RF DELAWARE, INC. V. PACIFIC KEYSTONE
TECHNOLOGIES, INC.:

THE FEDERAL CIRCUIT HAS FINALLY SPOKEN
ON COLLATERAL ESTOPPEL OF CLAIM
INTERPRETATION

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Since the Supreme Court's decision in Markman,¹ courts have
struggled to determine whether one court's claim interpretation is
binding on another court, and the decisions have not been uniform.
Some courts have held that claim interpretation has a special finality
and collateral estoppel always applies to an earlier claim
interpretation,² and others have held it does not.³ As scholars debated
the issue,⁴ the Federal Circuit appeared content to remain silent. In

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expressed herein are strictly the present views of the author and do not reflect the views of her
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court judge must, as a matter of law, construe the scope of a patent by interpreting the meaning
of the claims).

2. For cases holding that collateral estoppel applied to claim interpretation, see Edborg
v. CPI-The Alternative Supplier, Inc., 156 F. Supp. 2d 190, 195–96 (D. Conn. 2001); Abbott
(Fed. Cir. 2000); see also KX Indus., L.P. v. PUR Water Purification Prods., Inc., 108 F. Supp.

3. For cases holding that collateral estoppel did not apply to the claim interpretation, see
Kollmorgen Corp. v. Yaskawa Elec. Corp., 147 F. Supp. 2d 464, 469–70 (W.D. Va. 2001);
Graco Children's Prods., Inc. v. Regalo Int'l, LLC, 77 F. Supp. 2d 660, 663–65 (E.D. Pa. 1999);
P.A.T., Co. v. Ultrak, Inc., 948 F. Supp. 1518, 1521 (D. Kan. 1996); see also Texas Instruments,

4. See James P. Bradley & Kelly J. Kubasta, Issue Preclusion as Applied to Claim
Interpretation, 10 TEX. INTEL. PROP. L.J. 323 (2002); Terril G. Lewis, Collateral Estoppel as
Applied to the Construction of Patent Claims (Part II), 84 J. PAT. & TRADEMARK OFF. SOC'Y 47
(2002); Terril G. Lewis, Collateral Estoppel as Applied to the Construction of Patent Claims
(Part I), 83 J. PAT. & TRADEMARK OFF. SOC'Y 851 (2001); C. Joel Van Over, Collateral
Estoppel and Markman Rulings: The Call For Uniformity, 45 ST. LOUIS U. L.J. 1151 (2001);
the case of RF Delaware, Inc. v. Pacific Keystone Technologies, Inc., however, the Federal Circuit finally considered the issue.⁵

In RF Delaware, the Federal Circuit held that collateral estoppel did not apply to the earlier claim constructions because the required standard for finality was not met.⁶ The court held that the lower court’s orders granting partial summary judgment and the following settlement were not sufficiently firm to have preclusive effect.⁷ With its decision, the Federal Circuit clarified some of the questions that the lower court decisions were unable to answer, although the RF Delaware court never acknowledged either the growing circuit split or its clarification of that split.

Part I of the Article provides an overview of patent law, claim interpretation, collateral estoppel, and examines pre- and post-Markman decisions on collateral estoppel, focusing especially on the “essential to final judgment” element. Part II examines the Federal Circuit’s decision in RF Delaware. Part III analyzes the Federal Circuit’s decision and suggests how the decision affects the law of collateral estoppel of claim interpretation. This Article concludes that collateral estoppel can apply to a court’s claim interpretation, but there is no special finality to a claim interpretation, and the form of the court’s Markman hearing may affect whether collateral estoppel can apply to the claim interpretation.

I. COLLATERAL ESTOPPEL AND CLAIM INTERPRETATION

A. Overview of Patent Law

A patent is essentially an agreement between an inventor and the United States government. The government grants a patentee the right to exclude others from “making, using, offering for sale, or selling the invention throughout the United States” for a term of twenty years.⁸ In return for this right, the patentee must fully disclose the invention to the public.⁹ After the term of years of the patent runs out, the


⁶ Id. at 1261.
⁷ Id. at 1262.
⁹ See id. § 154(a)(4).
patent becomes a part of the public domain and anyone may use it.\textsuperscript{10} The goal of the patent system is to encourage creativity and innovation by providing an incentive to invent,\textsuperscript{11} and to allow other inventors to utilize the information within the public domain.\textsuperscript{12}

An inventor may obtain a patent after successfully prosecuting a patent application before the United States Patent and Trademark Office.\textsuperscript{13} For a patent to be granted, the invention must meet certain statutory requirements: it must be useful,\textsuperscript{14} novel,\textsuperscript{15} and nonobvious.\textsuperscript{16} The invention must also fall within the realm of patentable subject matter.\textsuperscript{17} Once a patent application is filed, the patentee may file further patent applications as continuations, continuations-in-part, or divisional applications and claim the priority date of the original application, as long as no new matter is introduced.\textsuperscript{18}

If another party is allegedly using the invention without the patentee’s consent, the patentee may sue that party for infringement of the patent.\textsuperscript{19} The infringement analysis consists of two steps: (1) construing the patent claims, and (2) determining whether the alleged product infringes.\textsuperscript{20} Only the specifically described claims of a patent may be infringed.\textsuperscript{21}

Patent law is within the exclusive domain of the federal courts.\textsuperscript{22} The United States Court of Appeals for the Federal Circuit ("Federal Circuit") has exclusive jurisdiction over patent case appeals from district courts,\textsuperscript{23} subject to discretionary review by the Supreme Court.\textsuperscript{24} Congress created the Federal Circuit to assure consistency in

