

Resorbing Patent Law's *Kessler Cat* into the General Law of Preclusion

Dennis Crouch

Homayoon Rafatijo

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RESORBING PATENT LAW'S *KESSLER CAT* INTO THE GENERAL LAW OF PRECLUSION

Dennis Crouch^{*†} and *Homayoon Rafatijo*^{**†}

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*Associate Professor of Law, University of Missouri School of Law. www.patentlyo.com.

**Ph.D. (Chemistry), J.D.; Law Clerk, Spencer Fane LLP (Kansas City Office).

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I. INTRODUCTION

It has become exceedingly common in our legal system that courts, in the guise of respect for precedent, compound upon errors. Legal precedents are written documents, but “[t]he reality we can put into words is never reality itself.”¹ As such, we seldom find a court decision that embodies the entire legal reality regarding the questions presented. In this respect, the legal system inherently suffers from a lack of what mathematicians call completeness. Each decision gives rise to countless inferences because what lower courts observe by reading the precedent is

1. GRAHAM JONES, LYOTARD REFRAMED: INTERPRETING KEY THINKERS FOR THE ARTS 15 (2014) (quoting German theoretical physicist and Nobel Prize laureate Werner Heisenberg).

not the entire legal reality but an incomplete reality exposed to their method of questioning. In such a framework, “we may hope to understand [the precedent and correctly apply it], but we may have to learn at the same time a new meaning of the word ‘understanding.’”²

The recently revived and expanded *Kessler* doctrine demonstrates how a particularly incomplete decision sets the stage for developing a chaotic jurisprudence by lower courts, where lower courts’ interpretations and applications of the doctrine are no longer directed toward a unifying center. The famous Brazilian novelist Paulo Coelho narrated an anecdotal story that best describes the evolution of the *Kessler* doctrine (or better to say courts’ interpretation of *Kessler*) since its conception in 1907.³

Coelho’s story begins with a great Zen master who kept a cat by his side during meditation classes. After the master’s death, the oldest disciple took his place, who, in homage to the memory of the late master, decided to allow the cat to continue attending the classes. The story began to spread to neighboring monasteries that a cat had been taking part in the meditations. Years later the cat died, but the students, so accustomed to its presence, acquired another cat. Meanwhile, other monasteries began introducing cats into their meditation classes, believing that the cat, and not the great master’s excellence in teaching, was responsible for his teaching quality. “A generation passed, and technical treatises on the importance of the cat in Zen meditation began to be published. . . . And thus, for a century, the cat was considered to be an essential part of the study of Zen Buddhism in that region.” Finally, a new leader arrived, who was allergic to cats. So, he decided against having cats present in meditation classes. Everyone fulminated against the decision at first, but soon students realized that they were making progress, despite the cat’s absence. Gradually, monasteries began to exclude cats from meditation classes. “It took two hundred years for everything to return to normal, and all because, during that time, no one thought to ask why the cat was there.” In this article, we argue that, much like the cat in Coelho’s story, the time has finally come to eliminate the *Kessler* doctrine from our jurisprudence.

This article begins with a historical case analysis of the Supreme Court’s 1907 decision in *Kessler v. Eldred*.⁴ In a prior lawsuit, Kessler had successfully defended his electric cigar-lighters against patent

2. WERNER HEISENBERG, *PHYSICS AND PHILOSOPHY: THE REVOLUTION IN MODERN SCIENCE* 201 (1962).

3. Paulo Coelho, *The Importance of the Cat in Meditation*, PAULO COELHO STORIES AND REFLECTIONS, <https://paulocoelhoblog.com/2016/09/26/cat-in-meditation-3/> [https://perma.cc/H4DY-KQKP].

4. *Kessler v. Eldred*, 206 U.S. 285 (1907).

infringement charges by his competitor, Eldred. That case ended with a judgment of no infringement, which was affirmed on appeal. Eldred then turned around and began suing Kessler's customers for selling the same product that the court had already determined was noninfringing. The Supreme Court held that the prior judgment provided Kessler with the right to sell his cigar lighters and that right was enforceable in equity by Kessler against Eldred for wrongful interference. *Kessler* was decided prior to the 1930s merger of law and equity, liberal pleading rules, and Declaratory Judgment Act (all of which changed the landscape of res judicata), and long before nonmutual issue preclusion came into favor.⁵ That said, we argue that *Kessler* looks like an easy case of defensive issue preclusion, either by direct estoppel by Kessler or via nonmutual collateral estoppel by the customers under *Blonder-Tongue* (1971) and its progeny.⁶

We then focus on the post-*Blonder-Tongue* revival of the *Kessler* doctrine by the Federal Circuit and criticize the Federal Circuit for treating the *Kessler* doctrine as a separate and distinct, patent-specific doctrine.⁷ We argue that the Federal Circuit's 2014–2021 decisions expanded the doctrine beyond its original holding to encompass situations well outside of the scope of issue and claim preclusion. Some examples of these situations include: cases where the issue of infringement was not actually litigated or decided in the prior lawsuit;⁸ cases where the prior lawsuit was dismissed by the plaintiff rather than decided on the merits;⁹ and cases where the customer asserts the privilege even though they were not a part of the original lawsuit.¹⁰ These expansions, which we label "*Kessler Cat*,"

5. *MGA, Inc. v. Gen. Motors Corp.*, 827 F.2d 729, 733 (Fed. Cir. 1987) (explaining that *Kessler* "was handed down by the United States Supreme Court in the heyday of the federal mutuality of estoppel rule").

6. *Blonder-Tongue Labs., Inc. v. Univ. of Ill. Found.*, 402 U.S. 313 (1971); *see also*, *Bernhard v. Bank of Am. Nat'l Tr. & Sav. Ass'n*, 122 P.2d 892 (Cal. 1942).

7. *Brain Life, LLC v. Elekta Inc.*, 746 F.3d 1045 (Fed. Cir. 2014). The revival continued unabated in subsequent years.

8. *In re PersonalWeb Techs. LLC*, 961 F.3d 1365 (Fed. Cir. 2020). We note that prior to the Federal Circuit's decision in *PersonalWeb*, district courts were split as to whether the *Kessler* doctrine is applicable in such cases. *Compare* *CFL Techs LLC v. Osram Sylvania, Inc.*, No. 1:18-CV-01445-RGA, 2019 WL 2995815, at *4 (D. Del. July 9, 2019) (prior district court decision refusing to apply the *Kessler* doctrine to a case voluntarily dismissed by the plaintiff with prejudice since "no court has determined that Defendants do not infringe Plaintiff's patents"), *with* *Molinaro v. Am. Tel. & Tel. Co.*, 460 F. Supp. 673 (E.D. Pa. 1978) (concluding that *Kessler* doctrine can bar a second lawsuit even without a determination of noninfringement).

9. *In re PersonalWeb*, 961 F.3d 1365.

10. *SpeedTrack, Inc. v. Office Depot, Inc.*, 791 F.3d 1317 (Fed. Cir. 2015) (permitting customers to assert *Kessler* and rejecting the limits of *Rubber Tire Wheel Co. v. Goodyear Tire & Rubber Co.*, 232 U.S. 413 (1914)). *SimpleAir, Inc. v. Google LLC*, 884 F.3d 1160, 1170 (Fed. Cir. 2018) (*Kessler* doctrine can apply to bar assertion of patents in the same family of the one originally asserted).

analogous to the cat in Coelho's story, take *Kessler* beyond the limits set by the Supreme Court in 1907, but without reckoning the resulting due process or patent exceptionalism concerns. The situation invites the question: why are the traditional rules of issue and claim preclusion sufficient for all other areas of law except patents? So far, the courts have not addressed these questions. Rather, the Federal Circuit has repeatedly expressed reticence in applying *Kessler*, even while expanding the doctrine.¹¹

A *Kessler Cat* case is now pending before the U.S. Supreme Court, and the Court has called for the views of the Solicitor General.¹² One immediate goal of this article is to provide historical background and critical guidance to the Court and those drafting briefs. We see two primary paths for the Court in this or a future case: a narrow and a broad path.

The narrow path is to reject the Federal Circuit's *Kessler Cat* and revert back to the original understanding of the Court's 1907 decision. The decision in *Kessler* is an "application of the well-established doctrine of *res judicata* that a judgment estops the defeated party from denying, in any suit between the parties or their privies, any fact established by the judgment."¹³ That narrow approach would parallel the Court's recent action in *Minerva Surgical*, where it maintained the doctrine of assignor estoppel while substantially limiting the Federal Circuit's expansion of the doctrine.¹⁴

The broader alternative path would be to reject the *Kessler* doctrine to the extent that it exists outside the bounds of trans-substantive "traditional claim- or issue-preclusion principles." The Court may simply hold that the need for the *Kessler* doctrine is obviated due to the adoption of nonmutual issue preclusion.¹⁵ This broader path is in line with the Supreme Court's recent decision in *Lucky Brand Dungarees*, where the Court rejected "defense preclusion" as a separate form of *res judicata*. In either case, we see no need for the Court to repudiate its original decision

11. *Brain Life*, 746 F.3d at 1058 (noting that the continued existence of the *Kessler* doctrine is "questionable" in light of modern claim and issue preclusion law); *CFL Techs.*, 2019 WL 2995815, at *3 ("The Federal Circuit has expressed reservations about the *Kessler* doctrine and has expanded its reach only in limited circumstances.").

12. *PersonalWeb Techs., LLC v. Patreon, Inc.*, 142 S. Ct. 66 (2021) ("The Acting Solicitor General is invited to file a brief in this case expressing the views of the United States.").

13. Note, *Res Judicata in Patent Cases*, 25 HARV. L. REV. 649, 650 (1912).

14. *Minerva Surgical, Inc. v. Hologic, Inc.*, 141 S. Ct. 2298 (2021).

15. *Lucky Brand Dungarees, Inc. v. Marcel Fashions Grp., Inc.*, 140 S. Ct. 1589, 1597 (2020); *see also*, *B & B Hardware, Inc. v. Hargis Indus., Inc.*, 575 U.S. 138, 153 (2015) (stating ordinary preclusion principles apply when judging the impact of USPTO decisions in the trademark space).

in *Kessler*, but to recognize that the doctrine as initially understood fits only within the traditional guideposts of *res judicata*.

II. THE 1907 *KESSLER* DECISION: THE CAT ENTERS THE TEMPLE

Preclusion disputes always involve two (or more) actions, and the key question is whether the outcome of the first action precludes subsequent litigation of already decided claims or issues. *Kessler* follows this general pattern, with the first action ending in a narrow claim scope and a noninfringement determination. Three subsequent actions then considered whether and when the outcome of the initial action would bar relitigating the issues of infringement and patent scope. In the first two, the patentee prevailed with the courts refusing to give *res judicata* effect to the first judgment and instead broadening the patent scope to encompass the accused devices. Finally, in the third case, the Supreme Court stepped in to provide the original defendant, *Kessler*, with relief. As you will see, although the Court provided relief against ongoing lawsuits, it did not explain the basis for its conclusions or its source of law.

A. *Eldred v. Kessler: The First Action and Finding of No Infringement*

In the late 1800s, *Kessler* and *Eldred* were competitors in manufacturing electric cigar lighters and other smoking paraphernalia. The competing cigar lighters were apparently quite similar to each other “so that it was not a matter of much importance to customers which lighter they bought.”¹⁶ *Kessler* was the first to obtain a patent covering a lighter that aligned with his manufactured product.¹⁷ To secure his own competitive patent position, *Eldred* purchased an 1893 patent from *Chambers* that introduced a trigger-operated, automatic ignition with automatic extinguishing trigger release.¹⁸ *Eldred* then sued *Kessler* for infringing the *Chambers* patent and argued its claims should be given a broad construction because using a single element to accomplish “automatic extinguishing and igniting” was a “pioneer invention.”¹⁹ The trial court, sitting in equity, rejected the pioneer-invention status, instead

16. *Kessler v. Eldred*, 206 U.S. 285, 285 (1907).

17. U.S. Patent Nos. 562,395 and 598,489. See *Kessler v. Inks*, 108 F. 412 (7th Cir. 1901) (395 patent found invalid for want of invention).

18. U.S. Patent No. 492,913 (*Chambers*). This was perhaps the first lighter that extinguished the flame upon release of the trigger.

19. *Eldred v. Kessler*, 106 F. 509, 517 (7th Cir. 1900).

holding that the claims must be narrowly construed to avoid the prior art.²⁰ And that narrow construction led to a finding that Kessler's product did not infringe: "In view of the prior art, the claims alleged to be infringed must receive a narrow construction. Any other construction would render them void, as claims for what was old in art. Giving the patent a narrow construction, the defendant's device does not infringe."²¹ On appeal, the Seventh Circuit affirmed, finding that the only features from the Chambers patent exhibited by Kessler's device were ones also found in the prior art.²² Thus, the appellate court agreed that the patent should be narrowly construed and not receive equivalents scope beyond the strict terms of the claims.²³

B. *Subsequent Actions by Eldred*

Eldred lost the initial litigation against Kessler; however, he was not deterred and quickly moved forward with infringement lawsuits against two additional cigar lighter dealers, Kirkland and Breitwieser.²⁴

1. Eldred's Suit against Kirkland

Kirkland was selling lighters under license from Kessler, the successful defendant in the prior lawsuit.²⁵ Although similar, Kirkland's lighters were apparently not of identical make to the one that the Seventh Circuit judged noninfringing.²⁶ In Eldred's lawsuit against Kirkland, the New York Circuit (trial) Court sided with the defendant by again narrowly construing the claims and finding the patent not infringed.²⁷ The trial court recognized that the scope of the patent had been previously "well considered" by both a trial court and the Seventh Circuit.²⁸ However, it

20. *Id.* At the time, courts would give broader scope to patents covering "pioneer inventions." See, Edmund W. Kitch, *The Nature and Function of the Patent System*, 20 J.L. & ECON. 265, 265-66, 268 (1977).

21. *Eldred*, 106 F. at 517 (appellate court quoting from the circuit (trial) court decision).

22. *Id.*

23. *Id.*

24. We should note that Kessler also attempted to enforce his patents. See, *Kessler v. Inks*, 108 F. 412 (7th Cir. 1901) ('395 patent found invalid for want of invention). The record is not clear, but Inks may have been a customer of Eldred because Eldred's attorney, Louis K. Gillson, represented Inks in the litigation.

25. *Eldred v. Kirkland*, 130 F. 342, 346 (2d Cir. 1904) ("The defendant is using a device made under patents . . . granted to Gruhlke and Kessler.").

26. Certificate from the Seventh Circuit in *Kessler v. Eldred* at 1. https://drive.google.com/file/d/1Sa3WeuaOtuYLclGkt_mXWBMEIBOfoc1/view?usp=sharing [<https://perma.cc/7XJE-R48K>].

27. *Eldred v. Kirkland*, 124 F. 553, 554 (C.C.N.D.N.Y. 1903), *rev'd*, 130 F. 342 (2d Cir. 1904).

28. *Id.*

did not directly apply preclusion; instead, the trial court merely announced that “this court . . . agrees with the holding of the [Seventh Circuit] in that case.”²⁹

Patentee Eldred appealed the *Kirkland* decision to the Second Circuit and won a reversal.³⁰ In particular, the appellate court concluded that the Chambers patent was infringed once “the plainest equivalents” were allowed. The court found that the Seventh Circuit and trial courts had too narrowly construed the claims by barring equivalents altogether.³¹ Thus, by April 1904, we had two competing appellate decisions. The first decision gave the patent a narrow scope and a resulting noninfringement determination. The second decision offered a somewhat broader scope of protection and a finding of infringement (albeit of a slightly different product). Importantly, this broader scope given by the Second Circuit gave Eldred hope that he might prevail if permitted a rematch against the original Kessler lighters.³²

Note that in the early 1900s, these cross-circuit differences in patent interpretation were a rather new phenomenon. The U.S. Courts of Appeals had only recently been established in 1891.³³ Prior to that, appeals from the trial court went directly to the United States Supreme Court and thus avoided any interpretative circuit-split. The single-level appeal resulted in a major backlog at the Supreme Court and left some patentees waiting more than ten years for a decision.³⁴ Although Circuit Courts of Appeals heard cases more quickly, the system had a serious problem: the “decision of a court of appeals in any one circuit was of no binding effect in any other circuit, and the doctrine of comity was not often applied”³⁵ The result was effectively “nine different courts of last resort,” each potentially interpreting the same patent differently.³⁶ The setup in *Kessler* was thus typical of the day, with the patent being narrowly interpreted in one circuit and broadly interpreted by another. Beginning around 1900,

29. *Id.*

30. *Eldred*, 130 F. 342.

