

No.

In the Supreme Court of the United States

RICHARD SOWINSKI, PETITIONER

v.

CALIFORNIA AIR RESOURCES BOARD

*ON PETITION FOR A WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT*

PETITION FOR A WRIT OF CERTIORARI

ANTHONY GRAHAM
GRAHAM & MARTIN LLP
2901 West Coast Hwy., Ste. 200
Newport Beach, CA 92663

DANIEL L. GEYSER
Counsel of Record
ALEXANDER DUBOSE &
JEFFERSON LLP
Walnut Glen Tower
8144 Walnut Hill Lane, Ste. 1000
Dallas, TX 75231
(214) 396-0441
dgeyser@adjtlaw.com

QUESTION PRESENTED

Under this Court’s settled law, the world of res judicata “comprises two distinct doctrines”—issue preclusion and claim preclusion. *Lucky Brand Dungarees, Inc. v. Marcel Fashions Group, Inc.*, 140 S. Ct. 1589, 1594 (2020). Those two categories represent the “uniform federal rule[s] of res judicata” (*Taylor v. Sturgell*, 553 U.S. 880, 891 (2008))—there is no third doctrine “unmoored from th[ose] two guideposts” (*Lucky Brand*, 140 S. Ct. at 1595).

Except, of course, in the Federal Circuit. For years now, the Federal Circuit has adopted its own unique version of res judicata as a “necessary supplement to issue and claim preclusion.” *SpeedTrack, Inc. v. Office Depot, Inc.*, 791 F.3d 1317, 1329 (Fed. Cir. 2015). Under this doctrine, any time a defendant prevails in an infringement action, all future infringement suits involving the same activity are barred—even if the new suit involves new issues and new claims that no court has ever resolved. The Federal Circuit has candidly acknowledged that its departure from generally applicable legal principles is “questionable” (*Brain Life, LLC v. Elekta Inc.*, 746 F.3d 1045, 1057-1058 (Fed. Cir. 2014)), but it believes its hands are tied by a century-old decision from this Court, and it refuses to apply traditional preclusion rules “unless and until [this] Court” says otherwise. *SpeedTrack*, 791 F.3d at 1329.

The Federal Circuit invoked its unique rule here to preclude a second infringement suit after a first was dismissed for failure to prosecute—even though the second suit targeted only *post-judgment* claims and the issue of infringement was never actually litigated (much less resolved) in either action. The question presented is:

Whether the Federal Circuit erred in creating and applying a patent-specific preclusion doctrine that bars new issues and new claims that would survive the “uniform”

II

preclusion rules applied by this Court and every other circuit.

III

RELATED PROCEEDINGS

United States District Court (N.D. Cal.):

Richard Sowinski v. California Air Resources Board,
No. 18-3979 (Sept. 25, 2018) (judgment)

Richard Sowinski v. California Air Resources Board,
No. 18-3979 (Jan. 18, 2019) (order denying reconsideration)

United States Court of Appeals (Fed. Cir.):

Richard Sowinski v. California Air Resources Board,
No. 19-1558 (Aug. 21, 2020) (judgment)

Richard Sowinski v. California Air Resources Board,
No. 19-1558 (Oct. 23, 2020) (order denying rehearing)*

* Although not directly related to these proceedings, this case relates to earlier proceedings in *Dr. Richard Sowinski v. California Air Resources Board, et al.*, No. 30-2015-00822179 (Cal. Superior Ct.) (complaint filed Nov. 24, 2015, and removed to federal court on Dec. 21, 2015); *Richard Sowinski v. California Air Resources Board, et al.*, No. 15-2123 (C.D. Cal.) (Aug. 18, 2016) (dismissal order); and *Richard Sowinski v. California Air Resources Board, et al.*, No. 17-1219 (Fed. Cir.) (Dec. 18, 2017) (judgment).

IV

TABLE OF CONTENTS

	Page
Opinions below	1
Jurisdiction	1
Introduction.....	2
Statement.....	6
Reasons for granting the petition.....	12
A. The Federal Circuit’s <i>Kessler</i> theory misreads <i>Kessler</i> , undermines traditional preclusion doctrine, and impermissibly departs from general legal principles in patent cases alone.....	12
B. The Federal Circuit’s decisions conflict with decisions of the Third and Fourth Circuits, which correctly construed <i>Kessler</i>	20
C. The proper application of preclusion doctrine in patent cases nationwide presents an important question that warrants review in this case.....	21
Conclusion.....	23
Appendix A — Court of appeals opinion (Aug. 21, 2020)	1a
Appendix B — District court dismissal order (Sept. 25, 2018)	10a
Appendix C — District court order denying reconsideration (Jan. 18, 2019).....	16a
Appendix D — Court of appeals order (Oct. 23, 2020)	18a

TABLE OF AUTHORITIES

Cases:

<i>Allen v. McCurry</i> , 449 U.S. 90 (1980).....	17, 18
<i>Blonder-Tongue Labs., Inc. v. Univ. of Ill. Found.</i> , 402 U.S. 313 (1971).....	7, 8, 15, 18
<i>Comm’r v. Sunnen</i> , 333 U.S. 591 (1948)	18

Cases—continued:

