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Comments and Observations on Res Judicata and Patent Law

Ronald P. Kananen

In view of the protracted and highly technical nature of patent litigation, Mr. Kananen suggests that an appreciable saving of judicial time could be effectuated by increased application of res judicata and collateral estoppel to patent disputes. The author briefly delineates the rationale for these doctrines and then points out that their effect on the body of patent law has been clarified to some extent in ex parte prosecution before the Patent Office. After discussing existing approaches to the use of res judicata in patent litigation, the author asserts that a more rigorous implementation of the doctrine should parallel its antecedent development in the areas of non-patent law.

A RECURRING PROBLEM¹ in the prosecution² and enforcement³ of a patent is the application of the judicial doctrines of res judicata and collateral estoppel to correlative aspects of patent law.⁴ These doctrines do not appear to have achieved their full potential

in patent cases as they generally have achieved in non-patent disputes⁵ with the concomitant result of reducing protracted and repetitive litigation. In general, the courts seemingly have hesitated to extend the principles of res judicata in patent cases to the de-

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gree that res judicata has found favor in other areas of law. The

¹ See C. M. Wright, *U.S. Patent System and the Judiciary*, 47 J. PAT. OFF. SOC'Y 727 (1965). See also Conference, Washington, D.C., March 1, 1965, *The U.S. Patent System 1790-1965 A Look to the Future*, 47 J. PAT. OFF. SOC'Y 211 (1965). In C. A. Wright, *The Federal Courts — a Century After Appomattox*, 52 A.B.A.J. 742, 745 (1966), Professor Wright has characterized the problem as "another of the prices of the circuit system as we know it."

² Prosecution of a patent refers to the activities directed toward obtaining the grant of a patent from the Patent Office. These activities include ex parte practice before the Office, as well as inter partes proceedings in the event of interference. See Note, *The Doctrine of Res Judicata in Ex Parte Patent Practice — Prototype for a Liberal Approach*, 10 RUTGERS L. REV. 716 (1956), reprinted at 39 J. PAT. OFF. SOC'Y 220 (1957).

³ Enforcement of the patent pertains to actions available to the patentee after the grant of the patent which are directed toward relief from infringement of the claims of the patent. See C. M. Wright, *supra* note 1.

⁴ See generally 3 WALKER, PATENTS § 684 (Deller ed. 1937); 3 ROBINSON, PATENTS 184-86 (1890); TOULMIN, PATENTS 493-94 (2d ed. 1954).

⁵ C. M. Wright, *supra* note 1.

result is that the effect of a prior adjudication in patent law is doubtful and has somewhat varying application.⁶ On the other hand, it appears that the Patent Office, as the administrative body responsible for the examination and issuance of patents to inventors, more clearly applies the doctrine during the prosecution of an application for a patent,⁷ with certain exceptions.⁸

It is the purpose of this presentation, first, to outline the development of the applicability of *res judicata* and collateral estoppel as well as the rules of mutuality in non-patent cases and to observe the general applications of the doctrines;⁹ next, to relate the rules of *res judicata* in *ex parte* prosecution of patents in the Patent Office;¹⁰ then to observe the application of *res judicata* and collateral estoppel in particular instances of patent enforcement in an attempt to formulate various approaches with respect to the effect which should be given a prior adjudication;¹¹ and, finally, to suggest guideposts of reason which may be followed in the application of these doctrines to the developing body of patent law.¹²

I. BACKGROUND

The doctrine of *res judicata*¹³ and its variants has evolved from concepts which seek to provide the element of finality to judicial

⁶ See text accompanying notes 147-212 *infra*.

⁷ See, e.g., *Philip A. Hunt Co. v. Mallinckrodt Chem. Works*, 177 F.2d 583 (2d Cir. 1949); *Application of Hitchings*, 342 F.2d 80 (C.C.P.A. 1965); *Application of Szwarz*, 319 F.2d 277 (C.C.P.A. 1963); *Application of Fried*, 312 F.2d 930 (C.C.P.A. 1963).

⁸ See text accompanying notes 51-99 *infra*.

⁹ See text accompanying notes 13-50 *infra*.

¹⁰ See text accompanying notes 51-99 *infra*.

¹¹ See text accompanying notes 100-212 *infra*.

¹² See text accompanying notes 213-19 *infra*.

¹³ For a general discussion of *res judicata*, collateral estoppel, and the effect of prior judgments, see 1B MOORE, *FEDERAL PRACTICE* §§ 0.401-448 (2d ed. 1965); Cleary, *Res Judicata Reexamined*, 57 *YALE L.J.* 339 (1948); Vestal, *The Constitution and Preclusion/Res Judicata*, 62 *MICH. L. REV.* 33 (1963); Vestal, *Preclusion/Res Judicata Variables: Parties*, 50 *IOWA L. REV.* 27 (1964); Vestal, *Rationale of Preclusion*, 9 *ST. LOUIS U.L.J.* 29 (1964); *Developments in the Law — Res Judicata*, 65 *HARV. L. REV.* 818 (1952).

The term *res judicata* has been used to describe two essentially different rules which should be distinguished. First, final determination of any litigation precludes a new suit on the same "cause of action." If the plaintiff won the prior action, all claims which he may subsequently raise "merge" in the judgment obtained, and any further action must be based on that judgment; if he lost, he is "barred" from suing anew on the same cause of action. Comment, *Res Judicata in California*, 40 *CALIF. L. REV.* 412, 413 (1952). (Footnote omitted.)

determinations and an end to litigation between parties.¹⁴ In its simplest form, a final judgment on the merits of a particular cause of action precludes further litigation of the same cause of action between the same parties or between parties who are, in a legal sense, in privity with the litigants.¹⁵ Thus, where the causes of action or the parties are different, the subsequent litigation is not generally bound by the results of the prior adjudication. Where parties to a later suit are not precluded by the doctrine of res judicata from litigating matters not previously judged to be binding, collateral estoppel¹⁶ may apply, even though the issues in the latter suit could have been earlier presented.¹⁷ Thus, collateral estoppel recognizes the conclusiveness of the judgment of the prior action¹⁸ where the subsequent litigation is on a different cause of action.¹⁹

A. *Res Judicata*

Under the concept of res judicata, a valid, final, and prior adjudication rendered on the merits of a cause of action bars relitigation by parties or their privies of issues which were raised, or could have been raised, before the court rendering the prior judgment.²⁰ The rationale for the existence and utilization of the doctrine²¹ rests upon the concepts that (1) litigation should have an end, as well as a beginning;²² (2) judicial time should be conserved to the extent

¹⁴ 1B MOORE, *op. cit. supra* note 13, ¶ 0.405[1], at 621.

¹⁵ *Ibid.*

¹⁶ BLACK, LAW DICTIONARY 327, 650 (4th ed. 1951). "[I]f a suit, though based on a differing cause of action, involves 'issues' previously litigated in another suit, res judicata will prevent raising such issues again. This aspect of the doctrine is known as 'collateral estoppel.'" Comment, *supra* note 13.

¹⁷ See 1B MOORE, *op. cit. supra* note 13, §§ 0.405[3], 0.441[1].

¹⁸ *Id.* ¶ 0.405[1].

¹⁹ Various rules for determining whether the second action is foreclosed have been suggested. Among the most common are that the causes of action are the same if: (a) the same principles of substantive and procedural law are applicable to both actions, (b) the same right is alleged to be infringed by the same wrong in both actions, (c) the judgment sought in the second action would infringe rights established in the first, (d) the same evidence would support both actions, or (e) the operative facts are the same in both actions. *Developments, supra* note 13, at 824-25. (Footnotes omitted.)

²⁰ See generally *Durfee v. Duke*, 375 U.S. 106 (1963); *Lawlor v. National Screen Serv. Corp.*, 349 U.S. 322 (1955); *Commissioner v. Sunnen*, 333 U.S. 591 (1948); *Cromwell v. County of Sac*, 94 U.S. 351 (1876); 1B MOORE, *op. cit. supra* note 13, ¶ 0.405.

²¹ *Commissioner v. Sunnen, supra* note 20, at 597.

²² *Stoll v. Gottlieb*, 305 U.S. 165, 172 (1938).

that justice to the parties permits;²³ and (3) public policy favors the establishment of certainty in legal relations.²⁴ Moreover, the res judicata effect of the prior determination is binding between parties or their privies to the prior adjudication, notwithstanding the possibility that all available grounds for recovery were not asserted by the plaintiff or that all potential defenses were not urged by the defendant.²⁵

A judgment, however, may, in the proper case, be vacated or amended by direct or collateral attack,²⁶ thus providing the litigating parties with an additional measure of protection from unconscionable application of the general rule of res judicata. In the federal courts, a judgment, once entered,²⁷ may be reopened by a motion for a new trial,²⁸ altered or amended by a motion to alter or amend the judgment,²⁹ or relieved from the unjust effects of a final judgment on numerous other grounds.³⁰

Furthermore, considerations of public policy may operate to mitigate or obviate applications of the doctrine.³¹ In these instances, the policies favoring use of the doctrine³² are balanced against the policies which would be abraded by general application of res judicata, without considering the reasoning which has prompted the enunciation of the conflicting policies.³³ The source of reasons which may ultimately conflict with the rationale urging res judicata may be found *inter alia* in the policies of Congress,³⁴ of the courts,³⁵ and of the public, for example, against monopoly or restraint of trade.³⁶

B. Collateral Estoppel

When the cause of action in a subsequent litigation between the

²³ *Commissioner v. Sunnen*, 333 U.S. 591, 597 (1948). See also C. M. Wright, *supra* note 1, at 728; cf. C. A. Wright, *supra* note 1.

²⁴ *Commissioner v. Sunnen*, *supra* note 23.

²⁵ 1B MOORE, *op. cit. supra* note 13, § 0.405[1], at 622.

²⁶ See generally *id.* §§ 0.405[1], [4-1].

²⁷ FED. R. CIV. P. 58.

²⁸ FED. R. CIV. P. 59(a)-(d).

²⁹ FED. R. CIV. P. 59(e).

³⁰ FED. R. CIV. P. 60(b).

³¹ 1B MOORE, *op. cit. supra* note 13, § 0.405[11].