31. *Id.* at 347 (“We do not think the complainant is entitled to a broad construction of the claims in issue, but we do think the claims should receive an interpretation sufficiently liberal to give him the benefit of well-known equivalents, such, for instance, as the substitution of a weight for a spring and one form of support for another.”)

32. See *Eldred v. Breitwieser*, 132 F. 251, 251 (C.C.W.D.N.Y. 1904) (recognizing that the two appellate courts had “differently construed the scope of the patent in suit.”).

33. Evarts Act, 26 Stat. 828 (1891).

34. STAFF OF SUBCOMM. ON PATENTS, TRADEMARKS, AND COPYRIGHTS, S. COMM. ON THE JUDICIARY, 85TH CONG., SINGLE COURT OF APPEALS—A LEGISLATIVE HISTORY (Comm. Print 1959) (on file with authors) [hereinafter Conway report].

35. *Id.*

36. *Id.*

various parties began a concerted effort lobbying Congress for a patent law exception—a unified patent court or direct line to the Supreme Court to cut through these problems. Those lobbying efforts continued with legislation proposed annually through 1920 with a primary purpose of having “one decision which should extend all over the country and be binding in every circuit.”³⁷

2. Eldred’s Suit Against Breitwieser

In June 1904, following the Second Circuit’s broadening construction, Eldred filed suit against Breitwieser in the Western District of New York, alleging infringement of the same patent. Breitwieser’s lighters were manufactured by Kessler and were “identical” to those found to be noninfringing in *Eldred v. Kessler*.³⁸ Kessler assumed the defense in the New York lawsuit on behalf of its customer (as may have been required by the sales warranties). Kessler admitted that its lighters were infringing under the Second Circuit’s claim interpretation in *Kirkland*, but asserted “res adjudicata” and “estoppel” based upon the prior Seventh Circuit decision.³⁹

The *Breitwieser* district court rejected Kessler’s preclusion defenses and instead awarded a preliminary injunction to restrain Breitwieser and its codefendants from continuing to infringe Eldred’s patent.⁴⁰ Primary authority for the district court’s decision came from the 1884 Supreme Court decision in *Birdsell v. Shaliol*.⁴¹ In *Birdsell*, the patentee initially won an action against the manufacturer, the Ashland Machine Company, for infringing Birdsell’s patent covering a machine for threshing and hulling clover-seed.⁴² Although Birdsell received damages for the infringement, the infringer became insolvent and could not pay more than nominal damages.⁴³ Later, Birdsell sued Shaliol, who had used the infringing machine previously owned by Ashland.⁴⁴ Shaliol defended on the grounds of estoppel by judgment, arguing that the original judgment

37. *Id.* at 13 (statement of Thomas J. Johnson, patent attorney of New York).

38. Certificate from the Seventh Circuit in *Kessler v. Eldred* at 1. [https://drive.google.com/file/d/1Sa3WeuaOtuYLclGkt_mXWBMElBOfocl/view?usp=sharing_\[https://perma.cc/7XJE-R48K\]](https://drive.google.com/file/d/1Sa3WeuaOtuYLclGkt_mXWBMElBOfocl/view?usp=sharing_[https://perma.cc/7XJE-R48K]).

39. *Eldred v. Breitwieser*, 132 F. 251, 251–52 (C.C.W.D.N.Y. 1904) (“[T]he lighters in question admittedly are an infringement, as decided by the Circuit Court of Appeals for the Second Circuit.”).

40. *Id.* at 251.

41. *Birdsell v. Shaliol*, 112 U.S. 485, 487 (1884).

42. *Id.* at 485.

43. *Id.*

44. *Id.*

ended the patentee's claim as to the machine in question.⁴⁵ The Supreme Court rejected those arguments and sided with the patentee.⁴⁶ In particular, the Court ruled that payment of a damage award does result in a future right to continue to use the infringing machine:

In the case of a license or a sale by the patentee, the rights of the licensee or the vendee arise out of contract with him. In the case of infringement, the liability of infringers arises out of their own wrongful invasion of his rights. The recovery and satisfaction of a judgment for damages against one wrong-doer do not ordinarily confer, upon him or upon others, the right to continue or repeat the wrong.⁴⁷

Birdsell offered an important distinction between a license-of-rights and merger-of-claim. Namely, an adjudged infringing product is not treated as licensed even though the patentee's infringement claim has been satisfied and merged with the judgment. Of course, *Kessler* is a mirror image of *Birdsell* and seeks to know what results from an initial judgment of noninfringement.

C. *Anti-Suit Injunction Demand by Kessler*

The fourth and final case involving Kessler and Eldred was filed by Kessler in Indiana in July 1904. Kessler sued in equity, seeking an anti-suit injunction restraining Eldred from suing users and sellers of the lighter that the Seventh Circuit found to be not infringing.⁴⁸ The action particularly included a request against the complaint filed in *Breitwieser*.⁴⁹ In the lawsuit, Kessler argued that he had a right to continue manufacturing and selling the noninfringing products without Eldred's interference. He further alleged that Eldred's customer lawsuit was causing great harm to Kessler's business. Kessler argued that his customers, intimidated by the prospect of being the target of Eldred's

45. *Id.*

46. *Id.* at 489.

47. *Id.* at 488.

48. To be clear, the terminology of anti-suit injunction was not yet in use in the early 1900s, but rather simply described as an injunction "against suit." This type of injunction likely stemmed from a more traditional "writ of prohibition." David W. Raack, *A History of Injunctions in England Before 1700*, 61 IND. L.J. 539, 545-46 (1986). However, unlike some writs of prohibition, the injunction operates against the party and not the court. *E. & J. Gallo Winery v. Andina Licores S.A.*, 446 F.3d 984, 989 (9th Cir. 2006); James P. George, *Parallel Litigation*, 51 BAYLOR L. REV. 769, 780 (1999) ("The [antisuit] injunction applies only to the party being enjoined; it does not apply to the court or judge presiding over the parallel case."); George A. Bermann, *The Use of Anti-Suit Injunctions in International Litigation*, 28 COLUM. J. TRANSNAT'L L. 589, 593 (1990) (describing 15th century English origins of anti-suit injunctions as an expansion of the writ of prohibition).

49. *Breitwieser*, 132 F. at 252.

future lawsuit, had “ceased to send in further orders for lighters, and refused to pay their accounts for lighters already sold and delivered.”⁵⁰ Still, the district court rejected the plea, and on appeal, the Seventh Circuit certified the case for Supreme Court review, raising four questions:⁵¹

1. “Did the decree in Kessler’s favor, rendered by the Circuit Court for the District of Indiana in the suit of Eldred against Kessler, have the effect of entitling Kessler to continue the business of manufacturing and selling throughout the United States the same lighter he had theretofore been manufacturing and selling, without molestation by Eldred through the Chambers patent?”⁵²
2. “Did the decree mentioned in the first question have the effect of making a suit by Eldred against any customer of Kessler’s for alleged infringement of the Chambers patent by use or sale of Kessler’s lighters a wrongful interference by Eldred with Kessler’s business?”⁵³
3. “Did Kessler’s assumption of the defense of Eldred’s suit against Breitwieser deprive Kessler of the right, if that right would otherwise exist, of proceeding against Eldred in the state and district of his citizenship and residence for wrongfully interfering with Kessler’s business?”⁵⁴
4. “If Eldred’s acts were wrongful, had Kessler an adequate remedy at law?”⁵⁵

Both parties admitted that these questions were not controlled by any direct precedent on point. Particularly, the recent advent of the regional appellate court system meant that the geographic scope of the Seventh Circuit decision was unclear, especially when faced with a contrary Second Circuit decision.

50. *Id.*; *Kessler v. Eldred*, 206 U.S. 285, 286 (1907).

51. Certificate from the Seventh Circuit in *Kessler v. Eldred* at 1. https://drive.google.com/file/d/1Sa3WeuaOtuYLcllGkt_mXWBMEIBOfoc1/view?usp=sharing. Note that in *Brain Life*, the Federal circuit panel mistakenly asserted “both the district court and Seventh Circuit agreed with Kessler’s position and granted the injunction in the Illinois action.” *Brain Life, LLC v. Elekta Inc.*, 746 F.3d 1045 (Fed. Cir. 2014). In fact, both the district and appellate court sided with the patentee.

52. Certificate from the Seventh Circuit in *Kessler v. Eldred* at 1. https://drive.google.com/file/d/1Sa3WeuaOtuYLcllGkt_mXWBMEIBOfoc1/view?usp=sharing.

53. *Id.*

54. *Id.*

55. *Id.*

D. The Supreme Court Kessler Decision

In a unanimous 1907 opinion, the Supreme Court sided with Kessler as to all four certified questions.⁵⁶ The opinion was authored by Justice William Moody, who had just been appointed to the Court in December 1906 as briefing in the case was ongoing.⁵⁷ Justice Moody's opinion is notable for its complete absence of citation to precedent.⁵⁸ The 900-word decision does not cite or reference any prior decision, statute, or treatise other than the prior litigation between the parties.⁵⁹ Still, the decision offers a somewhat clear holding and some important clues as to its source of law.

The decision first held that the original judgment by the Indiana trial court entitled Kessler to continue manufacturing and selling the adjudged noninfringing lighter without further interference from Eldred's assertion of the Chambers patent. Further, that entitlement was a nationwide right (not just in the Seventh Circuit area) and ensured that the business could be ongoing "without molestation by Eldred through the Chambers patent."⁶⁰

This portion of the opinion began with a recognition that the original Eldred action focused on infringement; that Kessler defended on the grounds of noninfringement; and that the judgment found noninfringement. In other words, the issue of noninfringement was vigorously litigated, actually decided, and necessary to the judgment in the first action by Eldred. The Court then explained the impact of that noninfringement judgment with some force.

[The original decision] conclusively decreed the right of Kessler to manufacture and sell his manufactures free from all interference from Eldred by virtue of the Chambers patent, and the corresponding duty of Eldred to recognize and yield to that right everywhere and always. . . . If rights between litigants are once established by the final judgment of a court of competent jurisdiction, those rights must be recognized in every way, and wherever the judgment is entitled to respect, by those who are bound by it.⁶¹

56. *Kessler v. Eldred*, 206 U.S. 285, 290 (1907).

57. "Moody, William Henry", Bibliographic Directory of the United States Congress. <https://bioguide.congress.gov/search/bio/M000883>.

58. *Kessler v. Eldred*, 206 U.S. 285 (1907).

59. *Id.*

60. *Id.*

61. *Id.*

Although the case effectively stopped lawsuits against Kessler's customers, the Court was careful to focus its attention solely on Kessler's rights:

We need not stop to consider whether the judgment in the case of *Eldred v. Kessler* had any other effect than to fix unalterably the rights and duties of the immediate parties to it, for the reason that only the rights and duties of those parties are necessarily in question here. It may be that the judgment in *Eldred v. Kessler* will not afford Breitwieser, a customer of Kessler, a defense to Eldred's suit against him. Upon that question we express no opinion. Neither it nor the case in which it is raised is before us.⁶²

The Court then ruled that Eldred's harassment of Kessler's customers harmed Kessler in a way that allowed for an action at equity:

Kessler's customers ceased to send orders for lighters, and even refused to pay for those which had already been delivered. Any action which has such results is manifestly in violation of the obligation of Eldred, and the corresponding right of Kessler, established by the judgment. . . . [I]t is Kessler's right that those customers should, in respect of the articles before the court in the previous judgment, be let alone by Eldred, and it is Eldred's duty to let them alone.⁶³

In concluding that an action in equity was proper, the Court noted the potential of a multiplicity of suits leading to diminished sales and other business penalties—especially if Eldred succeeds in the customer lawsuits: “If Eldred succeeds in his suit against one of Kessler's customers, he will naturally bring suits against others. He may bring suits against others, whether he succeeds in one suit or not.”⁶⁴ The Court concluded that “[n]o one wishes to buy anything if with it he must buy a law suit.”⁶⁵

62. *Id.* at 288.

63. *Id.* at 289.

64. *Id.*

65. *Id.*

III. POST-*KESSLER* JURISPRUDENCE: MONKS ARE CONFUSED BY THE CAT

A. *Immediate Aftermath of Kessler and Ongoing Issues of National Uniformity*

The legal grounding for *Kessler* is somewhat tenuous because the 1907 opinion did not cite any precedent, treatise, or other source of law. Likewise, it did not mention *res judicata*, estoppel, bar, or merger. The decision focused on the “effect of judgment,” but at the time that signal could be referring to either type of preclusion and at law or equity.⁶⁶ A 1912 Harvard Law Review note characterized *Kessler* in terms that suggest issue preclusion: the “application of the well-established doctrine of *res judicata* that a judgment estops the defeated party from denying, in any suit between the parties or their privies, any fact established by the judgment.”⁶⁷ Likewise, a 1910 ABA report identified *Kessler* as a decision on “*res adjudicata*.”⁶⁸ The ABA report noted that the ongoing problem of patents being interpreted differently in each circuit would lead to regionalism where certain patents were enforceable only in certain portions of the country.⁶⁹ Thus, the desire for national uniformity in patent law was likely a major aspect of the Supreme Court’s *Kessler* decision.

Post-*Kessler*, this lack of uniformity became still more confused, as shown in the testimony of famed patent attorney Frederick Fish:

Moreover, the Supreme Court has held [in *Kessler v. Eldred*] that where a patent is sustained in one circuit and held invalid in another, the manufacturer in the latter may send his goods with impunity into the former, although if he made them in that circuit he would be an infringer.⁷⁰

66. See *Cromwell v. County of Sac*, 94 U.S. 351, 352 (1876) (“[T]here is a difference between the effect of a judgment as a bar or estoppel against the prosecution of a second action upon the same claim or demand, and its effect as an estoppel in another action between the same parties upon a different claim or cause of action.”).

67. *Res Judicata in Patent Cases*, 25 HARV. L. REV. 649, 650 (1912).

68. *Report of the Committee on Patent, Trade-Mark and Copyright Law*, 33 ANNU. REP. A.B.A. 539, 554 (1910) (identifying *Kessler* as a decision on *res adjudicata*).

69. *Id.* at 555–58.

70. *Hearings on H.R. 14047 and E.R. 16650 before the House Comm. on Patents*, 60th Cong. (1908) (statement of Frederick P. Fish, representing the A.B.A. U.S. Congress) (reprinted in the Conway Report); WILLIAM MACOMBER, *THE FIXED LAW OF PATENTS* 95 (2d ed. 1913) (“[T]hat court carefully confined the decision to the single point that the original judgment was conclusive upon the parties to it.”); Stefan A. Riesenfeld, *The New American Patent Act in the Light of Comparative Law: Part II*, 102 U. PA. L. REV. 723, 757 n.220 (1954) (*Kessler* “merely held that a victorious manufacturer

In his testimony, Fish suggested that to establish uniformity in patent law, there ought to be “a single court of patent appeals.”⁷¹ In fact, calls for a national patent court continued up until the onset of WWI, when they were set aside by the ABA.⁷² Throughout this time, the driving concern was not doctrinal patent law but rather purely procedural: how should the problem of relitigating the same patent in different circuits be addressed?⁷³

In 1910, a few years after *Kessler*, the Supreme Court continued to focus attention on the privity requirement of *Kessler* in the context of cross-circuit patent interpretation conflicts.⁷⁴ *Brill v. Washington Railway & Electric Co.* involved two separate customer lawsuits, rather than a lawsuit against the manufacturer and later its customer. In the first lawsuit, the asserted railcar patent was declared void for lack of patentable invention.⁷⁵ Although the manufacturer of the accused products had been involved in the first lawsuit in some manner, the Court was not presented with “formal proofs” that the manufacturer had defended its customer in the first lawsuit. Thus, the Court refused to apply *Kessler* to cut the litigation short.⁷⁶ Writing for the majority, Justice Holmes explained:

If the [manufacturer] was privity to the decree declaring the patent void, there would be great force in the argument that that decree established, as against the plaintiff, the right of the [manufacturer] to make and sell the patented article, and that the right ought to be recognized in a suit against its customer, defended by it. . . . [But] the formal proofs are wanting.⁷⁷

In its analysis, the Court reevaluated the patented invention and found it invalid, thus agreeing with the prior decision that the patent was *void*. Although the Court considered the patent’s validity on the merits, it gave considerable deference to the prior decision. “[W]e should be unwilling to come to a different conclusion from that reached in the earlier

could enjoin subsequent suits by the patentee against his customers and left the effect of the judgment on the customer undecided.”).

