Q.2d (BNA) 1883, 1884 (Fed. Cir. 1989) (emphasis added)).

73 *Mendenhall*, 26 F.3d at 1577-78, 31 U.S.P.Q.2d at 1003.

74 Id.

75 Id. at 1578, 31 U.S.P.Q.2d at 1003.

76 Id.

77 See, e.g., *Foster v. Hallco Mfg. Co., Inc.*, 947 F.2d 469, 480, 20 U.S.P.Q.2d (BNA) 1241, 1250 (Fed. Cir. 1991); *Restatement (Second) of Judgments* § 27 cmt. (e) (1980).

78 Robert L. Harmon, *Patents and the Federal Circuit* 661 (5th ed. 2001).

79 See, e.g., *In re Halpern*, 810 F.2d 1061 (11th Cir.); *Klingman v. Levinson*, 831 F.2d 1292, 1296 (7th Cir. 1987). See also 3 Moore et al., *supra* note 2, § 30.05[5].

80 530 U.S. 392 (2000).

81 Id. at 414 (2000). See also 18 Wright, *supra* note 69, § 4443 (“In most circumstances, it is recognized that consent agreements ordinarily are intended to preclude any further litigation on the claim presented but are not intended to preclude further litigation on any of the issues presented. Thus consent judgments ordinarily support claim preclusion but not issue preclusion.”).

82 Arizona, 530 U.S. at 414.

83 See, e.g., *Kollmorgen Corp. v. Yaskawa Elec. Corp.*, 147 F.Supp. 2d 464, 467 (W.D. Va. 2001).

84 947 F.2d 469, 20 U.S.P.Q.2d (BNA) 1241 (Fed. Cir. 1991).

85 Id. at 480-81, 20 U.S.P.Q.2d at 1250.

86 Id. at 481, 20 U.S.P.Q.2d at 1250.

87 Id. at 482, 20 U.S.P.Q.2d at 1250.

88 *Flex-Foot, Inc. v. CRP, Inc.*, 238 F.3d 1362, 1370, 57 U.S.P.Q.2d (BNA) 1635, 1641 (Fed. Cir. 2001).

89 *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 390, 38 U.S.P.Q.2d (BNA) 1461, 1470 (1996).

90 Id. at 391, 38 U.S.P.Q.2d at 1471 (“But whereas issue preclusion could not be asserted against new and independent infringement defendants even within a given jurisdiction, treating interpretive issues as purely legal will promote (though it will not guarantee) intrajurisdictional certainty through the application of stare decisis on those questions not yet subject to interjurisdictional uniformity under the authority of the single appeals court.”).

91 *Kollmorgen Corp. v. Yaskawa Elec. Corp.*, 147 F.Supp. 2d 464, 467 (W.D. Va. 2001); *Allen-Bradley Co., LLC v. Kollmorgen Corp.*, 199 F.R.D. 316 (E.D. Wis. 2001); *TM Patents, L.P. v. IBM Corp.*, 72 F. Supp. 2d 370, 53 U.S.P.Q.2d (BNA) 1093 (S.D.N.Y. 1999); *Graco Children’s Prods., Inc. v. Regalo Int’l, LLC*, 77 F. Supp. 2d 660, 53 U.S.P.Q.2d (BNA) 1429 (E.D. Pa. 1999).

92 747 F.2d 1567, 224 U.S.P.Q. (BNA) 1 (Fed. Cir. 1984).

93 Id.

94 Id. at 1577, 224 U.S.P.Q. at 7 (citing *A.B. Dick Co. v. Burroughs Corp.*, 713 F.2d 700, 704, 218 U.S.P.Q. (BNA) 965, 968 (Fed. Cir. 1983)).