<i>Dickinson v. Zurko</i> , 527 U.S. 150 (1999)	14
<i>eBay v. MercExchange, LLC</i> , 547 U.S. 388 (2006).....	6, 14
<i>Gen. Chem. Co. v. Standard Wholesale Phosphate & Acid Works, Inc.</i> , 101 F.2d 178 (4th Cir. 1939).....	20
<i>Kessler v. Eldred</i> , 206 U.S. 285 (1907).....	<i>passim</i>
<i>Lawlor v. Nat'l Screen Serv. Corp.</i> , 349 U.S. 322 (1955).....	15
<i>Lucky Brand Dungarees, Inc. v. Marcel Fashions Group, Inc.</i> , 140 S. Ct. 1589 (2020)	<i>passim</i>
<i>Medtronic, Inc. v. Mirowski Family Ventures, LLC</i> , 571 U.S. 191 (2014).....	14
<i>Mentor Graphics Corp. v. EVE-USA, Inc.</i> , 851 F.3d 1275 (Fed. Cir. 2017)	15
<i>MGA, Inc. v. Gen. Motors Corp.</i> , 827 F.2d 729 (Fed. Cir. 1987)	4, 6, 9
<i>Parklane Hosiery Co. v. Shore</i> , 439 U.S. 322 (1979).....	17
<i>PersonalWeb Techs. LLC, In re</i> , 961 F.3d 1365 (Fed. Cir. 2020)	<i>passim</i>
<i>Rubber Tire Wheel Co. v. Goodyear Tire & Rubber Co.</i> , 232 U.S. 413 (1914).....	4, 5, 15
<i>SCA Hygiene Prods. Aktiebolag v. First Quality Baby Prods.</i> , 137 S. Ct. 954 (2017).....	14
<i>Selden Co. v. Gen. Chem. Co.</i> , 73 F.2d 195 (3d Cir. 1934)	20
<i>SimpleAir, Inc. v. Google LLC</i> , 884 F.3d 1160 (Fed. Cir. 2018)	15, 16
<i>Sowinski v. Cal. Air Resources Bd.</i> , 730 F. App'x 615 (Fed. Cir. 2017)	10
<i>Sowinski v. Cal. Air Resources Bd.</i> , No. 15-2123, 2016 WL 5886902 (C.D. Cal. 2016)	10
<i>SpeedTrack, Inc. v. Office Depot, Inc.</i> , 791 F.3d 1317 (Fed. Cir. 2015)	<i>passim</i>
<i>STC.UNM v. Intel Corp.</i> , 767 F.3d 1351 (Fed. Cir. 2014)	15

VI

Page

Cases—continued:

Storey v. Cello Holdings, LLC, 347 F.3d 370
(2d Cir. 2003) 15
Taylor v. Sturgell, 553 U.S. 880 (2008) *passim*
Teva Pharm. USA, Inc. v. Sandoz, Inc.,
574 U.S. 318 (2015)..... 14
Whole Woman’s Health v. Hellerstedt,
136 S. Ct. 2292 (2016) 2

Statutes and rules:

28 U.S.C. 1254(1) 2
Patent Act of 1952, 35 U.S.C. 1 *et seq.* *passim*
35 U.S.C. 281 17
35 U.S.C. 282(b)..... 17
35 U.S.C. 285 19
Fed. R. Civ. P. 11..... 19
Fed. R. Civ. P. 52..... 14

In the Supreme Court of the United States

No.

RICHARD SOWINSKI, PETITIONER

v.

CALIFORNIA AIR RESOURCES BOARD

*ON PETITION FOR A WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT*

PETITION FOR A WRIT OF CERTIORARI

Dr. Richard Sowinski respectfully petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit in this case.

OPINIONS BELOW

The opinion of the court of appeals (App., *infra*, 1a-9a) is reported at 971 F.3d 1371. The order of the district court dismissing the complaint (App., *infra*, 10a-15a) is unreported but available at 2018 WL 9841114. The order of the district court denying reconsideration (App., *infra*, 16a-17a) is unreported.

JURISDICTION

The judgment of the court of appeals was entered on August 21, 2020. A petition for rehearing was denied on October 23, 2020 (App., *infra*, 18a-19a). On March 19, 2020, the Court extended the time within which to file a

petition for a writ of certiorari due on or after the order's date to 150 days from "the date of the lower court judgment * * * or order denying a timely petition for rehearing"; that order had the effect of extending the deadline to file this petition to March 22, 2021. The jurisdiction of this Court is invoked under 28 U.S.C. 1254(1).

INTRODUCTION

This case presents an important and recurring question of patent law and res judicata where the Federal Circuit has once again departed from the general legal principles applied by this Court and other circuits.

For decades now (and beyond), this Court has limited res judicata to "two distinct doctrines"—issue preclusion and claim preclusion. *Lucky Brand Dungarees, Inc. v. Marcel Fashions Group, Inc.*, 140 S. Ct. 1589, 1594 (2020). Issue preclusion prevents "a party from relitigating an issue actually decided in a prior case and necessary to the judgment." *Ibid.* Claim preclusion "prohibits 'successive litigation of the very same claim' by the same parties." *Whole Woman's Health v. Hellerstedt*, 136 S. Ct. 2292, 2305 (2016). Taken together, preclusion thus bars attempts to reassert the *same* claim, but not new claims that "postdate the filing of the initial complaint" (*Lucky Brand*, 140 S. Ct. at 1596 (emphasis added)); and it bars "matter[s] actually at issue and determined in the original action" (*id.* at 1595 (quoting *Davis v. Brown*, 94 U.S. 423, 428 (1877))), but leaves open new issues that were not "actually litigated and resolved" (*Taylor v. Sturgell*, 553 U.S. 880, 892 (2008)). This Court has never recognized any third category "unmoored" from those "two guideposts," and its "case law indicates that any such preclusion * * * must, at a minimum, satisfy the strictures of issue preclusion or claim preclusion." *Ibid.*

Not so, however, in the Federal Circuit. For the better part of a decade, the Federal Circuit has applied “a separate and distinct doctrine known as the *Kessler* Doctrine,” which precludes “claims that are not otherwise barred by claim or issue preclusion.” *Brain Life, LLC v. Elekta Inc.*, 746 F.3d 1045, 1056-1057 (Fed. Cir. 2014). Under this doctrine, once an accused infringer prevails in a prior suit, the challenged activity acquires “a limited trade right” that precludes any future litigation over the same activity—even if the new lawsuit targets *post-judgment* infringement or raises new issues that were never actually litigated or resolved in any court. *SpeedTrack, Inc. v. Office Depot, Inc.*, 791 F.3d 1317, 1325, 1328 (Fed. Cir. 2015); see also *In re PersonalWeb Techs. LLC*, 961 F.3d 1365, 1376-1377 (Fed. Cir. 2020).