71. *Hearings on H.R. 14047 and E.R. 16650, supra* note 70.

72. See Edmund Wetmore, *Patent Law*, 17 *YALE L.J.* 101, 107 (1907) (calling for a national patent appellate court even after *Kessler* to resolve ongoing problems of nationwide injunction); Conway Report (halted by WWI).

73. Paul M. Janicke, *To Be or Not to Be: The Long Gestation of the U.S. Court of Appeals for the Federal Circuit*, 69 *ANTITRUST L.J.* 645, 649 (2002).

74. *Brill v. Wash. Ry. & Elec. Co.*, 215 U.S. 528 (1910).

75. *N.J. St. Ry. Co. v. Brill*, 134 F. 580, 585 (3d Cir. 1905).

76. *Brill*, 215 U.S. at 529.

77. *Id.* at 528–29. Justice McKenna dissented in the opinion but did not offer a separate explanatory opinion.

litigation . . . unless it was impossible to avoid the result.”⁷⁸ The Court offers a hint that, if operating on a clean slate, it might have upheld the patent but with a quite narrow scope, and even then, the defendant would not have been infringing.⁷⁹

B. *The Rubber Tire Trilogy*

Between 1910 and 1915, the Supreme Court decided three cases surrounding Arthur W. Grant’s patent related to improved rubber tires.⁸⁰ The thorny issues in these cases arose because the patent had been held invalid via final judgment in some courts, but later found valid in other courts. *Diamond Rubber Co. of New York v. Consolidated Rubber Tire Co.* was the first of the trilogy.⁸¹ Justice McKenna, who had dissented in the 1910 *Brill* decision, wrote the opinion for the Court.⁸² In its decision, the Court affirmed a Second Circuit decision upholding the validity of the rubber tires patent, even though the patent had been previously found invalid by the Sixth Circuit and an Indiana trial court.⁸³

The decision also narrowly interpreted *Kessler* with relation to this cross-circuit situation. The Court was asked whether, under *Kessler*, the patentee’s nationwide injunction against infringing uses of Grant’s patent under the Second Circuit decision, if affirmed by the Court, should include regional exceptions for those places already subject to the Sixth Circuit decision.⁸⁴ The Court declined to answer but offered that any expansion of *Kessler* should be done with caution: “The doctrine of *Eldred* and *Kessler*, if carried to the extent contended for by the defendant, will introduce radical and far-reaching limitations upon the rights of patentees.”⁸⁵

Three years later, in *Seim v. Hurd*, the Court considered its second rubber tire case and again offered a narrow version of the *Kessler*

78. *Id.* at 529.

79. *Id.* at 533 (“If the plaintiff’s claim could be sustained, which we cannot admit, it would be confined to the specific form of link described. There would be little room for the doctrine of equivalents.”).

80. U.S. Patent No. 554,675. *See Seim v. Hurd*, 232 U.S. 420 (1914); *Rubber Tire Wheel Co. v. Goodyear Tire & Rubber Co.*, 232 U.S. 413 (1914).

81. *Diamond Rubber Co. v. Consol. Rubber Tire Co.*, 220 U.S. 428, 444 (1911). *Diamond Rubber* is most well-known for developing commercial success as evidence of invention even in situations where the inventor did not understand how his invention actually worked.

82. *Id.*

83. *See Goodyear Tire & Rubber Co. v. Rubber Tire Wheel Co.*, 116 F. 363, 364 (6th Cir. 1902).

84. *Diamond Rubber*, 220 U.S. 428.

85. *Id.* at 445.

doctrine.⁸⁶ This case involved the Kokomo Rubber Company that had previously won a verdict finding Grant's patent invalid in Indiana circuit court. When one of Kokomo's customers was sued in New York, the appellate court certified the case for Supreme Court review on whether *Kessler* should be interpreted to render "purchasers and users of infringing tires made by the Kokomo Company immune from prosecution by the owners of the patent?"⁸⁷ Rather than answering the question, the Court found that *Kessler* did not apply in the facts of the case because Kokomo was supplying parts for making the tires rather than supplying the completed would-be infringing articles.⁸⁸ The customer-defendants took the major last step of assembling the supplies in an infringing manner.⁸⁹ Since the customers substantially contributed to the infringing act, the result was that the supplier could not use *Kessler* as a shield.

It is not the case of the purchase of the article in question from one who had a right to sell. There was no actual infringement until they made the tire, and for their act in making it they could not escape liability by the purchase of parts from others.⁹⁰

The third rubber tire trilogy case was also decided in 1914, captioned *Rubber Tire Wheel Co. v. Goodyear Tire & Rubber Co.*, and hammered home the message that the privity requirement is central to *Kessler*.⁹¹ In *Rubber Tire*, defendant Goodyear argued that the Sixth Circuit Court of Appeal's decision invalidating the patent should protect all defendants. The Supreme Court disagreed and concluded that *Kessler* protects only the original defendant and those in privity with the original defendant.⁹² Furthermore, the Court imposed an important limitation on the *Kessler* doctrine: because of the final adjudication in its favor, *Kessler* (and sellers similarly situated as *Kessler*) cannot "demand that others should be allowed to make and sell the patented structure in order that it might have a market for its rubber."⁹³

86. *Seim v. Hurd*, 232 U.S. 420, 421 (1914).

87. *Id.* at 425.

88. *Id.* at 426.

89. *Id.* ("It is thus apparent that the defendants themselves constructed the device, effecting that union of the separate elements which alone could bring the structure within the patent claims.")

90. *Id.*

91. *Rubber Tire Wheel Co. v. Goodyear Tire & Rubber Co.*, 232 U.S. 413 (1914).

92. *Rubber Tire* was also the first case to refer to the rights granted to a successful defendant as a "trade right," but the court tightly tied those rights to a commodity produced by the original defendant and only while the commodity "retains its separate identity." *Id.* at 419. *Kessler* offers "no transferable immunity in manufacture." *Id.*

93. *Id.* at 419.

The trade right of the respondent . . . is a right which attaches to its product—to a particular thing—as an article of lawful commerce, and it continues only so long as the commodity to which the right applies retains its separate identity. If that commodity is combined with other things in the process of the manufacture of a new commodity, the trade right in the original part as an article of commerce is necessarily gone.⁹⁴

These early post-*Kessler* reactions and distinctions make clear that *Kessler* offered only a narrow extension to our understanding of the law. Still, substantial confusion remained about whether *Kessler* created some new doctrine or was instead simply a direct application of res judicata. This confusion is evident in the 1911 Second Circuit opinion in *Hurd v. Seim*:

On the one side, it is contended that the effect of [*Kessler*] was to give immunity from further annoyance to an alleged infringer, who, when sued by the owner of the patent, had finally prevailed; that his position is, for all time, the same as if he had received a nonexclusive license of even date with the patent and running for its full term, or as if there was, as to him, no patent in existence. On the other side, it is insisted that the decision of the Supreme Court [in *Kessler*] is extremely narrow; that it proceeds entirely upon the theory of res judicata . . .⁹⁵

In a later opinion in the same case, the Supreme Court sided with the narrow view but failed to expressly indicate that *Kessler* was merely an application of res judicata.⁹⁶ Thus, for years appellate courts were divided on how to interpret *Kessler*. On one side, the Eighth Circuit explained *Kessler* as “simply [an] instance[] of the application of res adjudicata to . . . patent (*Kessler* Case) infringement actions,” and thus the expression and holding of *Kessler* is “to be understood only as applying res judicata.”⁹⁷ On the other side, the Sixth Circuit characterized *Kessler* as “not really one of res adjudicata or of estoppel by judgment, because, although there was identity of subject-matter, yet the identity of parties—or equivalent privity—was not clear.”⁹⁸ Therefore, the Sixth Circuit concluded that

94. *Id.* at 418–19.

95. *Hurd v. Seim*, 191 F. 832, 835 (2d Cir. 1911). In the opinion, the Second Circuit certified the question for the Supreme Court to shed light on *Kessler*: “We are much in doubt as to which is the correct interpretation to be put upon the opinion in *Kessler v. Eldred*, and desire the instruction of the Supreme Court for the proper decision of this appeal.” *Id.*

96. *Seim v. Hurd*, 232 U.S. 420, 424 (1914).

97. *S.S. Kresge Co. v. Winget Kickernick Co.*, 96 F.2d 978, 987 (8th Cir. 1938).

98. *Wenborne-Karpen Dryer Co. v. Dort Motor Car Co.*, 14 F.2d 378, 379 (6th Cir. 1926).

to make an end of litigation is to be desired; but it should be done in the orderly and efficient way pointed out by the Supreme Court in *Kessler v. Eldred*, and not by an attempt to apply the rule of judgment-estoppel in a case where mutuality, the fundamental principle of such estoppel, is not present.⁹⁹

C. *Expansion of Nonmutual Issue Preclusion and New Procedural Options*

1971 is an important transition point because of the Supreme Court's *Blonder-Tongue* decision accepting nonmutual issue preclusion. This is a major transition because prior Supreme Court cases required two-party mutuality for issue preclusion. For example, in 1936, the Supreme Court expressly required mutuality in *Triplett v. Lowell*.¹⁰⁰ In *Triplett*, the Court held that a determination of invalidity in one case does not bar the patentee from asserting the patent against a different defendant in another case: "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 adjudicate and may not be pleaded as a defense."¹⁰¹

In *Blonder-Tongue*, the Supreme Court expressly rejected the mutuality requirement for patent cases, followed by the more general announcement in *Parklane Hosiery Co., Inc. v. Shore*.¹⁰² The result of these cases in the *Kessler* context is a major development because the determination and judgment of noninfringement in the original manufacturer lawsuit could be directly relied upon by any customers subsequently sued. In its opinion, the *Blonder-Tongue* Court highlighted other systemic changes that impact the general law of preclusion—notably "expansion of the definition of 'claim' in bar and merger contexts."¹⁰³ Notably, the merger of law and equity and the advent of the Federal Rules of Civil Procedure dramatically changed the approach to claim preclusion because plaintiffs then truly had the capability of bringing all of their related actions and demands within a single lawsuit. As shown in Figure 1, *Kessler* fell from use and was rarely cited or applied

99. *Id.* at 380.

100. *Triplett v. Lowell*, 297 U.S. 638, 640 (1936), *overruled in part by* *Blonder-Tongue Labs., Inc. v. Univ. of Ill. Found.*, 402 U.S. 313 (1971).

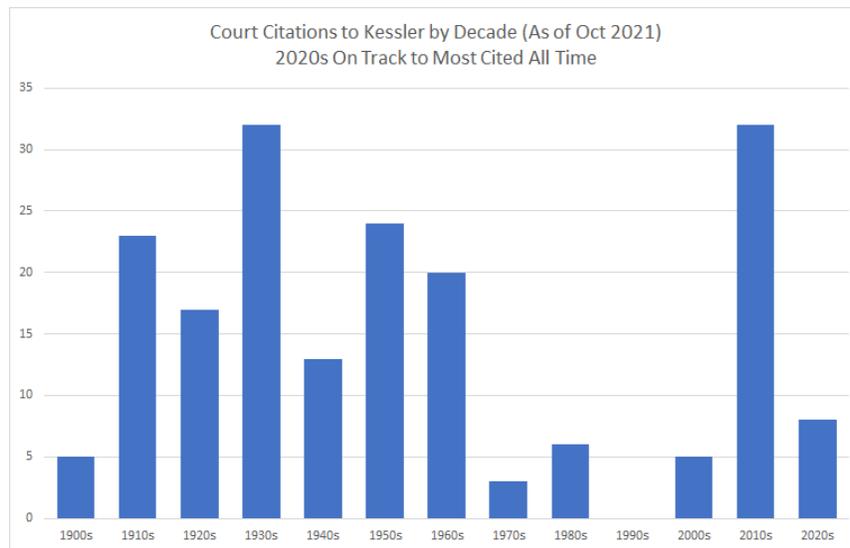
101. *Triplett*, 297 U.S. at 642.

102. *Blonder-Tongue*, 402 U.S. 313; *Parklane Hosiery Co. v. Shore*, 439 U.S. 322, 323 (1979). In *Blonder-Tongue*, the Supreme Court recognized that the move away from mutuality had already been accepted by many federal and state courts across the country. See Allan D. Vestal, *Res Judicata/Preclusion by Judgment: The Law Applied in Federal Courts*, 66 MICH. L. REV. 1723, 1724 (1968) (noting the breakdown of the mutuality requirement in the issue preclusion context).

103. *Blonder-Tongue*, 402 U.S. at 327.

by courts for many years after *Blonder-Tongue*.¹⁰⁴ Notably, the Supreme Court has not referenced *Kessler* since 1959, when a dissenting justice in a nonpatent case cited it.¹⁰⁵ This is not surprising since the issue and claim preclusion doctrines had expanded to fully encompass *Kessler*'s original scope.

Figure 1



An additional major change during this time stems from the full availability of declaratory judgment counterclaims.¹⁰⁶ In patent cases, it has become common practice for defendants to include counterclaims seeking declaratory judgments that the patent is invalid, not infringed, or otherwise unenforceable. The counterclaims provide substantial leverage,

104. Figure 1 is a time series frequency chart based upon the results of a Westlaw search of all cases citing to the 1907 decision in *Kessler* through December 31, 2021.

105. *Beacon Theatres, Inc. v. Westover*, 359 U.S. 500, 512 n.2 (1959) (citing *Kessler* in the dissenting opinion). The final Supreme Court citation in a patent case is found in *Kerotest Mfg. Co. v. C-O-Two Fire Equip. Co.*, 342 U.S. 180, 185–86 (1952) (“a judgment in [an accused manufacturer’s] favor bars suits against his customers”).

106. The Federal Rules of Civil Procedure open the door widely to counterclaims in civil actions for the purpose of more fully resolving the conflict between the parties. Some counterclaims are “compulsory” if they fall within the transactional test repeatedly used within the rules. The notes (as well as subsequent case law) provides that “[if] the action proceeds to judgment without the interposition of a counterclaim as required by subdivision (a) of this rule, the counterclaim is barred” by claim preclusion. FED. R. CIV. P. 13 advisory committee’s notes to 1937 amendments. The Declaratory Judgment Act of 1934 created a statutory remedy to “declare the rights . . . whether or not further relief is or could be sought,” and it provided the district courts with original jurisdiction over those cases. 28 U.S.C. § 2201(a).

especially following the Supreme Court's 1993 decision in *Cardinal Chem. Co. v. Morton International, Inc.*, holding that a defendant's declaratory judgment counterclaims are not denied standing simply because the plaintiff's infringement claims are resolved.¹⁰⁷ The result, then, is that a defendant seeking surety and full resolution of a dispute can do so by maintaining declaratory judgment counterclaims even in the face of unilateral dismissal by the plaintiff. Constitutional mootness and standing serve as the only boundaries to this practice, and the Supreme Court recognized in *Kessler* that interference with customers can establish sufficient harm.¹⁰⁸

We suggest that the availability of declaratory judgment counterclaims changes the game in the *Kessler* context because a manufacturer in the original lawsuit has the power to protect its customers fully even if a patentee hopes to avoid a negative verdict by dismissing the case. In section 5.3, we walk through one model showing how the availability of declaratory judgment counterclaims suggests that the *Kessler Cat* has lingered too long in federal courts. But first we need to explore the Federal Circuit's revival and expansion of the *Kessler* doctrine in recent years.

