AKIN, GUMP, STRAUSS, HAUER & FELD, L.L.P.

ATTORNEYS AT LAW
1676 INTERNATIONAL DRIVE
MCLEAN, VIRGINIA 22102
(703) 891-7500
FAX (703) 891-7501

www.akingump.com

DIRECT DIAL NUMBER (703) 891-7550 E-MAIL ADDRESS jsherwood@akingump.com

AUSTIN
BRUSSELS
DALLAS
DENVER
HOUSTON
LONDON
LOS ANGELES
MOSCOW
NEW YORK
NORTHERN VIRGINIA
PHILADELPHIA
SAN ANTONIO
WASHINGTON, D.C.

RIYADH (AFFILIATE)

Posted with permission of the American Conference Institute.

COLLATERAL ESTOPPEL & MARKMAN TIMING

By Jeffrey K. Sherwood

I. INTRODUCTION

The defining characteristic of the Supreme Court's *Markman* decision is that the construction of a patent is to be done by the court. *Markman v. Westview Instruments*, 517 U.S. 370 (1996). From this decision, a jurisprudence has developed with respect to *Markman* rulings, touching upon both their procedure and their finality. The importance of finality is well illustrated in cases where an adverse construction for the patentee/plaintiff has been used in an effort to prevent relitigation of those claims in a second suit. Certainly, in some of those instances, and perhaps in all of them, the patentee/plaintiff did not realize that an adverse construction could be used against it in subsequent suits and indeed that such construction might be irreversible even in the first case. Thus, an all-encompassing *Markman* construction of a patent can be a high-stakes proposition. But if uniformity is to be achieved, the patentee/plaintiff must not be able to forum shop for the best claim construction.

The circumstances in which *Markman* rulings have the same preclusive effect as final judgments and other rulings traditionally encompassed by the doctrine of collateral estoppel is

hardly settled, though. Courts have reached different results on this issue, as will be discussed in

this paper, but none have disagreed that under the right circumstances, collateral estoppel

precludes relitigation of the same claim construction issues. Indeed, a contrary conclusion would

conflict with the overarching principle of collateral estoppel to provide one procedurally

complete opportunity to litigate an issue and not to permit endless relitigation of the same issue

against different litigants in different courts.

The Supreme Court has made this point more eloquently:

Uniformity would, however, be ill served by submitting issues of document [***40] construction to juries. Making them jury issues

would not, to be sure, necessarily leave evidentiary questions of meaning wide open in every new court in which a patent might be

litigated, for principles of issue preclusion would ordinarily foster

uniformity. Cf. Blonder-Tongue Laboratories, Inc. v. University of Ill. Foundation, 402 U.S. 313, 28 L. Ed. 2d 788, 91 S. Ct. 1434

(1971). But whereas issue preclusion could not be asserted against new and independent infringement defendants even within a given

jurisdiction, treating interpretive issues as purely legal will promote (though it will not guarantee) intrajurisdictional certainty through the application of *stare decisis* on those questions not yet

subject to interjurisdictional uniformity under the authority of the

single appeals court.

Markman v. Westview Instruments, 517 U.S. 370, 391 (1996).

But where does this defense find useful application in patent litigation?

The answer depends upon whether the patent at issue has broad applicability and

may reach many businesses or has more limited reach. Because of Markman's

strong uniformity policy, it is well advised to research your opponent's litigation

history; you may be pleasantly surprised and discover a valuable patent

construction tool.

Two conclusions arise from *Markman*: (1) issue preclusion does apply

where applicable according to established precepts; and (2) where issue

preclusion does not apply, stare decisis can still achieve a measure of uniformity.

The premise of this paper, then, is that collateral estoppel applies to prior constructions of

the same claims, and can be an important element in developing a strategy for timing of a

Markman hearing.

II. HOW DOES COLLATERAL ESTOPPEL WORK IN THE PATENT CONTEXT?

Collateral estoppel has four familiar elements according to the Federal Circuit. E.g. Aqua

Marine Supply v. AIM Machinery, Inc., 247 F.3d 1216 (Fed. Cir. 2001)

1. The issue raised in the current proceeding must be identical to the one decided in

the first action;

2. That issue must have been actually litigated in the first action;

3. Resolution of that issue must have been essential to a final judgment or ruling in

the first action; and

4. The plaintiff must have had a full and fair opportunity to litigate the issue in the

first action.