In adopting this unique rule, the Federal Circuit fully acknowledged that its position is squarely at odds with “traditional” principles of issue and claim preclusion. *Brain Life*, 746 F.3d at 1055-1056. But the Federal Circuit concluded it was “bound” by *Kessler v. Eldred*, 206 U.S. 285 (1907), an obsolete decision that *pre-dated* the modern rules of preclusion. Indeed, even in adopting its outlier position, the Federal Circuit admitted that *Kessler*’s “continuing force” is “questionable” at best, and its “viability under current estoppel law may be of less value now than it was at the time it was handed down.” *Brain Life*, 746 F.3d at 1058. But the Federal Circuit declared its hands tied: “[w]e may only apply the law as it continues to exist” (*ibid.*), and “we must follow *Kessler* unless and until the Supreme Court overrules it” (*SpeedTrack*, 791 F.3d at 1329).

The Federal Circuit’s position is wrong on every level, starting with its obvious misreading of *Kessler* itself. *Kessler* did not adopt some new patent-specific form of preclusion; it was an *anti-suit injunction* case. It arose

during “the heyday of the federal mutuality of estoppel rule.” *MGA, Inc. v. Gen. Motors Corp.*, 827 F.2d 729, 733 (Fed. Cir. 1987). A patentee had sued a manufacturer for infringement, lost after full litigation, and then sued the manufacturer’s customers over the “same” products. *Kessler*, 206 U.S. at 288. Without modern preclusion doctrine, those customers could not invoke (non-mutual) issue preclusion to avoid relitigating the identical issues established in the manufacturer’s earlier lawsuit. The Court thus allowed an anti-suit injunction because the customers otherwise had no “[a]dequate” remedy against duplicative litigation seeking to undo the manufacturer’s “judgment right.” *Id.* at 289-290; see *Rubber Tire Wheel Co. v. Goodyear Tire & Rubber Co.*, 232 U.S. 413, 418 (1914) (describing *Kessler* as redressing the lack of an “adequate remedy”).¹

That is no longer true today: customers (or the manufacturer itself) may now invoke *non-mutual* issue preclusion to avoid duplicative litigation. *Kessler* thus no longer applies *even on its own terms*: the modern rules of preclusion provide the “adequate remedy” that was missing in *Kessler*, and there is no need for a (rare) anti-suit injunction—the second court can apply modern preclusion principles to protect a party’s legitimate interests in the first judgment. (And those legitimate interests do *not* include barring future suits raising new issues and new claims—all of which are *preserved* under today’s doctrine.)

The Federal Circuit’s misreading of *Kessler* is only the start of its problems. The Federal Circuit never explains how it jumped from *Kessler*’s holding (which involved relitigation over the *same* products and issues) to barring *new* issues and claims in subsequent litigation. *Kessler*

¹ Claim preclusion would not apply because the new litigation (although targeting the same products) was against *different defendants*.

was designed to protect a manufacturer's rights in a final judgment, not to *expand* those rights. See *Kessler*, 206 U.S. at 289 (“If *rights between litigants* are once established by the final judgment * * * *those rights* must be recognized in every way, and wherever the judgment is entitled to respect, by those who are bound by it.”) (emphases added). It is hornbook law that judgments only stand for the issues and claims *actually resolved* in a suit. See *Lucky Brand*, 140 S. Ct. at 1594-1595. Because the “identical” product was at issue (*Rubber Tire*, 232 U.S. at 417), *Kessler* had no occasion to decide whether its anti-suit injunction would bar new legal or factual issues arising in post-judgment claims. Even were the Federal Circuit “bound” by *Kessler*, that decision never endorsed *expanding* a judgment to reach issues and claims that were never litigated. Contra, e.g., *PersonalWeb*, 961 F.3d at 1379 (rejecting the contention that “the issue of non-infringement must be ‘actually litigated’ in order to invoke the *Kessler* doctrine”); App., *infra*, 8a.

Perhaps realizing that its reading of *Kessler* founders under any ordinary view of preclusion, the Federal Circuit has floated the idea that *Kessler* reflects “a matter of substantive patent law.” *SpeedTrack*, 791 F.3d at 1329. But *Kessler* did not adopt a patent-specific rule of preclusion. While *Kessler* factually arose in a patent dispute, the Court's rationale was not patent-specific. It did not once cite any provision of the Patent Act or describe a single consideration unique to patent cases. Indeed, the Court did not even mention the word “patent” in the operative section of its opinion. See 206 U.S. at 289-290. There is simply no indication, anywhere, that this Court understood *Kessler* to announce a new substantive rule requiring patent-specific preclusion—let alone anything in Title 35 today independently authorizing the so-called “*Kessler* doctrine” as a statutory defense.

Contrary to the Federal Circuit’s views, *Kessler* does not compel a departure from the traditional rules of preclusion universally applied everywhere else. The Federal Circuit reached the opposite conclusion despite this Court’s declaration that preclusion rules are “*uniform*,” not context-dependent (*Taylor*, 553 U.S. at 891), and contrary to this Court’s repeated directive to avoid patent-specific departures from general legal principles. *E.g.*, *eBay v. MercExchange, LLC*, 547 U.S. 388, 394 (2006). The Federal Circuit further reached this conclusion despite the contrary decisions of two other circuits, which correctly read *Kessler* as consistent with this Court’s preclusion framework (before the Federal Circuit obtained exclusive jurisdiction over patent cases).