IV. THE *KESSLER CAT*: THE FEDERAL CIRCUIT'S REVIVAL AND EXPANSION OF THE DOCTRINE

A century after the original decision, the Federal Circuit began to revive and expand upon *Kessler*. Like Coelho's story of the Buddhist cat, the *Kessler Cat* was given new meaning and importance. In a trio of new decisions, the court has identified the doctrine as serving an important gap-filling role separate and distinct from other preclusion doctrines, and that is likewise unmoored from key limits set by the Supreme Court.

A. *MGA v. General Motors: Kessler as Nonmutual Issue Preclusion*

The Federal Circuit's first foray into the *Kessler* doctrine began in a somewhat smooth fashion with the 1987 case of *MGA, Inc. v. General Motors Corp.*¹⁰⁹ Like all preclusion disputes, *MGA* involved two actions. The original *MGA* case involved a license dispute in Michigan state court to determine whether LaSalle Tool machines infringed on *MGA*'s patent. The amount of royalties due depended upon whether certain LaSalle

107. *Cardinal Chem. Co. v. Morton Int'l., Inc.*, 508 U.S. 83 (1993).

108. *Already, LLC v. Nike, Inc.*, 568 U.S. 85 (2013) (example of how a broad covenant can eliminate declaratory judgment jurisdiction).

109. *MGA, Inc. v. Gen. Motors Corp.*, 827 F.2d 729, 734 (Fed. Cir. 1987).

machines infringed the MGA patent. The Michigan court decided the subsidiary issue in LaSalle's favor, finding no infringement. Meanwhile, MGA sued LaSalle's customer General Motors ("GM") in federal court for patent infringement for GM's use of the same LaSalle machines. That second case would normally be swiftly excised by a federal court using nonmutual, defensive issue preclusion, but 1987 Michigan courts had not yet fully abandoned the mutuality requirement.¹¹⁰ Even though the second action was in federal court, whether a particular judgment has preclusive effect is usually determined by the law of the court issuing the original judgment. Thus, since the Michigan courts did not yet expect their judgments to apply to nonmutual preclusion, it would be improper for the federal court to do so.

On appeal, the Federal Circuit cited the reasoning of *Blonder-Tongue*, holding that Michigan courts would "apply the *Kessler* doctrine, which in its effect may be compared to defensive collateral estoppel, to give preclusive effect" to the prior noninfringement determination.¹¹¹ Still, the appellate court did not formally determine that *Kessler* was part of the general law of preclusion.¹¹² Rather, the court suggested two alternatives: that the doctrine is either (1) "a matter of substantive federal patent law" or (2) "a long recognized exception to the mutuality of estoppel rule."¹¹³ Although the court refused to expressly answer that question, it decided the case as if it were the latter.¹¹⁴

In *MGA*, the Federal Circuit began on the right track by indicating that *Kessler* is a category of nonmutual issue preclusion.¹¹⁵ The court found no need to further cite or discuss *Kessler* in subsequent cases. That changed in 2014 with *Brain Life, LLC v. Elekta Inc.*¹¹⁶ We argue that the Federal Circuit went off track and substantially expanded the *Kessler* doctrine in *Brain Life* and then compounded those mistakes in the subsequent decisions of *Speedtrack* and *PersonalWeb*.¹¹⁷

110. Whether a particular judgment has preclusive effect is usually determined by the law of the court that issued that original judgment.

111. *MGA*, 827 F.2d at 734. LaSalle had also intervened in the second case in order to assert preclusion and so also overcame traditional privity hurdles. *Id.* at 731.

112. *Id.*

113. *Id.*

114. *Id.*

115. *See id.* at 734–35.

116. *Brain Life, LLC v. Elekta Inc.*, 746 F.3d 1045 (Fed. Cir. 2014).

117. *Id.*; *SpeedTrack, Inc. v. Office Depot, Inc.*, 791 F.3d 1317 (Fed. Cir. 2015); *In re PersonalWeb Techs., LLC*, 961 F.3d 1365 (Fed. Cir. 2020).

B. Brain Life: Kessler as a Separate and Distinct Doctrine

In *Brain Life*, the Federal Circuit found that neither claim preclusion nor issue preclusion applied to shelter the accused infringer's particular situation.¹¹⁸ Still, the court sided with the defendant by ruling that the *Kessler* doctrine steps in and precludes "claims that are not otherwise barred by claim or issue preclusion."¹¹⁹ Thus, although the court refused to characterize the *Kessler* doctrine as a substantive patent-law doctrine, it made clear that it is a patent-law-specific rule not confined to the bounds of general law of preclusion, that is, doctrines of claim and issue preclusion.¹²⁰ The court also expanded *Kessler* by extending its reach to cover claims that had been dismissed without prejudice during the litigation, thus rejecting the *MGA* issue preclusion approach.

As is the norm for preclusion cases, *Brain Life* involved a first lawsuit ending in final judgment and a second case involving similar claims or issues. The patentee originally sued its competitor Elekta, asserting infringement of its imaging patent.¹²¹ The lawsuit initially asserted both apparatus and method claims, but the parties eventually agreed to dismiss the method claims without prejudice.¹²² The jury sided with the patentee, finding Elekta liable for infringement. On appeal, the Federal Circuit reversed that judgment after finding that a means-plus-function claim element had been given an unduly broad construction. On remand, the district court entered a judgment of noninfringement on the apparatus claims.

Later, the same patent was licensed to Brain Life, who brought another infringement lawsuit against Elekta. The new lawsuit was similar. It accused many of Elekta's same products previously judged not infringing. There were also some differences. The new lawsuit asserted method-of-use claims rather than apparatus claims and sought liability for infringing activity that occurred after the original judgment had been finalized.

The *Brain Life* district court dismissed the case on claim preclusion grounds, holding that the causes of action asserted in the new action were

118. *Brain Life*, 746 F.3d at 1053–55.

119. *Id.* at 1055–56.

120. *Id.*

121. U.S. Patent No. 5,398,684 (filed Mar. 31, 1992).

122. Plaintiff's assertions of infringement of the method claims were dismissed without prejudice, as were defendant's counterclaims of noninfringement. Order on Motions in Limine, *Med Instrumentation & Diagnostics Corp. v. Elekta AB*, No. CV-97-2271-RHW (S.D. Cal. Dec. 18, 1997).

barred from relitigation.¹²³ In arriving at its conclusion, the district court relied on two general guidelines. First, claim preclusion includes an important use-it-or-lose-it principle. That is to say, following a judgment on the merits, the entire cause of action as between the parties barred from future litigation, even if some potential theories or claims had not been asserted.¹²⁴ Second, although the Federal Circuit applies patent-specific rules to define the scope of a cause-of-action for claim preclusion purposes, those rules largely stem from the Restatement's definition, "which defines a cause of action based on the transactional facts from which it arises."¹²⁵ Applying these general principles, the district court determined that the cause of action in the second lawsuit was within the scope of the original lawsuit: the patent being asserted was identical, even though different patent claims were at issue, and the products were equivalent, even though the infringing activity occurred after final judgment on the first action.¹²⁶

On appeal, though, the Federal Circuit rejected the claim preclusion theory.¹²⁷ In particular, the court emphasized its bright-line patent law precedent that infringing acts occurring after final judgment are not considered part of the same "cause of action" of the prior lawsuit.¹²⁸

123. *Brain Life, LLC v. Elekta Inc.*, No. 12CV00303-CAB (BGS), 2013 WL 12071643, at *2 (S.D. Cal. Jan. 31, 2013), *aff'd in part, vacated in part, remanded*, 746 F.3d 1045 (Fed. Cir. 2014). See RESTATEMENT (SECOND) OF JUDGMENTS § 17 (AM. LAW INST. 1982) ("If the judgment is in favor of the defendant, the claim is extinguished and the judgment bars a subsequent action on that claim.").

124. Here, "cause of action" has a specific definition in the context of claim preclusion. Claim preclusion creates a terminology problem when used in the context of patent litigation since the legal right being litigated is the patent claim. And, although the scope of claim preclusion is impacted by the scope of the patent claims, they do not go hand-in-hand. In prior cases, the Federal Circuit dealt with this situation by using the synonym "cause of action" for clarity. We will follow the court's approach of "other than in referring to the name of the doctrine itself, we will use the longer descriptor 'cause of action' when discussing claim preclusion issues; the term 'claim' will be used to refer to patent claims." *Senju Pharm. Co. v. Apotex Inc.*, 746 F.3d 1344, 1349 (Fed. Cir. 2014); *SimpleAir, Inc. v. Google LLC*, 884 F.3d 1160, 1165 n.1 (Fed. Cir. 2018).

125. *SimpleAir*, 884 F.3d at 1165 (citing RESTATEMENT (SECOND) OF JUDGMENTS § 24 (AM. LAW INST. 1982)).

126. *Brain Life*, 2013 WL 12071643, at *2 (S.D. Cal. Jan. 31, 2013).

127. *Brain Life, LLC v. Elekta Inc.*, 746 F.3d 1045, 1054 (Fed. Cir. 2014).

128. *Id.* ("[T]o the extent Brain Life's allegations of infringement are directed ... acts of alleged infringement occurring after entry of the final judgment in the [prior] Litigation, those claims are not barred by the doctrine of claim preclusion. Quite simply, Brain Life could not have asserted infringement claims against the products in question for acts of alleged infringement that postdate the final judgment in the [prior] Litigation in the current litigation."). *Aspex Eyewear, Inc. v. Marchon Eyewear, Inc.*, 672 F.3d 1335, 1343 (Fed. Cir. 2012) (a party who sues a tortfeasor is ordinarily not barred by a prior judgment from seeking relief for discrete tortious action by the same tortfeasor that occurs subsequent to the original action); *SimpleAir, Inc.* 884 F.3d at 1170 ("claim preclusion does

Likewise, issue preclusion did not fully dispose of the case because the prior lawsuit did not address the method-of-use portions of the patent. However, the Federal Circuit then identified the *Kessler* doctrine as “a separate and distinct doctrine” that “precludes some claims that are not otherwise barred by claim or issue preclusion.”¹²⁹ In particular, the court explained that *Kessler* is used as a mechanism to permit the “adjudged *non-infringer* to avoid repeated harassment for continuing its business as usual post-final judgment in a patent action where circumstances justify that result.”¹³⁰ In order to achieve that goal, the court found that the original judgment “bars all subsequent assertions of the same patent” against Elekta products that are essentially the same as those judged to be noninfringing in the original action.¹³¹ In *Brain Life*, the Federal Circuit cited *MGA* as recognizing the ongoing vitality of *Kessler* but then failed to follow its own guidance set forth in that decision regarding the comparability of *Kessler* to defensive collateral estoppel.

With *Brain Life*, the Federal Circuit breathed new life into the *Kessler Cat*, whose life had been ebbing away following *Blonder-Tongue*. In doing so, the Federal Circuit made at least two fundamental errors despite its stated desire to meaningfully implement the Supreme Court’s undertheorized precedent in *Kessler*. First, the court failed to recognize its precedent tying *Kessler* to issue preclusion rather than claim preclusion. In *Kessler* and its near progeny, the issues of noninfringement of the particular patent claims in question had been actually litigated to a judgment on the merits, and in its prior *MGA* decision, the Federal Circuit itself had made the same connection. *Brain Life*’s total divorce from the principles of issue preclusion represented a major extension of the *Kessler* doctrine.

The Federal Circuit’s second error was then choosing to act by identifying *Kessler* as a wholly new breed of preclusion. This error at least partially stems from the Federal Circuit’s unduly narrow conception of “cause of action” for claim preclusion purposes.¹³² The court’s narrow definition widened the “gap between [] preclusion doctrines” that it then

not bar a party from asserting infringement based on activity occurring after the judgment in the earlier suit”).

129. The accused infringer had raised the *Kessler* Doctrine, but only as an explanation as to why claim preclusion should apply and “under the general rubric of claim preclusion.” *Brain Life*, 746 F.3d at 1055–56.

130. *Id.* at 1056.

131. *See id.* at 1055-59.

132. *See infra* Section V.D.2. (discussing the court’s narrowing definition of cause-of-action in patent cases).

filled by giving expanded meaning to *Kessler*.¹³³ By following the general law, the court could have instead found that the post-judgment infringement was part of the prior cause-of-action under the Restatement's transactional test, depending upon the circumstances.¹³⁴ Otherwise, the court could have simply allowed the second case to proceed on the merits.

C. SpeedTrack: *The Customer Assertion of the Manufacturer's Right*

The second *Kessler* extension is the Federal Circuit's 2015 *SpeedTrack* decision.¹³⁵ In *SpeedTrack*, the court doubled down on the gap-filling role of the *Kessler Cat* but then further expanded the doctrine by rejecting the few express limitations that the Supreme Court laid out in *Kessler* and its progeny.

In *SpeedTrack*, the patentee originally sued Walmart for infringing its database software method patent.¹³⁶ Walmart's software system had been provided as part of a "customized solution[]" by Endeca, LLC, which had promised to indemnify Walmart for infringement.¹³⁷ Endeca intervened in the lawsuit and eventually won a judgment of noninfringement.¹³⁸ While the Walmart case was still pending, SpeedTrack filed a separate lawsuit against Office Depot and others, also accusing them of infringement for using Endeca software as customized for their individual needs.¹³⁹ After losing to Walmart, SpeedTrack altered its trial plan and only asserted infringement under the doctrine of equivalents.¹⁴⁰ The result then was that the courts found no issue preclusion since the issue of equivalents had not been previously determined.¹⁴¹ By that time, though, Oracle had purchased Endeca and did not intervene in the second *Office Depot* case.¹⁴²

133. See *Brain Life*, 746 F.3d at 1056.

134. RESTATEMENT (SECOND) OF JUDGMENTS § 24 (AM. LAW INST. 1982)

135. *SpeedTrack, Inc. v. Office Depot, Inc.*, 791 F.3d 1317 (Fed. Cir. 2015).

136. Complaint, *Speedtrack, Inc. v. Wal-Mart Stores, Inc.*, No. C 06-7336 PJH, 2008 WL 2491701 (N.D. Cal. June 19, 2008).

137. Endeca Technologies, Inc.'s Notice of Motion and Motion to Intervene at 7 *Speedtrack, Inc. v. Wal-Mart Stores, Inc.*, No. C 06-7336 PJH, 2008 WL 2491701 (N.D. Cal. June 19, 2008).

138. Final Judgment at 3, *Speedtrack, Inc. v. Wal-Mart Stores, Inc.*, No. C 06-7336 PJH, 2008 WL 2491701 (N.D. Cal. June 19, 2008); *aff'd on appeal by Speedtrack, Inc. v. Endeca Techs., Inc.*, 524 Fed. Appx. 651 (Fed. Cir. 2013).

139. See *SpeedTrack, Inc. v. Office Depot, Inc.*, 2014 WL 1813292 (N.D. Cal. May 6, 2014).

140. *Id.* at *5.

141. *Id.* at *7.

142. See *SpeedTrack, Inc. v. Office Depot, Inc.*, 791 F.3d 1317, 1321-25 (Fed. Cir. 2015).

In its decision, the Federal Circuit rejected the patentee's suggestion that *Kessler* should be confined to its "original footprint."¹⁴³ In particular, the court found that the "rationale underlying the *Kessler* doctrine" supports a customer's assertion of the *Kessler*'s preclusive effect of a prior judgment against the patentee.¹⁴⁴ This conclusion is in direct collision with the 1910 Supreme Court decision in *Brill v. Washington Railway & Electric Co.*¹⁴⁵ Still, *SpeedTrack* departs from the Supreme Court *Kessler* cases in another significant way that has to do with the notion of the "product" being sold. In *Kessler*, the product at issue was a cigar lighter manufactured and sold by Kessler that "retain[ed] its separate identity" in the hand of customers.¹⁴⁶ However, in *SpeedTrack*, Office Depot's accused acts of infringement were not using the software that Endeca produced; instead, the use at issue involved an additional step that provided search functionality on Office Depot's websites.¹⁴⁷ That combination at the customer site appears to fit within the Supreme Court's *Rubber Tire* caveat that the trade right only attaches to products manufactured by the original defendant (i.e., Endeca), and "[i]f that commodity is combined with other things in the process of the manufacture of a new commodity, the trade right in the original part as an article of commerce is necessarily gone."¹⁴⁸ *SpeedTrack* offers an example of one risk of patent-specific procedural rules. Here, the appellate court claims freedom to reshape the law of preclusion without any real bounds or dampeners from the general law. In this unmoored situation, the court should have taken pains to ensure that extensions of existing law are fully justified. Unfortunately, the court instead used the lack of trans-substantive precedent to shortcut the process of making new law.

