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Claim Preclusion vs. Issue Preclusion When Asserting the Same Patent Against New Products

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After winning liability in an infringement case, a patent holder may try to include additional products made by the defendant that were not originally part of the case in the potential damages case. One way to ensure that such products do not slip through the cracks is to bring another action against the same defendant alleging infringement of the same patent by the additional products. But when a patent holder files such a subsequent case, there are two preclusion doctrines that both the patent holder and the defendant may need to take into account: claim preclusion and issue preclusion.

The plaintiff may be able to use issue preclusion to avoid having to prove that the additional products infringe the patents at issue. Conversely, the defendant might be able to use claim preclusion to bar the plaintiff from relitigating claims that were already decided in the prior litigation, including the infringement liability of the additional products. These opposing outcomes can lead to a significant



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tension between the two doctrines, which can be especially tricky to navigate due to a shared requirement of product similarity.

While the exact requirements for claim preclusion differ by circuit, there are three commonly applied requirements: (1) the second suit involves the same parties or those in privity with them; (2) the subsequent suit must be based on the same cause of action; and (3) there is a final judgment on the merits in the prior suit. Under Federal Circuit

law applying this standard, an infringement claim in a second litigation involving the same patents is the same cause of action under prong two, only if the accused products in the two litigations are “essentially the same.” The most recent U.S. Supreme Court precedent on claim preclusion, *Whole Woman’s Health v. Hellerstedt*, has found, however, that the “development of new material facts” can mean that a new case and an otherwise similar previous case do not present the same claim.

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Any effect on patent litigation is speculative at this point, but this added consideration of “new material facts” could ultimately result in a loosened standard for successive related litigations.

Similar to claim preclusion, the precise formulation of the issue preclusion standard differs by circuit, but the Federal Circuit has generally applied four requirements: (1) the issue was identical to that in a prior proceeding; (2) the issue was actually litigated; (3) the determination of the issue was necessary to the resulting judgment; and (4) the party defending against preclusion had a full and fair opportunity to litigate the issue. Under this standard, finding issue preclusion in a second litigation involving the same patents and parties requires a showing that the “identical issue” is in dispute, which may turn on the question of whether the products at issue are sufficiently similar. As applied, some courts have characterized this “identical issue” requirement as comparable to the claim preclusion “essentially the same” standard. See, e.g., *Fairchild Semiconductor v. Power Integrations* (D. Del., April 23, 2015)

In practice, the similarity between the products at issue in the two suits can create a tension between claim and issue preclusion. For example, consider a situation in which a plaintiff wins its patent infringement case against a defendant for product A. He then

files a new complaint against the defendant alleging that product B works in a similar manner to product A, giving him a good-faith basis for bringing the suit, and acting as a stepping stone to avoiding having to prove patent infringement against product B using issue preclusion. The defendant has to think about whether it should argue that product B is different from product A so it can avoid issue preclusion and have a chance to avoid liability on product B at trial in the second suit, or whether it should embrace the allegation and move for claim preclusion. Which direction the defendant goes may depend on the substantive facts of the case, but it also might depend on the language in the complaint or pleadings, or even statements made by opposing counsel at a hearing. Under these circumstances, both sides are walking a tightrope.

A party’s prior statements (often through counsel) on product similarity have been used against parties in the context of both issue and claim preclusion. For example, in *Fairchild*, the court relied on several prior statements by the defendant describing the similarity of the products in the prior and subsequent cases to find issue preclusion on infringement. There, the court specifically highlighted the fact that “[defendant] concede[d] there has not been any change in the ... products,” and went on to detail the defendant’s prior arguments and testimony supporting similarity. Conversely,

the court in *Multimedia Patent Trust v. LG Electronics* (S.D. Cal., Aug. 1, 2013) found that the plaintiff’s subsequent claims were precluded and granted a summary judgment motion terminating the litigation, while specifically relying on the plaintiff’s own statements in expert reports as evidence that the products at issue were “essentially the same.”

As these cases highlight, both the plaintiff and defendant in a second suit involving the same patents may stand to gain or lose if they choose to argue that the products at issue are similar to those in the first suit. Counsel should carefully weigh a party’s likelihood of success on the merits before asserting either doctrine.

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