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Article

**DIFFERENT INFRINGEMENT, DIFFERENT ISSUE: ALTERING ISSUE PRECLUSION AS APPLIED TO
CLAIM CONSTRUCTION**

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*362 Introduction

Legal rules such as issue preclusion make clear that, after litigating a specific issue in a final judicial proceeding, two parties cannot litigate that same issue a second time. For example, in a dispute between a buyer and seller over an ambiguous contract term, the court will allow the issue one and only one judicial outcome. Similarly, in a fight between a tortfeasor and a victim, the parties again enjoy one and only one bite at the judicial apple. But what happens in a patent case?

As patent insiders know, patent litigation proceeds in two discrete steps. First, the court determines what exactly the relevant patent terms mean.¹ Second, the court applies that interpretation to the accused product or service at hand.² Does issue preclusion mean that an accused infringer can argue the meaning of the patent only once, even if that infringer has two distinct products or services accused in two entirely different legal proceedings? Or, more concretely, if a court deems party A an infringer for device X, A redesigns its product into Y, and A gets sued again for patent infringement, should the court close its eyes and plug its ears to new arguments on the patent's meaning?

This is more than an academic exercise. It is instead a fact pattern that has arisen before and will likely rise again. In *TiVo, Inc. v. EchoStar Corp.*, TiVo brought an infringement action against EchoStar, winning a permanent injunction.³ EchoStar innovated a unique design-around product, but to no avail.⁴ TiVo invoked the prior court's broad claim construction and precluded EchoStar from challenging the software claim construction.⁵ EchoStar effectively jumped from one frying pan into another. The prior case bound EchoStar in this new proceeding, even though its new product infringed in a different manner.

This problem is not unique to recorded television. Major industry leaders such as Amazon, Dell, Apple, and Microsoft will likely face the same issue in due *363 course. Amazon, Hewlett-Packard, Microsoft, and Verizon, to name a few, all filed amicus briefs in the TiVo litigation.⁶

Put more abstractly, the stakes are high in the first claim construction. If the claim construction works perfectly, all is well: we determined what the claim terms were truly meant to mean according to the four corners of the document. But, if the claim construction actually takes place under the lens of the accused product or service, we have effectively distorted the patent. Any taint from the first product attaches to the now-precluded claim construction and thus to future litigation against products or services that are presently unknown.

This article discusses the issue preclusive effect of a court's patent claim construction. Under current law, claim interpretation stands as an issue by itself for purposes of collateral estoppel. This article argues issue preclusion should not apply to claim construction as a solitary issue, but only to the joint issue of claim construction with infringement. This article also discusses the various policy ramifications in adopting the proposed standard.

Part I details the current state of the law on issue preclusion and claim construction. This section first introduces Markman orders and patent claim construction in general, as well as the various requirements for issue preclusion. The article then goes on to review Federal Circuit law and regional circuit law on how claim construction satisfies the four elements of issue preclusion. The seminal cases *TM Patents* and *Kollmorgen* are discussed, providing the reader with a background on the most contested area of issue preclusion and claim construction: finality. This section also discusses the pre- and post-Markman Federal Circuit law and how it has developed over time.

Part II focuses on the unique circumstances present in patent law. The article argues the issue before a court is not "what does this claim term mean?" but rather "what does this claim term mean in light of this particular allegedly infringing device?" First, this section shows how Markman briefs are written with the accused product in mind. Second, this section reveals that, to a large extent, judges in patent cases recognize the product-sensitivity of claim construction through their Markman hearing procedures. Given this reality, the article argues that the current standard could be improved to balance the interests of fairness and efficiency.

Part III proposes a new standard. In short, issue preclusion should only apply if the infringement question, as a whole, is the same. Specifically, courts should characterize the "identical issues" prong in collateral estoppel as requiring the same *364 infringement contention in both litigations, encompassing both claim construction of the relevant terms and how the accused product infringes those claims. Repeat litigators would only be bound to a prior construction if the accused product infringes in the same way. Courts may give reasoned deference to the prior court's determination if found to be logically solid.

Lastly, Part IV discusses the proposed standard's policy implications as compared to that of the current standard. Although

the current standard boasts uniformity and predictability, this article argues the advantages are only surface deep and do not serve any vital public function. Because issue preclusion cannot bind a party that was not in privity to the initial litigation, any “public notice” on the claim construction only refers to what binds a prior party. Any newly accused infringer can subsequently challenge that holding. Connecting issue preclusion to the union of claim construction and accused method of infringement evens the playing field, releasing prior parties from an unjust disadvantage without damaging any actual public utility.

I. Collateral Estoppel and Markman Orders: The Current State

A. Background

1. Markman Orders and Claim Construction

In the United States, a patent’s claims detail the patent owner’s exclusive rights.⁷ When a patent owner sues a defendant for infringement, the court must first determine the scope of the patent’s claims.⁸ At least in theory, the court is to construe the claims beyond the reach of the accused product.⁹ Once the court has construed the claims, it then determines whether the accused product infringes the patent by meeting every limitation in the claim or claims at issue.¹⁰ Quite often, the claim construction determines the outcome.¹¹

Prior to 1996, claim construction was an issue of fact, mixed in with the question of infringement, both within the jury’s realm. However, following the Supreme Court’s decision in *Markman v. Westview Instruments*, a district court, not a *365 jury, must interpret the scope of a patent’s claims.¹² Given a patent’s technical complexity, courts frequently hold mini-trials, or “Markman hearings,” to color the terms in the patent claims.¹³ The court solicits “Markman briefs” from the parties, asking for their input in claim construction.¹⁴ Judges are generally free to interpret the claims at any point in the litigation. According to the Federal Circuit,

[Markman] merely holds that claim construction is the province of the court, not a jury. To perform that task, some courts have found it useful to hold hearings and issue orders comprehensively construing the claims in issue. Such a procedure is not always necessary, however. If the district court considers one issue to be dispositive, the court may cut to the heart of the matter and need not exhaustively discuss all the other issues presented by the parties. District courts have wide latitude in how they conduct the proceedings before them, and there is nothing unique about claim construction that requires the court to proceed according to any particular protocol. As long as the trial court construes the claims to the extent necessary to determine whether the accused device infringes, the court may approach the task in any way that it deems best.¹⁵

Although claim construction is a matter of law, it is interlocutory and therefore can be revised at any time before the judgment is final.¹⁶

Parties can appeal a district court’s claim construction to the United States Court of Appeals for the Federal Circuit, which holds jurisdiction over all cases “arising under” patent law.¹⁷ As issues of claim construction are matters of law, the Federal Circuit reviews them de novo.¹⁸ From 1996 to 2007, the Federal Circuit held that more than 30% of infringement cases appealed from the busiest district courts had incorrectly construed at least one claim.¹⁹

*366 2. Issue Preclusion²⁰ in General

Issue preclusion is a judicially created, equitable doctrine designed to preclude the relitigation of issues actually and necessarily determined in an earlier proceeding by a valid and final judgment when the determination was essential to that judgment.²¹ In short, the doctrine is meant to prevent parties from getting a second bite at the judicial apple. A litigant can only assert issue preclusion against a party involved in the earlier proceeding.²² As a general matter, the party asserting issue preclusion must prove the following:

- (1) the issue is identical to the issue decided in the prior litigation;
- (2) the issue was actually litigated in the prior litigation;
- (3) the party against whom preclusion is sought had a full and fair opportunity to litigate the issue in the prior litigation; and

(4) the determination of the issue was essential to a final judgment of the prior litigation.²³

However, because issue preclusion is an equitable doctrine, a court may decline its application even if the case meets all the above factors.²⁴ According to the Restatement *367 of Judgments, issue preclusion is inappropriate in the following circumstances:

(1) The party against whom preclusion is sought could not, as a matter of law, have obtained review of the judgment in the initial action; or

(2) The issue is one of law and (a) the two actions involve claims that are substantially unrelated, or (b) a new determination is warranted in order to take account of an intervening change in the applicable legal context or otherwise to avoid inequitable administration of the laws; or

(3) A new determination of the issue is warranted by differences in the quality or extensiveness of the procedures followed in the two courts or by factors relating to the allocation of jurisdiction between them; or

(4) The party against whom preclusion is sought had a significantly heavier burden of persuasion with respect to the issue in the initial action than in the subsequent action; the burden has shifted to his adversary; or the adversary has a significantly heavier burden than he had in the first action; or

(5) There is a clear and convincing need for a new determination of the issue (a) because of the potential adverse impact of the determination on the public interest or the interests of persons not themselves parties in the initial action, (b) because it was not sufficiently foreseeable at the time of the initial action that the issue would arise in the context of a subsequent action, or (c) because the party sought to be precluded, as a result of the conduct of his adversary or other special circumstances, did not have an adequate opportunity or incentive to obtain a full and fair adjudication in the initial action.²⁵ The Restatement also includes “[o]ther compelling circumstances [that] make it appropriate that the party be permitted to relitigate the issue.”²⁶

Collateral estoppel applies to both questions of fact and law.²⁷ A party may use collateral estoppel as a weapon to establish a position that the party itself is unable to prove.²⁸ Collateral estoppel can even apply if the prior adjudication was *368 based on erroneous facts.²⁹ However, a change in the controlling law prevents issue preclusion.³⁰

B. Regional Circuit Law on Issue Preclusion Regarding Claim Construction

The Federal Circuit applies regional circuit law for most procedural issues, including res judicata and collateral estoppel.³¹ In two separate concurring opinions, Judge Dyk opined that the Federal Circuit should apply its own law to all instances of collateral estoppel instead of regional circuit law in patent cases.³² In *Dana v. E.S. Originals, Inc.*, Judge Dyk pointed out that the Federal Circuit chose to apply its own law to res judicata of a consent judgment and to collateral estoppel of a patent’s validity.³³ Judge Dyk further argued that to apply regional circuit law to other areas of res judicata and collateral estoppel would encourage forum shopping and non-uniformity.³⁴ Supporting Judge Dyk’s position in this matter is beyond the scope of this article. However, a unified issue preclusion law would be an efficient vehicle in adopting the standard proposed in Part III, *infra*.