Only by reviewing these four elements and making a judgment as to their applicability can you

make a determination as to how collateral estoppel might work in the Markman process.

In TM Patents v. International Business Machines, 72 F. Supp.2d 370 (S.D.N.Y. 1999),

the court was asked to construe claims that had been the subject of an exhaustive review by

another district court in a separate patent infringement action brought by the same plaintiff.

After reviewing the criteria for application of the defense as set forth in *Blonder-Tongue Lab.*,

Inc. v. University of Illinois Foundation, 402 U.S. 313 (1971), the court concluded that the

criteria were met and that the plaintiff/patentee should be precluded from relitigating the

meaning of those terms. In reaching this conclusion, the court noted the discussion about

uniformity in Markman and remarked that it is "inconceivable that a fully-litigated determination

after a first Markman hearing would not be preclusive in subsequent actions involving the same

disputed claims under the same patent. The nature of the Markman proceeding is such that

finality is its aim." *Id.* at 377.

In Bristol-Myers Squibb Co. v. PAR Pharmaceutical, Inc., 2001 WL 225044 (S.D.N.Y.),

the court was asked to consider modifying a protective order to permit access to certain court

records on the theory that access might show that the patentee/plaintiff was collaterally estopped

from litigating or relitigating certain claims, as the case might prove to be. The court found that

this argument constituted good cause to modify the protective order, implicitly holding that

collateral estoppel is available for prior *Markman* rulings.

In Graco Children's Products, Inc., v. Regalo International, LLC, 77 F. Supp.2d 660

(E.D. Pa. 1999), the court was asked to apply the defense to a patentee/plaintiff who had

previously litigated certain claim constructions and had received an adverse ruling. The court

declined to do so, noting that an intervening settlement had deprived the patentee/plaintiff of the

opportunity to appeal that ruling and thus the defense would not apply. This result is in contrast

to TM Patents where an intervening settlement also occurred, but that court rejected it as a basis

not to apply the defense, noting that the settlement was voluntary and thus was a willing

abandonment of appellate rights.

In Kollmorgen Corp. v. Yaskawa Electric Corp., 2001 WL 732012 (W.D.Va. 2001), the

court was asked to apply the defense and refused to do so, reasoning that a consensual

settlement, reached after a definitive *Markman* ruling, did not meet the criterion for a final

judgment because there was no opportunity for an appeal of the *Markman* ruling. The court

rested its decision heavily upon the fact that no interlocutory review of Markman rulings is

available in the Federal Circuit and thus one must either litigate a case all the way through to

judgment, so that the *Markman* ruling can be appealed, or settle, knowing that preclusive effect

attaches upon settlement. In light of the fact that a large portion of appeals to the Federal Circuit

are reversed, the court concluded that such a rule would have a chilling effect on settlement and

rejected the defense, also rejecting the rationale from TM Patents.

The Kollmorgen saga did not end in Virginia, though. Back in Wisconsin, the original

court, the parties had settled and petitioned the court to vacate its *Markman* ruling as a part of the

settlement. The defendant/alleged infringer in Virginia sought to intervene, in order to protect its

interest in the collateral estoppel effect of the *Markman* ruling (the Virginia Court apparently had

not ruled at the time). The Wisconsin court assumed, without deciding, that its prior order would

have preclusive effect and addressed itself to the *vacatur* motion with that premise. The court

noted the public interest in saving other judges and litigants from revisiting the same issue and

the interests of other parties in the court's rulings and determined that the benefits of preserving

those rulings outweighed the value of settlement. The motion for *vacatur* was therefore denied.

Allen-Bradley Co., LLC v. Kollmorgen Corp., 199 F.R.D. 316 (E.D.Wis. 2001).

The *Kollmorgen* story is an instructive one. It teaches the plaintiff/patentee not to rely

upon the district court to cooperate in vacating adverse Markman rulings. The practice of

vacatur is not uncommon and many judges have cooperated, recognizing the value of settlement.