D. PersonalWeb Technologies: Eliminating the Requirement that NonInfringement be Actually Litigated or Decided

The *Kessler Cat* finally became unmanageably engorged with the 2020 Federal Circuit's *PersonalWeb Technologies* decision.¹⁴⁹ Unlike all the prior *Kessler* decisions, the issue of infringement was not actually litigated or decided in the initial lawsuit. There was no true judgment of

143. *Id.* at 1325 (Fed. Cir. 2015).

144. *Id.* at 1326.

145. *Brill v. Wash. Ry. & Elec. Co.*, 215 U.S. 527 (1910).

146. *Rubber Tire Wheel Co. v. Goodyear Tire & Rubber Co.*, 232 U.S. 413, 419 (1914).

147. *See SpeedTrack, Inc.*, at 1328.

148. *Rubber Tire Wheel Co.*, at 419.

149. *In re PersonalWeb Techs. LLC.*, 961 F.3d 1365 (Fed. Cir. 2020).

noninfringement but only a stipulated dismissal with prejudice by the patentee.

Back in 2011, PersonalWeb sued Amazon and Dropbox for infringing five separate patents covering methods for implementing a “true” naming system for computer files.¹⁵⁰ The complaint alleged that Amazon’s Simple Storage Service (S3) was infringing, and so was its use by Dropbox.¹⁵¹ In the case, Amazon denied liability and also asserted counterclaims seeking declarations of noninfringement and invalidity.¹⁵² After a somewhat negative claim construction decision, the patentee stipulated to a dismissal of its case against Amazon with prejudice.¹⁵³ Amazon also voluntarily dismissed its declaratory judgment claims of invalidity and noninfringement, albeit without prejudice.¹⁵⁴

Later, PersonalWeb sued a new set of Amazon customers, alleging infringement of the same five patents based on their use of Amazon’s S3.¹⁵⁵ Amazon intervened in the lawsuit and asserted the *Kessler* doctrine.¹⁵⁶ As with the other prior cases, traditional claim preclusion did not apply to alleged infringing acts that occurred post-judgment, i.e., after the first case ended pursuant to a stipulated dismissal. Likewise, issue preclusion did not apply to the question of infringement because that issue had not been litigated or decided.¹⁵⁷

In *PersonalWeb*, the Federal Circuit found that *Kessler* applied to the stipulated dismissal, holding that invocation of the *Kessler* doctrine does not require “that issues of noninfringement or invalidity be actually litigated.”¹⁵⁸ The court then distinguished its new model of *Kessler* from that recited under *MGA*.¹⁵⁹ “As our subsequent decisions interpreting *MGA* demonstrate, however, nothing we said in *MGA* limited *Kessler* to requiring that the issue of noninfringement or invalidity be ‘actually

150. *Id.* at 1368; *see also* Complaint for Patent Infringement, PersonalWeb Techs, LLC v. NEC Corp., No. 6:11-CV-655, 2013 WL 9600333 (E.D. Tex. Mar. 21, 2013).

151. Complaint for Patent Infringement, *PersonalWeb*, 2013 WL 9600333.

152. Answer to First Amended Complaint, *PersonalWeb*, 2013 WL 9600333.

153. Stipulation of Dismissal with Prejudice, *PersonalWeb*, 2013 WL 9600333.

154. *Id.*

155. In re: PersonalWeb Techs., LLC et al. Patent Litigation, 2019 WL 1455332, *1 (N.D. Cal. April 2, 2019).

156. *Id.*

157. A stipulated dismissal with prejudice typically operates as an adjudication on the merits for claim-preclusion purposes, but ordinarily should not of itself count as the actual adjudication of any issue. *See* 18 CHARLES ALAN WRIGHT, ARTHUR R. MILLER & EDWARD H. COOPER, FEDERAL PRACTICE AND PROCEDURE § 4435 (3d ed. 2016).

158. *In re* PersonalWeb Techs. LLC, 961 F.3d 1365, 1377 (Fed. Cir. 2020).

159. *Id.*

litigated”¹⁶⁰ The court went even further to reject *MGA*'s characterization of the *Kessler* doctrine as a branch of defensive collateral estoppel: “the *Kessler* doctrine [is] a close relative to claim preclusion . . . rather than as an early version of non-mutual collateral estoppel.”¹⁶¹ Thus, since the Federal Circuit treated the *Kessler* doctrine as a variant of claim preclusion, a stipulated dismissal with prejudice was sufficient for invoking the doctrine.

E. Lamentations of the Cat

In this trilogy of cases, the Federal Circuit repeatedly engaged in doublespeak. On the one hand, it expanded the *Kessler* doctrine; on the other hand, it expressed doubts regarding *Kessler*'s provenance and ongoing viability. In *Brain Life*, the court wrote that “the continuing force of the *Kessler* doctrine in the face of the development of defensively applied issue preclusion may be questionable on the precise set of facts presented in the case at bar.”¹⁶² Likewise, in *SpeedTrack*, the court lamented that it “must follow *Kessler* unless and until the Supreme Court overrules it.”¹⁶³ In each case, the appellate panel explained in one section how it was extending *Kessler* while elsewhere in the same opinion noting that the Supreme Court's *Kessler* precedent tied its hands because the facts “fit within its bounds.”¹⁶⁴

We believe the Federal Circuit found itself in a situation akin to the scholars in *Coelho*'s story attempting to explain why a cat had been part of meditation practice for more than 100 years. However, the more the Federal Circuit invokes the *Kessler Cat*, the more it compounds upon error. The Federal Circuit first characterized the *Kessler* doctrine as a relative of defensive collateral estoppel,¹⁶⁵ then it treated the doctrine as a patent-specific doctrine separate and distinct from the general law of preclusion,¹⁶⁶ and now it describes the *Kessler* doctrine as “a close relative to claim preclusion.”¹⁶⁷ It is evident that the Federal Circuit flounders back and forth between these different characterizations of the *Kessler* doctrine just to give meaning to an extremely undertheorized Supreme Court decision.

160. *Id.*

161. *Id.*

162. *Brain Life, LLC v. Elekta Inc.*, 746 F.3d 1045, 1058 (Fed. Cir. 2014).

163. *SpeedTrack, Inc. v. Office Depot, Inc.*, 791 F.3d 1317, 1329 (Fed. Cir. 2015).

164. *Id.*

165. *MGA, Inc. v. Gen. Motors Corp.*, 827 F.2d 729 (Fed. Cir. 1987).

166. *Brain Life, LLC v. Elekta Inc.*, 746 F.3d 1045 (Fed. Cir. 2014).

167. *In re PersonalWeb*, 961 F.3d at 1377.

We believe that, had the Federal Circuit followed Coelho's advice and asked why the *Kessler Cat* was there in the first place, it would not have committed these compound errors. In the next section, we turn to the first principles of justice and there find support for a narrow and limited interpretation of the *Kessler Cat*. Particularly, we will question what the Federal Circuit tells us: that the *Kessler Cat* is important for keeping everything running smoothly in patent law.

V. UNDERSTANDING *KESSLER*: WHY DID THE CAT ENTER THE TEMPLE?

In this section, we begin with a brief discussion of *res judicata*,¹⁶⁸ which is the bedrock of the Supreme Court *Kessler* decision. The focus of this section, and this article in general, is not to reshape the underlying theories of *res judicata* but rather on whether the uniqueness of patent litigation demands patent-specific doctrines above and beyond *res judicata*.

A. *Res Judicata and its Evolution Since Kessler*

Res judicata is a powerful tool: it permits a party to side-step a claim or issue rather than face litigation costs and uncertainty. The doctrines of *res judicata* always involve two (or more) actions, and the key question is whether the outcome of the first action precludes subsequent litigation of already decided claims or issues. The Supreme Court has observed that the judge-made law of *res judicata* protects parties “from the expense and vexation attending multiple lawsuits, conserves judicial resources, and fosters reliance on judicial action by minimizing the possibility of inconsistent decisions.”¹⁶⁹ Similarly, the Latin maxim *interest rei publicae, ut sit finis litium* suggests a broader social benefit that comes with the final resolution of disputes whose ongoing nature risks

168. *Res judicata* terminology is somewhat confusing. This article endeavors to use the general, broad definition of the term that encompasses both issue preclusion and claim preclusion. See *Lucky Brand Dungarees, Inc. v. Marcel Fashions Grp., Inc.*, 140 S. Ct. 1589, 1595 (2020) (“*res judicata* [is] a term that now comprises two distinct doctrines regarding the preclusive effect of prior litigation,” issue preclusion and claim preclusion); *Leal v. Krajewski*, 803 F.2d 332, 334 (7th Cir. 1986). Many cases alternatively use *res judicata* to refer particularly to claim preclusion and not issue preclusion. *Migra v. Warren City Sch. Dist. Bd. of Educ.*, 465 U.S. 75, 77 n.1 (1984) (“This Court on more than one occasion has used the term ‘*res judicata*’ in a narrow sense, so as to exclude issue preclusion or collateral estoppel . . . [in a manner] virtually synonymous with ‘claim preclusion.’”). Issue preclusion also bends under its historic names of collateral estoppel, direct estoppel, estoppel by judgment, or at times simply “estoppel”. Where possible, we have endeavored to tease-out the difference to understand what courts are talking about.

169. *Montana v. United States*, 440 U.S. 147, 153–54 (1979); *reiterated in Taylor v. Sturgell*, 553 U.S. 880, 892 (2008).

disturbance of the peace. At the same time, justice is not served by blindly enforcing wrong decisions or carelessly cutting short due process and access to the courts. Shortcuts do not equate with justice. In his pivotal 1970 article on the topic, Yale Professor Geoffrey Hazard posited that demand for relitigation is due to underlying inconsistency in the law.¹⁷⁰ Legal professionals (the lawyers and judges) are unlikely to entertain cases that have already lost on the merits unless they have “doubt about whether the first adjudication was correct on the merits.”¹⁷¹ Professor Edward Cleary earlier referred to these cases as ones “where the operation was a success but the patient died.”¹⁷²

From a purely pragmatic standpoint, *res judicata* is similar to *stare decisis*: both are judge-made doctrines developed for public policy reasons—preventing constant reconsideration of settled questions. That said, they operate somewhat differently. *Stare decisis* involves exclusively adhering to matters of law and principles established by precedent, and its applicability to any pending case depends on the degree and form of likeness between the facts of the pending case and those of a prior one. *Res judicata*, however, particularly deals with sheltering judicially established facts of a prior case from attacks in a pending case, even though its application also fixes the law of the pending case. The two doctrines are also different in another important way: their degrees of authority. As concisely articulated by Justice Brandeis, “[s]tare decisis is not, like the rule of *res judicata*, [a] universal inexorable command.”¹⁷³ Despite its high authority, *stare decisis* is not absolutely binding in subsequent cases, and its application “is a question entirely within the discretion of the court.”¹⁷⁴ Conversely, *res judicata* binds both courts and litigants. It is because of this unassailable, binding effect of *res judicata* that common-law judges defined the scope of *res judicata* so narrowly: only parties to the former judgment or their privies may take advantage of or be bound by *res judicata*.¹⁷⁵

170. Geoffrey C. Hazard, Jr., *Res Nova in Res Judicata*, 44 S. CAL. L. REV. 1036, 1041 (1971). Hazard also criticizes the “judicial efficiency” justification—noting that relitigation is a small consideration compared with the general costs of litigation.

171. *Id.* at 1041.

172. Edward W. Cleary, *Res Judicata Reexamined*, 57 YALE L.J. 339, 339 (1948).

173. *Bumet v. Coronado Oil & Gas Co.*, 285 U.S. 393, 405 (1932) (Brandeis, J., dissenting); see also *Washington v. W.C. Dawson & Co.*, 264 U.S. 219, 238 (1924) (Brandeis, J., dissenting) (“*Stare decisis* is ordinarily a wise rule of action. But it is not a universal, inexorable command.”).

174. *Hertz v. Woodman*, 218 U.S. 205, 212 (1910).

175. On rare occasion, the courts find outlet valves for *res judicata*. See *Hansberry v. Lee*, 311 U.S. 32 (1940).

We believe that when *Kessler* was handed down, it was merely an unorthodox application of *res judicata*. Its unorthodoxy stemmed from how the judge-made law of *res judicata* was perceived and applied normally at the time. However, the law of *res judicata* has shifted dramatically over the past century. That transformational door was opened with the adoption of new procedures embodied by the Federal Rules of Civil Procedure, including the merger of law and equity, expansion of the “cause of action” to be transactional rather than form-based,¹⁷⁶ creation of liberal permissive-pleading provisions, and adoption of the Declaratory Judgement Act. Throughout this time, there was a recognition that the terminology of *res judicata* was unclear. Perhaps the first profound change in this area was proposed by Professor Austin Wakeman Scott, joint Reporter of the First Restatement of Judgments with Professor Warren A. Seavey: they criticized the “loose” use of terms such as *res judicata* and collateral estoppel and suggested using the term “precluded by judgment” instead.¹⁷⁷ Professor Allan Vestal later agreed that “[t]here is no clarity or definitude in these terms, especially *res judicata* and estoppel.”¹⁷⁸ In that article, Vestal introduced the terms “claim preclusion” and “issue preclusion” for clarity.¹⁷⁹ Although some courts quickly began adopting the terminology,¹⁸⁰ the transformation was hastened by the drafters of the Second Restatement, who recommended replacing *res judicata* and collateral estoppel with the “more descriptive English phrases ‘claim

176. Although this expansion substantially occurred under the Field Code prior to *Kessler*, the scope of the claim *Res Judicata* purposes did not expand until later.

177. See Austin W. Scott, *Collateral Estoppel by Judgment*, 56 HARV. L. REV. 1, 3 n.4 (1942) (noting that the old terms were used in confusing ways but were so ingrained in practice that it made the most sense to retain their use for the First Restatement) (referring to RESTATEMENT (FIRST) OF JUDGMENTS (AM. LAW INST. 1942)).

178. Allan D. Vestal, *The Constitution and Preclusion/Res Judicata*, 62 MICH. L. REV. 33, 33 (1963).

179. *Id.* at 34 (“It is hoped that these terms will help in analyzing the cases and in reaching meaningful conclusions in the area.”).

180. See *Engelhardt v. Bell & Howell Co.*, 327 F.2d 30, 31 (8th Cir. 1964) (citing Vestal, *supra* note 178); *Metros v. U.S. Dist. Court for the Dist. of Colo.*, 441 F.2d 313, 316 (10th Cir. 1970); *Humphreys v. Tann*, 487 F.2d 666, 669 (6th Cir. 1973); *Pan Am. Match, Inc. v. Sears, Roebuck & Co.*, 454 F.2d 871, 875 (1st Cir. 1972); *Stebbins v. Keystone Ins. Co.*, 481 F.2d 501, 509 (D.C. Cir. 1973) (discussing “rules of *res judicata* and issue preclusion”); *Lombard v. Bd. of Educ.*, 502 F.2d 631, 635 (2d Cir. 1974).

preclusion' and 'issue preclusion.'"¹⁸¹ Still, most courts continue to use the old phrases.¹⁸²

B. Preclusion in Patent Cases as Trans-Substantive Law Rather than Patent-Specific

Adoption of the Federal Rules of Civil Procedure in the 1930s marked an important transition in procedure, one away from individualized forms and courts and into a trans-substantive approach to procedure.¹⁸³ This means that courts generally use the same procedures for all cases, regardless of substance.¹⁸⁴ Even before that time, both equitable defenses and the law of res judicata were largely trans-substantive.¹⁸⁵ Over the past 100 years, trans-substantivity has become a cornerstone principle that serves an important dampening role on judicial-activism of the type we see in the *Kessler Cat* cases. This presumption of broad trans-substantive approaches cannot control purely substantive doctrinal questions such as the definition of prior art, but it certainly applies to questions of preclusion or other "process law" questions.¹⁸⁶ We are, for the most part, well past the days of Federal Courts creating new substantive common-law actions, with substantive law being generally

181. *Sterling v. United States*, 85 F.3d 1225, 1227 (7th Cir. 1996) (citing RESTATEMENT (SECOND) OF JUDGEMENTS (AM. LAW INST. 1980); see also *Horwitz v. Alloy Auto. Co.*, 992 F.2d 100, 103 (7th Cir. 1993) (citing RESTATEMENT (SECOND) OF JUDGEMENTS § 27 (AM. LAW. INST. 1982)); *Parklane Hosiery Co. v. Shore*, 439 U.S. 322, 331 (1979) (citing RESTATEMENT (SECOND) OF JUDGEMENTS § 88(3) (AM. LAW INST., Tentative Draft No. 2, Apr. 15, 1975)); *Montana v. United States*, 440 U.S. 147, 153 (1979) (citing RESTATEMENT (SECOND) OF JUDGEMENTS § 88(3)).