As discussed below, the vast majority of courts addressing claim construction and issue preclusion focus on the “finality” factor of collateral estoppel. Although *369 this article focuses on a different prong, a statement of the current law will aid the reader. The current law is arranged by regional circuit, in line with the Federal Circuit’s decision to apply regional circuit law to collateral estoppel on claim construction. Though the tests vary by the number of factors, all of the circuits apply some variation of the Restatement’s test.³⁵

***370 1. Identical Issue**

The first requirement for issue preclusion is that the issues presented in both litigations be identical. The issues must be

exactly identical; merely similar issues do not qualify for issue preclusion.³⁶ An “issue” for the purposes of issue preclusion “is a single, certain and material point arising out of the allegations and contentions of the parties.”³⁷

The Federal Circuit has held that the relevant issue for collateral estoppel on claim construction is the scope of the claims alone, outside any attachment to an infringement or validity determination.³⁸ Further, courts have used collateral estoppel for the same language in different claims of the same patent³⁹ or in a different patent if it is of the same family using the same claim terms and a common specification.⁴⁰

*371 2. Issue Actually Litigated

The second requirement is that the parties must have actually litigated the particular issue in the prior proceeding. The burden of persuasion rests with the party asserting issue preclusion.⁴¹ If the asserting party does not produce evidence the issue was actually litigated in the prior litigation, the current court may not apply issue preclusion.⁴² In determining whether the issue was actually litigated, the court may examine the pleadings and evidence in addition to the prior court’s express finding in a valid judgment.⁴³

In general, this prong requires that the parties took the case to trial and the issue was actually litigated before a judge of competent jurisdiction.⁴⁴ Some courts recognize an exception for stipulation if the parties have manifested an intention to be bound.⁴⁵ Similar to stipulations, consent judgments may bind the parties if they too manifested an intention to that effect.⁴⁶

This element also requires that the previous court actually decided the issue. An issue is “decided” if it was directly raised in the pleadings, addressed by all parties, and decided by the court.⁴⁷ The issue present in the pleadings alone is not sufficient.⁴⁸ If a decision is ambiguous regarding the issue under consideration, a court may not say it was decided.⁴⁹ However, if the issue either logically or practically constituted a necessary component of the decision in the prior litigation, a court may deem the issue actually decided as an implied decision on the issue.⁵⁰

As applied to claim construction, a district court must actually construe the claims to have preclusive effect, not just hold for or against infringement.⁵¹ The *372 Federal Circuit held that a stipulation meant only to apply to a particular, previous litigation did not meet the actually litigated prong in *Pfizer, Inc. v. Teva Pharmaceuticals, USA, Inc.*⁵² However, absent a clear indication to retain the right to challenge the claim construction, a consent order can preclude relitigation of claim construction.⁵³

3. Full and Fair Opportunity to Litigate

The third element for issue preclusion is to comply with due process.⁵⁴ To comply with due process, the party against whom issue preclusion is invoked must have been fully represented in the prior litigation.⁵⁵ Issue preclusion is therefore inappropriate against a party not represented, whether directly or by similar interests, in the prior litigation.⁵⁶ A party can invoke overall fairness as a defense against issue preclusion, but courts will also examine the prior litigation’s overall fairness only when: (1) the proceedings provided the parties with vastly different measures of procedural protection; (2) the prevailing party concealed material information in the prior litigation; or (3) the issue was not relevant enough in the previous litigation to afford a sufficient incentive to litigate.⁵⁷ In addition, issue preclusion can only be asserted against a party that lost the prior litigation or a party in privity with the losing party.⁵⁸ A full treatment of privity for the purpose of issue preclusion is beyond the scope of this work.

Due process prevents a court from holding a prior claim construction against a newly accused infringer who has not had its day in court.⁵⁹ A district court may still look to the prior court’s construction as instructive and adopt it if the defendant *373 does not offer any new and persuasive arguments.⁶⁰ Though rarely applied, the Court in *Blonder-Tongue v. University of Illinois* stated that issue preclusion will not apply in “one of those relatively rare instances where the courts wholly failed to grasp the technical subject matter and issues in suit.”⁶¹ Although the Court was concerned with patent validity, the reasoning can be equally applied to claim construction. The Federal Circuit has also emphasized 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.”⁶²

The Federal Circuit in *Bayer AG v. Biovail Corp.* stated that, at least without a full claim construction, new evidence unavailable at a previous litigation could prevent issue preclusion against an infringing product.⁶³ Bayer filed two lawsuits against Elan for infringement.⁶⁴ Elan had previously filed two abbreviated new drug applications (ANDAs) seeking Food and

Drug Administration (FDA) approval for generic versions of Bayer's 30 mg and 60 mg high blood pressure medication.⁶⁵ Bayer filed a third lawsuit against Elan for its 30 mg generic commercial product.⁶⁶ The district court, affirmed by the Federal Circuit, held Elan's 30 mg ANDA did not infringe, although it "did not 'expressly' articulate a construction"⁶⁷ The district court in the 60 mg ANDA and the 30 mg commercial cases held collateral estoppel dictated noninfringement because "the court had to necessarily construe the . . . claims [based on previous findings]."⁶⁸ Bayer appealed the 60 mg ANDA and the 30 mg commercial drug decisions.⁶⁹ On appeal, the Federal Circuit noted that "[w]hile the legal issues are facially similar, the factual evidence proffered *374 in the 60 mg ANDA case differs from the evidence in the 30 mg ANDA case."⁷⁰ For the 60 mg ANDA case, "Bayer did not, presumably because at that time it could not, provide evidence of infringement by the ANDA tablet in the 30 mg ANDA case."⁷¹ By the time of the 60 mg ANDA litigation, Bayer "introduced evidence of actual infringement by a commercial tablet made under the specifications of an allegedly identical ANDA"⁷² Specifically, "[b]ecause neither party raised the issue of whether the tablets after manufacture would infringe, this court did not address whether the claims would include such tablets, even assuming Elan complied with its ANDA specification."⁷³ The Federal Circuit, construing Eleventh Circuit law, reversed on issue preclusion, noting that "neither the district court nor this court in the 30 mg ANDA case conducted a complete and binding claim construction of the relevant terms, either expressly or implicitly."⁷⁴ A single sentence related the scope of Bayer's patent "without any express reference to claim construction, [and so it was] a sandy foundation upon which to build a multi-storied collateral estoppel building."⁷⁵ The case was remanded for a proper claim construction.⁷⁶ Though the Federal Circuit focused some significant language on the lack of a full claim construction, the new evidence played a strong role in preventing summary judgment for new cases.

In *ChriMar Systems, Inc. v. Foundry Networks, Inc.*, a district court held the discovery of new evidence that was available and within reach at the previous litigation did not suffice for the patentee to claim he did not have a full and fair opportunity in the prior action.⁷⁷ In a previous litigation, ChriMar "was instructed to take additional discovery in the form of depositions to the extent that any of the witness declarations relied upon by Cisco was not adequate[.]" but "ChriMar did not avail itself of this opportunity."⁷⁸ The court held that ChriMar "should not now be heard to complain that it is being bound to findings that it could have contested more vigorously in the [previous] litigation, but chose not to."⁷⁹

*375 4. Essential to a Final Judgment

This element can be thought of as having two separate prongs: "finality" (a final judgment on the merits) and "necessity" (the issue was essential to that final judgment). For finality, the prior case need only decide the issue in a way that is sufficiently firm to have conclusive effect.⁸⁰ Factors indicating whether the decision was sufficiently firm include "whether [1] the parties were fully heard, [2] the court supported its decision with a reasoned opinion, and [3] the decision was subject to appeal."⁸¹ Finality can be subsumed into issue preclusion's second factor (actually decided).⁸² For necessity, the issue in the prior litigation must have been essential to the decision.⁸³ However, if there are multiple, irreconcilable determinations of the issue in prior litigations, generally only the most recent court determination will have issue preclusive effect.⁸⁴

The bulk of academic literature focuses on the issue of Markman orders and finality.⁸⁵ While this issue is not the focus of this article, it may benefit the reader to understand the current, unsettled state of the law in this area.

One of the first cases to address the issue preclusive effect of a Markman hearing not attached to a final judgment was *TM Patents, L.P. v. International Business Machines Corp.*⁸⁶ In *TM Patents*, the district court faced the question of a *376 Markman ruling's finality when "the matter was settled before the jury had returned its verdict on the question of infringement."⁸⁷ The court held that issue preclusion for claim construction attaches even without a final judgment on the merits.⁸⁸ The court reasoned, "A verdict would not have changed anything about [the] Markman rulings. Nothing more remained to be adjudicated; nothing more remained to be decided on the issue of claim construction."⁸⁹ The *TM Patents* court also held that Markman forced courts to revisit the Federal Circuit's requirement in *A.B. Dick* to condition issue preclusion on a trial verdict.⁹⁰ Several other courts have followed the *TM Patents* approach.⁹¹

Another early case to address the issue preclusive effect of Markman hearings was *Kollmorgen Corp. v. Yaskawa Electric Corp.*⁹² In a prior litigation, a Wisconsin district court construed claims against Kollmorgen.⁹³ The parties then settled prior to a final judgment.⁹⁴ Yaskawa moved for the court to adopt the Wisconsin district court's claim construction.⁹⁵ The court, however, declined to follow *TM Patents* and instead held the claim construction was not final.⁹⁶ For this court, finality meant the opportunity to have the Federal Circuit review the claim construction.⁹⁷ Several courts have adopted the Kollmorgen approach or a variation based on principles set out in Kollmorgen.⁹⁸

*377 Recently, the district court in *International Gamco, Inc. v. Multimedia Games Inc.* took a strong approach in favor of

collateral estoppel.⁹⁹ In a previous litigation, a Nevada court construed the patent claims at issue.¹⁰⁰ The parties entered into a settlement, and the case was dismissed with prejudice.¹⁰¹ The district court applied Ninth Circuit law, where “a court approved settlement is a final judgment on the merits for purposes of collateral estoppel.”¹⁰² Although noting the case would come out differently under Federal Circuit law, the district court stated that “the Federal Circuit must construe the relevant circuit law when determining collateral estoppel issues; in this case, Ninth Circuit law.”¹⁰³ In a striking blow, the court articulated that Ninth Circuit law did not even require the claim construction to be the reason for the settlement.¹⁰⁴ Holding that all elements under Ninth Circuit law were met, the district court applied issue preclusion to the Nevada claim construction.¹⁰⁵

C. RF and Shire: The Federal Circuit Declines to Voice an Opinion

1. Issue Preclusion for Pre-Markman Claim Construction

In 1971, the Supreme Court established non-mutual issue preclusion in *Blonder-Tongue Laboratories, Inc. v. University of Illinois Foundations*.¹⁰⁶ The Court held that a defendant may assert a prior judgment ruling the plaintiff’s patent invalid as long as the plaintiff had a full and fair opportunity to litigate validity.¹⁰⁷ Although patent litigation can present complex issues, the Court reasoned that a second district court may not be any better suited than the first.¹⁰⁸ The Court recognized that issue preclusion can preserve judicial resources, especially in a matter as complex as patent invalidity.¹⁰⁹

Following *Blonder-Tongue*, the Federal Circuit narrowly defined when issue preclusion can apply to claim construction. In *A.B. Dick Co. v. Burroughs Corp.*, patentee A.B. Dick sued Burroughs for infringement.¹¹⁰ At issue was a claim for a *378 “fluid dropping recorder,” useful for making an oscillographic trace of a waveform on a moving piece of paper.¹¹¹ Mead had brought a declaratory judgment against A.B. Dick in a prior litigation, wherein the district court construed A.B. Dick’s claims to require the drops to fall in a direction transverse to the paper’s movement.¹¹² The district court imported the prior district court’s claim construction through issue preclusion, but the Federal Circuit reversed.¹¹³ Holding for a narrow application of issue preclusion, the Federal Circuit stated 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.”¹¹⁴ The Federal Circuit, therefore, tied claim construction to a final judgment on validity or infringement and not as a separate issue in and of itself for issue preclusion purposes.