But, if the court refuses to do so, then the plaintiff/patentee may never escape that first claim

construction.

In Abbott Laboratories v. Day, 110 F. Supp. 667, 55 U.S.P.Q. 2d 1728 (N.D. Ill. 2000),

the risk is well illustrated. In that case, the court held that the prior claim construction had

preclusive effect, even though that very construction was then on appeal from the first court.

In Stephen C. Edberg v. CPI-The Alternative Supplier, Inc., 156 F. Supp.2d 190 (D.Conn.

2001), the court had previously construed the patent in suit, and issued a Markman ruling on

certain claim limitations. See Environetics, Inc. v. Millipore Corp., 923 F. Supp. 344 (D.Conn.

1996). The construction no longer entirely suited the plaintiff/patentee and so it asked the court

to reconsider and modify its prior ruling of five years earlier. The defendant asserted collateral

estoppel. In its analysis, the court reviewed the elements of collateral estoppel, and the decisions

in TM Patents, Graco and Abbott Laboratories. The court rejected the argument that the policy

of encouraging settlements precluded invocation of collateral estoppel, distinguishing Graco and

adopting the rationale of *TM Patents*.

Α. **Are The Issues Identical?**

In the patent context, the requirement that the issues between the two cases be identical

will most typically find expression in arguments over specific claim language in the same patent.

In one of our recent cases, this is precisely what happened and yet the plaintiff argued that the

issues were not identical because some claims at issue in the second case were not at issue in the

first case. Thus, the argument continued, the meaning of those non-overlapping claims on the

contested language had not been considered by the first judge. In other words, the plaintiff

COLLATERAL ESTOPPEL

argued that even if some claims were definitively construed in the first case and were common to

both cases, the fact that all contested claims were not common to both cases precluded collateral

estoppel. This is because claim differentiation can not be given full effect if the first judge did

not appreciate how the dependent claims in the second case could affect independent claim

language at issue in the first case.

This argument, of course, raises the issue as to the proper role of claim differentiation. If

this argument is correct, it eliminates collateral estoppel in patent cases because it is not likely

that two patent cases are going to involve precisely the same constellation of claims from the

patent and of course the alignment of allegedly infringed claims is entirely within the

patentee/plaintiff's ability to manipulate to avoid such a precise duplication. In our case, the

judge summarily rejected this argument. That conclusion seems clearly correct to keep the

dependent claim tail from wagging the independent claim dog. North American Vaccine, Inc. v.

American Cyanamid Co., 7 F.3d 1571, 1577 (Fed. Cir. 1993).

For *Markman* planning purposes, the litigant should assume that the court will look at the

words and phrases that were actually construed by the prior judge, compare them to the words,

phrases and claims directly at issue in the second case, and determine identicality on that basis.

B. Was The Prior Ruling Necessary To A Final Judgment?

This requirement raises a couple of interesting issues in patent cases. First, the phrasing

of the first court's order and the results of that order are crucial in determining whether this

element is present. Because collateral estoppel is a doctrine that is narrowly construed, the

defendant must be satisfied that the court adequately articulated its rationale, and that rationale

necessarily depended on a particular claim construction, or that the result in the prior litigation

inexorably embraces the asserted construction. Typically, this rationale will be well articulated

because courts understand that the *Markman* decision provides the basis for the parties to assess

whether the defendant infringed the patent and to reach conclusions about the necessity for an

infringement trial. A Markman construction that is vague and uncertain accomplishes neither of

those goals.

In Jackson Jordan v. Plasser American Corp., 747 F.2d 1567 (Fed. Cir. 1984), the court

rejected the idea that a party who is asserting collateral estoppel must adopt the prior opinion in

its entirety. This decision is consistent with the idea that collateral estoppel operates as a one-

way street so that the defendant may select those rulings for which it seeks preclusive effect. In

In Re Jerre M. Freeman, 30 F.3d 1459 (Fed. Cir. 1994), the Federal Circuit reiterated the

importance that the finding be necessary to the final judgment, while A.B. Dick Co. v. Burroughs

Corp., 713 F.2d 700 (Fed. Cir. 1983), Studiengesellschaft Kohle v. Eastman Kodak, 616 F.2d

1315 (5th Cir. 1980) and Phonometrics Inc. v. Northern Telecom Inc., 133 F.3d 1459 (Fed. Cir.