³² See text accompanying notes 21-24 *supra*.

³³ See *NLRB v. Denver Bldg. & Constr. Trades Council*, 341 U.S. 675 (1951).

³⁴ *Accord*, *Kalb v. Feuerstein*, 308 U.S. 433 (1940).

³⁵ *E.g.*, judicial restraint and the hesitancy on the part of courts to enter into areas which may be legislative in nature.

³⁶ See *Mercoid Corp. v. Mid-Continent I v. Co.*, 320 U.S. 661, 671-72 (1944).

same parties or their privies differs from the cause of action which prompted the prior adjudication, the prior judgment prevents the parties from litigating the issues that were actually litigated.³⁷ The rights, questions, or facts determined in the first instance are taken as conclusively established by the prior judgment,³⁸ "so long as the judgment in the first suit remains unmodified."³⁹

The Supreme Court in *Commissioner v. Sunnen*⁴⁰ has stated the proposition as follows:

[W]here the second action between the same parties is upon a different cause or demand, the principle of *res judicata* is applied much more narrowly. In this situation, the judgment in the prior action operates as an estoppel, not as to matters which might have been litigated and determined, but "only as to those matters in issue or points controverted, upon the determination of which the finding or verdict was rendered."⁴¹

It is sufficient only to note that the comments concerning judgments⁴² and the need to weigh other policy considerations against the reasons for mechanically applying the doctrine of *res judicata*⁴³ are also applicable to the principles of collateral estoppel.

The differentiation between *res judicata* and collateral estoppel made in connection with the preclusive effect of a prior judgment as between the same parties . . . is not easy to maintain in cases in which the preclusive effect of a prior judgment is asserted by or against persons not parties to the prior action. In some sense of the term "cause of action," any claim asserted against a person not a party to the prior action is a "different" cause of action from the one asserted in the prior action. But . . . the preclusive effect of a prior adjudication in respect of persons previously not parties extends in some situations not only to preclusion of relitigation of matters "actually and necessarily determined" (the collateral estoppel formula), but also to matters which "might have been litigated" (the *res judicata* formula).⁴⁴

³⁷ See cases cited note 20 *supra*.

³⁸ See, e.g., *Southern Pac. R.R. v. United States*, 168 U.S. 1 (1897).

³⁹ *Id.* at 49. See also text accompanying notes 26-30 *supra*.

⁴⁰ 333 U.S. 591 (1948).

⁴¹ *Id.* at 597-98 (quoting from the 1876 case of *Cromwell v. County of Sac*, 94 U.S. 351, 353). See also *Mercoid Corp. v. Mid-Continent Inv. Co.*, 320 U.S. 661, 671 (1944); *RESTATEMENT, JUDGMENTS* §§ 68-70 (1942) (cited by the Court in *Sunnen*). Cf. *Old Grantian Co. v. William Grant & Sons, Ltd.*, 150 U.S.P.Q. 58 (C.C.P.A. 1966).

⁴² See text accompanying notes 26-30 *supra*.

⁴³ 1B MOORE, *op. cit. supra* note 13, § 0.405[11], at 784. See text accompanying notes 31-36 *supra*.

⁴⁴ LOUISELL & HAZARD, *CASES ON PLEADING AND PROCEDURE* 586-87 (1962).

C. *The Rule of Mutuality for Asserting the Prior Adjudication*

The doctrine of mutuality is based on the concept that a party to a subsequent suit who attempts to utilize the preclusive *res judicata* or collateral estoppel effects of a prior adjudication must have been bound by the prior judgment if the outcome of the prior suit had been opposite.⁴⁵ The general formulation of the doctrine of mutuality essentially requires that, as a condition for invoking the doctrine of collateral estoppel, one must have been a party or a privy to the prior suit.⁴⁶

The fundamental notion which underlies the general requirement of mutuality, derived from constitutional considerations of due process, dictates that a party is entitled to his day in court and should not be bound by an adjudication which he did not control and in which he was not a party, was not represented, and was not given the opportunity to be heard.⁴⁷

However, the doctrine of mutuality has been the subject of criticism.⁴⁸ Where the mutuality requirements have been relaxed to apply collateral estoppel, courts have considered that if the issues presented in both the prior and subsequent litigation were the same, a party against whom the prior judgment was rendered should be bound by the prior determination, regardless of the legal character of the opposing party in the later litigation.⁴⁹ Thus, a stranger to the prior suit may defensively assert the prior adjudication against a party to the prior suit.⁵⁰

⁴⁵ See generally 1B MOORE, *op. cit. supra* note 13, § 0.412; *Bigelow v. Old Dominion Copper Mining & Smelting Co.*, 225 U.S. 111 (1912). See also RESTATEMENT, JUDGMENTS § 93 (b) (1942).

⁴⁶ 1B MOORE, *op. cit. supra* note 13, § 0.412.

⁴⁷ LOUISELL & HAZARD, *op. cit. supra* note 44, at 587.

⁴⁸ See *Bernhard v. Bank of America Nat'l Trust & Sav. Ass'n*, 19 Cal. 2d 807, 122 P.2d 892 (1942) (the leading case attacking the logic of the mutuality rule). For a collection of cases on the topic, see Currie, *Civil Procedure: The Tempest Brews*, 53 CALIF. L. REV. 25, 38-46 (1965). See generally Currie, *Mutuality of Collateral Estoppel: Limits on the Bernhard Doctrine*, 9 STAN. L. REV. 281 (1957). Cf. Polasky, *Collateral Estoppel — Effects of Prior Litigation*, 39 IOWA L. REV. 217 (1954); *Developments, supra* note 13.

Professor Moore minimizes the effect of the criticisms and advocates retention of the rule in its general form. 1B MOORE, *op. cit. supra* note 13, § 0.412; Moore & Currier, *Mutuality and Conclusiveness of Judgments*, 35 TUL. L. REV. 301 (1961).

⁴⁹ "No satisfactory rationalization has been advanced for the requirement of mutuality . . ." *Bernhard v. Bank of America Nat'l Trust & Sav. Ass'n, supra* note 48, at 812, 122 P.2d at 895. The court in *Bernhard* considered only three tests to be pertinent: "Was the issue decided in the prior adjudication *identical* with the one presented in the action in question? Was there a final judgment on the merits? Was the party against whom the plea is asserted a party or in privity with a party to the prior adjudication?" *Id.* at 813, 122 P.2d at 895. (Emphasis added.)

⁵⁰ 1B MOORE, *op. cit. supra* note 13, § 0.412[1], at 1808-11.

With these fundamental notions of *res judicata* in mind, attention will now be directed towards the applicability of these concepts to situations which occur in *ex parte* prosecution of patent applications in the Patent Office and to certain aspects of litigation to enforce rights contained within the patent.

II. RES JUDICATA IN EX PARTE PATENT OFFICE PROCEEDINGS

The applicability of *res judicata* to *ex parte* proceedings in the United States Patent Office has attained a reasonable degree of certainty as a result of several recent pronouncements from the Court of Customs and Patent Appeals (CCPA)⁵¹ and certain guidelines issued by the Patent Office itself which appear in the Manual of Patent Examining Procedure (MPEP).⁵² The CCPA has approvingly cited⁵³ these guidelines, which would appear to promote increased uniformity in these previously confused areas of patent prosecution.

Both the CCPA and the Patent Office have been influenced by certain matters of policy in sparingly applying the doctrine. For an applicant whose claims have received a final rejection by the Patent Office and who wishes to continue with his attempts to secure a patent, there are two alternative methods which are currently available for continuing the application.⁵⁴ He may appeal the final rejection of the examiner to the Patent Office Board of Appeals,⁵⁵ or he may file a second application.⁵⁶ If he chooses the latter course of action, a

⁵¹ See *Application of Hitchings*, 342 F.2d 80 (C.C.P.A. 1965); *Application of Szwarc*, 319 F.2d 277 (C.C.P.A. 1963); *Application of Fried*, 312 F.2d 930 (C.C.P.A. 1963). For a recent district court decision in the District of Columbia, see *Kollsman v. Ladd*, 226 F. Supp. 186 (D.D.C. 1964).

⁵² U.S. MANUAL OF PATENT EXAMINING PROCEDURE § 706.03(w) (3d ed. 1961) [hereinafter cited as MPEP] provides in part:

A prior adjudication against the inventor on the same or similar claims constitutes a proper ground of rejection as *res judicata*. Where a different question of patentability is presented the rejection of *res judicata* does not apply.

The rejection should only be used when the earlier decision was a final, appellate one, such as a Board of Appeals decision where the time limit for further remedies has expired, or a decision by the Court of Customs and Patent Appeals. But see 201.11, last paragraph, for a special situation.

⁵³ See *Application of Hitchings*, 342 F.2d 80, 83-84 (C.C.P.A. 1965); *Application of Fried*, 312 F.2d 930 (C.C.P.A. 1963).

⁵⁴ See MPEP § 706.03(w). See also MPEP § 201.11. These sections provide a "special section" discussed in text accompanying notes 74-81 *infra*.

⁵⁵ 35 U.S.C. § 134 (1964). See also Rules of Practice in Patent Cases, 37 C.F.R. §§ 1.191-198 (1960).

⁵⁶ See MPEP §§ 201.07 (continuation), 201.11 (continuation-in-part). Cf. *Application of Fried*, 312 F.2d 930, 934 n.4 (C.C.P.A. 1963).

clearer framing of the issues may result for both reconsideration and subsequent appeal, if necessary.⁵⁷ This second application may serve to correct errors and misunderstandings on the part of both the Patent Office and the inventor. The CCPA has commented that "often, the filing of a continuation or a continuation-in-part results in a *fresh approach* to and an effective reconsideration of the *same* issues."⁵⁸

Patent Office policy on the issue of res judicata is reflected in the conditions which must be met before the doctrine applies. The conditions required are that the claim presented in the second application must either be the same or similar to the claim presented in the initial application, and must have been rejected on the same question of patentability, the rejection having been affirmed by the Patent Office Board of Appeals or an "appellate tribunal."⁵⁹

The CCPA has cited with approval the policy considerations for the applicability of res judicata by the Patent Office and has considered it preferable that the expenditure of time be at the administrative rather than at the judicial level "especially where so much of the procedural machinery of the Patent Office is designed to permit just such a remedy."⁶⁰ A forced appeal on unclear or inadequately formed issues is detrimental to the interests of both the applicant and the Patent Office.