In *Jackson Jordan, Inc. v. Plasser American Corp.*, the Federal Circuit continued a narrow application of issue preclusion to claim construction.¹¹⁵ The court described a hypothetical case where a patentee “lost” the issue of claim construction in a previous litigation but won on the issue of actual infringement.¹¹⁶ In such a case, the patentee would be unable to appeal. The court then cited the Restatement’s exception to issue preclusion: inability to review.¹¹⁷ Concerned with fairness, the court stated it would decline to apply issue preclusion to such a scenario.¹¹⁸

Later cases continued in this vein of tying claim construction to a final judgment of invalidity or infringement for issue preclusion.¹¹⁹ In *Pfaff v. Wells Electronics*, the Federal Circuit agreed to provide issue preclusive effect to the claim interpretation.¹²⁰ In a prior litigation, the district court construed the claims to require *379 an element not met by the defendant’s product.¹²¹ The Federal Circuit agreed it was proper to import the prior litigation’s claim interpretation under issue preclusion “insofar as it was necessary to the judgment of noninfringement in the previous case.”¹²² Supporting the notion that claim construction is not a stand-alone issue, the Federal Circuit stated that “judicial statements regarding the scope of patent claims are hypothetical insofar as they purport to resolve the question of whether prior art or products not before the court would, respectively, anticipate or infringe the patent claims.”¹²³

Though the Federal Circuit applied issue preclusion to claim construction before *Markman*, it did so only in limited cases. Even when it did find issue preclusion, it would narrowly apply the construction. At least before *Markman*, the Federal Circuit was reluctant to apply issue preclusion for claim terms. One logical inference is that the Federal Circuit viewed claim construction as an issue highly dependent on the accused product. This notion is further discussed in Part II, *infra*.

2. The Federal Circuit on Issue Preclusion Post-Markman

The landmark Supreme Court case *Markman v. Westview Instruments, Inc.* changed the claim construction landscape.¹²⁴ A unanimous Court affirmed the Federal Circuit en banc and held the scope of disputed claims to be a matter “exclusively

within the province of the court” and not an issue for the jury.¹²⁵ The Court examined the sparse record of 18th-century patent case law, noting claims did not at all appear in early patents.¹²⁶ Disputed terms in the specification, the functional equivalent to disputed claim terms, were not left to the jury.¹²⁷ Resolving disputed claim terms, therefore, was not a preserved jury issue under the Seventh Amendment of the U.S. Constitution.¹²⁸ The Court further analyzed its own history, finding no satisfactory conclusion.¹²⁹ Citing functional concerns, the Court noted “[t]he construction of written instruments is one of those things that judges often do and are likely to do better than jurors unburdened by training in exegesis.”¹³⁰ Lastly, the Court turned to the policy of “uniformity in the treatment of a given patent[,]” determining that a court is better suited to serve this goal than a jury.¹³¹ Uniformity *380 promotes certainty in what constitutes the bounds of a patent, encouraging innovation and assuring the public of the rights that will eventually belong to it.¹³²

Since *Markman*, infringement was to be a two-step analysis: first, a judge determines the scope of the claims at issue; second, the jury determines as a matter of fact whether the defendant infringed the patent claims now construed, with the jury unable to reject the judge’s construction.¹³³ More directly on point for this article, the Court stated in dicta that “issue preclusion would ordinarily foster uniformity[,]” a chief goal of claim construction.¹³⁴

District courts differed on how to interpret *Markman* for precluding claim interpretation. This split is noted in Part I.B.4, *supra*. According to the TM Patents court, “*Markman* ushered in a new regime in patent claims construction.”¹³⁵ Prior to *Markman*, “disputes concerning the meaning of patent claims were submitted to a jury along with questions about validity and infringement,” tying the two issues together.¹³⁶ Because parties litigate claim construction separately from the actual trial and the jury is not free to override the court’s determination, “[i]t is hard to see how much more ‘final’ a determination can be.”¹³⁷ Further, granting issue preclusion to *Markman* hearings would further the Supreme Court’s policy promoting uniformity.¹³⁸ The court noted that the prior judge’s “rulings are preclusive, not because they were made before the jury returned a verdict, but because of the special finality of a *Markman* ruling in a patent case.”¹³⁹ It is interesting to note that the district court would adopt the prior litigation’s claim construction even absent issue preclusion.¹⁴⁰

In contrast to TM Patents, the *Kollmorgen* court held a *Markman* ruling unattached to a final judgment has no preclusive effect.¹⁴¹ The court specifically noted that the “essential to a final judgment” prong was lacking and holding that the TM Patents court incorrectly interpreted *Markman*.¹⁴² Addressing concerns about uniformity, *381 the court determined that the lack of an ability to have the Federal Circuit, the sole appellate circuit capable of claim construction, review the claims prevents a claim interpretation from achieving issue preclusive status.¹⁴³ The court determined that “*Markman* supports the promotion of uniformity, yet it does not stand for the blanketed adoption of patent constructions without first undergoing the Federal Circuit’s rigorous review.”¹⁴⁴ Lastly, as a policy concern, the court noted, “applying collateral estoppel . . . to an unappealable order would have a chilling effect on settlements” as parties receiving an unfavorable *Markman* order would lose a valuable incentive.¹⁴⁵

Neither TM Patents nor *Kollmorgen* were appealed to the Federal Circuit. The Federal Circuit did not substantively reach the preclusive effect of a *Markman* hearing until *RF Delaware v. Pacific Keystone Technologies*.¹⁴⁶ Prior to *RF Delaware*, the Federal Circuit hinted that collateral estoppel should be narrow for claim construction.¹⁴⁷ Before *RF Delaware*, the plaintiff sued another defendant for patent infringement in the Eastern District of Virginia.¹⁴⁸ The Virginia court gave *RF Delaware* an adverse claim construction and held against literal infringement but noted a genuine issue of material fact under the doctrine of equivalents.¹⁴⁹ The parties settled before trial.¹⁵⁰ In a second action in Alabama, *RF Delaware* sued *Pacific Keystone Technologies, Inc. (Pacific)* for infringement.¹⁵¹ The Alabama court declined to use issue preclusion, but granted summary judgment for *Pacific*.¹⁵² *RF Delaware* appealed the ruling.¹⁵³ The Federal Circuit applied Eleventh Circuit procedural law, focusing on the finality prong in collateral estoppel.¹⁵⁴ The court noted that the parties were not fully heard, and there was no evidence of an evidentiary hearing (no *Markman* hearing) before partial summary judgment.¹⁵⁵ However, the *382 Federal Circuit interpreted Eleventh Circuit law to potentially allow for issue preclusion if (1) there was an evidentiary hearing, (2) the first court notified the parties of the possibility of future issue preclusion, and (3) the court entered a final order approving the proposed settlement.¹⁵⁶ The court did not mention TM Patents or *Kollmorgen*, nor did the court expound on the effect of *Markman*, leaving the district courts split.

A few months later, the Federal Circuit construed Eleventh Circuit law to allow issue preclusion for a *Markman* order in *Dana v. E.S. Originals, Inc.*¹⁵⁷ Although *Dana* bears some resemblance to *RF Delaware* in that they both originated in the Eleventh Circuit, some notable differences caused the Federal Circuit to rule differently. In *Dana*, the first court “set forth its findings of fact and conclusions of law in fully reasoned opinions[,]” the *Markman* hearing “fully and finally resolved” the claim construction, and the court notified the parties of the potential for issue preclusion.¹⁵⁸

Between Dana and RF Delaware, the Federal Circuit left much unresolved. Namely, both rulings were narrowly construed according to Eleventh Circuit procedural law, and the court did not resolve whether a stand-alone Markman order would have preclusive effect as per the debate between the TM Patents court and the Kollmorgen court. The Federal Circuit came close to analyzing this question in *Shire LLC v. Sandoz, Inc.*¹⁵⁹ The court granted a petition for appeal to determine “whether a patentee who settles an earlier infringement case after a Markman ruling has issued is precluded under the doctrine of collateral estoppel from relitigating claim-construction issues determined in the prior case.”¹⁶⁰ Unfortunately for lower courts and future litigants, the parties settled before appeal, leaving the question unanswered.¹⁶¹

II. Unique Circumstances for Claim Construction

In evaluating issue preclusion for claim construction, one must take into account claim construction’s unique circumstances. Typically a patentee will bring suit against an alleged infringer. The parties will draft briefs proposing interpretations of the claim terms at issue. Once adjudicated, the adopted claim construction has preclusive effect and can bind the patentee or other party involved in any future proceeding where the same patent is at issue and where the parties were in privity. *383 What makes claim construction unique is that this interpretation binds the parties even if the accused product is different or the same product infringes in a different way. A patent’s value depends entirely on its claims’ ability to cover an accused product in an infringement action. Under current law, the patent itself is now affected, which is a far bigger consequence than in typical cases outside patent law.

Issue preclusion is meant to increase judicial efficiency while giving the parties a fair opportunity to litigate their claims. A system that sacrifices fairness tilts issue preclusion out of balance. This article argues that Markman hearings are held with the accused product in mind. The accused product influences the claim construction briefs and the judge’s decision as to how to construe the claims. Because the accused product pervades all aspects of a Markman hearing, claim construction is not really a stand-alone issue, but rather tied to the specific infringement or invalidity accusation.¹⁶²

A. The Accused Product Affects How Parties Write Their Markman Briefs

In an infringement proceeding, the district court generally focuses first on construing the claim terms at issue.¹⁶³ Before trial, the court generally asks the parties to brief their proposed claim constructions, or write Markman briefs. Parties do not reference the accused product in their Markman briefs, but focus on the claim language, patent specification, prosecution history, and other claim evidence. Despite this official silence, a party’s position on claim interpretation is heavily influenced by the accused product.

In *SanDisk Corp. v. Memorex Products, Inc.*, knowledge of the accused product altered SanDisk’s proposed claim construction.¹⁶⁴ In a previous litigation, SanDisk accused Lexar Media of infringement.¹⁶⁵ The judge adopted SanDisk’s construction, stating that each memory cell in the Flash EEPROM memory must be grouped into partitioned sections¹⁶⁶ and held Lexar infringed SanDisk’s patent.¹⁶⁷ *384 SanDisk later brought an infringement action against Memorex as well as other defendants, seeking a preliminary injunction based on the Lexar court’s claim construction.¹⁶⁸ The trial court denied the preliminary injunction because one of the defendant’s products did not have all of the memory grouped into partitioned sections.¹⁶⁹ After more extensive discovery, SanDisk changed its proposed construction to a broader reading, encompassing the accused products.¹⁷⁰ On appeal, the Federal Circuit disagreed with one of the defendants who argued that “SanDisk should be estopped from playing fast and loose with the courts by changing the meanings of its patent claims simply because its interests have changed now that it knows how [the] products work.”¹⁷¹ The Federal Circuit noted that “[a]fter discovery the court expects the parties to refine the disputed issues and learn more about the claim terms and technology, at which point a more accurate claim construction can be attempted.”¹⁷² This line reveals how porous the boundary is between claim construction and infringement: the claim terms are more accurately defined only after further discovery of the accused product.