Just last Term, this Court granted review in a trademark dispute where the Second Circuit had adopted a unique form of preclusion—barring *defenses* that were never before litigated in a new action based on new claims that post-dated any prior judgment. *Lucky Brand*, 140 S. Ct. at 1594-1595. This Court unanimously reversed, and this case now presents the mirror image of the Second Circuit’s mistake. Yet even when this error was pointed out to the full Federal Circuit, the Court denied rehearing without a single judge requesting a vote.

The Federal Circuit misread *Kessler* to stand for a proposition that it never decided, and it will continue to apply a flawed preclusion framework until this Court intervenes. Because this case is an ideal vehicle for resolving this important legal question, the petition should be granted.

STATEMENT

1. a. This Court decided *Kessler* during “the heyday of the federal mutuality of estoppel rule.” *Brain Life*, 746 F.3d at 1057 (quoting *MGA*, 827 F.2d at 733). At the time,

claim preclusion and issue preclusion were limited to the same parties or privies from earlier litigation. See *MGA*, 827 F.2d at 733. This meant that third parties could not invoke earlier judgments to prevent duplicative litigation, even when an identical issue had been litigated and resolved in an earlier case, and even when subsequent litigation would effectively contradict rights established in the original judgment. See *Blonder-Tongue Labs., Inc. v. Univ. of Ill. Found.*, 402 U.S. 313, 321-322 (1971) (describing “the judge-made doctrine of mutuality”).

The Court in *Kessler* sought an equitable remedy to overcome these shortcomings. *Kessler* involved repeat litigation between a patentee and a manufacturer. The patentee sued the manufacturer for infringement, lost, and then sued the manufacturer’s customers for the same alleged infringement. *Kessler*, 206 U.S. at 285-287. This put the manufacturer in a bind: despite prevailing on the earlier suit, its customers now faced the same claims over the same allegations. This resulted in serious problems for the manufacturer: the Court identified actual evidence of “harass[ment],” prejudice (including the “actual effect” of lost sales), a risk of a “multiplicity of suits,” and the lack of any “[i]adequate” remedy to protect the manufacturer’s “judgment right.” *Id.* at 288-290.

The Court accordingly authorized an anti-suit injunction to enjoin the patentee from filing future suits against the manufacturer’s customers over the same products. 206 U.S. at 288-290. That injunction had the effect of establishing issue preclusion without “mutuality”: without *Kessler*’s equitable relief, a customer could not avoid relitigating identical questions resolved in the manufacturer’s earlier suit. But by enjoining future actions, *Kessler* put an end to identical, duplicative suits designed to harass the manufacturer’s customers or undermine the manufacturer’s earlier win. *Id.* at 289 (the manufacturer

was entitled to enforce his “right[] * * * once established by the final judgment”).

Decades after *Kessler*, the Court would later overturn the old “mutuality” rule in *Blonder-Tongue*. See 402 U.S. at 349 (authorizing defensive issue preclusion and rejecting the “uncritical acceptance of the principle of mutuality of estoppel”). This change effectively rendered *Kessler* obsolete: after *Blonder-Tongue*, non-mutual issue preclusion now provides the “adequate remedy” that was missing in *Kessler*, and third parties can now prevent baseless attempts to relitigate matters decided in earlier litigation.

b. After years of applying this Court’s traditional preclusion doctrine, the Federal Circuit revisited *Kessler* in *Brain Life*. As relevant here, a patentee sued a manufacturer for infringement, lost, and then sued the same manufacturer for infringing the same patent, but asserted a different set of patent claims, and targeted new acts of infringement post-dating the first suit. See 746 F.3d at 1051-1052.² The court initially recognized that neither issue nor claim preclusion would bar the new 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”: and issue preclusion did not apply because the relevant allegations “were not fully, fairly, and actually litigated to finality.” *Id.* at 1055-1056.

Yet the court nevertheless found that the new action, despite surviving modern preclusion principles, was precluded by *Kessler*. See 746 F.3d at 1059. As the court rea-

² The plaintiff in the second action was actually a privy of the original patentee, a detail irrelevant to the panel’s analysis. Because each party represented effectively the same interest, each entity was considered effectively the same party for preclusion purposes. See 745 F.3d at 1050-1051 & n.1.

soned, *Kessler* granted a “limited trade right” over “specific products” held not to infringe, “even when the specific *acts* of infringement would not be barred by claim preclusion.” 746 F.3d at 1057 (quoting *MGA*, 827 F.2d at 734). Because, under this view, the products “acquire[] the status of a noninfringing device,” it was irrelevant that the new action involved post-judgment claims or new issues. *Id.* at 1058-1059. Once the patentee lost the first suit, its subsequent claims were barred by *Kessler*. *Id.* at 1059.

In so holding, the court recognized that *Kessler* might have been a mere “exception” to the old “mutuality requirement,” and the decision’s “continuing force” was “questionable” after modern “developments.” 746 F.3d at 1057-1058. Yet the court still found itself “bound” to apply *Kessler*, “even if its viability under current estoppel law may be of less value now than it was at the time it was handed down”: “Whether the *Kessler* Doctrine is an exception to the mutuality of estoppel rule or a matter of substantive patent law is a question we cannot answer. We may only apply the law as it continues to exist.” *Id.* at 1058.

The Federal Circuit has since reaffirmed its views in *Brain Life* in a series of published opinions, including denying rehearing in many of those cases. See, e.g., *PersonalWeb*, 961 F.3d at 1379 (unequivocally applying *Kessler* to issues not litigated in an earlier suit); *SpeedTrack*, 791 F.3d at 1328-1329 (refusing to back away from *Brain Life*).