While uniformity in the applicability of res judicata in ex parte practice now appears to some extent, uniformity was not always the practice.⁶¹ In *Overland Motor Co. v. Packard Motor Car Co.*,⁶² the same claim which had been earlier rejected by an examiner was subsequently allowed in a divisional application. In a later infringement suit, the Supreme Court considered that the Patent Office had "waived" any objection to the claim⁶³ and that res judicata as to final objections was at the "option" of the Patent Office.⁶⁴

⁵⁷ A method for classifying the issues may assume increased significance under the new procedure of "compact prosecution." For an introduction to "compact prosecution" see Address by Commissioner Brenner, June 8, 1964, in 803 O.G. Pat. Off. 893 (June 23, 1964); Address by Commissioner Brenner, Jan. 25, 1965, in 811 O.G. Pat. Off. 299 (Feb. 9, 1965); Address by Assistant Commissioner Wahl, Sept. 24, 1965, in 819 O.G. Pat. Off. 893 (Oct. 19, 1965).

⁵⁸ *Application of Hitchings*, 342 F.2d 80, 85 (C.C.P.A. 1965). (Emphasis added.) The court continued: "In many ways, application of res judicata is at variance with the entire concept of continuing applications." *Ibid.*

⁵⁹ See MPEP § 706.03 (w).

⁶⁰ *Application of Hitchings*, 342 F.2d 80, 85 (C.C.P.A. 1965).

⁶¹ See 33 GEO. WASH. L. REV. 1149 (1965).

⁶² 274 U.S. 417 (1927).

⁶³ *Id.* at 422.

⁶⁴ *Id.* at 421.

The CCPA, however, did not appear to trust the notion of "option" accorded the Patent Office on the basis of the first⁶⁵ of three recent decisions involving res judicata in ex parte practice.⁶⁶ The court preferred to distinguish *Overland* on the ground that the "same claim" had been presented, inferring that the "option" was not applicable where "different claims" were presented. However, the CCPA affirmatively utilized the *Overland* case in approving the prohibition in the MPEP against applying res judicata to unappealed final rejections.⁶⁷ The court reasoned that the Patent Office *decisions* did not reflect a uniform policy in applying res judicata. The court agreed that an unappealed final rejection in the Patent Office was not res judicata and indicated that this should be the uniform policy.⁶⁸

It is interesting to note that the Commissioner of Patents sought rehearing in *Application of Hitchings*,⁶⁹ requesting that "the court modify its decision to the extent of holding that the Board *properly applied the policy with respect to res judicata to the facts of this case*, in accordance with the Commissioner's Manual directive . . ."⁷⁰ The brief for the Commissioner urged that the Patent Office had adopted a uniform policy as set forth in sections 201.11 and 706.03(w),⁷¹ which had *consistently* been enforced by Patent Office tribunals. After discussion of these decisions,⁷² the brief stated: "It is readily apparent that the Patent Office has applied res judicata of unappealed final rejections *only* when such rejections were made under Manual Section 201.11."⁷³

⁶⁵ Application of Fried, 312 F.2d 930, 933 (C.C.P.A. 1963).

⁶⁶ CCPA cases cited note 51 *supra*.

⁶⁷ Application of Hitchings, 342 F.2d 80, 82-85 (C.C.P.A. 1965).

⁶⁸ See 33 GEO. WASH. L. REV. 1149 (1965). In its holding, the court drew support from DAVIS, ADMINISTRATIVE LAW TEXT 563-613 (1951) wherein res judicata in the administrative setting is discussed.

⁶⁹ 342 F.2d 80 (C.C.P.A. 1965).

⁷⁰ Brief for Commissioner on Petition for Rehearing, p. 8, Application of Hitchings, *supra* note 69. (Emphasis added.) While the brief does not appear to take issue with the *holding* of the court, it is not seen how the court could "modify" its decision without reversing itself.

⁷¹ MPEP §§ 201.11, 706.03(w).

⁷² An analysis of the cases cited by the court in *Hitchings* tends to show a non-uniform policy by the Board. The brief argued, however, that, in fact, there was a uniform policy but that the court had failed to distinguish between two separate lines of cases. These two separate lines of cases allegedly conform to MPEP §§ 201.11, 706.03(w). The reasoning and cases are set forth in 33 GEO. WASH. L. REV. 1149, 1150 (1965).

⁷³ Brief for Commissioner, *supra* note 70, at 6. (Emphasis added.) It is suggested that the brief errs in this statement in that it does not reflect the true meaning of MPEP § 201.11. See text accompanying notes 76-81 *infra*.

The latter statement points out an area of confusion in the applicability of *res judicata*. While section 706.03(w) of the MPEP⁷⁴ urges that a final rejection by an examiner is not *res judicata*, which the brief for the Commissioner has confirmed as a matter of Patent Office policy, this section does go on to state that section 201.11 of the MPEP contains a "special situation." The choice of terminology is indeed unfortunate because it infers that section 201.11 embodies a special situation concerning *res judicata*. But such is not the case. An examination of the section discloses that it deals expressly with the *concept of continuity between filing dates*⁷⁵ and *not* with *res judicata*.

Section 201.11 may be elaborated upon, as it provides that certain conditions must be met before the benefit of an earlier filing date may be obtained. The second application "must be an application for a patent for an *invention* which is also *disclosed* in the first application,"⁷⁶ and the disclosure of the invention must be in terms that comply with the requirements of the first paragraph of section 112 of the Patent Act.⁷⁷ Section 201.11 of the MPEP concludes with the following *prohibition*:

Where the first application is found to be fatally defective because of insufficient disclosure to support allowable claims, a second application filed as a "continuation-in-part" of the first application to supply the deficiency is not entitled to the benefit of the filing date of the first application These cases also involve the question of *res judicata*.⁷⁸

⁷⁴ MPEP § 706.03(w) quoted *supra* note 52.

⁷⁵ 35 U.S.C. § 120 (1964).

⁷⁶ MPEP § 201.11. (Emphasis added.)

⁷⁷ The first paragraph of 35 U.S.C. § 112 (1964) provides:

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor of carrying out his invention.

This section sets forth what is commonly referred to as the "how to use" requirement. See *Application of Nelson*, 280 F.2d 172 (C.C.P.A. 1960). The second paragraph of 35 U.S.C. § 112 (1964) states: "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."

This embodies the statutory basis for rejection of claims on such grounds as indefiniteness, multiplicity, prolixity, inaccuracy, incompleteness, and undue breadth in claiming the invention. See MCCRADY, *PATENT OFFICE PRACTICE* §§ 76-79, 84, 93-95 (4th ed. 1959). See also MPEP § 706.03.

It is thus apparent that, in determining whether the "issue" has previously been litigated, the precise ground of rejection and its statutory basis should be known.

⁷⁸ The cases referred to are *Philip A. Hunt Co. v. Mallinckrodt Chem. Works*, 177 F.2d 583 (2d Cir. 1949) and *Buc*, 114 U.S.P.Q. 552 (Pat. Off. Bd. App. 1957).

The *condition* set forth in section 201.11 of the MPEP merely expresses that which is necessary under section 120 of the act,⁷⁹ namely, that the applications must comply with the requirements of section 112 of the act in order to secure the earlier filing date. However, the invention, *i.e.*, the subject matter sought to be patented *in the second application*, may be sufficiently disclosed in the first application to satisfy the requirements of section 112, notwithstanding that the invention *defined in the earlier claims* failed to satisfy section 112 in the original disclosure.

The inquiry under section 120 proceeds from what subject matter is claimed *in the second application* to ascertain whether the first application contains *disclosure* for that subject matter sufficient to comply with section 112. The prohibition in section 201.11 of the MPEP merely provides that when the first application contains insufficient disclosure (section 112) to support any allowable claims, the second application cannot "supply the deficiency," *i.e.*, add new matter, so as to entitle the applicant to the benefit of the filing date of the first application.⁸⁰ Thus, the prohibition in MPEP section 201.11 is directed to preventing the addition of new matter to supply the deficiency in those cases where the earlier filing date is sought. The section has nothing whatsoever to do with *res judicata*.

Thus, it is submitted that there is no "special situation" which somehow eliminates proof of the elements of *res judicata* when questions under section 201.11 arise. When the section is considered in its proper context, realizing that it deals with continuity between filing dates, its function becomes clear. It reflects the provisions of the Patent Act in that the benefit of an earlier filing date under section 120 of the act depends on the conditions specified in section 112 of the act. Matter introduced for the first time in the second application is not entitled to an earlier filing date.⁸¹

A question arises as to whether an applicant may place claims in the second application which have been held to be rejected because of insufficient disclosure and thereafter seek a *determination* as to whether those claims are entitled to the benefits of the earlier filing date. Where new matter has been added to overcome the alleged deficiency in the original application, an objection is proper

⁷⁹ 35 U.S.C. § 120 (1964).

⁸⁰ *Ibid.*

⁸¹ *Ibid.*

against the addition of new matter to supply the sufficiency.⁸² Thereafter, the applicant is not entitled to the earlier filing date. However, the applicant is entitled to a determination concerning this new issue, it being different from the previous issue which involved the sufficiency of the disclosure.⁸³

Where no new matter has been added with respect to the same claims presented earlier, no question involving section 201.11 of the MPEP is raised.⁸⁴ The question in the latter-framed situation involves section 706.03(w).⁸⁵ Since the applicant has previously had a determination on the issue of the sufficiency of the disclosure of the application concerning the same claims, *res judicata* would apply.⁸⁶

Of course, the situation may become much more complicated. For example, different claims and new matter may be presented concurrently, or the claims in the first application may have been presented by amendment and rejected as defining new matter. In every instance, the issues determined by the prior rejection must be ascertained so as to determine whether or not *res judicata* applies.