95 Id. at 1577, 224 U.S.P.Q. at 8 (emphasis added).

96 Id. at 1577-78, 224 U.S.P.Q. at 8.

97 Id. at 1578, 224 U.S.P.Q. at 8.

98 Id. (citing Restatement (Second) of Judgments § 28(1) (1980) (“[R]elitigation of the issue in a subsequent action between the parties is not precluded [when]... [t]he party against whom preclusion is sought could not, as a matter of law, have obtained review of the judgment in the initial action”).

99 72 F.Supp.2d 370, 53 U.S.P.Q.2d (BNA) 1093 (S.D.N.Y. 1999).

100 Id.

101 Id. at 375, 53 U.S.P.Q.2d at 1096-97.

102 Id., 53 U.S.P.Q.2d 1097.

103 Id. at 376, 53 U.S.P.Q.2d at 1098.

104 Id. at 377, 53 U.S.P.Q.2d at 1098.

105 Id. at 378-79, 53 U.S.P.Q.2d at 1099.

106 Id. at 379, 53 U.S.P.Q.2d at 1099.

107 77 F. Supp. 2d 660, 53 U.S.P.Q.2d (BNA) 1429 (E.D. Pa. 1999).

108 Id.

109 Id. at 663, 53 U.S.P.Q.2d at 1432 (emphasis added).

110 Id. at 665, 53 U.S.P.Q.2d at 1433.

111 Id. at 664, U.S.P.Q.2d at 1432.

112 Id. (citing *Hartley v. Mentor Corp.*, 869 F.2d 1469, 1472, 10 U.S.P.Q.2d (BNA) 1138, 1141 (Fed. Cir. 1989)).

113 *Graco*, 77 F.Supp.2d at 664, 53 U.S.P.Q.2d at 1432 (citing *A.B. Dick Co. v. Burroughs Corp.*, 713 F.2d 700, 704, 218 U.S.P.Q. (BNA) 965, 969 (Fed. Cir. 1983)); Restatement (Second) of Judgments § 28 cmt. a (1980) (“[I]f there was an alternative determination adequate to support the judgment, the rule of § 27 does not apply.”).

114 *Graco*, 77 F.Supp.2d at 664, 53 U.S.P.Q.2d at 1432.

115 Id. at 665, 53 U.S.P.Q.2d at 1433.

116 147 F.Supp. 2d 464 (W.D. Va. 2001).

117 Id. at 465.

118 Kollmorgen Corp. v. Yaskawa Elec. Corp., Fed. Cir. Case No. 02-1057, filed November 15, 2001.

119 Kollmorgen Corp. v. Yaskawa Elec. Corp., 147 F.Supp. 2d 464, 465-66 (W.D. Va. 2001).

120 Id. at 466.

121 Id. at 467.

122 Id. (citing TM Patents, L.P. v. IBM Corp., 72 F. Supp. 2d 370, 378, 53 U.S.P.Q.2d (BNA) 1093, 1099 (1999)).

123 Id. at 468.

124 Id.

125 Id. at 469.

126 Id. at 470.

127 Id. at 469.

128 Id. at 470.

129 Stevenson v. Sears, Roebuck & Co., 713 F.2d 705, 709, 218 U.S.P.Q. (BNA) 969, 973 (Fed. Cir. 1983) (emphasis added).

130 See Jet, Inc. v. Sewage Aeration Sys., 223 F.3d 1360, 1364, 55 U.S.P.Q.2d (BNA) 1854, 1858 (Fed. Cir. 2000) (citing Cooter & Gell v. Hartmarx Corp., 496 U.S. 384, 396 (1990)).

131 Id.

132 Flex-Foot, Inc. v. CRP, Inc., 238 F.3d 1362, 1367-70, 57 U.S.P.Q.2d (BNA) 1635, 1639-41 (Fed. Cir. 2001).

133 Id. at 1364, 57 U.S.P.Q.2d at 1636.

134 Id.

135 Id. at 1367-68, 57 U.S.P.Q.2d at 1639.

136 Genentech Inc. v. U.S. Int'l Trade Comm'n, 122 F.3d 1409, 1416, 43 U.S.P.Q.2d (BNA) 1722, 1728 (Fed. Cir. 1997). See also Hartley v. Mentor Corp., 869 F.2d 1469, 1472, 10 U.S.P.Q.2d (BNA) 1138, 1141 (Fed. Cir. 1989) (citing Luben Indus., Inc. v. U.S., 707 F.2d 1037, 1040 (9th Cir. 1983)).