Shire v. Impax provides one example where the parties argued differently than one may expect ex ante.¹⁷³ *Shire*, the patentee, argued for a narrower construction than the defendant.¹⁷⁴ In construing the term “amphetamine salts,” *Shire* argued that “amphetamine” was limited to the chemical compound 1-phenyl-2-aminopropane, while the term “salt” meant “a compound formed by the interaction of an acid and a base.”¹⁷⁵ *Impax* argued, however, that “amphetamine salts” included a broader range of compounds, a range encompassing “methylphenidate.”¹⁷⁶ *Shire* argued they had disclaimed a broad construction during prosecution, and so “amphetamine salts” was not to include methylphenidate.¹⁷⁷ Because *Shire* argued against a broad

reading, there is something other than broad-versus-narrow motivating the construction. Perhaps Shire was trying to get around an invalidity contention. If so, a narrow reading would suffice to cover this accused product, and Shire therefore proffered a claim construction organized around the accused product.

***385** In a second proceeding, a repeat defendant can be just as disadvantaged as a plaintiff, as was the case in *TiVo, Inc. v. EchoStar Corp.*¹⁷⁸ In a prior proceeding, the plaintiff brought an infringement action against the defendant, winning a permanent injunction.¹⁷⁹ The defendant attempted to design around the patent to create a non-infringing version of the device, but was brought to the district court for contempt proceedings.¹⁸⁰ There were various claim terms at issue. One notable issue surrounded a claim limitation: “parses video and audio data from said broadcast data.”¹⁸¹ EchoStar argued that its new software did not meet the claim limitation because its packet-identifier (PID) filter only “looked at the header of a data packet” instead of the “payload where the video and audio are contained.”¹⁸² TiVo countered that the district court’s construction of the term “parses” to broadly mean “analyzes” precluded EchoStar, as this construction was never challenged.¹⁸³ The district court agreed with TiVo and did not revisit its claim construction even though “both parties have switched positions on this issue.”¹⁸⁴ In the prior litigation, EchoStar’s software did not bring this in issue and so was content with a broad construction. The prior Markman hearing bound EchoStar in this new proceeding, even though its product infringed in a different manner.

B. Judicial Procedures Recognize that Markman Briefs are Product-Specific

Not only do the parties focus on the accused product in writing their Markman briefs, but many judges recognize this focus through their procedural patent rules. One source judges may turn to in scheduling the claim construction hearing is the Patent Case Management Judicial Guide (the Guide).¹⁸⁵ According to the Guide, although “discovery relating to the structure and function of accused devices or a patent holder’s own products might seem unnecessary. . . . [i]t is only by knowing the details of the accused product that the parties are able to determine which claim terms need construction [.]”¹⁸⁶ Thus, the accused product plays an important role in claim construction from the outset. The Guide notes that “discovery in advance of claim construction is quite common.”¹⁸⁷ Though the Guide cautions ***386** against using the accused product for claim terms, this focus on the accused product furthers the notion that claims are not construed in a vacuum. Although prior Federal Circuit authority cautioned against considering the accused device during claim construction,¹⁸⁸ the Federal Circuit has recently approved the matter.¹⁸⁹ A court’s comfort with the accused product reveals proximity between infringement and claim construction. This proximity suggests the issues are neither unique nor separate and that the issue is not “what does this claim term mean?” but rather “what does this claim term mean in light of how this accused product infringes?”

In *Wilson Sporting Goods Co. v. Hillerich & Bradsby Co.*, the Federal Circuit indicated some unity among claim construction and infringement, at least in the context of appellate review.¹⁹⁰ The parties appealed a district court’s claim construction order, stipulating that the accused device did not infringe the claims as construed.¹⁹¹ Neither the parties nor the district court provided any information about the accused product to the appellate court.¹⁹² Because “[t]his court reviews claim construction only as necessary to reach [a] final judgment on . . . infringement[,]” it follows that “the legal function of giving meaning to claim terms always takes place in the context of a specific accused infringing device or process.”¹⁹³ Further, the Federal Circuit noted that although “a trial court should certainly not prejudge the ultimate infringement analysis by construing claims with an aim to include or exclude an accused product or process, knowledge of that product or process provides meaningful context for the first step of the infringement analysis, claim construction.”¹⁹⁴ Specifically, knowledge of the accused device is a step towards “the complete context for accurate claim construction.”¹⁹⁵ Because the court lacked the accused product’s context, the court “[could not] fully and confidently review the infringement judgment, including its claim construction component.”¹⁹⁶ Although the accused product is not supposed to color the court’s claim construction, ***387** one can easily imagine some taint from the accused product slipping into the judge’s mind.

Shortly after *Wilson*, the Federal Circuit was asked to review a district court’s claim construction without facts about the accused product in *Lava Trading, Inc. v. Sonic Trading Management, LLC*.¹⁹⁷ The Federal Circuit noted that “[w]ithout knowledge of the accused products, this court . . . lacks a proper context for an accurate claim construction.”¹⁹⁸ The court went on to construe the claims and reversed the trial court’s interpretation as best it could with only the patent in hand.¹⁹⁹ The court’s reluctance to construe the claims without the accused product as “context” reveals proximity between the accused product and the claim interpretation. Dissenting, Circuit Judge Mayer noted that the court “set [itself] up to have to decide claim construction again later, which could well differ from the ruling today” because “claim construction is treated as a matter of law chimerically devoid of underlying factual determinations[.]”²⁰⁰ Circuit Judge Mayer’s tone reveals an unwillingness to consider claim construction absent the accused product. This distaste in the majority and dissent reveals how

close the claim construction and infringement issues are in judges' minds.²⁰¹

A district court judge has other tools to prevent the accused product's taint on claim construction. For one, a judge may hire a technical advisor, a special master, or an expert witness beyond the reach of either party.²⁰² Further, a court is "free to devise its own construction of claim terms rather than adopt a construction proposed by either of the parties."²⁰³ To be fair, a judge's claim construction ruling may not be as swayed as the parties would choose, suggesting a more objective claim construction. Despite this increased judicial objectivity, the importation of the accused product reveals a bit more product-sensitivity than would be fair for issue preclusion for different infringement contentions.

III. The Proposed Standard

Because claim construction issues are always tied to the accused products, issue preclusion should not attach to claim construction alone. Rather, issue preclusion should only apply if the infringement question, as a whole, is the same. Specifically, courts should characterize the identical issues prong as requiring the same ***388** infringement contention in both litigations, encompassing both claim construction of the relevant terms and the way this accused product infringes. The issue for collateral estoppel should be "what does this claim term mean in light of the way this accused product infringes?" rather than "what does this claim term mean?" This narrower question matches the reality of litigation from all perspectives. If either element is different, it is no longer the identical issue, and issue preclusion is no longer appropriate.

In the event the accused products are different or different claim terms are at issue, the subsequent court should allow the parties to brief their positions but may give reasoned deference to the previous court's construction.²⁰⁴ Courts have articulated this standard before *Markman*.²⁰⁵ As *Markman* did not successfully decouple claim construction from infringement as stated above, a return to pre-*Markman* jurisprudence on claim construction would be the most fair.

IV. Policy Considerations

Under the current standard, repeat litigators (or those in privity with repeat litigators) are estopped from arguing a different claim construction if the first court actually construed the claims, and the claim terms were necessary for the litigation that ended in a final judgment. The same claim construction applies even if the accused product is different. Although new parties are not bound to a prior construction, judges may give reasoned deference to the prior adjudication. The proposed standard in Part III, *supra*, loosens when issue preclusion can bind parties. Parties would only be bound to a prior claim construction when the infringement method is the same in both litigations. It follows therefore that a case involving a newly accused product may not prevent parties from litigating claim construction. However, judges may give reasoned deference to a prior construction, as they may already do under the current standard when issue preclusion is unavailable. Overall, the new and proposed standards only diverge when the products are the same but the parties are different.

***389** The current standard has many attractions. Commentators and courts alike understandably have been drawn to increasing certainty and conserving judicial resources whenever reasonably possible. Allowing issue preclusion for claim construction separate from infringement brings with it certainty and efficiency. Some may argue the certainty promotes settlements, as the parties have a strong reference point that anchors the set of possible trial outcomes. Efficiency is especially important in patent law, where litigation is particularly expensive. If we do not believe a second court is any more likely to succeed than a first court in claim interpretation, there is no inherent bias. Thus, so the argument goes, allowing collateral estoppel for claim construction as a stand-alone issue provides benefits without much detriment. Further, the current standard forces district courts to respect others' decisions. This has the desirable effect of reducing forum shopping, as a patentee who previously received an adverse judgment is sure to receive the same claim construction no matter what court he or she brings suit.

Despite its attractions, a closer look at the current standard reveals its disadvantages and potential bias. As discussed in Part II, *supra*, claim construction only has value when attached to an infringement determination. As parties argue over certain claim terms with an eye on the accused device, they can bind themselves with unpredictable consequences for future products. This cabining affects both patentees and repeat defendants.²⁰⁶ Further, there may be a bias against patentees. Presumably patentees are more likely to be repeat litigators over the claim terms than defendants. Because patentees are more likely to be in court and issue preclusion only binds prior parties, patentees may be more likely to be bound to a prior claim construction. Thus, there may be an unfair bias with far-reaching consequences. Issue preclusion affects all future

infringement actions resulting from this patent, going further than is fair under the doctrine.

At least one court has articulated the dangers of doing away with collateral estoppel when a newly accused product is at issue.²⁰⁷ In *Smith & Nephew, Inc. v. Arthrex, Inc.*, the plaintiff argued that because a prior litigation “involved a different accused device, the prior claim construction does not apply.”²⁰⁸ The court articulated that “[t]he whole point of [claim construction] is to give the world notice of the claimed invention.”²⁰⁹ Further, if the court were to adopt a new construction for a new device, “the public notice function of patent claims would be undermined[.]” *390²¹⁰ Despite “the patentee’s difficult position of having to foresee potential impacts of claim construction that may not be raised by the case at hand[.]” the court held “the goals of uniformity, consistency, and public notice would be completely undermined if the patentee were allowed to change the meaning of the patent words based on the facts of a given case.”²¹¹ The judge held the prior litigation precluded litigating claim construction in this action.²¹²

The *Smith & Nephew* court’s doom-and-gloom approach to altering issue preclusion for claim construction is not well founded. First and foremost, current issue preclusion cannot bind a party that was not in privity to the initial litigation. Any “public notice” on the claim construction is only in reference to what can bind the patentee or repeat defendant and can be challenged by any newly accused infringer. The supposedly vital public notice function of *Markman* hearings has no binding effect on the world outside the parties in the litigation. At most, the rest of the world is forced to rely on reasoned deference, should the judge choose to invoke it. The new standard does not change this but rather evens the playing field among all the plaintiff’s competitors. Instead of a slant against the previous party, all actors have an equal shot. Because of due process, there is a bias against previous parties in issue preclusion. By connecting issue preclusion only to claim construction, the bias against previous parties continues to the unfair disadvantage of the patentee or repeat defendant. Attaching issue preclusion to the claim construction plus accused method of infringement evens the playing field.