2. The material facts relevant to this petition are remarkably straightforward.

a. Dr. Richard Sowinski (petitioner here) is the inventor of “an electronic method and apparatus for validating and trading consumer pollution-control tax credits.” App., *infra*, 2a. He obtained a patent on his invention (U.S. Pa-

tent No. 6,601,033), and later sued the California Air Resources Board (respondent here) for infringing his rights when conducting California’s Cap-and-Trade Program auctions. *Ibid.*

Petitioner’s first suit was filed in California state court and later removed to federal district court. After dispositive motions were filed, petitioner failed to respond; the case was then dismissed with prejudice under the district court’s local rules for failure to prosecute. App., *infra*, 3a, 9a; see *Sowinski v. Cal. Air Resources Bd.*, No. 15-2123, 2016 WL 5886902, at *2-*3 (C.D. Cal. 2016). Due to the procedural default, the court “did not address the underlying merits” of petitioner’s infringement allegations. *Sowinski v. Cal. Air Resources Bd.*, 730 F. App’x 615, 617 (Fed. Cir. 2017) (appeal from first lawsuit); see App., *infra*, 9a (petitioner “did not obtain resolution of the question of infringement”).

b. After that earlier litigation became final, petitioner brought a second suit against the same defendant, asserting the same patent against the same infringing activity—but limited to “damages only for infringement after the decision in *Sowinski I.*” App., *infra*, 4a.³

The district court dismissed the action. App., *infra*, 10a-15a. Although the suit targeted only post-judgment infringement, the district court found that “res judicata bars [petitioner’s] claims.” *Id.* at 12a. The court noted that petitioner’s “causes of action” were “all predicated on [respondent’s] alleged infringement” of the same patent, and thus were “clearly barred by res judicata.” *Id.* at 14a-15a.

Petitioner sought reconsideration, but the district court again reaffirmed that “res judicata bars [petitioner’s] instant lawsuit.” App., *infra*, 16a-17a. The court

³ This suit was originally filed in state court, voluntarily dismissed, and refiled in federal court. App., *infra*, 4a.

noted petitioner’s allegation that respondent “violates the patent on a yearly basis when it runs the CARB Auction,” but reasoned that petitioner’s lawsuit is still “predicated on the same conduct as [petitioner’s] previous suit.” *Ibid.*

3. a. The Federal Circuit affirmed. App., *infra*, 1a-9a.

The court acknowledged that petitioner’s new claims arose after the first lawsuit (App., *infra*, 4a, 7a), and that no court had ever resolved “the question of infringement” on the merits (*id.* at 9a). But the court noted that petitioner “alleges no different conduct or acts” in suing the same defendant for post-judgment infringement. *Id.* at 7a. In that situation, the court held, “when the act has been adjudged not wrongful, its repetition cannot be challenged in a subsequent suit.” *Id.* at 8a-9a (so holding even though the initial suit was dismissed for “failure to respond”). Because respondent obtained “a prior judgment of non-infringement,” *Brain Life* foreclosed any future litigation against the same products or methods. *Id.* at 8a (citing *Brain Life*, 746 F.3d at 1054).

Petitioner’s suit was therefore barred despite raising legal and factual issues regarding infringement that no court had ever adjudicated, and raising new claims that arose after the first suit was over. App., *infra*, 7a-9a. Respondent’s activity, the panel concluded, had “acquire[d] the “status” of a noninfringing device vis-à-vis the asserted patent claims.” App., *infra*, 8a (quoting *Brain Life*, 746 F.3d at 1057).

b. Petitioner sought rehearing before the full court, highlighting the same issues presented in this petition, including the disconnect between this Court’s *Lucky Brand* decision and the Federal Circuit’s creation of a “third” preclusion doctrine “unmoored” from issue or claim preclusion. C.A. Reh’g Pet. 2-3, 7-9. The Federal Circuit denied rehearing without any recorded dissent. App., *infra*, 18a-19a.

REASONS FOR GRANTING THE PETITION

According to the Federal Circuit, *Kessler* establishes a patent-specific rule of preclusion: any activity declared non-infringing (for any reason) in prior litigation is automatically immune from subsequent litigation over the same patent, even if that subsequent litigation involves entirely new issues and new claims. See, e.g., App., *infra*, 7a-9a; *SpeedTrack*, 791 F.3d at 1323-1325; *Brain Life*, 746 F.3d at 1057-1059. The Federal Circuit below thus invoked *Brain Life* (which, in turn, invoked *Kessler*) to bar petitioner’s lawsuit, even though it would survive under this Court’s traditional preclusion framework.

The Federal Circuit’s position is mistaken. Its holding creates a direct conflict with the “uniform” preclusion rules applied in all other circuits. It violates this Court’s recent (and repeated) instruction against creating patent-specific exceptions to general legal principles. It is based on a demonstrable misreading of *Kessler* itself, endorsing a view rejected by two circuits. And it implicates a rule of law that is important, recurring, and entrenched (as the Federal Circuit has now reaffirmed on multiple occasions). Until this Court intervenes, the Federal Circuit’s outlier view will incorrectly dictate the preclusive effects of prior judgments in all patent cases nationwide. Further review is plainly warranted.

A. The Federal Circuit’s *Kessler* Theory Misreads *Kessler*, Undermines Traditional Preclusion Doctrine, And Impermissibly Departs From General Legal Principles In Patent Cases Alone

Under the Federal Circuit’s misreading of *Kessler*, the nation’s patent law now conflicts with the law of every other circuit (and this Court) on general preclusion principles.