1999) provide three examples where such necessity was not shown and collateral estoppel did

not apply.

C. **Was The Prior Judgment Final?**

This may be the most problematic of the four criteria. *Markman* rulings typically are not

going to be final appealable orders. By their very nature, coming before a trial on infringement

issues, they are interlocutory and non-appealable. Thus, at first blush it would seem difficult to

satisfy this element. Most courts that have considered this issue, however, appear to have had no

difficulty concluding that a Markman ruling involves sufficient certainty and finality to be a final

judgment within the meaning of this element. See TM Patents v. IBM, 72 F. Supp. 2d 370

(S.D.N.Y. 1999); Graco Childrens Products, Inc. v. Regalo International, 77 F. Supp. 2d 660

(E.D. Pa 1999); Abbott Labs v. Dey, 110 F. Supp. 2d 667 (N.D. Ill. 2000). Finality might be

avoided if the court specifically indicated that its ruling is tentative, or other indicia of finality

are clearly lacking, but a "difficult" decision may likely be final and susceptible to preclusive

effect. Arguments to the effect that there was insufficient *Markman* procedure or process are

likely unavailing. The absence of oral argument, of witnesses on the stand, of experts, or of

some other procedure does not avoid preclusive effect because Markman hearings have no

definite form, and there is no rulebook that requires certain procedures. This is especially true if

the prior litigant acquiesced in the process employed, and did not contend that the absence of

such procedures deprived the proceeding of its *Markman* nature. If the court received papers

from the parties and undertook a definitive interpretation of the patent pursuant to Markman,

then it seems likely that the finality element is satisfied. See, e.g., Employees Own Federal

Credit Union v. City of Defiance, 752 F.2d 243 (6th Cir. 1985). 1

In Kollmorgen, though, the court rejected the notion that interlocutory Markman rulings

can have collateral estoppel effect at least if the case subsequently is settled. In doing so, the

court noted that, with the high reversal rate of district court patent decisions, the Federal Circuit

could not be presumed to agree with many Markman rulings. But, the court reasoned, since

interlocutory review is not available, parties are forced to make a difficult choice between

settlement and issue preclusion, thus discouraging, rather than encouraging, settlement.

In contrast, the *TM Patents* court was much more generous about finality, relying upon

Lummus Co. v. Commonwealth Oil Ref. Co., 297 F.2d 80, 89 (2nd Cir. 1961) for the notion that

an issue is finally decided for issue preclusion purposes when the court determines there is "no

really good reason for permitting it to be litigated" further. *Id*.

D. Did the Estopped Party Have A Full And Fair Opportunity To Litigate?

This element is often going to be a difficult one for the patentee/plaintiff. If the

patentee/plaintiff has had a favorable overall result in one court, then it is likely to return to that

court for future enforcement of its patent rights. In doing so, the patentee/plaintiff will need to

either be able to articulate a specific deficit in the procedure previously employed by the court,

or point to a development after the *Markman* hearing that ended its opportunity to appeal or to

continue contesting an adverse construction. The leading case in this area is *Graco*. In that case,

the patentee/plaintiff had an adverse claim construction in a *Markman* hearing held before trial

but subsequently won the infringement trial. Because of its trial success, the patentee/plaintiff

could not independently appeal from the *Markman* ruling. The losing party did appeal but the

case settled during the course of the appeal. The patentee/plaintiff then filed suit against another

alleged infringer and was met with the adverse construction from the first case. The second

court held that because the patentee/plaintiff did not have the opportunity to fully litigate through

an appeal, there could be no collateral estoppel. In pretty much the same situation, however, the

TM Patents court reached the opposite conclusion, finding that the litigant who "cuts off his right

¹ Another issue that may arise involves the entry of consent judgments and the issue will be whether the consent judgment is consistent with the prior *Markman* ruling and clearly evidences

a manifest intent to create a preclusive effect.

to review by settling a disputed matter cannot complain that the question was never reviewed on

appeal." 72 F. Supp. 2d at 378.