One could also argue that the *stare decisis* effect would be completely undermined. Because of a presumption of accuracy, attorneys often reference case law when discussing terms in their *Markman* briefs.²¹³ As a counter to this point, reasoned deference would serve just as well. The terms under current law only have an influential rather than binding effect. Substituting a reasoned deference approach would leave this function intact.

Some might say the proposed standard would hamper judicial efficiency. For one, parties would be less likely to settle knowing they could challenge a prior claim construction.²¹⁴ Not only would it waste precious court resources, it could bias weaker defendants, forcing them to choose between an expensive *Markman* *391 hearing and settling the case unfavorably.²¹⁵ This could chill design-around innovation and strengthen the patentee’s monopoly beyond the Patent Act’s intended scope. Although this is a concern, it depends on where one sets the baseline. One could look at the status quo as a subsidy for new infringers, as issue preclusion favors new parties. Instead of the proposed standard being a bias against them, it merely takes away their current unfair advantage. Further, new parties are able to challenge the old claim construction under current law, so the current standard offers no more of an advantage than the proposed standard would.

Some may argue that even if issue preclusion would not apply, judicial estoppel would prevent the patentee from changing its construction in a subsequent litigation. Judicial estoppel is a discretionary doctrine to prevent litigants from taking advantage of the judicial system by taking a position that contradicts or is inconsistent with a prior position successfully asserted in a prior judicial or administrative proceeding.²¹⁶ Judicial estoppel is far less of a concern, as it is (1) discretionary and (2) based on fairness before the court rather than on efficiency.²¹⁷ Patentees asserting a different construction are not playing “fast and loose” with the court system, but rather evaluating their overall infringement approach. The same policy arguments apply to judicial estoppel as they do to issue preclusion.

Adopting the proposed standard brings the scales back into balance without drastically altering the current standard’s benefits. As a benefit under this new standard, prior parties can examine the accused device and offer claim constructions as appropriate, free from the prior product’s taint. Their positions must be bound to reason, as a judge will look at the prior court’s claim construction and may give it reasoned deference if its arguments are convincing. This new standard allows the parties a reasonable chance to be heard.

Further, the new standard may actually have a beneficial effect on design-around innovation. The prior court may have broadly interpreted a claim term the *392 defendant did not find worth fighting over.²¹⁸ If the defendant created a product that worked around some of the other claim terms but would be caught by this broad term, that defendant would normally be precluded from arguing a different construction. This could cause a chill on design-around innovation. The proposed standard at least unlocks the door, giving the innovator a fair chance to create a useful product and argue a favorable construction.

As stated above, the current standard's benefits are not all they appear to be. Any predictability and uniformity through binding authority only applies to prior parties. The world at large can only rely on reasoned deference, which remains untouched in the proposed standard. The judicial efficiency under the current standard is at the expense of fairness to prior parties, throwing out the baby with the bathwater. Such a sacrifice of fairness goes beyond issue preclusion's mandate. By bringing the scope of issue preclusion back to its original scale, fairness for both parties is gained while little efficiency is lost.

V. Conclusion

Issue preclusion is a valuable judicial doctrine to promote efficiency and finality, but it is not without its limits. As applied to claim construction, issue preclusion can overstep its bounds and harm both the patentee and the accused infringer. Claim construction only exists in connection with an accused product and is heavily influenced by that product. Recognizing this link, courts would be fairer in applying issue preclusion if they only applied the doctrine when the claim construction and infringement issues overlap. This standard would greatly promote fairness in patent proceedings while only superficially damaging claim construction's public notice function.

Footnotes

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¹ *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 384 (1996). The court will often hold a "Markman hearing" to construe the relevant patent claims.

² *Id.*

³ *TiVo, Inc. v. EchoStar Corp.*, 597 F.3d 1247, 1251 (Fed. Cir. 2010), reh'g en banc granted, vacated, 376 F. App'x 21 (Fed. Cir. 2010). It should be noted that the Federal Circuit has since issued a new en banc opinion in this case. *TiVo Inc. v. EchoStar Corp.*, No. 2009-1374, 2011 WL 1486162 (Fed. Cir. Apr. 20, 2011). However, for the purposes of this article, citing to the now-vacated opinion is adequate.

⁴ *TiVo*, 597 F.3d at 1251-52.

⁵ *Id.*

⁶ Brief of Amici Curiae Amazon.com, Inc., Hewlett-Packard Co., Microsoft Corp., & Newegg Inc. in Support of Defendants-Appellants, *TiVo, Inc. v. EchoStar Corp.*, 376 F. App'x 21 (Fed. Cir. 2010) (No. 2009-1374); Brief for Verizon Commc'ns Inc. as Amicus Curiae in Support of Neither Party, *TiVo, Inc. v. EchoStar Corp.*, 376 F. App'x 21 (Fed. Cir. 2010) (No. 2009-1374), 2010 WL 3051437.

⁷ See 35 U.S.C. § 112 P 2 (2006) ("The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.").

⁸ See *Cybor Corp. v. FAS Tech., Inc.* 138 F.3d 1448, 1454 (Fed. Cir. 1998) (en banc) ("An infringement analysis involves two steps. First, the court determines the scope and meaning of the patent claims asserted, ... and then the properly construed claims are compared to the allegedly infringing device[.]").

9 See *Jurgens v. McKasy*, 927 F.2d 1552, 1560 (Fed. Cir. 1991) (“An analysis of infringement involves two steps. First, a claim is construed without regard to the accused product.”).

10 *Id.*

11 See *Vivid Techs., Inc. v. Am. Sci. & Eng’g, Inc.*, 200 F.3d 795, 803 (Fed. Cir. 1999) (“It is well recognized that the construction of the claims may resolve some or all of the issues of infringement.”).

12 *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 372 (1996). The Court affirmed the Federal Circuit’s ruling in *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 970-71, 979 (Fed. Cir. 1995), holding that claim language is a matter of law, stressing the need for consistent, uniform, and predictable claim constructions. Judge Newman predicted mini-trials, or Markman hearings, would ensue. *Id.* at 1008 n.5 (Newman, J., dissenting).

13 Ronald J. Schutz & Jonathan D. Goins, *Case Management Issues in Patent Litigation*, 5 *Sedona Conf. J.* 1, 5 (2004).

14 *Id.* at 3-4.

15 *Ballard Med. Prods. v. Allegiance Healthcare Corp.*, 268 F.3d 1352, 1358 (Fed. Cir. 2001).

16 See *Vivid Techs. Inc v. Am. Sci. & Eng’g, Inc.*, 997 F. Supp. 93, 96 (D. Mass. 1997), *aff’d*, 200 F.3d 795 (Fed. Cir. 1999) (“Pursuant to the teachings of [Markman], as a matter of case management, this court scheduled briefing and oral argument on this issue because an order determining claim construction, even if provisional in the sense that it is interlocutory and not an appealable order, may nevertheless enable the parties and the court to focus discovery....”) (internal citation omitted).

17 See 28 U.S.C. § 1292(c) (2006) (discussion appeals of interlocutory decisions); 28 U.S.C. § 1295(a)(1) (2006) (discussing the jurisdiction of the Federal Circuit); 28 U.S.C. § 1338(a) (2006) (discussing patent case jurisdiction for district courts).

18 *Markman*, 52 F.3d at 979.

19 David L. Schwartz, *Practice Makes Perfect? An Empirical Study of Claim Construction Reversal Rates in Patent Cases*, 107 *Mich. L. Rev.* 223, 246 (2008).

20 “Issue preclusion” and “collateral estoppel” are synonymous. *Allen v. McCurry*, 449 U.S. 90, 94 n.5 (1980). The terms are used interchangeably throughout this comment.

21 Restatement (Second) of Judgments § 27 (1982) (“When an issue of fact or law is actually litigated and determined by a valid and final judgment, and the determination is essential to the judgment, the determination is conclusive in a subsequent action between the parties, whether on the same or a different claim.”). By contrast, claim preclusion (or “res judicata”) prevents the same parties from relitigating claims raised in a prior action, or claims not raised in a prior action if the claims arose from the same transaction or occurrence. *Id.* §13. This comment focuses on issue preclusion rather than claim preclusion as claim construction is an intermediary step in a judgment.

22 *Id.* § 27. Some courts, however, allow issue preclusion against a party whose interest was the same or similar to the party in the earlier proceeding. For example, the Ninth Circuit allows issue preclusion against parties “in privity with a party at the first proceeding.” *Hydranautics v. FilmTec Corp.*, 204 F.3d 880, 885 (9th Cir. 2000).

23 Terril G. Lewis, *Collateral Estoppel Applied to the Construction of Patent Claims (Part I)*, 83 *J. Pat. & Trademark Off. Soc’y* 851, 857 (2001). Some state courts include “fairness” as a consideration or factor when deciding to apply issue preclusion. See *Kopp v.*

Fair Political Practices Comm'n, 905 P.2d 1248, 1256 (Cal. 1995) (“[W]hen the issue is a question of law rather than of fact, the prior determination is not conclusive either if injustice would result or if the public interest requires that relitigation not be foreclosed.”) (emphasis omitted).

24 See *Kroeger v. U.S. Postal Serv.*, 865 F.2d 235, 239 (Fed Cir. 1988) (“Where the requirements are not met, it would be error to apply collateral estoppel; where the requirements are met, it would not be error (though it may waste judicial resources) to decline to apply collateral estoppel.”); *A.B. Dick Co. v. Burroughs Corp.*, 713 F.2d 700, 702 (Fed. Cir. 1983) (“[A] court is not without some discretion to decide whether a particular case is appropriate for application of collateral estoppel.”); *Visto Corp. v. Smartner Info. Sys., Ltd.*, No. 2:05-CV-91, 2006 WL 6112192, at *1 (E.D. Tex. Dec. 29, 2006) (“The court previously issued two claim construction orders ... construing the same patents that are at issue in this suit. The defendant in this case contends that the court should revisit certain constructions adopted in that case. The plaintiff argues that the defendant should be estopped from re-litigating those constructions. The court declines to apply the doctrine of collateral estoppel. Nevertheless, the court adopts its prior claim construction rulings because the court remains persuaded that its constructions of the terms were correct.”) (internal citations omitted); see also *Lewis*, supra note 23, at 885-87 (discussing whether collateral estoppel is optional or mandatory when warranted).

25 Restatement (Second) of Judgments § 28 (1982).

26 *Id.* § 29(8).

27 *United States v. Stauffer Chem. Co.*, 464 U.S. 165, 170-71 (1984) (“[T]he doctrine of collateral estoppel can apply to preclude relitigation of both issues of law and issues of fact if those issues were conclusively determined in a prior action.”).

28 *Mendenhall v. Barber-Greene Co.*, 26 F.3d 1573, 1580 (Fed. Cir. 1994) (“[C]ollateral estoppel ... may preclude liability despite failure of an accused infringer to prove validity in its own trial.”).

29 *United States v. Moser*, 266 U.S. 236, 242 (1924) (“[A] fact, question or right distinctly adjudged in the original action cannot be disputed in a subsequent action, even though the determination was reached upon an erroneous view or by an erroneous application of the law.”).