Two other troublesome areas concerning the applicability of *res judicata* in *ex parte* prosecution are also illustrated in section 706.03(w) of the MPEP: (1) The manner in which it may be determined whether claims qualify as being "similar"; and (2) whether the "issue" or "question of patentability" has been previously decided.

The CCPA stated, as to the first area, that the inventions defined by the claims must be compared,⁸⁷ clearly meaning that the *subject matter* defined by the claims must be compared, and "if the *differ-*

⁸² See text accompanying notes 79-81 *supra*.

⁸³ The *issue* in the second application may be whether, *in fact*, new matter has been added. The applicant may argue that the matter added is *inherent* to the matter originally disclosed. Thus, it is clear that the issue may not have been litigated.

⁸⁴ If the second application satisfies 35 U.S.C. § 112 (1964) as to the invention *claimed* in the second application without relying on subject matter not disclosed in the original application, MPEP § 201.11 is satisfied.

⁸⁵ MPEP § 706.03(w).

⁸⁶ A prior decision by an appellate tribunal has been assumed. There appears to be no explanation in the MPEP or in reported decisions explaining how MPEP § 201.11 involves *res judicata* or, even assuming that the same claims are presented in the same application as a refiled, or substitute application and that the issues arise under 35 U.S.C. § 112 (1964) (first paragraph), why an unappealed final rejection of an examiner is *res judicata* in this class of cases only. It is submitted that the confusion lies in the failure to consider the separate and non-overlapping roles of MPEP § 201.11 and § 706.03(w).

⁸⁷ Application of Lundberg, 280 F.2d 865 (C.C.P.A. 1960). See 35 U.S.C. § 112 (1964) (second paragraph) quoted *supra* note 77.

ence is one which would not be *obvious to one of ordinary skill in the art*, the prior adjudication is certainly not a ground for rejection."⁸⁸

The comparison of claims, however, does not totally resolve the issues of the applicability of *res judicata*. Rather, the same question of patentability or issue must appear, *and the claims must be considered in this context*. If, in this area, there is the confusion that has been evidenced in case law terminology, it is submitted that clarity and uniformity would be promoted if the rejection specified the precise statutory grounds of rejection.⁸⁹ Even if the *same* statutory ground of rejection is relied upon in the second application, for example, section 112 of the act,⁹⁰ the *issue* as to different or even the same claims may not have been previously litigated.⁹¹

The above problem has been evidenced most often in recent cases under sections 120 and 112 of the act.⁹² The original claims may well fail to teach one of ordinary skill in the art how to *use the invention* (subject matter) defined by those claims.⁹³ Or the claims may not particularly point out and distinctly claim subject matter which the applicant regards as his invention.⁹⁴ In either event, broader or narrower claims may well cure the defect.⁹⁵ It is

⁸⁸ Application of Lundberg, *supra* note 87, at 867. (Emphasis added.)

⁸⁹ The CCPA continually urges the Patent Office to specify the precise statutory ground of rejection, to the extent of remanding where the record is particularly confusing in light of the commands of 35 U.S.C. § 132 (1964). *In re Jepson*, 148 U.S.P.Q. 736 (C.C.P.A. 1966). See also Application of Herrick, 344 F.2d 713 (C.C.P.A. 1965).

⁹⁰ 35 U.S.C. § 112 (1964).

⁹¹ See note 77 *supra* for the brief sampling of nomenclature utilized by patent lawyers for describing the basis for the rejection. The Patent Bar would provide itself and the patent system a needed service by communicating in the terms of the 1952 Patent Act when discussing the grounds of rejection.

⁹² See cases cited note 51 *supra*. In particular, Application of Hitchings, 342 F.2d 80 (C.C.P.A. 1965) is an excellent example of how not to state the rejection. The requirement of "utility," 35 U.S.C. § 101 (1964), should be kept separate from the requirement of "how to use" the invention, 35 U.S.C. § 112 (1964). The invention defined by the claims may well possess "utility," but the specification may fail to teach one of ordinary skill in the art how to use the invention. See Application of Nelson, 280 F.2d 172 (C.C.P.A. 1960).

⁹³ 35 U.S.C. § 112 (1964).

⁹⁴ *Ibid.*

⁹⁵ The problem is one of determining the precise ground of rejection alleged in light of the statutory classes of invention. In the chemical arts, the breadth of the claims is given closer scrutiny than in the mechanical arts. See MCCRADY, *op. cit. supra* note 77, §§ 94-95. See also MPEP § 706.03 (n) (2). Moreover, more disclosure may be required in mechanical cases to support very specific claims. It may be unfair to the applicant to assert that an "insufficient disclosure" rejection, affirmed on appeal, is *res judicata* to all possible claims. However, this appears to be the position of the Patent Office. It is submitted that one must determine the "issue" litigated and that the test of "same question of patentability" is too broad.

apparent that the *issue* presented is dependent upon the *claims*, and little guidance in the application of *res judicata* is obtained by ascertaining the scope of the restrictive claims despite comment to that effect in some decisions.⁹⁶

A question often arises as to whether a rejection under the same statutory grounds presents the same issue. Assuming that no new matter has been presented in the second application, a decision affirming the examiner's rejection based on section 101 of the act⁹⁷ that the *application* lacks the prerequisite utility presents the same issue despite differences in the subject matter defined by the claims.⁹⁸ Also, subject matter previously held obvious in view of the prior art *may* not be relitigated on grounds of *res judicata*.⁹⁹ However, there is no substitute manner for determining precisely the identity of the issues previously litigated. It is the inquiry into these precise issues which provides the proof of the absence or presence of one of the essential elements of *res judicata*.

It is encouraging to note the trend of decisions and policies by both the Patent Office and the CCPA in the area of the applicability of *res judicata*. To this end, a degree of stability has been added to *ex parte* practice. It may be expected that the tools provided for consideration of the applicability of *res judicata* in these areas will assist in promoting a just result for both the applicant and the Patent Office.

III. PATENT LITIGATION AND RES JUDICATA

Under the 1952 Patent Act,¹⁰⁰ a patentee may enforce his patent¹⁰¹ by a civil action for infringement¹⁰² against alleged in-

⁹⁶ See Application of Fried, 312 F.2d 930, 932 n.3 (C.C.P.A. 1963). The accuracy of this footnote in the court's opinion is questioned in 33 GEO. WASH. L. REV. 1149, 1151 n.26 (1963).

⁹⁷ 35 U.S.C. § 101 (1964).

⁹⁸ The effect of a "modification" of the law is discussed in Application of Szwarc, 319 F.2d 285, 286 (C.C.P.A. 1963), concerning the utility requirement of 35 U.S.C. § 101 (1964).

⁹⁹ See Application of Lundberg, 280 F.2d 865, 867 (C.C.P.A. 1960), where the CCPA applied *res judicata* to issues arising under 35 U.S.C. § 103 (1964). The extent to which a litigant may present different claims in a second application in an attempt to distinguish over the prior art and new evidence where the rejection is based on § 103 of the act will undoubtedly provoke future comment. Compare Walter M. Budde, Jr., 150 U.S.P.Q. 469 (Pat. Off. Bd. App. 1966) (considered by twelve members of the Patent Office Board of Appeals), with Schott, 136 U.S.P.Q. 383 (Pat. Off. Bd. App. 1962) (evidence of new "utility" distinguished claims over prior art).

¹⁰⁰ 35 U.S.C. §§ 1-293 (1964).

¹⁰¹ 35 U.S.C. §§ 281-293 (1964).

¹⁰² 35 U.S.C. § 281 (1964).

fringers who would trespass the claimed property rights,¹⁰³ and may also recover damages¹⁰⁴ or obtain injunctive relief.¹⁰⁵ However, this litigation is an extremely costly and lengthy matter¹⁰⁶ which, because of the technology necessarily involved in the enforcement of the patent,¹⁰⁷ becomes extraordinarily time-consuming for the federal courts. It is not uncommon for patent litigation to traverse a span of years, and instances are known in which the *trial* of a single patent case has persisted in excess of a year. Thus, it is clear that the time element in patent litigation presents particular problems to the federal courts.

Under the present circuit court system¹⁰⁸ and under the present application of the doctrines of res judicata and collateral estoppel to patent cases,¹⁰⁹ the patentee may relitigate his patent in the same¹¹⁰ or different circuits¹¹¹ as long as the defendants are different, even though a particular court may hold his patent invalid.

In a typical suit for infringement or injunction, the patentee

¹⁰³ The intellectual property right for which the patentee seeks protection is defined by the claims of the patent. The claims define the "metes and bounds" of the invention and may be considered to be the definition of the property in a manner analogous to the definition of property in a deed to land. Just as a landowner may have a cause of action for trespass on the real property, a patentee may have a cause of action for trespass, *i.e.*, infringement upon the intellectual property claimed. See SMITH, PATENT LAW 849 (rev. ed. 1964).

¹⁰⁴ 35 U.S.C. § 284 (1964).

¹⁰⁵ 35 U.S.C. § 283 (1964).

¹⁰⁶ C. M. Wright, *U.S. Patent System and the Judiciary*, 47 J. PAT. OFF. SOC'Y 727, 728 (1965).

¹⁰⁷ A defendant in a patent suit will generally seek to present prior art, urging that the advance of the invention claimed is not new, 35 U.S.C. § 102 (1964), or is obvious to one of ordinary skill in the art to which the invention pertains, 35 U.S.C. § 103 (1964), and thus is unpatentable. A large percentage of the patents are held to be invalid in patent litigation on either of these two grounds, as well as for failure to meet formal requirements.

Although the Patent Office conducts an examination of the application relative to the prior art, the economics of litigation foreshadow the economics of prosecution in the Patent Office. The Office, within the economic constraints imposed, is unable to make a comprehensive search. Moreover, certain persuasive prior art may not be available to the Patent Office.

A suggestion for flexible interpretation of a patent in terms of whether the patentee made a patentable contribution to the art is contained in the final report of Special Committee to Study the Patent System, July 1966, published by the American Patent Law Association, Washington, D.C.

¹⁰⁸ C. A. Wright, *The Federal Courts — a Century After Appomattox*, 52 A.B.A.J. 742 (1966).