1. By adopting its own unique form of *res judicata*, the Federal Circuit has run headlong into this Court’s recent guidance on preclusion. In *Lucky Brand*, this Court could not have spoken any more plainly in explaining there are “two distinct doctrines regarding the preclusive effect of prior litigation”—issue preclusion and claim preclusion. 140 S. Ct. at 1594. The Court did not hint at any room available for a third “standalone category”: “our case law indicates that any such preclusion * * * must, at a minimum, satisfy the strictures of issue preclusion or claim preclusion.” *Lucky Brand*, 140 S. Ct. at 1595.

Yet even after *Lucky Brand*, the Federal Circuit has continued to apply a third doctrine “unmoored from th[ose] two guideposts.” 140 S. Ct. at 1594. And it has done so unabashedly: the court admits it is “fill[ing] the gap” in this Court’s traditional preclusion framework, and barring claims that would otherwise proceed under “claim or issue preclusion.” *Brain Life*, 746 F.3d at 1055-1056; see also *PersonalWeb*, 961 F.3d at 1377 (“the *Kessler* doctrine serves to fill the ‘temporal gap’ left by claim preclusion, even if that gap is not filled by issue preclusion”). But it insists its position is compelled by this Court’s own cases, and it will adhere to its practice “unless and until the Supreme Court” says otherwise. *SpeedTrack*, 791 F.3d at 1329.

The Federal Circuit is profoundly mistaken. Just as there is no obvious basis for “defense preclusion” (*Lucky Brand*, 140 S. Ct. at 1595), there is no obvious basis for a patent-specific preclusion framework. This Court has long confirmed that preclusion rules are “uniform.” *Taylor*, 553 U.S. at 891 (federal courts “develop[] ‘uniform federal rule[s]’ of *res judicata*”). Those traditional rules are faithfully applied in all other circuits, and yet those rules are now *disuniform* in the Federal Circuit alone.

There is no justification for treating patent cases differently for preclusion purposes.

Indeed, on the contrary, this Court has repeatedly cautioned against creating patent-specific exceptions to general legal norms: “[p]atent law is governed by the same common-law principles, methods of statutory interpretation, and procedural rules as other areas of civil litigation.” *SCA Hygiene Prods. Aktiebolag v. First Quality Baby Prods.*, 137 S. Ct. 954, 964 (2017).⁴ The Federal Circuit’s position directly violates that clear admonition: issue and claim preclusion are not merely general legal rules, but “*uniform*” rules. *Taylor*, 553 U.S. at 891. Although a suit arising on these facts in any non-patent dispute would proceed, the Federal Circuit’s precedent imposes a bar exceeding traditional limits on both issue and claim preclusion. See, e.g., *SpeedTrack*, 791 F.3d at 3128 (“the *Kessler* doctrine is a necessary supplement to issue and claim preclusion”); *Brain Life*, 746 F.3d at 1055-1056 (*Kessler* “precludes some claims that are not otherwise barred by claim or issue preclusion”). This represents the “further removal of patent causes from the mainstream of the law” that this Court routinely grants review to correct. *STC.UNM v. Intel Corp.*, 767 F.3d 1351, 1355 (Fed.

⁴ See also, e.g., *Teva Pharm. USA, Inc. v. Sandoz, Inc.*, 574 U.S. 318, 324-325 (2015) (reaffirming that general principles governing review under Fed. R. Civ. P. 52 apply in patent cases); *Medtronic, Inc. v. Mirowski Family Ventures, LLC*, 571 U.S. 191, 193-194 (2014) (reaffirming that general principles governing declaratory judgments apply in patent cases); *eBay v. MercExchange, LLC*, 547 U.S. 388, 391-392, 394 (2006) (reaffirming that general principles governing injunctive relief apply in patent cases); *Dickinson v. Zurko*, 527 U.S. 150, 165 (1999) (reaffirming that general principles governing agency review apply to USPTO decisions).

Cir. 2014) (Newman, J., dissenting from denial of rehearing en banc).⁵

2. The Federal Circuit failed to identify adequate support for its patent-specific departure from “the two guideposts of issue preclusion and claim preclusion.” *Lucky Brand*, 140 S. Ct. at 1595. *Kessler* itself does not provide any such justification, and nothing in Title 35 independently supports a patent-specific preclusion doctrine.

a. The Federal Circuit demonstrably misread *Kessler* itself. First and foremost, *Kessler* did not authorize a new category of preclusion. It was an anti-suit injunction case. It authorized an equitable remedy because issue preclusion was unavailable under the old “mutuality” rule, leaving the judgment-winner “without adequate remedy” to protect its rights in “the decree.” *Rubber Tire*, 232 U.S. at 418. That essential predicate no longer exists today: under modern preclusion rules, parties can invoke *non-mutual* issue preclusion (*Blonder-Tongue*, 402 U.S. at 349), and block repetitive litigation designed to unwind the actual rights captured in a prior judgment. That provides the “adequate remedy” missing in *Kessler*; there is no need to

⁵ To the extent the panel believed that ordinary *claim preclusion* applied, it was plainly wrong: “claim preclusion does not bar a party from asserting infringement based on activity occurring after the judgment in the earlier suit.” *SimpleAir, Inc. v. Google LLC*, 884 F.3d 1160, 1170 (Fed. Cir. 2018); see also *Lawlor v. Nat’l Screen Serv. Corp.*, 349 U.S. 322 (1955) (prior judgments “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”); *Storey v. Cello Holdings, LLC*, 347 F.3d 370, 383-384 (2d Cir. 2003) (Sotomayor, then-J.). Indeed, while the panel quoted *Lawlor* for support, *Lawlor* cuts exactly the other way. See *Mentor Graphics Corp. v. EVE-USA, Inc.*, 851 F.3d 1275, 1300 (Fed. Cir. 2017); *Storey*, 347 F.3d at 383 (so explaining). The panel’s invocation of *Brain Life* thus made clear exactly what it was doing: invoking the Federal Circuit’s *Kessler* doctrine to bar new issues and claims that no court had resolved.

rewrite today's preclusion doctrine to achieve the same result.