182. For example, we used Westlaw to identify 5,000+ federal appellate opinions released between 2015 and 2022 that referred to either "issue preclusion" or "collateral estoppel." Of those, the vast majority—92%—use the old term "collateral estoppel" while only 14% used the term "issue preclusion." 6% used both terms.

183. Robert M. Cover, *For James WM. Moore: Some Reflections on a Reading of the Rules*, 84 YALE L.J. 718 (1975); Jay Tidmarsh, *Civil Procedure: The Last Ten Years*, 46 J. LEGAL EDUC. 503, 504–05 (1996); David Marcus, *The Past, Present, and Future of Trans-Substantivity in Federal Civil Procedure*, 59 DEPAUL L. REV. 371, 376 (2010) ("A procedural rule is trans-substantive if it applies equally to all cases regardless of substance."); Stephen B. Burbank, *The Rules Enabling Act of 1934*, 130 U. PA. L. REV. 1015, 1034–50 (1982) (recounting history of trans substantive movement with pleadings).

184. Jay Tidmarsh, *Unattainable Justice: The Form of Complex Litigation and the Limits of Judicial Power*, 60 GEO. WASH. L. REV. 1683, 1746 (1992) ("[T]rans-substantivism' requires that the same set of rules be applicable to all cases . . .").

185. Graham C. Lilly, *The Symmetry of Preclusion*, 54 OHIO ST. L.J. 289, 328 (1993) (identifying res judicata as trans-substantive).

186. See generally David Marcus, *Trans-Substantivity and the Processes of American Law*, 2013 BYU L. REV. 1191, 1204 (discussing that "[t]rans-substantivity is a matter of degree"). In his article, Professor Marcus provides a realist spectrum spanning the gamut from doctrines that are "unambiguously substance-specific" to "unambiguously trans-substantive." *Id.* at 1207.

subsumed by statutory control. However, courts still reign in the realms of procedure, and trans-substantivity here applies to limit overzealous implementations, including “outsized political influence, capture, or bias.”¹⁸⁷

Furthermore, a trans-substantive approach to procedure has the benefit of generality that enables all judges and lawyers, regardless of their specialty, to practice in a wider array of contexts, which in turn, lowers the barriers to entry for practice of law. Thus, as Professor Jennifer Sturiale suggested, courts should only depart from this approach based upon a “legitimate exercise of judicial lawmaking” that would include showing that a specific, doctrinal-focused rule is needed and beneficial.¹⁸⁸ More generally, we suggest that a trans-substantive approach is more likely to render law accessible and understandable to the citizenry rather than being arcane and unduly specialized in a way that undermines its democratic legitimacy.

1. Trans-Substantive Procedure as a Bulwark Against Capture

Our judicial system’s expertise structure in patent infringement cases is somewhat unique. Cases begin with generalized federal district courts that hear a wide variety of criminal and civil cases.¹⁸⁹ Appeals are then heard by the specialized Federal Circuit,¹⁹⁰ whose primary expertise is patent law, although the court also hears appeals in limited other substantive areas.¹⁹¹ The Supreme Court has a supervisory role, but it is again a nonexpert court. In this setup, generalized trans-substantive rules of procedure benefit both the district courts and the Supreme Court.¹⁹²

187. *Id.* at 1220–21.

188. Jennifer E. Sturiale, *A Balanced Consideration of the Federal Circuit’s Choice-of-Law Rule*, 2020 UTAH L. REV. 475, 508 (2020).

189. 28 U.S.C. § 1338(a) (2012) (“The district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents No State court shall have jurisdiction over any claim for relief arising under any Act of Congress relating to patents”).

190. *Id.*; 28 U.S.C. § 1295(a)(1) (2012) (“The United States Court of Appeals for the Federal Circuit shall have exclusive jurisdiction of an appeal from a final decision of a district court of the United States . . . in any civil action arising under, or in any civil action in which a party has asserted a compulsory counterclaim arising under, any Act of Congress relating to patents”).

191. 28 U.S.C. § 1295.

192. Peter Lee, *The Supreme Assimilation of Patent Law*, 114 MICH. L. REV. 1413, 1458 (2016) (suggesting “[s]omewhat pessimistically” that the use of trans-substantive law relying on general principles helps to compensate for the Supreme Court’s “inexperience with technical elements of the patent system.”).

On several occasions, the Supreme Court has identified the particular risks of capture and bias when the Federal Circuit decides patent cases.¹⁹³ In fact, over the past several decades, this conclusion has been a key theme of a significant number of the Supreme Court's "patent cases."¹⁹⁴ Heeding the Supreme Court's caution against capture, the Federal Circuit has formally treated issue and claim preclusion determinations as nonpatent-law specific, indicating its desire to follow a trans-substantive approach to procedure.¹⁹⁵ To that end, the court has also repeatedly cited the Restatement as a source of general principles.¹⁹⁶ However, the Federal Circuit's continuous invocation of the *Kessler* doctrine as a unique, patent-specific doctrine bucks the entire trans-substantive approach, and thus, the Supreme Court should decry the *Kessler Cat*'s presence in the temple as a vexatious aberrance.

193. Brian J. Focarino, *Patent Law's Unexceptional Future*, 97 J. PAT. & TRADEMARK OFF. SOC'Y 472, 490–91 (2015); Lee, *supra* note 192 at 1450 (identifying these generally as "transcendent issues"); see also *Dennison Mfg. Co. v. Panduit Corp.*, 475 U.S. 809 (1986) (appellate court improperly created patent-specific rule instead of following Federal Rule of Civil Procedure 52); *Lab. Corp. of Am. Holdings v. Metabolite Labs., Inc.*, 548 U.S. 124, 125 (2006) (Breyer, J., dissenting from denial of certiorari) (arguing that the Supreme Court's generalist approach would provide needed beneficial input); *Holmes Grp., Inc. v. Vornado Air Circulation Sys., Inc.*, 535 U.S. 826, 839 (2002) (Stevens, J., concurring in part and concurring in the judgment) (arguing that the Supreme Court's "broader jurisdiction [provides] an antidote to the risk that the specialized court may develop an institutional bias" in the context of "arising under" jurisdiction); *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 391 (2006) (requiring the court to follow the trans-substantive "well-established principles of equity"); *Teva Pharm. USA, Inc. v. Sandoz, Inc.*, 574 U.S. 318 (2015) (rejecting a patent-law specific interpretation of Federal Rule of Civil Procedure 52(a)); *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118 (2007) (rejecting patent-specific rule of standing); *Dickinson v. Zurko*, 527 U.S. 150 (1999) (rejecting patent-specific rules of administrative law); *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 572 U.S. 545 (2014) (applying general equitable principles instead of a patent-specific rule to determine attorney's fees); *Peter v. NantKwest, Inc.*, 140 S. Ct. 365 (2019) (allowing attorney fees in civil actions to force the USPTO to issue a patent); *Gunn v. Minton*, 568 U.S. 251 (2013) (no special patent rule for arising under jurisdiction).

194. See, e.g., *Dennison Mfg Co.*, 475 U.S. 809; *Lab. Corp. of America Holdings*, 548 U.S. 124 (Breyer, J., dissenting from denial of certiorari); *Holmes Grp., Inc.*, 535 U.S. 826 (Stevens, J., concurring in part and concurring in the judgment); *eBay, Inc.*, 547 U.S. 388; *Teva Pharm. USA, Inc.*, 574 U.S. 318; *MedImmune, Inc.*, 549 U.S. 118; *Dickinson*, 527 U.S. 150; *Octane Fitness, LLC*, 572 U.S. 545; *Peter*, 140 S. Ct. 365; *Gunn*, 568 U.S. 251.

195. *Hartley v. Mentor Corp.*, 869 F.2d 1469, 1471 n.1 (Fed. Cir. 1989) (stating that "application of principles of res judicata and collateral estoppel is not a matter committed to the exclusive jurisdiction of" the Federal Circuit); *Media Techs. Licensing, LLC v. UpperDeck Co.*, 334 F.3d 1366, 1369 (Fed. Cir. 2003) ("Because this case turns on general principles of claim preclusion, not on any rule of law having special application to patent cases, we apply the law of the regional circuit in which the district court sits—here, the Ninth Circuit.").

196. See *Hartley*, 869 F.2d at 1471 n.1.

2. Two Doctrines of Issue and Claim Preclusion Fill the Entire Space

Although *res judicata* includes a somewhat muddled history, the doctrine is now quite clear and well developed, as evidenced by the original Restatement of Judgments (designating merger and bar, collateral estoppel, and direct estoppel) and the Restatement (Second) of Judgments (redesignating these claim preclusion and issue preclusion).¹⁹⁷ The Supreme Court has now repeatedly stated that these two doctrines fill the entire space. Most recently, in *Lucky Brand Dungarees, Inc. v. Marcel Fashions Group, Inc.*, the Supreme Court refused to recognize “defense preclusion” as a “standalone category of *res judicata*” that would be separate and distinct from issue or claim preclusion.¹⁹⁸ That case, litigated in the context of trademark infringement, involved the question of whether a defendant will be precluded from raising a defense that was or could have been raised in the prior action.¹⁹⁹ In its decision, the Court held that the answer to this question should be resolved based upon the general law of preclusion—i.e., issue and claim preclusion—rather than resorting to some additional standalone doctrine.²⁰⁰

Petitioner in *Lucky Brand* pointed to examples where defenses had been precluded in prior cases, and the Court agreed that, at times, defenses may be precluded.²⁰¹ However, the Court concluded that the proper approach to preclusion is simply to ask whether traditional *res judicata* doctrines bar the defenses.²⁰² “Moreover, we doubt that these authorities stand for anything more than that traditional claim- or issue-preclusion principles may bar defenses raised in a subsequent suit—principles that, as explained above, do not bar Lucky Brand’s release defense here.”²⁰³

The Court provided examples. A defense may be precluded under traditional claim preclusion principles if it is being used to nullify or collaterally attack a prior judgment.²⁰⁴ Likewise, a defense may be precluded under traditional issue preclusion if it had previously been fully litigated and essential to a prior judgment.²⁰⁵ However, the facts of *Lucky Brand* placed it clearly outside the scope of issue and claim preclusion

197. RESTATEMENT (SECOND) OF JUDGMENTS (AM. LAW INST. 1982).

198. *Lucky Brand Dungarees, Inc. v. Marcel Fashions Grp., Inc.*, 140 S. Ct. 1589, 1595 (2020).

199. *Id.* at 1592.

200. *See id.*

201. *Id.* at 597-98.

202. *See id.*

203. *Id.* at 1597.

204. *See* 18 CHARLES A. WRIGHT & ARTHUR R. MILLER, FEDERAL PRACTICE AND PROCEDURE § 4407 (3d ed. 1998); *City of Beloit v. Morgan*, 74 U.S. 619 (1868).

205. *Lucky Brand Dungarees*, 140 S. Ct. at 1597.

doctrines, for neither of them generally “preclude[s] defendants from asserting defenses to new claims” that rise from different operative facts than that of the claims in the first action.²⁰⁶

One difference between the defense preclusion and *Kessler* doctrines comes down to *stare decisis*. The Supreme Court had never expressly endorsed a doctrine of defense preclusion, and thus it was not faced with overturning its prior precedent in *Lucky Brand*. But the *Kessler* doctrine derives its name from the unrepudiated Supreme Court decision. We suggest that no repudiation is necessary because *Kessler*'s res judicata aspects are unremarkable. Just as the court in *Lucky Brands* explained how prior instances of defense preclusion fit within the standard doctrines of issue and claim preclusion, we also argue that *Kessler* fits as well. Further, the Supreme Court's on-point precedent also warns against expanding *Kessler*, lest the lower courts inadvertently impose “radical and far-reaching limitations upon the rights of patentees.”²⁰⁷

Kessler certainly made new law at the time as to issues of nationwide enforcement, anti-suit injunctions, and sheltering of customers—all as prompted by the new appellate court system. Still, the effect-of-the-judgment aspect of the case was easily within traditions of what we now call issue preclusion. The issue of infringement had been fully and finally litigated on the merits in the initial action, and the subsequent action for injunction was between the same parties. In fact, all the earlier cases where *Kessler* was applied involved actual prior litigation of the infringement issue and an actual court determination of noninfringement.²⁰⁸

One difficulty with our conclusions here is that *Kessler* and its progeny do not spell out in full detail that the results were based upon the doctrinal choice of what we now call issue preclusion. Further, although the cases were actually litigated and decided on grounds of noninfringement, the courts did not expressly state whether actual litigation and determination was a requirement for the judgment to have

206. *Id.*

207. *Diamond Rubber Co. v. Consol. Rubber Tire Co.*, 220 U.S. 428, 445 (1911).

208. The *Kessler* court was mindful of the privity requirement of res judicata, which at the time required two-party mutuality. The court grounded its legal justification on protecting the rights of the original litigant, *Kessler*. Despite this legal structure the effect of the case is still to cut-short a lawsuit between *Kessler* and *Breitweiser*, a nonparty to the original case. In that light, we suggest that one way of interpreting *Kessler* is as the first case supporting nonmutual defensive issue preclusion. See *MGA, Inc. v. Gen. Motors Corp.*, 827 F.2d 729, 734 (Fed. Cir. 1987) (declining to say whether the doctrine “is a matter of substantive federal patent law, or whether it is a long-recognized exception to the mutuality of estoppel rule . . .”).

effect. We are left with an *obiter dictum* question: what meaning do we give to the silence?

This same question and debate arose at the time of the Restatement (Second) of Judgments, although not particularly focusing on *Kessler*. The Restatement's reporters determined that precedent required an issue be "actually litigated and decided" before attaching issue preclusion.²⁰⁹ This approach was implemented over objection from Professor Vestal, who cited a number of cases that seemingly only required that the question to be "put in issue" in the original case rather than being actually litigated and decided.²¹⁰ Professor Hazard (one of the reporters) responded to Vestal's objection by reading the details of those cases and finding that "the statement [found in those cases] is plainly *obiter dictum* because the issue in question actually had been litigated in the prior action."²¹¹ "This is true, for example, of *Scott Paper Co. v. Fort Howard Paper Co.* and *Oldham v. Prichett*."²¹² Vestal also cited a number of cases where preclusion was attached following default judgment, and Hazard responded that those cases would fall under the general rule of claim preclusion because in each case the new subsequent litigation was an attempt to abrogate the original judgment.²¹³ We believe *Kessler* and the subsequent Supreme Court cases hinging on *Kessler* must be read through the lens of Professor Hazard: if *Kessler* is within the issue preclusion doctrine's scope, which we argue it is, then the *Kessler Cat* can take part in a litigation only if the issues of invalidity or noninfringement were actually decided or litigated.