¹⁰⁹ See, *e.g.*, *Triplett v. Lowell*, 297 U.S. 638 (1936); *Aghnides v. Holden*, 226 F.2d 949 (7th Cir. 1955). Compare *Nickerson v. Pep Boys*, 247 F. Supp. 221 (D. Del. 1965).

¹¹⁰ See, *e.g.*, *Aghnides v. Holden*, *supra* note 109.

¹¹¹ See, *e.g.*, *Triplett v. Lowell*, 297 U.S. 638 (1936).

presents his patent, which is statutorily endowed with the presumption of validity.¹¹² The patentee then asserts that the defendant's device is an infringement on the claimed subject matter in his patent;¹¹³ this assertion is usually coupled with evidence which tends to support the validity of the patent.¹¹⁴ Thereafter, the defendant customarily will assert any of the defenses of non-infringement: absence of liability for infringement, or unenforceability; invalidity of the patent or any claim of the patent for failure to comply with any of the conditions of patentability as set forth in sections 100 to 188 of the act;¹¹⁵ invalidity of the patent or any claim of the patent for failure to comply with the requirements of sections 112 or 251 of the act;¹¹⁶ or for any other factor or act made a defense by section 282 of the act.¹¹⁷

Generally, the courts first consider the issue of the patent's validity and, if the patent is held valid, subsequently decide the issue of whether defendant's allegedly infringing device in fact infringes upon the claim of the now "valid" patent. However, where the court determines that the patent is invalid under any of the conditions previously outlined, the issue of infringement of the patent by the defendant's device is rendered moot.

The courts in patent cases generally apply the doctrines of res judicata and collateral estoppel to subsequent suits between the same parties.¹¹⁸ Where the parties are different, however, the courts commonly adopt the general rule of mutuality.¹¹⁹ Thus, where a sec-

¹¹² 35 U.S.C. § 282 (1964).

¹¹³ "If accused matter falls clearly within the claim, infringement is made out and that is the end of it." *Graver Tank & Mfg. Co. v. Linde Air Prods. Co.*, 339 U.S. 605, 607 (1950). Where the allegedly infringing device is not literally within the words of the claim but falls within the doctrine of equivalents, infringement may also be made out. *Id.* at 608-09. Applicant's remarks or amendments made to the claims during prosecution before the Patent Office may serve to narrow the scope of the claims to the extent that the allegedly infringing device is no longer covered. *Exhibit Supply Co. v. Ace Patents Corp.*, 315 U.S. 126 (1942); *Hughes Tool Co. v. Varel Mfg. Co.*, 336 F.2d 61 (5th Cir. 1964). See also *Pigott, Equivalents in Reverse*, 48 J. PAT. OFF. SOC'Y 291 (1966).

¹¹⁴ Inquiries into "such secondary considerations as commercial success, long felt but unsolved needs, failure of others, etc., might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented. As indicia of obviousness or non-obviousness, these inquiries may have relevancy." *Graham v. John Deere Co.*, 383 U.S. 1, 17-18 (1966).

¹¹⁵ 35 U.S.C. §§ 100-88 (1964).

¹¹⁶ 35 U.S.C. §§ 112, 251 (1964).

¹¹⁷ 35 U.S.C. § 282 (1964).

¹¹⁸ *Cf. Schnell v. Peter Eckrich & Sons, Inc.*, 365 U.S. 260 (1961).

¹¹⁹ See, e.g., *Aghnides v. Holden*, 226 F.2d 949 (7th Cir. 1955). *But see Nickerion v. Pep Boys*, 247 F. Supp. 221 (D. Del. 1965).

ond suit is brought by the patentee whose claims have been previously adjudicated invalid, but against a different defendant, the validity of the same claims may be relitigated.¹²⁰ This brings up the interesting question as to why the patentee may be permitted to relitigate his patent even when it has been previously held invalid.¹²¹

The Supreme Court of the United States in *Triplett v. Lowell*¹²² considered the question of whether the patentees were barred from maintaining a second suit, against different defendants, for infringement of the claims of the patent previously held invalid. The petitioners urged that once any claim of the patent is adjudged invalid, no further suit could be maintained upon the invalid claim or upon any other claims¹²³ of the patent without disclaimer¹²⁴ of the claims previously held invalid. The Court rejected this argument and held:

Neither reason nor authority supports the contention that an adjudication adverse to any or all the claims of a patent precludes another suit upon the same claims against a different defendant. While the earlier decision may by comity be given great weight in a later litigation and thus persuade the court to render a like decree, it is not *res adjudicata* and may not be pleaded as a defense.¹²⁵

The Court in discussing the disclaimer statute applicable at the time suggested that it did not deny the patentee *the right* to bring a second suit for infringement of a claim already held to be invalid.¹²⁶

[N]either the rules of the common law applicable to successive litigations concerning the same subject matter, nor the disclaimer statute, precludes re-litigation of the validity of a patent claim previously held invalid in a suit against a different defendant.¹²⁷

Mr. Justice Stone went on to say that a court is not commanded by

¹²⁰ *Triplett v. Lowell*, 297 U.S. 638, 642 (1936).

¹²¹ A patent secures a legal monopoly of the claimed subject matter to the patentee in consideration for his disclosure of the invention to the public. An invalid claim, therefore, may be a definition of intellectual property already in the public domain where the invalidity is predicated on either § 102 or 103 of the act. On the question of public policy preventing "recapture" of inventions once dedicated to the public, see *Scott Paper Co. v. Marcalus Mfg. Co.*, 326 U.S. 249, 255-56 (1945).

¹²² 297 U.S. 638 (1936).

¹²³ "Whenever, without any deceptive intention, a claim of a patent is invalid the remaining claims shall not thereby be rendered invalid." 35 U.S.C. § 253 (1964).

¹²⁴ See *ibid.*

¹²⁵ 297 U.S. at 642. Comity has been termed a rule of expediency, not a rule of law. *Mast, Foss & Co. v. Stover Mfg. Co.*, 177 U.S. 485 (1900).

¹²⁶ 297 U.S. at 644.

¹²⁷ *Ibid.*

the disclaimer statute to accept as conclusive a previous adjudication of invalidity of the same claim. Instead he asserted:

The court whose jurisdiction is invoked by such a suit must determine for itself validity and ownership of the claims asserted, notwithstanding a prior adjudication of invalidity of some of them, unless those issues have become *res adjudicata*, by reason of the fact that both suits are between the same parties or their privies. If it determines that the claims previously adjudicated are valid, there is no occasion for disclaimer.¹²⁸

In *Triplett*, it was further recognized that certiorari will not generally be granted by the Supreme Court in patent cases unless there is a conflict in the decisions of the circuit courts of appeals.¹²⁹

In *Universal Oil Prods. Co. v. Globe Oil & Ref. Co.*,¹³⁰ the Supreme Court considered a conflict with respect to a particular patent between the Seventh¹³¹ and Third¹³² Circuit Courts of Appeals, the former holding the patent not infringed and therefore finding it unnecessary to pass on the question of its validity, and the latter holding the patent valid and infringed.¹³³ The court arrived at the following determination:

Where the questions presented by the contested claims of infringement and validity are purely factual this Court ordinarily accepts the concurrent conclusions of the district court and Circuit Court of Appeals But in resolving conflicting views of two Circuit Courts of Appeals as to a single patent, we are obliged to undertake an independent reexamination of the factual questions.¹³⁴

More recently, the Court in *Graham v. John Deere Co.*,¹³⁵ considered patentability to be a question of fact when statutory issues of obviousness of the claimed invention over the prior art are concerned.¹³⁶ The application of the different facts or the prior art to determine the ultimate question of patent validity, as required by the statute, is one of law.¹³⁷ Thus, it appears that the comparison between the device of the patent, as claimed, and the prior art, as it is

¹²⁸ *Id.* at 645.

¹²⁹ *Id.* at 644.

¹³⁰ 322 U.S. 471 (1944).

¹³¹ *Universal Oil Prods. Co. v. Globe Oil & Ref. Co.*, 137 F.2d 3 (7th Cir. 1943), *aff'd*, 322 U.S. 471 (1944).

¹³² *Root Ref. Co. v. Universal Oil Prods. Co.*, 78 F.2d 991 (3d Cir.), *cert. denied*, 296 U.S. 626 (1935).

¹³³ 322 U.S. at 472-73.

¹³⁴ *Id.* at 473.

¹³⁵ 383 U.S. 1 (1966).

¹³⁶ 35 U.S.C. § 103 (1964).

¹³⁷ 383 U.S. at 1.

known, is a *factual* question¹³⁸ which must be determined by the tribunals, and the application of these facts to determine patentability is a question of law.

The Supreme Court in *Schnell v. Peter Eckrich & Sons, Inc.*,¹³⁹ determined, within the general rule of *Triplett*,¹⁴⁰ that a manufacturer who had assumed control of the defense in a patent suit against his customer was bound as a privy by the principle of res judicata in a subsequent suit by the patentee against the manufacturer.¹⁴¹ The Court applied the rationale of *Lovejoy v. Murray*,¹⁴² holding that one who controls a defense in a suit is precluded from relitigating the issues adjudicated in the first.

The questions of issues previously litigated and whether the issues actually litigated are of law or fact continue to raise problems for the courts. Although recent Supreme Court pronouncements on the question of issues of law or fact would appear to settle this question,¹⁴³ the broad spectrum of application of the rules of res judicata and collateral estoppel has presumably not been clarified by these holdings.¹⁴⁴ Employment of the rule that the issues previously determined are conclusive on the parties should lead to decisions that the issues refer only to the specific ground of invalidity previously considered. Since the failure to comply with any one of the conditions of patentability set forth in the Patent Act may provide an issue as to the validity of a patent, such a holding would appear to warrant relitigation on any one of the several remaining grounds.

However, it is apparent, in the absence of error by the court, that

¹³⁸ *Ibid.*

¹³⁹ 365 U.S. 260 (1961).

¹⁴⁰ See note 109 *supra* and accompanying text.