But even setting that initial error aside, the Federal Circuit never explains why it invokes *Kessler* to bar new issues and claims extending *beyond* the initial judgment. If the Federal Circuit were truly concerned about protecting “the manufacturer’s judgment right” (*SpeedTrack*, 791 F.3d at 1328-1329), it should have limited preclusion to the issues and rights *actually determined* in the prior case. *Lucky Brand*, 140 S. Ct. at 1594-1595. And, indeed, that was the entire focus of *Kessler* itself. See, e.g., *Kessler*, 206 U.S. at 289 (seeking to preserve the judgment’s “full effect”). A judgment’s “effect” is limited to *the issues and claims adjudicated in that suit*; it does not convey any “right” to issues and claims that no one litigated.

Under the Federal Circuit’s theory, however, a judgment’s “effects” under *Kessler* are not preserved, but *expanded*: rather than protecting the rights secured by the judgment, the Federal Circuit grants an entirely *new* set of rights never adjudicated in any suit. It forecloses legal issues that were never “actually litigated” (*PersonalWeb*, 961 F.3d at 1377) and bars post-judgment claims that no court ever resolved (*SimpleAir, Inc. v. Google LLC*, 884 F.3d 1160, 1170 (Fed. Cir. 2018)). *Kessler* had no occasion even to address those issues (since both suits presented the same questions); if the Federal Circuit believes an expansive form of preclusion exists, it must identify it somewhere other than *Kessler*.

b. The Federal Circuit did not suggest such support might exist in Title 35, and for good reason: there is no textual hook in the Patent Act authorizing a unique rule of preclusion.

Nothing in Title 35 supports the Federal Circuit’s position. When Congress directed that a “patentee shall have remedy by civil action for infringement of his patent”

(35 U.S.C. 281), it nowhere limited that right to a single opportunity to seek relief involving any given activity. There is no special statutory preclusion defense—even though Congress expressly enumerated other defenses (35 U.S.C. 282(b)). The Federal Circuit simply grafted on an extratextual right that is not grounded in the Act itself.

And while the Federal Circuit speculated that *Kessler* may have “espouse[d] a specific doctrine of substantive patent law” (*Brain Life*, 746 F.3d at 1057), a quick review of the opinion proves that is wrong. There is no indication that *Kessler*’s analysis was predicated on the patent subject-matter of that case, rather than the happenstance that it factually involved patents. *Kessler* did not cite a single provision of the Patent Act; it did not reference any specific patent doctrine, or suggest any basis for cabining its rule to patent disputes. *Kessler*’s core reasoning—describing the anti-suit injunction, the defendant’s concrete harm, and the need to protect the judgment’s “effects”—did not even *utter* any word specific to patents, much less endorse a patent-specific jurisprudence. See 206 U.S. at 288-290. Indeed, the word “patent” does not even *appear* in the critical last two pages of the Court’s four-page opinion (*id.* at 289-290).

The Federal Circuit also overlooks that *Blonder-Tongue* itself was a *patent* case, yet no one maintains that its holding is limited to the patent context. On the contrary, this Court has repeatedly cited *Blonder-Tongue* as setting new rules of preclusion across all substantive areas. *E.g.*, *Taylor*, 553 U.S. at 899, 907; *Allen v. McCurry*, 449 U.S. 90, 94-95 (1980); *Parklane Hosiery Co. v. Shore*, 439 U.S. 322, 326-327 (1979). There is no reason to presume that *Kessler* silently announced a “specific doctrine of substantive patent law,” while *Blonder-Tongue*, also a patent case, articulated general preclusion principles.

c. Nor can the Federal Circuit justify its position on policy grounds.

First, the Federal Circuit insists that its *Kessler* doctrine is a “necessary supplement” to avoid suits that would escape ordinary preclusion: otherwise, the court reasons, “a patent owner could file suit against the manufacturer’s customers under any claim or theory not actually litigated against the manufacturer as long as it challenged only those acts of infringement that post-dated the judgment in the first action.” *SpeedTrack*, 791 F.3d at 1328; see also *PersonalWeb*, 961 F.3d at 1376. In other words, without the so-called *Kessler* doctrine, traditional claim and issue preclusion would operate *exactly as they are intended*—with new issues and new claims preserved for future review. *Lucky Brand*, 140 S. Ct. at 1594-1595 (“[i]f the second lawsuit involves a new claim or cause of action, the parties may raise assertions or defenses that were omitted from the first lawsuit even though they were equally relevant to the first cause of action”; “where two lawsuits involve[] different claims, preclusion operates ‘only upon the matter actually at issue and determined in the original action’”).

That is a reason to *reject* the Federal Circuit’s holding, not endorse it. Parties have no *legitimate* interest in avoiding unresolved issues and claims; preclusion prevents litigation over *decided* questions. This Court’s doctrine is calibrated to respect the parties’ interest in finality while preserving “a full and fair opportunity to litigate” new matters. *Blonder-Tongue*, 402 U.S. at 329; see also *Allen*, 449 U.S. at 95 (emphasizing “limitation[s]” on estoppel); *Comm’r v. Sunnen*, 333 U.S. 591, 599-600 (1948) (imposing limitations on estoppel to “avoid injustice”).

No court has confronted petitioner’s infringement allegations on the merits or addressed his claims for post-judgment infringement—yet the Federal Circuit still held

his lawsuit was barred. App., *infra*, 5a-9a. The Federal Circuit’s aggressive preclusion rules are not merely filling a “gap” (*Brain Life*, 746 F.3d at 1056), but moving the line between what may and may not proceed. That upsets this Court’s careful balance in this area.