30 See *Limbach v. Hooven & Allison Co.*, 466 U.S. 353, 362 (1984) (“The reason for not applying the collateral-estoppel doctrine in the present case is even stronger than that in *Sunnen*, for here the constitutionality of the earlier case is repudiated by this Court’s intervening pronouncement.”); *Comm’r. v. Sunnen*, 333 U.S. 591, 599 (1948) (“[A] subsequent ... change or development in the controlling legal principles may make that [prior] determination obsolete or erroneous, at least for future purposes.”); *Bingaman v. Dep’t. of Treasury*, 127 F.3d 1431, 1438 (Fed. Cir. 1997) (“[A] significant change in the ‘legal atmosphere’--whether in the form of new legislation, a new court decision, or even a new administrative ruling--can justify a later court’s refusal to give collateral estoppel effect to an earlier decision.”).

31 See *Transocean Offshore Deepwater Drilling, Inc. v. Maersk Contractors USA, Inc.*, 617 F.3d 1296, 1311 (Fed. Cir. 2010) (“We analyze collateral estoppel under the law of the regional circuit.”); *Source Search Techs., LLC v. LendingTree, LLC*, 588 F.3d 1063, 1073 (Fed. Cir. 2009) (“Because the application of collateral estoppel is not a matter within the exclusive jurisdiction of this court, this court applies the law of the circuit in which the district court sits.”) (internal quotation omitted); *RF Del., Inc. v. Pac. Keystone Techs., Inc.*, 326 F.3d 1255, 1261 (Fed. Cir. 2003) (applying 11th Circuit regional law for issue preclusion of claim constructions); *Bayer AG v. Biovail Corp.*, 279 F.3d 1340, 1345 (Fed. Cir. 2002) (“Because the application of collateral estoppel is not a matter within the exclusive jurisdiction of this court, this court applies the law of the circuit in which the district court sit[s].”); *Int’l Gamco, Inc. v. Multimedia Games Inc.*, 732 F. Supp. 2d 182, 1091 (S.D. Cal. 2010) (“Gamco’s contention that the Federal Circuit has held that the construction must be essential to the final determinations ... has no bearing on this Court’s collateral estoppel determination under Ninth Circuit precedent.”).

32 *Dana v. E.S. Originals, Inc.*, 342 F.3d 1320, 1327 (Fed. Cir. 2003) (Dyk, J., concurring); *Vardon Golf Co. v. Karsten Mfg. Corp.*, 294 F.3d 1330, 1335-36 (Fed. Cir. 2002) (Dyk, J., concurring).

33 Dana, 342 F.3d at 1327-28.

34 Id. at 1328.

35 1st Circuit: *Amgen, Inc. v. F. Hoffman-La Roche Ltd.*, 494 F. Supp. 2d 54, 59 (D. Mass. 2007) (applying the Federal Circuit’s test for issue preclusion that “(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 party against whom estoppel is invoked had a full and fair opportunity to litigate the issue in the first action”) (internal quotation omitted);
2nd Circuit: *Dynacore Holdings Corp. v. U.S. Philips Corp.*, 243 F. Supp. 2d 31, 35 (S.D.N.Y. 2003) (“In order for collateral estoppel to apply, four elements must be met: (1) the issues raised in both proceedings must be identical; (2) the relevant issues must have been actually litigated and decided in the prior proceeding; (3) the party to be estopped must have had a full and fair opportunity to litigate the issues in that prior proceeding; and (4) resolution of the issues must have been necessary to support a valid and final judgment on the merits.”) (emphasis added);
3rd Circuit: *Arlington Indus., Inc. v. Bridgeport Fittings, Inc.*, 692 F. Supp. 2d 487, 500 (M.D. Penn. 2010) (“A finding of issue preclusion is appropriate when (1) the issue sought to be precluded is the same as that involved in the prior action; (2) the issue was actually litigated; (3) it was determined by a final and valid judgment; and (4) the determination was essential to the prior judgment.”) (internal quotation omitted) (footnote omitted);
4th Circuit: *Hemphill v. Procter & Gamble Co.*, 258 F. Supp. 2d 410, 415-416 (D. Md. 2003) (“There are four factors that must be met for collateral estoppel to apply: (1) the issue was identical to one decided in an earlier action; (2) the issue was actually litigated in the earlier action; (3) resolution of the issue was essential to a final judgment on the merits; and (4) the plaintiff had a full and fair opportunity to litigate the issue in the earlier action.”);
5th Circuit: *Paltalk Holdings, Inc. v. Microsoft Corp.*, No. 2:06cv367-DF, 2008 WL 4830571, at *4 (E.D. Tex. July 29, 2008) (“[C]ollateral estoppel applies when: (1) the identical issue was previously adjudicated; (2) the issue was actually litigated; and (3) the previous determination was necessary to the decision.”);
6th Circuit: *ChriMar Sys., Inc. v. Foundry Networks, Inc.*, No. 06-13936, 2010 WL 3431606, at *1 (E.D. Mich. Apr. 23, 2010) (“In the Sixth Circuit, application of collateral estoppel requires that the precise issue be raised and actually litigated; that the determination must have been necessary to the outcome; that the proceeding resulted in a final judgment on the merits; and that the party against whom the estoppel is sought had a full and fair opportunity to litigate the issue.”);
7th Circuit: *Shen Wei (USA), Inc. v. Ansell Healthcare Prods., Inc.*, Nos. 05 C 6003, 05 C 6004, 2008 WL 5770849, at *2 (N.D. Ill. May 29, 2008) (“In the Seventh Circuit, the doctrine of collateral estoppel is applicable when: (1) the issue sought to be precluded is the same as that involved in the prior action, (2) that issue was actually litigated, (3) the determination of the issue was essential to the final judgment, and (4) the party against whom estoppel is invoked was fully represented in the prior action.”) (internal quotations omitted);
8th Circuit: *DeKalb Genetics Corp. v. Syngenta Seeds, Inc.*, No. 4:06CV01191 ERW, 2007 WL 4564196, at *10 (E.D. Mo. Dec. 21, 2007) (“The Eighth Circuit has articulated four elements that are required for the application of collateral estoppel: (1) the issue sought to be precluded is identical to the issue previously decided; (2) the prior action resulted in a final adjudication on the merits; (3) the party sought to be estopped was either a party or in privity with a party to the prior action; and (4) the party sought to be estopped was given a full and fair opportunity to be heard on the issue in the prior action.”) (internal quotations omitted);
9th Circuit: *Int’l Gamco*, 732 F. Supp. 2d at 1090 (“Under Ninth Circuit law, collateral estoppel applies if: (1) the issue necessarily decided at the previous proceeding is identical to the one which is sought to be relitigated; (2) the first proceeding ended with a final judgment on the merits; and (3) the party against whom collateral estoppel is asserted was a party or in privity with a party in the first proceeding.”) (internal quotations omitted);
10th Circuit: *Park Lake Res. LLC v. U.S. Dep’t of Agric.*, 378 F.3d 1132, 1136 (10th Cir. 2004) (“In general, issue preclusion applies when: (1) the issue previously decided is identical with the one presented in the action in question, (2) the prior action has been finally adjudicated on the merits, (3) the party against whom the doctrine is invoked was a party, or in privity with a party, to the prior adjudication, and (4) the party against whom the doctrine is raised had a full and fair opportunity to litigate the issue in the prior action.”) (internal quotations omitted);
11th Circuit: *In re McWhorter*, 887 F.2d 1564, 1566 (11th Cir. 1989) (“To invoke collateral estoppel, a party must demonstrate four elements: (1) the issue at stake must be identical to the one involved in the prior litigation; (2) the issue must have been actually litigated in the prior suit; (3) the determination of the issue in the prior litigation must have been a critical and necessary part of the judgment in that action; and (4) the party against whom the earlier decision is asserted must have had a full and fair opportunity to litigate the issue in the earlier proceeding.”) (internal quotations omitted).

36 *Shapley v. Nev. Bd. of State Prison Comm’rs*, 766 F.2d 404, 408 (9th Cir. 1985).

37 *Paine & Williams Co. v. Baldwin Rubber Co.*, 113 F.2d 840, 843 (6th Cir. 1940).

- 38 See, e.g., *In re Freeman*, 30 F.3d 1459, 1466-67 (Fed. Cir. 1994) (holding patent claim scope entitled to collateral estoppel); *Pfaff v. Wells Elecs., Inc.*, 5 F.3d 514, 518 (Fed. Cir. 1993) (“[W]here a determination of the scope of patent claims was made in a prior case, and the determination was essential to the judgment there on the issue of infringement, there is collateral estoppel in a later case on the scope of such claims.”) (internal quotations omitted); see also *Sec. People, Inc. v. Medeco Sec. Locks, Inc.*, 59 F. Supp. 2d 1040, 1044-45 (N.D. Cal. 1999), *aff’d*, 243 F.3d 555 (Fed. Cir. 2000) (holding the scope of the claims had previously been litigated and were precluded).
- 39 *Hemphill v. Proctor & Gamble Co.*, 85 F. App’x 768, 767 (Fed. Cir. 2004) (unpublished) (“[T]he meaning of several claim terms in this litigation is identical to the meaning accorded those same terms in the earlier case.... Consequently, claim terms in claim 1 identical to terms defined in the previous action must carry that same meaning.”).
- 40 *Tech. Licensing Corp. v. Thomson, Inc.*, No. CIV. 2:03-1329 WBS PAN, 2010 WL 843560, at *6-8 (E.D. Cal. Mar. 10, 2010) (applying collateral estoppel to hold that the terms “circuit” and “circuitry” were means-plus-function claims arising from a prior claim construction of a related patent from the same family that used the same terms and had a common specification).
- 41 See *Lundborg v. Phx. Leasing, Inc.*, 91 F.3d 265, 272 (1st Cir. 1996) (stating that when the party asserting issue preclusion failed to show the fraud issue was previously decided, it failed to carry its burden).
- 42 *Id.*
- 43 See *Grip-Pak, Inc. v. Ill. Tool Works, Inc.*, 694 F.2d 466, 469 (7th Cir. 1982) (examining previous court’s express finding); *James Talcott, Inc. v. Allahabad Bank, Ltd.*, 444 F.2d 451, 459 n.7 (5th Cir. 1971) (examining the pleadings and evidence from the prior action).
- 44 *Sekaquaptewa v. MacDonald*, 575 F.2d 239, 251 (9th Cir. 1978).
- 45 *Green v. Ancora-Citronelle Corp.*, 577 F.2d 1380, 1383 (9th Cir. 1978).
- 46 *Id.*
- 47 See *Truck Ins. Exch. v. Ashland Oil, Inc.*, 951 F.2d 787, 792-93 (7th Cir. 1992) (stating that the issue was not precluded when it had been addressed, but not framed in the pleadings nor decided by the judge).
- 48 *In re Troy Dodson Constr. Co.*, 993 F.2d 1211, 1214 (5th Cir. 1993).
- 49 See *Barnes v. Hodel*, 819 F.2d 250, 252 (9th Cir. 1987)(noting that petitioner failed to show the lots at issue were among the two million acres previously litigated and that, therefore, the issue was not precluded).
- 50 *Stoehr v. Mohamed*, 244 F.3d 206, 208 (1st Cir. 2001).
- 51 See *P.A.T. Co. v. Ultrak, Inc.*, 948 F. Supp. 1518, 1520 (D. Kan. 1996) (“The doctrine of collateral estoppel applies ... where a court previously construed patent claims.”).
- 52 *Pfizer, Inc. v. Teva Pharm. USA, Inc.*, 429 F.3d 1364, 1376 (Fed. Cir. 2005) (“Ranbaxy has not identified any legal doctrines that would compel us to adopt the stipulated construction. And to the extent Ranbaxy’s argument addresses issue preclusion, we conclude that issue preclusion does not apply in this case. The district court noted that the stipulation presented to the court in the earlier litigation specifically stated that it was for the purposes of that litigation only. Because Ranbaxy does not dispute this finding, issue preclusion cannot apply to this case.”) (internal citation omitted).