¹⁴¹ 365 U.S. at 262. It might be interesting to note at this point that the Uniform Commercial Code [hereinafter cited as UCC] covers a somewhat similar and analogous situation. Under § 2-312 of the UCC, a seller, in the absence of agreement to the contrary, "who is a merchant regularly dealing in goods of the kind warrants that the goods shall be delivered free of the rightful claim of any third person by way of infringement . . ." UCC § 2-312(3). However, "a buyer who furnishes specifications to the seller must hold the seller harmless" against any infringement claim. *Ibid.* A buyer must notify the seller "within a reasonable time after he receives notice of the litigation or be barred from any remedy over for liability established by the litigation." UCC § 2-607(3)(b). If the seller is answerable to the buyer for a claim for infringement under UCC § 2-312(3), he may demand in writing that the "buyer turn over to him control of the litigation including settlement or else be barred from any remedy" against the seller. UCC § 2-607(5)(b). See also UCC § 2-607(b).

¹⁴² 70 U.S. (3 Wall.) 1 (1865).

¹⁴³ See *Graham v. John Deere Co.*, 383 U.S. 1 (1966).

¹⁴⁴ Compare *Dow Chem. Co. v. Halliburton Oil Well Cementing Co.*, 324 U.S. 302, 322 (1945) ("the *factual* issue of validity") (Emphasis added.); *American Infra-Red Radiant Co. v. Lambert Indus.*, 149 U.S.P.Q. 722, 729 n.4 (8th Cir. 1966).

a claim, once held invalid, is truly invalid and that should be the termination of any proprietary rights in the subject matter of the claim.¹⁴⁵ The remedies available to the patentee to reassert the validity of his claim, to test the validity of the judgment, or to invoke statutory remedies provide a substantial quantum of justice with respect to his rights, as will hereinafter be discussed.

Although the 1952 Patent Act has been in effect for nearly fifteen years, certain fundamental disagreements as to its interpretation continue to exist in the circuits.¹⁴⁶ Since basic differences on the question of patentability of a particular device in relation to the prior art continue to persist, stability and consistency in the patent law might never be achieved. The law is compounded where a patentee is permitted to relitigate the claims of his patent in a different circuit.

Increased activity in providing *res judicata* and collateral estoppel effects to prior adjudication in patent litigation may well operate to narrow interpretational differences between circuits in patent matters.

IV. APPROACHES TO THE PROBLEM

The courts have considered the effect of prior adjudication of a patent from several viewpoints, namely: (1) the "traditional notion" of *res judicata* which limits application of the doctrine to cases in which the same parties or their privies are involved and the same claims and alleged infringing device are in issue; (2) the "presumption approach" which merely views prior adjudications as strengthening or weakening the presumption of validity of a patent; (3) the "follow unless" theory which suggests that prior adjudication, although not binding, should be followed unless the decision discloses a very probable error in law or fact; and (4) the "broad approach" to the doctrines, which has eliminated the mutuality requirement.

These approaches display a continuous spectrum from narrow or limited applications to very broad applications of the doctrines to patent validity determinations.

¹⁴⁵The patentee's rights are protected by appeal and modification of judgment as well as by the possibility of reissuing the patent with narrower, patentable claims. See 35 U.S.C. §§ 251-52 (1964).

¹⁴⁶See, *e.g.*, the variance between the circuits which prompted the Supreme Court to consider *Graham v. John Deere Co.*, 383 U.S. 1 (1966).

A. *The Traditional Approach to Res Judicata in Subsequent Validity Determinations*

In *Aghnides v. Goodrie*,¹⁴⁷ the court of appeals held five claims of the plaintiff's patent invalid in the suit for patent infringement.¹⁴⁸ Another suit had previously been filed (and was still pending) by the plaintiff-patentee against different defendants¹⁴⁹ who, after a decision was first reached in the *Goodrie* suit, moved for summary judgment on the findings and conclusions of the prior *Goodrie* adjudication, urging that, as a matter of law,¹⁵⁰ the defendants in the second litigation were entitled to judgment since no genuine issue of material fact remained.¹⁵¹ The Seventh Circuit pointed out that the previously filed suit was pending at the time of the first decision against alleged infringers who were not shown to be identified with the defendants in the first adjudication in any manner.¹⁵²

Accordingly, the court reasoned that the rules of res judicata did not apply,¹⁵³ and that the former decision was not the law of the circuit to the extent that it is decisive in other cases for infringement against other defendants. Therefore, the appellate court reversed the summary judgment for the defendant, stating that the plaintiff could relitigate his previously adjudicated claims even though the evidence submitted at the trial did "not differ essentially from the evidence submitted in the former case,"¹⁵⁴ citing *Triplett v. Lowell*.¹⁵⁵

The concurring opinion¹⁵⁶ reiterated that the patentee is entitled to another day in court, without having to justify the second appear-

¹⁴⁷ 210 F.2d 859 (7th Cir.), cert. denied, 348 U.S. 826 (1954).

¹⁴⁸ *Id.* at 860, 863.

¹⁴⁹ *Aghnides v. Holden*, 226 F.2d 949 (7th Cir. 1955).

¹⁵⁰ FED. R. CIV. P. 56(c) relates in part: "The judgment sought shall be rendered forthwith if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law."

¹⁵¹ *Aghnides v. Holden*, 226 F.2d 949, 950 (7th Cir. 1955).

¹⁵² *Ibid.* It should be noted that the defendants did not urge this position upon the court, except by way of the motion, so the issue of whether res judicata applied was not squarely met.

¹⁵³ The plaintiff filed affidavits seeking to overcome the previous holding that a prior art device anticipated the patent. On appeal, the court said that the affidavits were "general and, in the ordinary case, would not constitute a sufficient showing of a genuine issue as to any material fact." *Ibid.* The court merely concluded that the evidence should be submitted at the trial.

¹⁵⁴ *Ibid.*

¹⁵⁵ 297 U.S. 638, 642-44 (1936). For a partial discussion of this case, see text accompanying notes 122-29 *supra*.

¹⁵⁶ *Aghnides v. Holden*, 226 F.2d 949, 951 (7th Cir. 1955).

ance by the plaintiff-patentee,¹⁵⁷ even though "this queer result" is unavoidable under the existing law.¹⁵⁸

In *Abington Textile Mach. Works v. Carding Specialists (Can.) Ltd.*,¹⁵⁹ the court considered an action for declaratory judgment of invalidity of the defendant's patent; certain claims of the patent had previously been held invalid in personam in a Georgia district court.¹⁶⁰ The plaintiff relied on essentially the same prior art that successfully invalidated the claims of the patent in the Georgia court, although the accused devices were different.¹⁶¹ In accord with the principle of comity, the court gave great weight to the prior adjudication, but, as in *Triplett*, opposite conclusions on the issues of both validity and infringement were reached in the second court, "on the basis of the full record."¹⁶² Whenever the two records, the two infringers, or the allegedly infringing devices are different, *res judicata* may not be applicable.

The Eighth Circuit feels that the prior decisions of the appellate tribunals are entitled to respect and "are not to be brushed aside lightly," as evidenced by its decision in *John Deere Co. v. Graham*.¹⁶³ The patent had previously been held valid in the Fifth Circuit.¹⁶⁴

A situation of limited applicability of *res judicata* in patent cases is readily apparent where the defendant in the second case had been a party or in privity with a party in the first litigation. In *E. I. duPont de Nemours & Co. v. Union Carbide Corp.*,¹⁶⁵ the defendant moved for summary judgment,¹⁶⁶ asserting that plaintiff's patent was

¹⁵⁷ The opinion noted that a patent suit is not an *in rem* proceeding. Therefore, selection of different defendants who allegedly infringed the patent permitted re litigation. *Ibid.*

¹⁵⁸ In *Technograph Printed Circuits, Ltd. v. Methode Electronics, Inc.*, 356 F.2d 442 (7th Cir. 1966), *Aghnides* was said to have "made clear" that a prior judgment against different defendants was not *res judicata*. *Id.* at 446.

¹⁵⁹ 249 F. Supp. 823 (D.D.C. 1965).

¹⁶⁰ *Carding Specialists (Can.), Ltd. v. Lummus Cotton Gin Co.*, 234 F. Supp. 444 (M.D. Ga. 1964).

¹⁶¹ The test of whether the allegedly infringing devices are the same or not bears little weight when considering the issue of validity. Once having established validity, it becomes necessary to ascertain whether the devices infringe upon the valid claims, even in subsequent suits between the same parties.

¹⁶² *Abington Textile Works v. Carding Specialists (Can.), Ltd.*, 249 F. Supp. 823, 850 (D.D.C. 1965).

¹⁶³ 333 F.2d 529, 534 (8th Cir. 1964), *aff'd*, 383 U.S. 1 (1966).

¹⁶⁴ *Jeoffroy Mfg., Inc. v. Graham*, 219 F.2d 511 (5th Cir.), *cert. denied*, 350 U.S. 826 (1955); *Graham v. Cockshutt Farm Equip., Inc.*, 256 F.2d 358 (5th Cir. 1958).

¹⁶⁵ 250 F. Supp. 816 (N.D. Ill. 1966).

¹⁶⁶ FED. R. CIV. P. 56.

invalid.¹⁶⁷ The defendant successfully urged that prior litigation between the same parties,¹⁶⁸ although involving a different issue of patentability,¹⁶⁹ collaterally estopped the plaintiff from relitigating the same factual issues. Where the material facts underlying the motion for summary judgment are facts which have been judicially determined with finality¹⁷⁰ between the same parties, collateral estoppel applies,¹⁷¹ and the motion for summary judgment may be granted even where new affidavits are submitted.¹⁷²

Furthermore, it must be noted that one who openly controls the defense in a suit in which he has an interest will be precluded from relitigating the adjudicated issues of the first action in a subsequent action.¹⁷³ Through the result of *Schnell v. Peter Eckrich & Sons, Inc.*,¹⁷⁴ a manufacturer of an allegedly infringing device who agreed to defend infringement actions against its customers would be bound by the final judgment in any such suits,¹⁷⁵ even if the manufacturer did not subject himself to the personal jurisdiction of the court.¹⁷⁶ In *Schnell*, the petitioners argued that since the manufacturer of the devices in suit openly defended and controlled the suit, personal jurisdiction attached. The Supreme Court refused to accept this argu-

¹⁶⁷ The defendant urged that the plaintiff's invention had been in public use and on sale more than one year before the application was filed and was thus barred for failure to meet the condition of patentability set forth in 35 U.S.C. § 102(b) (1964). 250 F. Supp. at 820-21.