Second, the Federal Circuit suggests that permitting suits that survive this Court’s traditional preclusion framework would somehow authorize “harassment.” *SpeedTrack*, 791 F.3d at 1328-1329. Yet it is not “harassment” to ask parties to litigate new and unresolved legal questions, a result contemplated by this Court’s time-tested framework. *Taylor*, 553 U.S. at 891. And where a litigant steps over the line, defendants have ample tools at their disposal without automatic preclusion: Courts may issue sanctions for baseless filings (Fed. R. Civ. P. 11), award attorney’s fees in exceptional cases (35 U.S.C. 285), and even grant anti-suit injunctions in extraordinary situations to prevent concrete harassment. If a patentee brings a second lawsuit that is doomed to fail—based on a weak sliver of an unresolved issue remaining from an original action—it faces a material risk of serious economic consequence. And, of course, any defendant wishing to secure global relief always has the option of seeking a declaratory judgment on any issues not raised directly in an initial complaint, which itself could cut off future litigation.

These tools and safeguards protect the legitimate interests of defendants in patent cases. There is no reason that the traditional preclusion rules adequate everywhere else are somehow inadequate here.

B. The Federal Circuit’s Decisions Conflict With Decisions Of The Third And Fourth Circuits, Which Correctly Construed *Kessler*

In misreading *Kessler* to decide a question that it neither addressed nor resolved, the Federal Circuit created a direct (and unacknowledged) conflict with other circuits.

According to the Federal Circuit, once products are found non-infringing, a patentee is “barred from asserting that the[accused products] infringe the same patent claims a second time,” even on entirely new legal issues. *Brain Life*, 746 F.3d at 1058. Yet, as noted above, *Kessler* did not confront a suit with *new* issues, and two circuits have rejected the Federal Circuit’s logic on that basis.

In *Selden Co. v. Gen. Chem. Co.*, 73 F.2d 195 (3d Cir. 1934), the Third Circuit recognized that *Kessler* was properly limited to issues actually resolved in the first action, declaring that *Kessler* “does not apply” because “the issues involved in the Maryland suit were not the same as those covered in the Pennsylvania suit.” 73 F.2d at 197. Likewise, in *Gen. Chem. Co. v. Standard Wholesale Phosphate & Acid Works, Inc.*, 101 F.2d 178 (4th Cir. 1939), the Fourth Circuit explained that a *Kessler* “injunction” was “refused” because “the issues involved [in each suit] were not the same.” 101 F.2d at 183.

These circuits, unlike the Federal Circuit, limited *Kessler* to its proper scope. Their reading preserves the fundamental limits on issue preclusion and avoids a conflict with “uniform” preclusion principles. In taking the opposite approach, the Federal Circuit alone remains out of step with this Court’s controlling precedent.

C. The Proper Application Of Preclusion Doctrine In Patent Cases Nationwide Presents An Important Question That Warrants Review In This Case

1. The Federal Circuit's departure from traditional preclusion principles raises issues of obvious legal and practical importance.

The Federal Circuit's refusal to apply this Court's uniform framework upsets the careful balance struck by preclusion doctrine for decades. It affects the rights of litigants to have their day in court, without promoting any legitimate countervailing interests in judicial economy or repose. The issue continues to generate litigation, with the Federal Circuit forced to round out new aspects of its unique doctrine in a series of published decisions. See, e.g., *PersonalWeb*, *supra*; *SimpleAir*, *supra*; *SpeedTrack*, *supra*; *BrainLife*, *supra*. And it (ironically) encourages *even more* litigation, as patentees are forced to assert every possible claim (and every possible legal theory) in a first action to avoid forfeiting it later—even if the magnitude of infringement is minor at the outset. Cf., e.g., Oral Arg. Tr. at 28-29, *Lucky Brand*, *supra* (No. 18-1086) (Jan. 13, 2020) (Roberts, C.J.) (identifying a similar dynamic); *id.* at 34-35 (Gorsuch, J.) (same).

The Federal Circuit has exclusive jurisdiction over patent appeals, and it has now set the preclusion rule for patent cases nationwide. And despite recognizing that its position is “questionable,” it refuses to back down until this Court corrects its mistake. *Brain Life*, 746 F.3d at 1058. This Court granted review in *Lucky Brand* to review an analogous decision by the Second Circuit, and there is an equally compelling reason to grant review here. The Federal Circuit's error will otherwise persist until this Court intervenes.

2. This case is a strong vehicle for resolving the question presented. The presentation is as clean as it gets: petitioner’s complaint was dismissed exclusively on preclusion grounds; there is no dispute that issue preclusion does not apply (since infringement was never litigated on the merits in the first suit); and there is no dispute that claim preclusion does not apply (because petitioner limited his new complaint to “infringement that occurred after conclusion of his prior suits”). App., *infra*, 2a, 4a, 7a-9a. The action would therefore survive under this Court’s traditional preclusion framework, but was foreclosed under the Federal Circuit’s unique views.

The issue is important and recurring, and it was outcome-determinative below. Further percolation is pointless: the Federal Circuit is fully aware of the counterarguments, but it has declared itself bound by its (mis)understanding of *Kessler*. Further review is necessary to resolve the conflict between the preclusion rules applied in the Federal Circuit and those applied everywhere else.

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted.

ANTHONY GRAHAM
GRAHAM & MARTIN LLP
2901 West Coast Hwy., Ste. 200
Newport Beach, CA 92663

DANIEL L. GEYSER
Counsel of Record
ALEXANDER DUBOSE &
JEFFERSON LLP
Walnut Glen Tower
8144 Walnut Hill Lane, Ste. 1000
Dallas, TX 75231
(214) 396-0441
dgeyser@adjtlaw.com

MARCH 2021