137 Luben Indus., 707 F.2d at 1040.

138 Hartley, 869 F.2d at 1472, 10 U.S.P.Q.2d at 1141.

139 Id. at 1471, 10 U.S.P.Q.2d at 1140.

140 Id.

141 Id. at 1473, 10 U.S.P.Q.2d at 1141.

142 Id., 10 U.S.P.Q.2d at 1142.

143 Id. at 1472, 10 U.S.P.Q.2d at 1141.

144 247 F.3d 1216, 58 U.S.P.Q.2d (BNA) 1536 (Fed. Cir. 2001).

145 Id. at 1221, 58 U.S.P.Q.2d 1539.

146 Id. at 1218-19, 58 U.S.P.Q.2d at 1537-38.

147 Id. at 1218.

148 Id. at 1221, 58 U.S.P.Q.2d at 1539 (citing Parklane Hosiery Co. v. Shore, 439 U.S. 322 (1979)).

149 Id. at 1220, 58 U.S.P.Q.2d at 1539.

150 250 F.3d 1369, 58 U.S.P.Q.2d (BNA) 1801 (Fed. Cir. 2001).

151 Id. at 1375, 58 U.S.P.Q.2d at 1805.

152 Id.

153 See In re Freeman, 30 F.3d 1459, 31 U.S.P.Q.2d (BNA) 1444 (Fed. Cir. 1994); A.B. Dick Co. v. Burroughs Corp., 713 F.2d 700, 702, 218 U.S.P.Q. (BNA) 965, 967 (Fed. Cir. 1983).

<sup>154</sup> In re Freeman, 30 F.3d. at 1469, 31 U.S.P.Q.2d at 1451.

<sup>155</sup> Id. at 1463, 31 U.S.P.Q.2d at 1446.

<sup>156</sup> Id. at 1464, 31 U.S.P.Q.2d at 1447.

<sup>157</sup> Id. at 1469, 31 U.S.P.Q.2d at 1451.

<sup>158</sup> Id. at 1466, 31 U.S.P.Q.2d at 1449.

<sup>159</sup> Id.

<sup>160</sup> Id. at 1466-67, 31 U.S.P.Q.2d at 1449.

<sup>161</sup> Id. at 1467, 31 U.S.P.Q.2d at 1449-50.

<sup>162</sup> Id. at 1469, 31 U.S.P.Q.2d at 1451.

<sup>163</sup> See A.B. Dick Co. v. Burroughs Corp., 713 F.2d 700, 702, 218 U.S.P.Q. (BNA) 965, 967 (Fed. Cir. 1983).

<sup>164</sup> Blonder-Tongue Labs., Inc. v. Univ. of Ill. Found., 402 U.S. 313, 333, 169 U.S.P.Q. (BNA) 513, 521 (1971).

<sup>165</sup> Pharmacia & Upjohn v. Mylan Pharm., 170 F.3d 1373, 1380 (quoting Stevenson v. Sears, Roebuck and Co., 713 F.2d 705, 709, 218 U.S.P.Q. (BNA) 969, 973 (Fed. Cir. 1983)).

<sup>166</sup> Nevertheless, the Western District of Virginia’s comment in Kollmorgen that uniformity of claim construction is not “mutually exclusive to an interest in proper patent claim construction” appears to contradict the Federal Circuit’s greater interest in evaluating the full and fair opportunity to litigate rather than the accuracy of the result. Kollmorgen, 147 F.Supp. 2d 464, 468 (W.D. Va. 2001).