3. *Kessler* Facts Regularly Occur Outside of Patent Law

Although *Kessler* and *Kessler Cat* have only been applied in the patent context, it turns out that parallel situations arise in many areas of law, including various forms of intellectual property and product liability, as well as franchise and contract disputes. The basic setup in these cases involves an original Plaintiff who holds a cause of action against multiple parties, including one party with greater responsibility (perhaps because of contractual indemnification to the other parties). Area-of-law specific principles have not been developed or applied in any of these other

209. RESTATEMENT (SECOND) OF JUDGMENTS § 17(3) (AM. LAW INST. 1982).

210. Allan D. Vestal, *The Restatement (Second) of Judgments: A Modest Dissent*, 66 CORNELL L. REV. 464 (1981).

211. Geoffrey C. Hazard Jr., *Revisiting the Second Restatement of Judgments: Issue Preclusion and Related Problems*, 66 CORNELL L. REV. 564 (1981).

212. *Id.*

213. *Id.*

situations. Rather, courts simply apply general principles of preclusion. The copyright context offers a particular important addition to our trans-substantive analysis. Copyright and patent are constitutional siblings, and the Supreme Court has a regular practice of comparing and unifying approaches in both copyright and patent when applicable.²¹⁴

A key copyright-patent case on point is *Media Rights Technologies, Inc. v. Microsoft Corp.* out of the Ninth Circuit.²¹⁵ In 2013, Media Rights brought a patent infringement suit against Microsoft.²¹⁶ After a court in a separate proceeding declared one of the patents at issue invalid, Media Rights voluntarily dismissed that suit with prejudice.²¹⁷ Later, in 2017, Media Rights brought a copyright infringement action against Microsoft for allegedly distributing five billion copies of the allegedly infringing products.²¹⁸ These were the same products accused of patent infringement in the original 2013 suit, although a good number of the accused infringing acts took place after the first case was dismissed.²¹⁹ The Ninth Circuit held that Microsoft was generally entitled to claim preclusion since the copyright action was part of the “same transactional nucleus of facts” as the original patent-infringement allegations.²²⁰ However, the court also ruled that post-judgment sales are not precluded since Media Rights “could not have sued on them when it filed” the first action in 2013.²²¹ An important consequence of this ruling is that, even if it wanted to, Media Rights would be unable to sue Microsoft’s customers for copyright infringement based on the customers post-judgment use of the allegedly infringing Microsoft products. Copyright suffers similar thorny issues to patent in terms of successive litigation, customer lawsuits, nationwide infringement, and limited trade rights, but the two areas have been treated

214. *Sony Corp. v. Universal City Studios, Inc.*, 464 U.S. 417, 439 (1984) (providing that using patent law cases to decide copyright law claims is both appropriate and reasonable “because of the historic kinship between patent law and copyright law.”). However, the Court has also cautioned that “[t]he two areas of the law, naturally, are not identical twins” and care must be taken “in applying doctrine formulated in one area to the other.” *Id.* at 439 n.19; *see also* *Impression Prods., Inc. v. Lexmark Int’l Inc.*, 137 S. Ct. 1523, 1539 (2017) (Ginsburg, J., concurring in part and dissenting in part) (“Although there may be a historical kinship between patent law and copyright law, the two are not identical twins” (internal quotation marks omitted)) (citing *Sony Corp. of America*, 464 U.S. at 439, 439 n.19).

215. *Media Rights Techs., Inc. v. Microsoft Corp.*, 922 F.3d 1014 (9th Cir. 2019).

216. *Id.* at 1019.

217. *Id.*

218. *Id.*

219. *See id.* at 1024.

220. *See id.* at 1028-29.

221. *Id.* at 1024.

entirely differently in this regard without any justification other than happenstance. Simply put, *Kessler* has no equivalent in copyright.

Had *Media Rights Technologies* been a patent case decided by the Federal Circuit, the outcome of the case would have been different. The Federal Circuit would have agreed that the general law of claim preclusion does not bar an action against post-judgment infringement. But the court would have then allowed its *Kessler Cat* to walk in the court and end the second action.

C. *Asymmetric Incentives and Efficient Resolution*

In this section, we argue that the *Kessler Cat* creates asymmetric incentives between patentees and defendants to zealously litigate the initial action in patent infringement cases. The *Kessler Cat* cases define a rule that is prejudicial to patentees: it categorically and one-sidedly denies patentees their “day in court” for dismissing claims in the initial action, even if defendants also dismissed their counterclaims in an insouciant fashion. The basic intuition here is that the patentee and defendant are both in control of a patent-infringement lawsuit, with each raising mirror-image claims of infringement and noninfringement. This symmetry is recognized and accounted for in general preclusion law.²²² Nonetheless, the *Kessler Cat* operates asymmetrically, which becomes particularly pernicious when the issue of infringement is never actually litigated.

Consider *PersonalWeb* as an example. Back in 2011, PersonalWeb sued Amazon and Dropbox for infringing five separate patents.²²³ Amazon denied liability and asserted counterclaims seeking declarations of noninfringement and invalidity.²²⁴ For both *PersonalWeb* and *Kessler* the patent asserted in the first and second action was the same, and in both cases the seller-defendant intervened on behalf of its customers. That said, the two cases are fundamentally different. Perhaps the key difference between the two cases is the availability of counterclaims for the defendant seeking a declaratory judgment of noninfringement, invalidity,

222. For example, a defendant’s compulsory counterclaims are within the plaintiff’s original “cause of action” for claim preclusion purposes. *Baker v. Gold Seal Liquors, Inc.*, 417 U.S. 467, 469 n.1 (1974) (“A counterclaim which is compulsory but is not brought is thereafter barred.”). See FED. R. CIV. P. 13(a).

223. *In re PersonalWeb Techs., LLC*, 961 F.3d 1365, 1368 (Fed. Cir. 2020); Complaint, *PersonalWeb Technologies, LLC v. NEC Corp.*, No. 6:11-CV-655, 2013 WL 9600333 (E.D. Tex. Mar. 21, 2013); *PersonalWeb Technologies, LLC v. NEC Corp.*, No. 6:11-CV-655, 2013 WL 9600333 (E.D. Tex. Mar. 21, 2013).

224. Answer to Amended Complaint, *PersonalWeb*, 2013 WL 9600333.

and nonenforceability. Other differences between the two cases are shown in Table 1.

Table 1: Comparison between *Kessler* and *PersonalWeb*

	<i>Kessler</i>	<i>PersonalWeb</i>
Same Patents	Yes	Yes
Seller's Intervention	Yes	Yes
Seller's Market Power	No	Yes
Judgement of Noninfringement	Yes	No
Availability of Ongoing Declaratory Judgment Counterclaims	No	Yes
Patent Claim Asserted	Product	Method

The Supreme Court has explained that those counterclaims can be maintained even if the patentee seeks dismissal of its original action.²²⁵ As is now common in patent litigation, the seller-defendant (Amazon) asserted these counterclaims in its answer to PersonalWeb's complaint,²²⁶ then voluntarily dismissed those claims as part of PersonalWeb's dismissal.²²⁷ Even after PersonalWeb's dismissal, Amazon could have continued forward with the counterclaims if it wanted to seek assurances that the patents were truly invalidated or to clarify that the claims were not infringed.²²⁸ Given Amazon's market power (which is exceedingly greater than Kessler's in electric cigar-lighters), it had every incentive to

225. *Cardinal Chem. Co. v. Morton Int'l, Inc.*, 508 U.S. 83 (1993).

226. Answer to First Amended Complaint, *PersonalWeb Techs, LLC v. NEC Corp.*, No. 6:11-CV-655, 2013 WL 9600333 (E.D. Tex. Mar. 21, 2013).

227. Stipulation of Dismissal with Prejudice, *PersonalWeb* (the counterclaims appeared to be dismissed without prejudice and expressly state that "Defendants Amazon.com, Inc. and Amazon Web Services LLC retain the right to challenge validity, infringement, and/or enforceability of the patents-in-suit via defense or otherwise, in any future suit or proceeding . . .").

228. We recognize our argument here requires a shift in perspective from the traditional notion that a plaintiff is the "master of the lawsuit." Although the plaintiff's complaint does define the scope of the cause of action, that scope is more generally a reflection of the underlying transaction or occurrence that involved both parties as participants. We expect that these asymmetry insights have application well beyond the limited scope of this article. In particular, the assumption of plaintiff-in-control is reflected in a number of policy choices that might not make sense if we allow that the defendant is also in control in the form of a declaratory judgment counterclaimant.

litigate its counterclaims fully and vigorously in the first action. Indeed, the external benefit gained by Amazon, that is, shielding its customers against legal harassment by PersonalWeb, would have been enormous, had it not dropped its counterclaims in the first action. As such, it is our opinion that Amazon was the least cost avoider in this case, and, more importantly, Amazon was compelled to not dismiss its counterclaims in the initial action in the proper discharge of its duty to its countless customers. This conclusion is supported by a case selection model based on a cost/benefit analysis of litigation.

Suppose in a hypothetical patent infringement case, Patentee's ultimate likelihood of success on the merits against Defendant is P . If Patentee prevails in the case, it will receive an award D , and if Patentee loses, neither party will receive an award. In addition to the recovery of damages by Patentee, the outcome of the trial, if not settled, can have external effects—through the general law of preclusion—on future litigation involving Patentee and other defendants. If Patentee prevails in its lawsuit against Defendant, it will enjoy an external effect G_p ,²²⁹ but Patentee's loss will lead to an external cost L_p caused by the adverse judgement. Under the assumption that Defendant proceeds independently of future defendants, its interest in the lawsuit is represented by D , whereas Patentee's has larger effective stakes in the lawsuit, equal to $D + G_p + L_p$.²³⁰ In this case, Patentee's expected payoff and Defendant's expected loss become, respectively,

$$E_p = P \times (D + G_p) - (1 - P) \times L_p \quad (1)$$

$$E_d = P \times D. \quad (2)$$

Assuming that the expenditures associated with full litigation of the case is C , the sufficient condition²³¹ for litigating the case to the fullest extent is

$$E_p - E_d > C. \quad (3)$$

229. Example of G_p : Now that the patent is enforced against D, the patentee can go after D's customers and sue them too with an improved likelihood of success against D's customers. In addition, a first successful assertion may also increase expected licensing success with respect to unrelated third parties. Note that including G_p in the analysis does not negate the assumption that D is acting independently from its customers. In fact, D may choose against intervening in P's customer lawsuits even if it wins against P. This may result from a situation where D was in the business of selling pens, and now D is no longer in the pen selling business. In such a situation, D may have no incentive to protect its former customers.

230. This model is consistent with the general understanding that plaintiffs in patent litigation cases bear more risks than the accused infringer. See generally Joel Waldfogel, *The Selection Hypothesis and the Relationship Between Trial and Plaintiff Victory*, 103 J. POL. ECON. 229 (1995)

231. This is not a necessary condition because inefficient litigations can still happen as a result of bargaining failures.

Substituting for E_p and E_d and rearranging terms yields the following condition for continuing the litigation fully

$$P \times G_p - (1 - P) \times L_p > C. \quad (4)$$

Note how the asymmetric interests of parties in the lawsuit, dictated by the general law of preclusion, incentivize Patentee to invest more resources in the litigation against Defendant. Otherwise, Patentee potentially loses its claims against future defendants acting independently of Defendant by the operation of the general law of preclusion that effectively increases the external cost L_p . Be that as it may, nonetheless, this conclusion is not applicable to *PersonalWeb v. Amazon.com*, because Amazon and potential future defendants are in privity, that is, they are not independent.

Suppose we have the same case as the previous hypothetical except for the fact that future defendants are in privity with the Defendant in a such a way that Defendant will bear some external effect L_p if future defendants are later forced to litigate the patent after Patentee wins the first lawsuit. Similarly, upon Patentee's loss, Defendant will obtain the external benefits G_d . Here, Defendant clearly has more at the stakes than that it had in the previous hypothetical. Accordingly, Eq. (2) becomes

$$E_d = P \times (D + L_d) - (1 - P) \times G_d. \quad (5)$$

Substituting for E_d in Eq. (3) using Eq. (5) yields

$$P \times (G_p - L_d) + (1 - P) \times (G_d - L_p) > C \quad (6)$$

for the litigation condition. Note that Eq. (6) indicates that in an infringement case where both Patentee and Defendant face some external effects, the case must be fully litigated if doing so either generates substantially large external gains for Patentee upon winning *or* substantially large external gains for Defendant otherwise.

Now suppose—similar to what happened between PersonalWeb and Amazon in the first action—both Patentee and Defendant settle the case. In a situation like this, it is unclear if precluding Patentee from bringing new action against Defendant's privies promotes procedural fairness. Defendant had been equally, if not more, incentivized to get a judgement of noninfringement against Patentee in the original action, for doing so would have generated huge external shielding benefits for its privies. It is

evident that under the general law of preclusion, Defendant has no recourse against Patentee's going after its privies in future. This is because it would have been more efficient if Defendant had either fully litigated all issues in its case with Patentee and obtained preclusive benefits or reached a settlement agreement that shelters its customers. To sum up, we believe by fashioning new one-way preclusive benefits for defendants in patent infringement cases, the rule of *Kessler Cat* cases promotes lousy, inefficient dismissal of counterclaims by defendants.

D. Modeling the Kessler Cat as an Extension of the General Law of Preclusion

Another public policy concern associated with the rule of *Kessler Cat* cases is that it is in direct collision with the general law of preclusion, notably in cases like *PersonalWeb* that involve voluntary dismissal by the patentee. To start, we note that it is unclear on what theories the preclusive rule endorsed by the *Kessler Cat* cases operate. As we discussed in Section 4 above, the Federal Circuit is sitting on the fence between issue and claim preclusion when it comes to the *Kessler* doctrine. The *Kessler Cat* is sometimes characterized by the Federal Circuit as similar to the doctrine of issue preclusion, and other times is described as a relative to claim preclusion.

But which is it in *PersonalWeb*? Does it expand the scope of claim preclusion even if the patentee has new "cause of action?" Or does it preclude the patentee from litigating those issues that were not litigated in the first action due to the dismissal? Either way, we believe the *Kessler Cat* misleads the court to produce inconsistent results that in effect undermine the general law of preclusion. We begin by examining the *Kessler Cat* to find if it has any kinship with the doctrines of issue and claim preclusion in *PersonalWeb*. Further, we show that the *Kessler Cat* cannot be modeled under doctrines of misuse or license.

1. The *Kessler Cat* Fails as an Extension of Issue Preclusion

Per Federal Circuit's own admission in *MGA, Inc. v. General Motors Corp.*, the Supreme Court fashioned the *Kessler* doctrine to operate as a generalized doctrine of defensive collateral estoppel.²³² That is to say, *Kessler* dispensed with the mutuality requirement for invoking defensive collateral estoppel in patent infringement cases but only if the issue of noninfringement or invalidity had been actually litigated in a prior action.

232. *MGA, Inc. v. Gen. Motors Corp.*, 827 F.2d 729, 734 (Fed. Cir. 1987).

MGA's interpretation of *Kessler* is in fact meritorious. As we discussed in Section 2.4 above, the Supreme Court cited deference to "the final judgment of a court of competent jurisdiction" to justify the rule in *Kessler*.²³³ If *Kessler* was not decided the way it was, then "[t]he judgment in the previous case fails of the full effect which the law attaches to it."²³⁴ As such, under *MGA*'s reading of *Kessler*, the doctrine is inapplicable to a case like *PersonalWeb*, since a stipulated dismissal with prejudice "should not of itself count as the actual adjudication of any issue."²³⁵

Note that, the Federal Circuit, in a sharp turn away from *MGA*, has recently recharacterized *Kessler* as a substitute for claim preclusion,²³⁶ perhaps in order to avoid elimination of the *Kessler Cat* from the ritual solely based on nonlitigation of issues in the first action. Regardless of this shockingly suspicious recharacterization, the Federal Circuit's new application of the *Kessler* doctrine can be effectively described as nonmutual preclusion of issues that have not been litigated. Therefore, the use of the *Kessler Cat* is not justified under the doctrine of issue preclusion, since its effect is in direct collision with that doctrine.