And finally, the *Kollmorgen* decision in Virginia might be viewed as standing for the

proposition that a Markman ruling from a district court will never constitute a full and fair

opportunity to litigate claim construction because district courts cannot get it right.

III. COLLATERAL ESTOPPEL RELATIONSHIP TO THE TIMING OF MARKMAN

HEARINGS

The proper timing for a *Markman* hearing is dependent upon several factors. If the

litigation is part of a campaign by a patentee/plaintiff to enforce patent rights, then collateral

estoppel or stare decisis may play a significant role in that timing analysis. For purposes of

collateral estoppel, the litigant must first assess the four factors discussed above in deciding

whether the *Markman* timing strategy should be tied to a collateral estoppel ruling. This brief

review indicates that the issue of whether collateral estoppel applies is not dependent on many

facts. For the defendant in the second lawsuit, most of these facts can be obtained by review of

the prior court record. This court record will indicate: (1) whether there is identity between

claim construction issues, (2) the issues that were actually litigated in the prior case, (3) the role

that claim construction played in the prior ruling, and finally (4) the opportunity or process that

the plaintiff received in the prior proceeding for a full and fair adjudication of those claim

constructions. The history of the case will indicate whether any subsequent event cut off a right

of appeal, through no fault of the patentee/plaintiff, or whether there is any other factor that

militates against the application of collateral estoppel. Thus, one can quickly assess whether

collateral estoppel is a viable defense.

A. When To Have The Collateral Estoppel Motion Heard

Assuming that the defense does appear viable, then the next issue is when should it be litigated?²

1. The Defendant/Alleged Infringer's Analysis

For the defendant/alleged infringer, there are only two timing options for collateral estoppel on claim construction: (1) before the *Markman* hearing, or (2) contemporaneous with it. This is not a defense that ages well after the *Markman* ruling. From the alleged infringer's perspective, an early resolution will often be desirable. Indeed, the briefing on collateral estoppel will force the patentee/plaintiff to explain why the prior ruling is not applicable and preclusive. Few lawyers, when placed in that position, will be able to resist an attempt to argue that the prior ruling was in error which will also provide some useful information.³

For the defendant, a patentee/plaintiff's argument on the merits of the first court's ruling can provide useful discovery in two respects. First, it enables defense counsel to understand how the patentee/plaintiff will argue for its claim construction in the second case, while navigating around the adverse aspects of the prior ruling. Second, the new court will be introduced to some

² As an affirmative defense, collateral estoppel must be pleaded in the answer.

³ The argument of error is not completely without legal foundation. A prior ruling can be ignored in those circumstances where it is demonstrated that the prior court "wholly failed to grasp the technical subject matter and issues ensuit, and whether through no fault of his own the patentee was deprived of crucial evidence or witnesses in the first litigation." Blonder-Tongue Laboratories, Inc. v. University of Illinois Foundation, 402 U.S. 313 (1971). Obviously, this argument is a dangerous one under any circumstances because it forces the patentee to argue that another federal judge, perhaps from the same district, completely misunderstood the issue presented to it. I have watched that argument made to another district judge in the same court where it was clear that the first district judge had invested a significant amount of effort to understand the construction issues and authored a specific, though not lengthy, memorandum opinion on the claim construction issues. The argument was not successful.

of the key claim construction issues and counsel may learn about the court's predisposition

towards those issues and how the rest of patent may be construed. In other words, pursuit of a

collateral estoppel motion before a *Markman* hearing may provide the defendant with useful

information for the *Markman* hearing. An additional virtue associated with an early ruling on

collateral estoppel is narrowing the scope of issues for the *Markman* hearing itself.

To be sure, an early hearing on the defense is not without risk for the defendant. Most

significantly, such an early hearing, if unsuccessful, may signal the court's sympathy for the

patentee/plaintiff's asserted claim construction and could bode ill for the *Markman* hearing. But

this should not be a big concern because the elements for collateral estoppel are expressly

directed toward procedure, not substance, and should not extend to the merits of the prior claim

construction. In other words, an unfavorable result on the collateral estoppel motion should

result from the second court's decision that the prior ruling was not final, that it was not

necessary to the final ruling, or that some other procedural reason, unrelated to the proper

construction of the patent, prevents application of the defense. Indeed, for the second court to

reach the conclusion that the prior decision was simply wrong might require the second judge to

conclude that the prior district judge had wholly failed to grasp the technical nature of the issue,

a territory that most judges, like most lawyers, are reluctant to visit.