¹⁶⁸ *Union Carbide Corp. v. Traver Invs., Inc.*, 238 F. Supp. 540 (S.D. Ill. 1965).

¹⁶⁹ The prior adjudication involved the question of priority of invention. The plaintiff's first application failed to disclose an operable process. A proper application was not filed until some two years later. In the interim, a commercial public use had been made of the invention and plaintiff was barred from obtaining a patent under the provisions of 35 U.S.C. § 102(b) (1964). If the earlier-filed application had been proper, the earlier filing date would have been maintained and a patent issued. 250 F. Supp. at 820. On the question of priority and intervening use, see, e.g., *Hovlid v. Asari*, 305 F.2d 747 (9th Cir. 1962); *Philip A. Hunt Co. v. Mallinckrodt Chem. Works*, 177 F.2d 583 (2d Cir. 1949).

¹⁷⁰ Failure to appeal either a prior judicial adjudication or a motion affecting factual issues in the previous cases may operate to achieve the requisite degree of judicial finality. See, e.g., *Amerio Contact Plate Freezers, Inc. v. Belt-Ice Corp.*, 316 F.2d 459 (9th Cir.), cert. denied, 375 U.S. 902 (1963); *Walker v. Bank of America Nat'l Trust & Sav. Ass'n*, 268 F.2d 16, 25-26 (9th Cir.), cert. denied, 361 U.S. 903 (1959). The latter was cited in the *duPont* case.

¹⁷¹ *Lovejoy v. Murray*, 70 U.S. (3 Wall.) 1, 19 (1865); *Souffront v. La Compagnie Des Sucrieries De Porto Rico*, 217 U.S. 475 (1910).

¹⁷² *E. I. duPont de Nemours & Co. v. Union Carbide Corp.*, 250 F. Supp. 816, 819 (N.D. Ill. 1966).

¹⁷³ *Schnell v. Peter Eckrich & Sons, Inc.*, 365 U.S. 260, 262 n.4 (1961).

¹⁷⁴ 365 U.S. 260 (1961).

¹⁷⁵ The manufacturer had no place of business in the district. Therefore, venue as to the manufacturer could not be had under the requirements of 35 U.S.C. § 1400(b) (1964). *Schnell v. Peter Eckrich & Sons, Inc.*, 365 U.S. 260 (1961).

¹⁷⁶ *Id.* at 262. See *G. & C. Merriam Co. v. Saalfeld*, 241 U.S. 22 (1916).

ment because of the special nature of the patent venue statutes.¹⁷⁷ Thus, it appears that under these special circumstances the effects of *res judicata* may apply, even where the defendant is able to exercise his rights under the complex patent venue statutes.

It is also clear that issues actually litigated between parties in a first suit preclude relitigation of the same issues in a subsequent suit.¹⁷⁸ The question often arises, however, as to those issues which *might* have been litigated between parties. In *Mercoïd Corp. v. Mid-Continent Inv. Co.*,¹⁷⁹ the Supreme Court held that the determination of validity of a patent in a prior suit is not *res judicata* in a suit involving the question of patent misuse as a defense, even though the defendant had previously provided the defense in the original suit,¹⁸⁰ indicating that public interest was involved in preventing an affirmative judicial indication on the question of patent misuse.

An ancillary, yet related, subject should be noted in conjunction with the "traditional approach" to *res judicata* — that of the effect of *state* litigations. Determinations in state courts of matters tangentially related to patent adjudication may be *res judicata* in subsequent suits between the same parties in a later infringement action in the federal courts. This may arise, for example, where a state action in contract determines that a device is not within the claims of a patent which is the subject matter of a license. A state court judgment to that effect may collaterally estop the federal court as to the issue of whether that device infringes the claims of the patent.¹⁸¹

B. *The Presumption Approach*

A patent is presumed to be valid when issued, and the burden of establishing invalidity rests on the party asserting it.¹⁸² The presumption of validity is strengthened when the most pertinent prior art is considered during the prosecution of the application in the Patent Office¹⁸³ and weakened where the best art has been over-

¹⁷⁷ 365 U.S. at 262.

¹⁷⁸ See text accompanying notes 13-36 *supra*.

¹⁷⁹ 320 U.S. 661 (1944).

¹⁸⁰ *Id.* at 669-70.

¹⁸¹ See, e.g., *Vanderveer v. Erie Malleable Iron Co.*, 238 F.2d 510 (3d Cir. 1956), *cert. denied*, 353 U.S. 937 (1957); *Zemba v. Rodgers*, 87 N.J. Super. 518, 210 A.2d 95 (Super. Ct. 1965). See also 11 VAND. L. REV. 240 (1957).

¹⁸² 35 U.S.C. § 282 (1964).

¹⁸³ See, e.g., *L. S. Donaldson Co. v. La Maur, Inc.*, 299 F.2d 412, 420 (8th Cir.),

looked by the Patent Office.¹⁸⁴ Many courts have taken the position that the presumption of validity is strengthened by a holding of validity in another court and weakened by a holding of invalidity.

In *Bowser, Inc. v. United States*,¹⁸⁵ the Court of Claims espoused the following approach:

The strength of the presumption [of validity] varies with the substance of the assertion, e.g., if the asserting party relies on prior art that previously has been considered either by the Patent Office or another court then the presumption of validity is strong or if the asserting party cites prior art that is more pertinent than that considered by the Patent Office of another court then the presumption of validity is considerably weakened.¹⁸⁶

In *Audio Devices, Inc. v. Armour Research Foundation*,¹⁸⁷ the judgment for the plaintiff in an action for a declaration of invalidity in the district court was affirmed for the reasons that the examiner in the Patent Office had failed to consider, in the record, some of the pertinent prior art and that the patent in suit had previously been held invalid.¹⁸⁸ The court in *Audio Devices* was influenced, in part, by its consideration that the presumption of validity was "substantially weakened" by the reasons mentioned above.¹⁸⁹

On the contrary, an Illinois district court, in *Elgen Mfg. Corp. v. Ventfabrics, Inc.*,¹⁹⁰ relied somewhat heavily on a prior adjudication of validity¹⁹¹ of certain claims of the patent in suit to sustain the validity of the same patent in the second suit. The court considered that the presumption of validity was entitled to greater weight where the principal art urged by the defendant had been relied on in the Patent Office or by the instant court in another suit.¹⁹²

cert. denied, 371 U.S. 814 (1962); *Freeman Mfg. Co. v. Federal Dep't Stores, Inc.*, 195 F. Supp. 951, 953 (E.D. Mich. 1961); *Bowser, Inc. v. Richmond Eng'r Co.*, 166 F. Supp. 68, 75 (E.D. Va. 1958), *aff'd in part, rev'd in part on other grounds*, 264 F.2d 595 (4th Cir. 1959).

¹⁸⁴ See, e.g., *Tilotson Mfg. Co. v. Textron, Inc.*, 337 F.2d 833, 837 (6th Cir. 1964); *John Deere Co. v. Graham*, 333 F.2d 529, 530 (8th Cir. 1964), *aff'd*, 383 U.S. 1 (1966); *Milton Mfg. Co. v. Potten-Weil Corp.*, 327 F.2d 437, 439 (7th Cir. 1964).

¹⁸⁵ 148 U.S.P.Q. 155 (Ct. Cl. 1955).

¹⁸⁶ *Id.* at 157.

¹⁸⁷ 293 F.2d 102 (2d Cir. 1961).

¹⁸⁸ *Armour Research Foundation v. C. K. Williams & Co.*, 170 F. Supp. 871 (E.D. Ill. 1959), *aff'd*, 280 F.2d 499 (7th Cir. 1960), *cert. denied*, 365 U.S. 811 (1961).

¹⁸⁹ 293 F.2d at 107.

¹⁹⁰ 207 F. Supp. 240 (N.D. Ill. 1962), *aff'd*, 314 F.2d 440 (7th Cir. 1963).

¹⁹¹ *Id.* at 250. The prior case is *Elgen Mfg. Corp. v. Grant Wilson, Inc.*, 285 F.2d 476 (7th Cir. 1961).

¹⁹² 207 F. Supp. at 250.

Courts have also recognized the persuasive effect of judgments rendered in foreign countries which have inter partes proceedings relating to the grant of a patent. In general, while the foreign decisions are not controlling, the decisions may be given evidentiary weight in considering the domestic suit.¹⁹³

Upon a consideration of the evidence in a second suit, the presumption of validity may be held to have "vanished,"¹⁹⁴ illustrating the spectral erosion of the presumption to the point of its elimination.

C. The "Follow Unless" Theory

The "follow unless" theory for determining the consideration which a second court will afford the decision of a first court in patent cases provides that the prior suit, while not controlling, should be followed unless the decision discloses a "very probable error in law or fact."¹⁹⁵ This approach provides a more liberal application of the doctrine while affording the patentee the opportunity to sustain his patent despite the prior holding of invalidity.

In *La Maur, Inc. v. DeMert & Dougherty, Inc.*,¹⁹⁶ the court considered a suit for infringement of a reissue patent where the original patent was previously held invalid on grounds of obviousness in view of the prior art.¹⁹⁷ The court found that the facts established in the former suit were also of record in the later litigation,¹⁹⁸ even though the plaintiff asserted certain "new theories" and new facts in an attempt to mitigate the adverse effect of the prior adjudication. However, the evidence submitted was not considered to be of a sufficient, new, credible, and factual nature so as to rebut the prior decision.¹⁹⁹ Accordingly, the court concluded:

¹⁹³ See, e.g., *American Infra-Red Radiant Co. v. Lambert Indus., Inc.*, 149 U.S.P.Q. 722, 729 (8th Cir. 1966); *Ditto, Inc. v. Minnesota Mining & Mfg. Co.*, 336 F.2d 67, 70-71 (8th Cir. 1964); *Dr. Beck & Co., G.M.B.H. v. General Elec. Co.*, 210 F. Supp. 86, 92 (S.D.N.Y. 1962). See also Duncan, *The European Patent Convention as a Guide to Modernizing Our Patent Examination System*, 47 J. PAT. OFF. SOC'Y 220, 236, 264 (1965).