53 San Huan New Materials High Tech, Inc. v. Int’l Trade Comm’n, 161 F.3d 1347, 1358 (Fed. Cir. 1998) (“Absent an explicit reservation, the order itself precludes the [claim construction] challenge now made. Having voluntarily entered into this agreement, due process is not violated by holding San Huan to its bargain.”) (internal citation omitted).

54 Avitia v. Metro. Club of Chicago, 924 F.2d 689, 691 (7th Cir. 1991).

55 Havoco of Am., Ltd. v. Freeman, Atkins & Coleman, Ltd., 58 F.3d 303, 307 (7th Cir. 1995); SDDS, Inc. v. South Dakota, 994 F.2d 486, 492 (8th Cir. 1993); Khandhar v. Elfenbein, 943 F.2d 244, 247 (2nd Cir. 1991); Klein v. Comm’r, 880 F.2d 260, 262 (10th Cir. 1989); Starker v. United States, 602 F.2d 1341, 1344 (9th Cir. 1979).

56 Starker, 602 F.2d at 1348.

57 Avitia, 924 F.2d at 691.

58 SDDS, 994 F.2d at 492.

59 Blonder-Tongue Labs., Inc. v. Univ. of Ill. Found., 402 U.S. 313, 329 (1971).

60 Burke, Inc. v. Bruno Indep. Living Aids, Inc., 183 F.3d 1334, 1337-38 (Fed. Cir. 1999) (importing claim construction from a prior nonprecedential opinion); Visto Corp. v. Research in Motion Ltd., 623 F. Supp. 2d 756, 766(E.D. Tex. 2008) (“[M]any of terms in the Visto patents-in-suit have been previously construed as part of previous litigations involving Visto. The court has carefully reviewed these prior constructions in view of RIM’s current claim construction arguments and concludes that the previous constructions are correct. The court therefore adopts the ... constructions from previous litigations.”); Townshend Intellectual Prop., LLC v. Broadcom Corp., No. C-06-05118 JF (RS), 2008 WL 171039, at *2 (N.D. Cal. Jan. 18, 2008) (unpublished opinion) (“Broadcom was not a party to the previous case, the Court will not subject it to collateral estoppel based upon the previous claim construction.”).

61 Blonder-Tongue, 402 U.S. at 333-34.

62 Pharmacia & Upjohn Co. v. Mylan Pharm. Inc., 170 F.3d 1373, 1380 (Fed. Cir. 1999) (internal quotations omitted).

63 Bayer AG v. Biovail Corp., 279 F.3d 1340, 1346-47 (Fed. Cir. 2002).

64 Id. at 1342.

65 Id.

66 Id.

67 Id. at 1344 (internal quotation omitted).

68 Id. (internal quotation omitted).

69 Bayer, 279 F.3d at 1345.

70 Id. at 1346.

71 Id.

72 Id.

73 Id. at 1347.

74 Id.

75 Bayer, 279 F.3d at 1347.

76 Id. at 1349.

77 ChriMar Sys., Inc. v. Foundry Networks, Inc., No. 06-13936, 2010 WL 3431606, at *4 (E.D. Mich. Apr. 23, 2010).

78 Id.

79 Id.

80 Restatement (Second) of Judgment § 13 (1982); see also *Martin v. Dep't. of Justice*, 488 F.3d 446, 455 (D.C. Cir. 2007) (noting that finality does not require appellate review).

81 *Abbott Labs. v. Andrx Pharm., Inc.*, 473 F.3d 1196, 1204 (Fed. Cir. 2007).

82 *TM Patents, L.P. v. Int'l Bus. Machs. Corp.*, 72 F. Supp. 2d 370, 375 (S.D.N.Y. 1999) (“Since in this particular case, the fourth element (finality) subsumes the second (actually decided), I will address them together.”).

83 See *Novartis Pharm. Corp. v. Abbott Labs.*, 375 F.3d 1328, 1334 (Fed. Cir. 2004) (ruling against issue preclusion because accused infringer failed to prove that construction of the specific term was necessary to the prior noninfringement judgment).

84 See *Metromedia Co. v. Fugazy*, 983 F.2d 350, 366 (2d Cir. 1992) (stating that the traditional rule holds the later judgment is given preclusive effect).

85 See, e.g., James P. Bradley & Kelley J. Kubasta, *Issue Preclusion as Applied to Claim Interpretation*, 10 *Tex. Intell. Prop. L.J.* 323, 325 (2002) (discussing the role of issue preclusion in claim construction); Jonas McDavit, *Putting the Cart Before the Horse: Obstacles to Using Issue Preclusion in a Post-Markman World*, 34 *AIPLA Q.J.* 45, 46 (2006) (evaluating if Markman achieved its goal of uniformity); C. Joel Van Over, *Collateral Estoppel and Markman Rulings: The Call for Uniformity*, 45 *St. Louis U. L.J.* 1151, 1152 (2001) (discussing if post-Markman, collateral estoppel can and should be used to create uniformity in claim construction); Anthony M. Garza, *Comment, Collateral Estoppel and Claim Construction Orders: Finality Problems and Vacatur Solutions*, 6 *Colum. Sci. & Tech. L. Rev.* 4, 1 (2005) (discussing the “possibility of collateral estoppel based on patent claim construction independent of a decision on validity or infringement”); Buckmaster de Wolf & Mark L. Blake, *Issue Preclusion of Markman Rulings*, 19 *Fed. Cir. B.J.* 165, 165-66 (2009) (discussing the extent to which Markman has actually promoted

uniformity); Timothy Le Duc, Note, The Application of Collateral Estoppel to Markman Rulings: The Search for Logical and Effective Preclusion of Patent Claim Constructions, 3 Minn. Intell. Prop. Rev. 297, 298 (2002) (reviewing a split in lower courts on whether collateral estoppel should apply to Markman rulings).

86 TM Patents, L.P. v. Int'l Bus. Machs. Corp., 72 F. Supp. 2d 370, 375 (S.D.N.Y. 1999).

87 Id.

88 Id. at 377.

89 Id.

90 Id. at 378-79.

91 See, e.g., Smith & Nephew v. Arthrex, Inc., No. CV 04-29-MO, 2007 WL 1114229, at *2 (D. Or. Apr. 12, 2007) (applying issue preclusion to claims subject to a consent judgment, citing TM Patents); Curtiss-Wright Flow Control Corp. v. Z & J Techs., 563 F. Supp. 2d 1109, 1121 (C.D. Cal. 2007) (finding issue preclusion based on "reasons stated in TM Patents"); Louisville Bedding Co. v. Perfect Fit Indus., Inc., 186 F. Supp. 2d 752, 757 (W.D. Ky. 2001), vacated, No. 3:98CV-560, 2001 WL 34010716 (W.D. Ky. Dec. 17, 2001) (addressing an argument by citing TM Patents); Edberg v. CPI, 156 F. Supp. 2d 190, 195 (D. Conn. 2001) (comparing facts to and following the approach in TM Patents).

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

93 Id.

94 Id.

95 Id. at 466.

96 Id. at 467-68.

97 Id. at 469.

98 See, e.g., Tex. Instruments, Inc. v. Linear Techs., Corp., 182 F. Supp. 2d 580, 588 (E.D. Tex. 2002) (distinguishing but recognizing the "strong point regarding the importance of claim construction" made in Kollmorgen); Graco Children's Prods., Inc. v. Regalo Int'l, LLC, 77 F. Supp. 2d 660, 663-64 (E.D. Pa. 1999) (recognizing an exception to issue preclusion when the party against whom preclusion is sought did not have review of the initial judgment); P.A.T. Co. v. Ultrak, Inc., 948 F. Supp. 1518, 1520 (D. Kan. 1996) (recognizing the exception when review was impossible).

99 Int'l Gamco, Inc. v. Multimedia Games Inc., 732 F. Supp. 2d 1082, 1091-92 (S.D. Cal 2010).

100 Id. at 1089.

101 Id. at 1090.

102 Id. at 1091 (citing *Reyn's Pasta Bella, LLC v. Visa USA, Inc.*, 442 F.3d 741, 746 (9th Cir. 2006)).

103 Id.

104 Id. (“To be sure, the Federal Circuit has recognized that some circuits require for purposes of collateral estoppel that the previous determination [be] necessary to the decision, or that the determination of the issue in the prior litigation must have been a critical and necessary part of the judgment in that action. However, such a requirement is not an element in the Ninth Circuit.”) (internal citations and quotations omitted).

105 *Int'l Gamco*, 732 F. Supp. 2d at 1092

106 *Blonder-Tongue Labs., Inc. v. Univ. of Ill. Found.*, 402 U.S. 313, 349-50 (1971).

107 Id. at 347.

108 Id. at 331-32.

109 Id. at 339-40.

110 *A.B. Dick Co. v. Burroughs Corp.*, 713 F.2d 700, 701 (Fed. Cir. 1983).

111 Id.

112 Id. at 701-02.

113 Id. at 704.

114 Id.

115 *Jackson Jordan, Inc. v. Plasser Am. Corp.*, 747 F.2d 1567, 1575-76 (Fed. Cir. 1984).

116 Id. at 1577-78.

117 Id. (citing Restatement (Second) of Judgments § 28(1) (1982)).

118 Id.

119 See, e.g., *In re Freeman*, 30 F.3d 1459, 1466 (Fed. Cir. 1994) (“This court has warned, however, that statements regarding the scope of patent claims made in a former adjudication should be narrowly construed. Additionally, to apply issue preclusion to a claim interpretation issue decided in a prior infringement adjudication, the interpretation of the claim had to be the reason for the loss [in the prior case] on the issue of infringement.”) (internal citations and quotations omitted); *Pfaff v. Wells Elecs., Inc.*, 5 F.3d

514, 518 (Fed. Cir. 1993) (finding issue preclusion on an issue necessary to the judgment of noninfringement in a previous case).