2. The *Kessler Cat* Fails as an Extension of Claim Preclusion

Even the Federal Circuit's mischaracterization of the *Kessler* doctrine as an expansion of traditional notions of claim preclusion cannot save the *Kessler Cat*. For one, such characterization promotes litigation of premature claims that fail to present requisite case or controversy for adjudication by patentees. For another, in IP law, it is well understood that post-judgment acts of infringement, even if those acts are identical to ones from the prior lawsuit, afford the IP right holder a new cause of action that is not ordinarily barred under claim preclusion.²³⁷ This is

233. *Kessler v. Eldred*, 206 U.S. 285, 289 (1907).

234. *Id.* (referring to the Seventh Circuit decision between Eldred and Kessler).

235. 18 CHARLES A. WRIGHT & ARTHUR R. MILLER, FEDERAL PRACTICE AND PROCEDURE § 4433 (2d ed. 2002).

236. *See supra*, Section IV.D.

237. *Media Rights Techs., Inc. v. Microsoft Corp.*, 922 F.3d 1014 (9th Cir. 2019) (holding that any sale of allegedly infringing Microsoft products after Media Rights Techs.' voluntary dismissal with prejudice of its initial copyright infringement lawsuit against Microsoft gave rise to a cause of action as of the date of the sale, which is not precluded under claim preclusion); *TechnoMarine SA v. Giftports, Inc.*, 758 F.3d 493, 502 (2d Cir. 2014) ("TechnoMarine's trademark infringement claim is not barred by claim preclusion because Giftports allegedly committed new instances of trademark infringement after the settlement, so that the present claim, to the extent based on the new acts of infringement, was not and could not have been litigated in the earlier proceeding."); *Aspex Eyewear, Inc. v. Marchon Eyewear, Inc.*, 672 F.3d 1335, 1342 (Fed. Cir. 2012) ("We hold that res judicata does not bar Aspex's lawsuit with respect to accused products that were not in existence at the time of the California Actions for the simple reason that res judicata requires that in order for a particular claim

consistent with the Supreme Court's holding in *Lawlor v. National Screen Service Corp.*, that a prior judgment "cannot be given the effect of extinguishing claims which did not even then exist and which could not possibly have been sued upon in the previous case."²³⁸

The Federal Circuit follows a strict rule that that post-judgment acts by an accused infringer are separate and distinct from the claims of the first action: "traditional notions of claim preclusion do not apply when a patentee accuses new acts of infringement, i.e., post-final judgment, in a second suit—even where the products are the same in both suits."²³⁹ However, this strict rule is of somewhat recent vintage—most clearly stated in its 2012 *Aspex Eyewear* decision.²⁴⁰ That 2012 decision and its subsequent reinforcement in *Brain Life*²⁴¹ implicitly overruled prior decisions that had precluded infringement actions against post-judgment activity under an "essentially the same" test.²⁴²

to be barred, it is necessary that the claim either was asserted, or could have been asserted, in the prior action. If the claim did not exist at the time of the earlier action, it could not have been asserted in that action and is not barred by res judicata."); see also 18 CHARLES A. WRIGHT & ARTHUR R. MILLER, FEDERAL PRACTICE & PROCEDURE § 4409 (3d ed. 2018 update) ("A substantially single course of activity may continue through the life of a first suit and beyond. The basic claim-preclusion result is clear: a new claim or cause of action is created as the conduct continues.").

238. *Lawlor v. Nat'l Screen Serv. Corp.*, 349 U.S. 322, 328 (1955) (antitrust context); see also RESTATEMENT (SECOND) OF JUDGMENTS § 24 (AM. LAW INST. 1982).

239. *Brain Life, LLC v. Elekta Inc.*, 746 F.3d 1045, 1056 (Fed. Cir. 2014); see also *Dow Chem. Co. v. Nova Chems. Corp. (Can.)*, 803 F.3d 620, 626 (Fed. Cir. 2015) ("It is well-established that, as to claims for continuing conduct after the complaint is filed, each period constitutes a separate claim.").

240. *Aspex Eyewear, Inc.*, 672 F.3d 1335.

241. *Brain Life*, 746 F.3d 1045.

242. See *Foster v. Hallco Mfg. Co.*, 947 F.2d 469, 480 (Fed. Cir. 1991) (explaining that post-judgment actions may be considered part of a prior cause of action if "essentially the same" and "not materially different"). Christopher Petroni, *Aspex Eyewear, Inc. v. Marchon Eyewear, Inc. and Brain Life, LLC v. Elekta, Inc.: Irreconcilable Conflict in the Law Governing Claim Preclusion in Patent Cases*, 14 CHI.-KENT J. INTELL. PROP. 379 (2015).

In *Sowinski v. California Air Resources Board*, 971 F.3d 1371, 1376 (Fed. Cir. 2020), the court misstated the holding of *Brain Life* as allowing claim preclusion to bar infringement actions against a defendant's post-judgment activity in a situation where the initial lawsuit ended in a judgment favoring the defendant. *Brain Life* actually held the opposite—that situation claim preclusion does not apply, but that the *Kessler* Doctrine may operate as a separate avenue to bar the second action. *Brain Life*, 746 F.3d 1045. See Dennis Crouch, *Doubling Up: Federal Circuit Mischaracterizes Both Its Own Precedent and the Lower Court Ruling*, PATENTLYO (Aug. 24, 2020), <https://patentlyo.com/patent/2020/08/doubling-mischaracterizes-precedent.html>

[<https://perma.cc/KRE4-998G>] (explaining that "the court reaches its result here only after mischaracterizing both (1) the lower court holding and (2) its own prior precedent"). Sowinski petitioned the Supreme Court for review of the Federal Circuit's "patent-specific preclusion doctrine that bars new issues and new claims that would survive the 'uniform' preclusion rules applied by this Court and every other circuit." Brief for Petitioner at 1, *Sowinski v. Cal. Air Res. Bd.*, No. 20-1339 (U.S. 2021). The certiorari petition was not decided but was dismissed based upon a joint submission of the parties presumably following a settlement agreement. Although the Federal Circuit did not

Although the Federal Circuit treats the *Kessler Cat* as “a close relative to claim preclusion,”²⁴³ it still uses the *Cat* to bar causes of action against conduct that *could not have been anticipated* by the patentee in the prior action.²⁴⁴ Of course, the scope of the ‘cause of action’ for preclusion purposes has grown since 1907; however, we believe the Federal Circuit’s approach goes too far, especially in a situation where the patent claim at issue in the initial action was a method claim.

Consider Patentee asserts a method claim against Seller based on Seller’s internal use of Patentee’s method claim. The Federal Circuit uses the *Kessler Cat* to hold that, upon Patentee’s dismissal of its action against Seller, Patentee will be forever barred from asserting the same method claim against Seller (and its customers) if Seller begins, post-dismissal, using the method claim to produce products for sale in the line of commerce. This result is preposterous; a method claim can be used in many different ways, and certainly Patentee’s dismissal of an action against a particular use should not be interpreted by Seller as a green light with respect to other uses of the method claim. This expansive reading of *Kessler* encourages Patentee to prophylactically litigate, in the first action, claims that are based on purely speculative conduct, despite Patentee’s lack of standing regarding those claims as it had not yet suffered an injury in fact when the first action was still pending.

3. The *Kessler Cat* Fails as an Extension of Doctrine of Implied License

In *PersonalWeb*, the Federal Circuit suggested that PersonalWeb’s with prejudice dismissal of the first action afforded Amazon an unconditional, nonrevocable license to use PersonalWeb’s patent by operation of the law of claim preclusion.²⁴⁵ This proposition echoes Kessler’s argument in its 1907 case against Eldred. In *Kessler*, the appellant’s briefing primarily argued that the lower court’s noninfringement holding should be treated effectively as a nonrevocable license to practice the invention in the same way as previously done.²⁴⁶ Despite the extensive briefing (most of appellant’s brief), the Supreme

reference *Kessler* in its *Sowinski* opinion, one way to characterize the case is as another *Kessler Cat* decision that provides for preclusion in situations not reached by claim nor issue preclusion. *Sowinski* is in-line with *PersonalWeb Technologies* because the bar on future litigation applied even though the first lawsuit ended prior to consideration of the merits.

243. *In re PersonalWeb Techs. LLC*, 961 F.3d 1365, 1377 (Fed. Cir. 2020).

244. Or, at a minimum, the court does not even consider whether anticipation is relevant.

245. *PersonalWeb*, 961 F.3d at 1378.

246. Petitioner’s brief in *Kessler* (on hand with authors).

Court did not make that determination. If the prior judgement of noninfringement by Kessler had been equivalent to him having a license grant, then the Court would have surely passed rights to the customers under the exhaustion principle (first sale doctrine). This is because the principle of patent exhaustion applies to any product made by the patentee or under license from the patentee. Thus, the Federal Circuit's interpretation of *Kessler* is certainly more expansive than what it was meant by the Supreme Court in 1907.

Assuming, *arguendo*, that the *Kessler* doctrine was effectively equivalent to the doctrine of implied license, the Federal Circuit is still at error, for it treats this license as if it is an affirmative license to the patent.²⁴⁷ As we explained in Section 2.2 above, the Supreme Court in *Birdsell v. Shaliol* suggested that an affirmative licensee of a patent and its customers are discharged from any infringement claim by the patentee, so long as the use by the licensee or its customers is within the scope of the license.²⁴⁸ Thus, by granting immunity to an alleged infringer's customers, upon the alleged infringer's acquisition of a dismissal-based license, the Federal Circuit effectively places the alleged infringer on the same footing as an affirmative licensee. This is an implausible outcome and against well entrenched principles of property law.²⁴⁹

247. Under the Supreme Court precedent in *De Forest Radio Telephone & Telegraph Co. v. United States*, 273 U.S. 236, 241 (1927): "Any language used by the owner of the patent or any conduct on his part exhibited to another, from which that other may properly infer that the owner consents to his use of the patent in making or using it, or selling it, upon which the other acts, constitutes a license, and a defense to an action for a tort." Thus, under a very expansive reading of this holding, a dismissal with prejudice by the patentee could constitute the kind of "any conduct" that manifests the patentee's consent to the continuous use of the patent by the alleged infringer.

248. *Birdsell v. Shaliol*, 112 U.S. 485, 487 (1884).

249. As a matter of general principle, property law construes the purpose and scope of use more broadly for an affirmative license than a license obtained by the operation of law. For example, the Restatement (Third) of Property provides that while it is proper to define the purpose of an easement created by express grant more generally, "a more specific definition of the purpose is appropriate" when the easement was acquired prescriptively. RESTATEMENT (THIRD) OF PROPERTY: SERVITUDES § 4.10 (AM. LAW INST. 2000). The license to use the patent acquired by an alleged infringer upon dismissal with prejudice of the patentee is analogous to a prescriptive easement, for both are raised by operation of the law. Thus, the same public policy reasons that justify narrow construction of purpose for prescriptive easement dictates narrow construction of a settlement-based license. That is, the scope and purpose of a settlement-based license is limited to those uses of the patent by the alleged infringer of which the patentee had actual or constructive notice of at the time of dismissal. For example, if the infringing conduct at issue was internal use of the patent for research and development, the settlement-based license does not warrant selling the patent post-dismissal. Otherwise, the patentee would not have dismissed the case had it known, actually or otherwise, that the alleged infringer was selling the patents.

4. The *Kessler Cat* Fails as a Doctrine of Patent Misuse²⁵⁰

The doctrine of patent misuse is an extension of the equitable doctrine of “unclean hands.” Under this doctrine, a patentee who uses its patent to violate the antitrust laws is barred from enforcing the patent against the infringers.²⁵¹ In the dispute between *Kessler* and Eldred, the latter chose to go after the former’s customers. While it may appear that Eldred’s acts had anticompetitive effects in the market for sale of electric cigar lighters, that is not enough to bring *Kessler* under the doctrine of patent misuse.²⁵² Furthermore, under the Federal Circuit’s patent misuse jurisprudence, litigation against customers that effectively causes the customers to cease dealing with the seller–defendant (which is similar to what happened between *Kessler* and Eldred) amount to patent misuse only if the patent being asserted was fraudulently procured.²⁵³ Therefore, the facts of *Kessler* do not support the conclusion that the *Kessler* doctrine is an application of the common law doctrine of misuse.

By utilizing the *Kessler Cat* to bar PersonalWeb from enforcing—in good faith—its patent against Amazon’s customers, the Federal Circuit effectively treats PersonalWeb as a patentee misusing its patent. The *Kessler* doctrine was not designed by the Supreme Court to serve as a substitute for the doctrine of patent. And Federal Circuit cannot hide behind the *Kessler Cat* to panelize the patentee for misuse and override Congressional enacting under 35 U.S.C. § 271(d).

VI. CONCLUSIONS AND CALLS FOR REFORM

Kessler was decided in equity during the time when mutuality was a required element of defensive collateral estoppel. Thus, the Court sitting in equity used its broad power to dispense with the requirement of mutuality. In fact, *Kessler* paved the path for the Court to adopt nonmutual issue preclusion in *Blonder-Tongue*. A few decades later, lower courts erroneously began to interpret *Kessler* as “a matter of substantive federal patent law.” A century after *Kessler* was decided, the Federal Circuit began to interpret the *Kessler* doctrine as “a close relative to claim

250. To the best of our knowledge, no court has ever construed the *Kessler* doctrine in conjunction with the patent misuse doctrine. However, to ensure that the *Kessler Cat* will not become paramount to our patent law, we decided to add this section.

251. *Hartford-Empire Co. v. United States*, 323 U.S. 386, 418–19 (1945).

252. *See* *W.L. Gore & Assocs., Inc. v. Carlisle Corp.*, 529 F.2d 614, 625 (3d Cir. 1976) (citing 35 U.S.C. § 271(d) (2010) to hold that an infringement suit brought in good faith against the defendant’s customers does not amount to patent misuse, because the suit “is a natural consequence of the [customers’] infringing activities and does not suggest conduct coercive of the defendant . . .”).

253. *Hydriil Co. v. Grant Prideco LP*, 474 F.3d 1344, 1350 (Fed. Cir. 2007).

preclusion” even if the element of mutuality, which has always been a prerequisite for invoking claim preclusion, is absent. But the reality is that the *Kessler* doctrine was only a rule of process and not patent-specific. We believe, for instance, *Kessler* would have been decided the same way had it been a copyright case.

The problems of the Federal Circuit’s *Kessler Cat* are easy to address and fully within the power of the Supreme Court to develop “uniform federal rule[s]” of res judicata for federal question cases.²⁵⁴ *Lucky Brand Dungarees* offers an exemplary model that the court could use to resorb *Kessler* back into contemporary preclusion law and reject *Kessler Cat* to the extent that it exists as a *sui generis* form of preclusion. This approach will also necessarily reject the notion that *Kessler* is a patent law specific doctrine and instead limit the power of res judicata to the “two distinct doctrines” recognized by the Federal Courts, issue and claim preclusion.²⁵⁵ Part of the Federal Circuit’s desire to implement *Kessler Cat* may stem from its hardline rule that claim preclusion does not extend to post-judgment infringing actions. But the general law of claim preclusion is not so clean cut. Rather, at times post-judgment activity can fit within the original cause of action if sufficiently similar, consequential, and anticipated.

This area is increasingly complicated by inter-jurisdictional preclusion issues. Patent infringement is decided both by the Federal Courts and the International Trade Commission (ITC). Similarly, patent validity questions are decided by those tribunals as well as via increasingly popular *inter partes* review proceedings before an administrative tribunal housed within the Patent Office—the Patent Trial and Appeal Board (PTAB). Issue preclusion applies across the tribunals, “[s]o long as the other ordinary elements of issue preclusion are met”²⁵⁶ Still, the cross-tribunal issues are sufficiently complex that Congressional reform may be necessary.

254. *Taylor v. Sturgell*, 553 U.S. 880, 891 (2008) (quoting and contrasting *Semtek Int’l, Inc. v. Lockheed Martin Corp.*, 531 U.S. 497, 498 (2001)).

255. *Lucky Brand Dungarees, Inc. v. Marcel Fashions Grp., Inc.*, 140 S. Ct. 1589, 1594 (2020) (“[R]es judicata: a term that now comprises two distinct doctrines regarding the preclusive effect of prior litigation.”).

256. *B&B Hardware, Inc. v. Hargis Indus.*, 575 U.S. 138, 160 (2015) (trademark context).