From the defendant's perspective, then, an early resolution of the collateral estoppel

issues likely serves an important purpose in narrowing the scope of the issues, obtaining the

benefit of prior claim constructions that have been adverse to the patentee/plaintiff (and the

leverage that goes with those rulings) and should dispose of any argument by the

COLLATERAL ESTOPPEL

patentee/plaintiff that constructions favorable to it should have preclusive effect, as opposed to

precedential effect.

Another possible timing option for the defendant would be to propose that the collateral

estoppel motion be taken up at the same time as the *Markman* hearing. Perhaps the biggest

virtue of this approach is to avoid the risk that an early ruling against the defendant on collateral

estoppel might prejudice settlement efforts, and diminish the defendant's opportunity to persuade

the court that its other claim constructions should also be adopted. In most circumstances, it will

be difficult for counsel on both sides of the case to adjust during the course of the Markman

hearing to collateral estoppel rulings that might be entirely favorable to one side, or, as is more

likely the case, partially helpful to each side. This problem could certainly be avoided by

preparing a Markman presentation that assumes a range of outcomes on the collateral estoppel

issue, but such an approach is expensive and unnecessary in most instances.

I did have the opportunity to participate in such a hybrid proceeding, but it was not by

choice. We had persuaded the court that the collateral estoppel issues should be decided first,

and that *Markman* briefings should come afterwards and should be done with a full appreciation

of the court's collateral estoppel rulings. Certainly, this would be the most efficient way to

proceed. Unfortunately the court, after receiving the collateral estoppel briefs, and despite a

couple of requests from the plaintiff, did not schedule the argument, while trial was fast

approaching. Due to these scheduling problems, the court ultimately held a hybrid proceeding,

ruling first on the collateral estoppel issues and then launching immediately into the *Markman*

hearing. While this procedure worked reasonably well in the end, it was one that neither the

parties nor the court believed was the optimal process to follow.

COLLATERAL ESTOPPEL

2. The Patentee/Plaintiff's Timing Analysis

For the patentee/plaintiff, the analysis is significantly different. First of all, the

patentee/plaintiff's ability to rely upon offensive use of collateral estoppel is extremely limited

and is likely to be available in very few cases. To rely on offensive collateral, the

patentee/plaintiff must show that the infringer was a defendant in the prior action, and lost on the

same issue to a different plaintiff. See Parklane Hosiery Co., Inc. v. Shore, 439 U.S. 327 (1079).

Such a fact pattern is hard to imagine in a patent infringement case.

Without collateral estoppel, the patentee/plaintiff must fall back upon the doctrine of

stare decisis to bolster its asserted claim construction. Stare decisis is more flexibly applied than

collateral estoppel and it will not apply at all if the case involves different district courts. But

here, the Supreme Court's language in *Markman* is helpful to the patentee/plaintiff because the

principles of consistency and uniformity apply no less strongly when the patentee/plaintiff has

been the beneficiary of prior favorable *Markman* claim construction than when the

patentee/plaintiff has been the recipient of an unfavorable construction. As counsel for the

patentee/plaintiff, I would advise a strategy to encourage the court to adopt that precedent early

in the case, before the *Markman* hearing, as the presumptive law of the case.

We recently had the opportunity to advise a client in such a *stare decisis* circumstance.

In that case, the patentee/plaintiff had obtained very favorable claim constructions on a series of

patents against another competitor. With these claim constructions in hand, the patentee/plaintiff

then began a campaign to obtain license fees from other companies and if negotiations were not

successful, to institute infringement claims, relying upon the earlier *Markman* rulings. These

claim constructions were contained in a lengthy, detailed opinion that fully demonstrated the

considerable efforts of the district court. We could say to our client with great confidence that

collateral estoppel would not apply to it, but we had grave doubts that we could avoid the stare

decisis impact of that earlier decision. Our reservations sprang from many sources, including the

detailed nature of the prior court's review, the possibility of transfer to the first court and the

Markman policy favoring uniformity. It seemed unfair that these issues could have been decided

before our client even became a litigant, but the reality was that we appeared to have only a

modest chance of avoiding that ruling, even if stare decisis did not technically apply.