120 Pfaff, 5 F.3d at 518.

121 Pfaff v. Wells Elecs., Inc., 9 U.S.P.Q.2d (BNA) 1366, 1370 (N.D. Ind. 1988).

122 Pfaff, 5 F.3d at 518.

123 Id. at 517 (citing A.B. Dick Co. v. Burroughs Corp., 713 F.2d 700, 704 (Fed. Cir. 1983)).

124 Markman v. Westview Instruments, Inc., 517 U.S. 370 (1996)).

125 Id. at 372.

126 Id. at 378-79.

127 Id. at 379-80.

128 Id.

129 Id. at 384-88.

130 Markman, 517 U.S. at 388.

131 Id. at 390.

132 Id.

133 See id. at 388-90 (explaining why claim construction should be decided by a judge rather than a jury).

134 Id. at 391.

135 TM Patents v. Int'l Bus. Machs. Corp., 72 F. Supp. 2d 370, 376 (S.D.N.Y. 1999).

136 Id.

137 Id.

138 Id. at 377.

139 Id. at 378 n.2.

140 Id. at 379 (noting that issue preclusion “is of marginal practical importance, because I agree with just about everything Judge Young did when he construed the claims in the EMC action”).

141 *Kollmorgen Corp. v. Yaskawa Elec. Corp.*, 147 F. Supp. 2d 464, 466-67 (W.D. Va. 2001).

142 Id. at 467 (“Although Markman did empower the judge, rather than the jury, to construe the patent scope and claim at issue, it did not single-handedly redefine ‘finality’ for collateral estoppel purposes.”).

143 Id. at 467-68.

144 Id. at 468.

145 Id.

146 *RF Del., Inc. v. Pac. Keystone Techs., Inc.*, 326 F.3d 1255, 1260-61 (Fed. Cir. 2003).

147 See *Bayer AG v. Biovail Corp.*, 279 F.3d 1340, 1347 (Fed. Cir. 2002) (noting that the district court did not explicitly construe the claims and that “[b]ecause neither party raised the issue of whether the tablets after manufacture would infringe, this court did not address whether the claims would include such tablets”).

148 *RF Del.*, 326 F.3d at 1259.

149 Id. at 1261.

150 Id.

151 Id. at 1259.

152 See *id.* (construing a claim term differently from prior litigation).

153 Id.

154 *RF Del.*, 326 F.3d at 1260-62.

155 Id. at 1261-62. The court noted also that the first court did not notify the parties that the orders could have issue preclusive effect, and so the partial summary judgment order was not sufficiently firm.

156 Id. at 1261 (citing *Christo v. Padgett*, 223 F.3d 1324, 1339 (11th Cir. 2000)).

157 *Dana v. E.S. Originals, Inc.*, 342 F.3d 1320, 1325 (Fed. Cir. 2003).

158 Id. at 1324.

159 Shire LLC v. Sandoz, Inc., 345 F. App'x 535, 535 (Fed. Cir. 2009).

160 Id.

161 See Shire LLC v. Sandoz, Inc., 368 F. App'x 116, 116 (Fed. Cir. 2009). This case also would have been the first time the Federal Circuit examined issue preclusion for claim construction outside of the Eleventh Circuit.

162 Other commentators have argued similar positions. See, e.g., Terril G. Lewis, Collateral Estoppel as Applied to the Construction of Patent Claims (Part II), 84 J. Pat. & Trademark Off. Soc'y 47, 65-66 (2002) ("Claims are not construed in a vacuum, but rather with regard to particular fact situations, such as whether a claim is capable of encompassing a particular accused device or a particular prior art reference, facts that are unlikely to be identical in a subsequent suit.").

163 See Cybor Corp. v. FAS Tech., Inc. 138 F.3d 1448, 1454 (Fed. Cir. 1998) (en banc) ("An infringement analysis involves two steps. First, the court determines the scope and meaning of the patent claims asserted, ... and then the properly construed claims are compared to the allegedly infringing device[.]") (internal citations omitted).

164 See SanDisk Corp. v. Memorex Prods., Inc., 415 F.3d 1278, 1290 (Fed. Cir. 2005) (noting that Ritek pointed out that SanDisk proposed a different claim construction from its previous arguments).

165 SanDisk Corp. v. Lexar Media, Inc., 91 F.Supp.2d 1327, 1329 (N.D. Cal. 2000); SanDisk Corp. v. Lexar Media, Inc., No. C 98-01115 CRB, 1999 WL 129512, at *3 (N.D. Cal. Mar. 4, 1999).

166 SanDisk, 1999 WL 129512, at *3.

167 SanDisk, 91 F.Supp.2d at 1329.

168 SanDisk, 415 F.3d at 1283.

169 Id. at 1290-92.

170 See id. at 1290 (pointing out that SanDisk changed the proposed meanings of its patent claims).

171 Id. (internal citations and quotations omitted).

172 Id. at 1291.

173 Shire Labs., Inc. v. Impax Labs., Inc., No. 03-CV-1164, 2005 WL 319983, at *1 (D. Del. Feb. 9, 2005).

174 Plaintiff Shire Laboratories Inc.'s Answer to Impax's Claim Construction Brief Regarding the 6,332,819 and the 6,605,300 Patents at 28-32, Shire Labs., Inc. v. Impax Labs., Inc., No. 03-CV-1164, 2005 WL 319983 (D. Del. Feb. 9, 2005) (No. 03-1164 GMS).

175 Id. at 31.

176 Id.

177 Id. at 30.

178 *TiVo, Inc. v. EchoStar Corp.*, 597 F.3d 1247 (Fed. Cir. 2010), reh’g en banc granted, vacated, 376 F. App’x 21 (Fed. Cir. 2010).

179 Id. at 1251.

180 Id. at 1251-52.

181 Id. at 1254.

182 Id. at 1256.

183 Id.

184 *TiVo*, 597 F.3dat 1256-57.

185 Peter S. Menell et al., *Patent Case Management Judicial Guide* § 2.1.1 (Federal Judicial Center eds. 2010).

186 Id. § 2.1.1.2.1 (internal citations omitted).

187 Id.

188 *SRI Int’l v. Matsushita Elec. Corp. of Am.*, 775 F.2d 1107, 1118 (Fed. Cir. 1985) (en banc) (“It is only after the claims have been construed without reference to the accused device that the claims, as so construed, are applied to the accused device to determine infringement.”) (emphasis omitted).

189 *Wilson Sporting Goods Co. v. Hillerich & Bradsby Co.*, 442 F.3d 1322, 1327 (Fed. Cir. 2006) (quoting *Pall Corp. v. Hemasure Inc.*, 181 F.3d 1305, 1308 (Fed. Cir. 1999)) (“Although the construction of the claim is independent of the device charged with infringement, it is convenient for the court to concentrate on those aspects of the claim whose relation to the accused device is in dispute.”).

190 Id. at 1326-27.

191 Id. at 1324.

192 Id. at 1327.

193 Id. at 1326.

194 Id. at 1326-27.

195 Wilson, 442 F.3d at 1327.

196 Id. at 1330.

197 Lava Trading, Inc. v. Sonic Trading Mgmt., LLC, 445 F.3d 1348, 1350 (Fed. Cir. 2006).

198 Id.

199 Id. at 1355.

200 Id. (Mayer, J., dissenting).

201 See Mass. Inst. Of Tech. & Elecs. for Imaging, Inc. v. Abacus Software, 462 F.3d 1344, 1351 (Fed. Cir. 2006) (“While it is highly undesirable to consider these [claim construction] issues in the abstract, ... we have proceeded to do so.”).

202 Menell et al., *supra* note 185, § 5.1.2.2.2.

203 Id. § 5.1.4.4.

204 Many courts have taken the “reasoned deference” approach when issue preclusion is inapplicable but no new arguments are offered. See, e.g., Finistar Corp. v. DirecTV Grp., Inc., 523 F.3d 1323, 1329 (Fed. Cir. 2008) (“In the interest of uniformity and correctness, [the Federal Circuit] consults the claim analysis of different district courts on the identical terms in the context of the same patent.”); Visto Corp. v. Sproqit Techs., Inc., 445 F. Supp. 2d 1104, 1108 (N.D. Cal. 2006) (“The court concludes [the order of the previous court] is entitled to ‘reasoned deference,’ with such deference turning on the persuasiveness of the order[.]”).

205 Del Mar Avionics, Inc. v. Quinton Instrument Co., 836 F.2d 1320, 1324 (Fed. Cir. 1987) (“A device not previously before the court, and shown to differ from those structures previously litigated, requires determination on its own facts.”); A.B. Dick Co. v. Burroughs Corp., 713 F.2d 700, 704 (Fed. Cir. 1983) (holding “that judicial statements regarding the scope of patent claims are entitled to collateral estoppel 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”).

206 See TiVo, Inc. v. EchoStar Corp., 597 F.3d 1247 (Fed. Cir. 2010), (affirming infringement when the defendant attempted to design around a prior infringing device only to be precluded by a previously argued claim term), *reh’g en banc* granted, vacated, 376 F. App’x 21 (Fed. Cir. 2010).

207 Smith & Nephew, Inc. v. Arthrex, Inc., No. CV 04-29-MO, 2007 WL 1114229, at *1-2 (D. Or. Apr. 12, 2007).

208 Id. at *1. The parties’ briefs are under seal. The quotes are from the judge’s opinion only.

209 Id.

- 210 Id.
- 211 Id. at *2.
- 212 Id. at *4.
- 213 See U.S. Bancorp Mortg. Co. v. Bonner Mall P'ship, 513 U.S. 18, 26 (1994) (“Judicial precedents are presumptively correct and valuable to the legal community as a whole.”).
- 214 See *Blonder-Tongue Labs., Inc. v. Univ. of Ill. Found.*, 402 U.S. 313, 334-49 (1971) (discussing economic consequences of narrowing collateral estoppel in patent claim constructions).
- 215 See Joel Van Over, *Collateral Estoppel and Markman Rulings: The Call for Uniformity*, 45 St. Louis U. L.J. 1151, 1176 (2001) (stating that a stronger patentee is in an advantageous position when a weaker defendant is forced to pay high litigation expenses).
- 216 *Zender v. United States*, 547 U.S. 489, 504 (2006) (“Although this estoppel doctrine is equitable and thus cannot be reduced to a precise formula or test, several factors typically inform the decision whether to apply the doctrine in a particular case: First, a party’s later position must be clearly inconsistent with its earlier position. Second, courts regularly inquire whether the party has succeeded in persuading a court to accept that party’s earlier position.... A third consideration is whether the party seeking to assert an inconsistent position would derive an unfair advantage or impose an unfair detriment on the opposing party if not estopped.”) (internal citations omitted).
- 217 *SanDisk Corp. v. Memorex Prods., Inc.*, 415 F.3d 1278, 1290 (Fed. Cir. 2005) (allowing the patentee to argue for a broader claim construction than previously, because “[i]t is within the trial court’s discretion to invoke judicial estoppel and preclude an argument”).
- 218 See *TiVo, Inc. v. EchoStar Corp.*, 597 F.3d 1247, 1254 (Fed. Cir. 2010) (noting that the defendant attempted to design around a prior infringing device only to be precluded by a previously argued claim term), reh’g en banc granted, vacated, 376 F. App’x 21 (Fed. Cir. 2010).