¹⁹⁴ *Micek v. Radiator Specialty Co.*, 135 U.S.P.Q. 220 (S.D. Cal. 1961), *aff'd*, 327 F.2d 554 (9th Cir. 1964).

¹⁹⁵ *Cold Metal Process Co. v. E. W. Bliss Co.*, 285 F.2d 231, 236 (6th Cir. 1960), *cert. denied*, 366 U.S. 911 (1961); *Cold Metal Process Co. v. Republic Steel Corp.*, 233 F.2d 828, 837 (6th Cir.), *cert. denied*, 352 U.S. 891 (1956); *Cincinnati Butchers' Supply Co. v. Walker Bin Co.*, 230 Fed. 453, 454 (6th Cir. 1916).

¹⁹⁶ 148 U.S.P.Q. 59 (N.D. Ill. 1965).

¹⁹⁷ *L. S. Donaldson Co. v. La Maur, Inc.*, 299 F.2d 412 (8th Cir.), *cert. denied*, 371 U.S. 815 (1962).

¹⁹⁸ 148 U.S.P.Q. at 66 (Finding of Fact No. 21).

¹⁹⁹ *Ibid.*

The decision of the Court of Appeals for the Eighth Circuit holding the original . . . patent invalid should be followed in the absence of apparent error of law or fact . . . particularly where the facts relied on by the Court of Appeals for the Eighth Circuit have been established here.²⁰⁰

Moreover, the court went even further and found that the prior decision holding nine claims of the patent invalid was "persuasive of the invalidity of the remaining two claims . . . which are broader than the claims which were held invalid."²⁰¹

D. *The Broad Approach*

It has been suggested that collateral estoppel be applied in patent cases more liberally than in the past in order to ease the clogged calendars of the federal courts and to eliminate the sense of injustice felt when a patentee relitigates a patent once held invalid in another circuit or against different defendants. Considerations which urge that a broader effect be given to the decisions in a prior suit are necessarily confronted with the notions which require ignoring the reasoning which abrogates the rule of mutuality. It is suggested, however, that the policy which prompts disclosure to the public for a period of years in exchange for a patent lends itself to the mitigation of mutuality in patent cases, while continuing to protect the patentee's interests.

In *Nickerson v. Pep Boys*,²⁰² the court was confronted with the issue of whether collateral estoppel required an adjudication that a patent is invalid where the same patent had been determined to be invalid in another circuit²⁰³ in a prior suit against different parties. The court first distinguished the various authorities used by the Supreme Court in *Triplett v. Lowell*.²⁰⁴

The first authority upon which the Court had relied was *Mast, Foss & Co. v. Stover Mfg. Co.*,²⁰⁵ involving the effect of a determination of validity of the patent in a prior suit. The *Nickerson*

²⁰⁰ *Id.* at 71.

²⁰¹ *Id.* at 72. In *American Photocopy Equip. Co. v. Rovico, Inc.*, 150 U.S.P.Q. 180 (N.D. Ill. 1966), the district court considered a finding of validity by the court of appeals for the district to be binding in the absence of persuasive new evidence of invalidity, despite the differences in the parties. *Id.* at 182.

²⁰² 247 F. Supp. 221 (D. Del. 1965).

²⁰³ *Nickerson v. Bearfoot Sale Co.*, 311 F.2d 858 (6th Cir.), *cert. denied*, 375 U.S. 815 (1963).

²⁰⁴ 297 U.S. 638 (1936). See also text accompanying notes 122-29 *supra*.

²⁰⁵ 177 U.S. 485 (1900).

court deemed it "obviously . . . inequitable to have the defendant in the second suit bound by the validity adjudication in the earlier suit, when he had no opportunity to be heard on the question."²⁰⁶ The court specifically pointed out that the patentee in the case at bar had an opportunity to fully litigate the issue of validity and had suffered an adverse verdict.

The second authority upon which *Triplett* rested, *Sanitary Refrigerator Co. v. Winters*,²⁰⁷ was distinguished by the court in *Nickerson* on procedural grounds. The adjudication of infringement in the first suit was not in issue in the second suit, even though res judicata would have applied.²⁰⁸

Having so distinguished the bases for *Triplett*, the court then considered the question of mutuality,²⁰⁹ asserting that "The mutuality rule thus runs counter to the salutary public policy that there be a definite end to litigation when a party has had a full, free and untrammelled opportunity to present all facts pertinent to a controversy and to be heard thereon."²¹⁰

The court believed that the plaintiff would not be unfairly treated by estopping his assertion of the patent previously held invalid in that (1) the plaintiff had selected the prior defendant; (2) the plaintiff had chosen the forum; (3) the prior adjudication had not summarily disposed of the issue of patent validity; and (4) the plaintiff had not suggested that he had additional evidence for trial. Since the plaintiff-patentee's chief contention was that the prior suit had been erroneously decided, it was determined that public policy made it desirable to terminate further litigation on the validity of the patent.²¹¹

The court was careful to point out, by way of dictum, that situations may exist in which concepts of justice to the patentee would preclude the application of the estoppel by prior judgment, envisioning, for example, a plurality of suits, all holding a patent valid. In a later suit, the patent is held to be invalid. The *Nickerson* court predicted:

To hold that the last decision is a bar to the patentee suing other infringers might be unjust, for the holding of invalidity, in view of repeated prior decisions to the contrary, would at least suggest that

²⁰⁶ 247 F. Supp. at 221. (Emphasis added.)

²⁰⁷ 280 U.S. 30 (1929).

²⁰⁸ 247 F. Supp. at 222.

²⁰⁹ See text accompanying notes 45-50 *supra*.

²¹⁰ 247 F. Supp. at 223.

²¹¹ *Id.* at 224.

something was amiss with the decision which held the patent invalid.²¹²

V. OBSERVATIONS AND CONCLUSIONS

It is observed that several approaches to the recurring problem of the extent to which the doctrines of res judicata and collateral estoppel should be applied to successive patent litigation are available to the courts; each theory purports to maintain justice to the parties to the suit. Little problem appears to exist in the application of traditional strict notions of res judicata to patent prosecution²¹³ and patent litigation.²¹⁴ However, more difficulty is encountered when considering the application of collateral estoppel.

An increased propensity to estop a patentee from relitigating a patent, or claims of a patent, which had previously been held invalid in a final determination by a court of competent jurisdiction is desirable and in accord with the rationale and public policy which prompts the existence of the doctrine.²¹⁵ As further inroads are made into the doctrine of mutuality by courts in non-patent cases,²¹⁶ it is expected that courts hearing patent cases may well follow. It is submitted that the reasoning of *Nickerson* provides the patentee with procedures to preclude unjust results. It is suggested that a validity determination should not be binding on later litigants since later defendants may uncover additional or better prior art which is sufficient to render the patent invalid. Moreover, a later litigant may, through increased diligence, discover informalities in the record which the prior litigant failed to urge. Since this may present different issues, it is submitted that a determination of validity should not collaterally estop a later litigant.

A prior determination of invalidity ought to be binding on the patentee, but only with the safeguards presented in *Nickerson*. A subsequent defendant may assert the same art or same argument which persuaded the prior court that the patent is invalid.

On the other hand, providing the patentee with the opportunity to present new evidence in support of his patent, despite the prior determination, is a sound means of effecting a balance between the conflicting interests of the parties and of achieving a substantial measure of justice to all concerned.

²¹² *Ibid.*

²¹³ See text accompanying notes 51-99 *supra*.

²¹⁴ See text accompanying notes 100-46 *supra*.

²¹⁵ See text accompanying notes 21-25 *supra*.

²¹⁶ See note 48 *supra* and accompanying text.

The sensitive area of balancing the policies of collateral estoppel against public policies inherent in the patent system may achieve renewed significance in some future cases. The Supreme Court has indicated a strong policy against monopolies generally, to the extent that broad rules considering that which appears in the public domain have evolved.²¹⁷ For example, the public is free to copy devices which are not reserved to the originator by a federal statutory scheme of protection.²¹⁸ Moreover, the Supreme Court has set forth the public policy inherent in the right of the public to art in the public domain.²¹⁹ Perhaps judicial evolution will result in an expansion in the number of instances of the application of estoppel. Under this tack, a claim held invalid over the prior art may be considered to be public property and accordingly unenforceable against subsequent defendants. Emerging principles of antitrust law may at some time support the proposition that an attempt to enforce a claim once held invalid is a violation of the antitrust law.

Judicial order in patent law may require increased attention to the need for reconsideration of the effects to be given a prior adjudication. Existing approaches, in the main, are sound in their attempt to do justice to the parties. But the stability of a nationally administered patent law may well require new insight into the nature of the ability of the patentee to enforce his property right. Erosion of mutuality, in rem patent proceedings, and other tests have merits and deficiencies. But in a period when the patent system is under renewed scrutiny, a review of the trends may well be desirable.

While the courts have been somewhat hesitant to apply the traditional notions of *res judicata* and collateral estoppel to patent litigation, the benefits of the development of these doctrines should be extended more fully to patent situations, either by well-reasoned judicial decisions, short of intrusion into proper legislative domain, or by legislative fiat.

The recent approaches toward stabilization of the applicability of *res judicata* in patent prosecution are to be admired in their attempt to clarify issues surrounding *res judicata*. Precise formulation of issues litigated is necessary to the proper application of the doctrine. Patent litigation may well profit by the clearer approach that *ex parte* prosecution has taken.

²¹⁷ See, e.g., *Scott Paper Co. v. Marcalus Mfg. Co.*, 326 U.S. 249 (1945).

²¹⁸ See *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964); *Compco Corp. v. Day-Bright Lighting, Inc.*, 376 U.S. 234 (1964).

²¹⁹ *Scott Paper Co. v. Marcalus Mfg. Co.*, 326 U.S. 249 (1945).

It is suggested that this approach or an equitable modification of this approach retains reasonable standards of justice for each litigating party while at the same time extending the development of patent law in a manner responsive to sound judicial thought in the realm of pre-existing non-patent law.