Nonetheless, our client had come to believe that certain key portions of the opinion were

incorrect, at least as those claim constructions would be applied to our client. Prior counsel had

advised that, while venue was proper in the same court, a pre-emptive suit (assuming the

licensing negotiations failed) should be brought in another jurisdiction to avoid the first judge.

Putting aside a possible transfer, this was questionable advice because it assumed that another

judge, in another court, who had not put any effort into reviewing the patent and the file history,

could be more easily persuaded to reach a different result, in spite of the *Markman* interest in

uniformity and the careful, scholarly quality of the first court's opinion. For the

patentee/plaintiff, the choice of forum and precedent was clear and we knew they would make

every effort to transfer any case filed elsewhere and that we would have difficulty defeating such

a motion on venue grounds. In the end, we advised the client to make the same choice, believing

that would maximize the slim possibility of avoiding the prior ruling. This may have been the

thinking in the *Edberg* case discussed above, where the plaintiff/patentee sought reconsideration

from the same court of a claim construction rendered six years earlier. In that case, counsel for

the patentee may have decided that any effort to persuade another judge to change the original

COLLATERAL ESTOPPEL

construction of the patent was less likely to succeed than returning to the original court. And

indeed, that analysis may have been right because the *Edberg* court did buttress its collateral

estoppel analysis by construing the key language of the patent again, rather than simply applying

the four elements of collateral estoppel without regard to the merits, as other courts have done.

Stephen C. Edberg v. CPI-The Alternative Supplier, Inc., 156 F. Supp. 2d at 196 et seq.

IV. GENERAL TIMING CONSIDERATIONS

Patent litigation can be extraordinarily expensive. Frequently, before the *Markman*

hearing occurs, the issues have been well developed, considerable discovery has occurred,

various discovery and other motions have been filed, argued and decided, experts have been

retained, and everyone's blood pressure has risen. But how much discovery and other

preliminary, life-shortening activity is really necessary before the court can hold a *Markman*

hearing? While the *Markman* hearing is a major milestone from all parties' perspectives, that

does not mean that all of this effort is needed.

If we think of claim construction as being similar to that of statutory construction, an apt

parallel according to *Markman*, then it is apparent that a reasonable amount of document analysis

is necessary, including reviewing the legislative history (file wrapper), and any pertinent prior

rulings (prior claim constructions that might have preclusive effect or be accorded *stare decisis*).

On the patent side, only one item might be added to this list: the references to prior art as they

might have been used to limit the scope of the claims.

Statutory construction does not depend upon discovery or deposition testimony in the

pending case, and similarly, claim construction has little reliance upon discovery. The only

exception involves extrinsic testimony of the inventor. In some cases, expert testimony is also

appropriate, and this could have the effect of slowing down the schedule in the case, but the

expert's task is easier than at trial because he is not much dependent on discovery, either. So,

even expert involvement need not be much of a brake on the case. In any event, this is all

discovery or investigation that can be accomplished rapidly and cost-effectively. For a litigant

who is interested in rapid resolution, then, an early Markman hearing can be achieved if you

believe that claim construction is likely to resolve the dispute between the parties. And, the

statistics demonstrate that such rapid resolution is frequently the result of Markman rulings. If

substantial discovery occurs before the hearing, the temptation will be considerable for litigants

to draw the discovery record into the *Markman* proceeding to complicate the process.

An aggressive plaintiff patentee/plaintiff should consider requesting an early *Markman*

hearing, with limited discovery, as a means of applying extra pressure on the defendant. The law

is supportive of this strategy in that it recognizes only certain sources of information as bearing

upon proper claim construction. The defendant may be prejudiced by this strategy because the

limitation of discovery produces the opportunity to discover other facts that, while not bearing

upon claim construction directly, may inform the defendant as to its prospects to prevail on any

one of its defenses at trial. On the other hand, the defendant could be prejudiced if evidence of

infringement obtained during discovery creeps into the Markman record.