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\item \textsuperscript{10} See, e.g., \textit{In re Robeson}, 331 F.2d 610, 614 (C.C.P.A. 1964).
\item \textsuperscript{11} See, e.g., \textit{Pfaff v. Wells Elecs., Inc.}, 525 U.S. 55, 63 (1998).
\item \textsuperscript{12} See \textit{Gen. Elec. Co. v. Wabash Appliance Corp.}, 304 U.S. 364, 369 (1938).
\item \textsuperscript{13} See \textit{HERBERT F. SCHWARTZ, PATENT LAW AND PRACTICE} \textit{13–26} (2d ed. 1995).
\item \textsuperscript{14} 35 U.S.C. \textsection 101 (2000).
\item \textsuperscript{15} Id. \textsection 102.
\item \textsuperscript{16} Id. \textsection 103.
\item \textsuperscript{17} Id. \textsection 101.
\item \textsuperscript{18} 37 C.F.R. \textsection 1.53(b) (2001).
\item \textsuperscript{19} 35 U.S.C. \textsection 271 and 281 (2000).
\item \textsuperscript{20} \textit{See Strattec Sec. Corp. v. Gen. Auto. Specialty Co.}, 126 F.3d 1411, 1416 (Fed. Cir. 1997).
\item \textsuperscript{21} See, e.g., \textit{Bell Communications Research, Inc. v. Vitalize Communications Corp.}, 55 F.3d 615, 619 (Fed. Cir. 1995).
\item \textsuperscript{22} See \textbf{U.S. CONST.} art. 1, \textsection 8, cl. 8 (authorizing creation of a national patent system and empowering Congress to "promote the progress of science and useful arts" by "securing for limited times to . . . inventors the exclusive right to their respective . . . discoveries"); 35 U.S.C. \textsection 1-376 (2000).
\item \textsuperscript{23} 28 U.S.C. \textsection 1295(a)(4) (2000).
\item \textsuperscript{24} Id. \textsection 1254.
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patent decisions and to decrease the workload of the circuit courts. The Federal Circuit has jurisdiction over interlocutory orders for which it would have jurisdiction originally, orders involving a controlling question of law for which there is a substantial ground for a difference of opinion, and judgments that are final except for the damages calculation. To assure consistency, district courts are required to follow Federal Circuit precedent on substantive issues in patent cases.

**B. Overview of Claim Interpretation**

Until 1996, courts were not uniform in deciding whether interpretation of a patent claim (also called claim interpretation or claim construction) was an issue of fact for the jury to decide, or an issue of law for the court to decide. In 1996, the Supreme Court decided *Markman v. Westview Instruments, Inc.*, and held that as a matter of law a district court judge must interpret the meaning of patent claims. The Court suggested that collateral estoppel would provide for uniformity in jury decisions, and concluded that “treating interpretive issues as purely legal will promote (though it will not guarantee) intra-jurisdictional certainty through the application of *stare decisis* on those questions not yet subject to inter-jurisdictional uniformity under the authority of the single appeals court.” Since the *Markman* decision, courts have clarified that the Federal Circuit’s

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27. Id. § 1292(b), (c)(1).
28. Id. § 1292(c)(2).
32. Collateral estoppel is “an affirmative defense barring a party from relitigating an issue determined against that party in an earlier action, even if the second action differs significantly from the first one.” *Black's Law Dictionary* 256 (7th ed. 1999).
claim interpretation of a patent is binding on district courts. If all of the
elements of collateral estoppel are met, a district court’s claim
interpretation may also be binding on another district court.

Judges can interpret the language of a patent anytime during a
trial, and since the Markman decision, many courts now have a
hearing before or during the trial in which the court interprets the
claim language (called a Markman trial or a Markman hearing). A
district court’s claim interpretation is an interlocutory decision,
and critics argue that after claim interpretation, the courts should allow
parties to appeal the claim interpretation to the Federal Circuit in an
interlocutory appeal, rather than waiting for appeal after the trial. The
Federal Circuit, however, has consistently refused to grant
interlocutory appeals for claim interpretation—instead reviewing
claim interpretation de novo, and overruling forty percent of the


35. The application of collateral estoppel to a district court’s claim interpretation will be
discussed in great depth in this Article. See infra Parts I and III.

36. The American Bar Association reported that in 1999, 7.8% of the time, claim
construction proceedings were conducted before discovery; 21.9% were during discovery;
57.8% were after the close of discovery, but before trial; and “12.5% of the reported claim
construction proceedings were during trial; half before closing argument and half after.”
Edward V. Filardi & Meir Y. Blonder, How to Prepare & Conduct Markman Hearings, 665 PLJ

37. See, e.g., Ethicon Endo-Surgery, Inc. v. United States Surgical Corp., 93 F.3d 1572,
1577 (Fed. Cir. 1996).

38. See Cybor Corp. v. FAS Techs., Inc., 138 F.3d 1448, 1479 (Fed. Cir. 1998) (en banc)
(Newman, J., additional views); Vivid Techs. Inc. v. Am. Sci. & Eng’g, Inc., 997 F. Supp. 93,


40. See Craig Allen Nard, Symposium, Intellectual Property Challenges in the Next
Century: Process Considerations in the Age of Markman and Mantras, 2001 U. ILL. L. REV.
355; Frank M. Gasparo, Comment, Markman v. Westview Instruments, Inc. and its Procedural

41. See, e.g., Cybor, 138 F.3d at 1479 (Newman, J., additional views); Flores v. Union
2001); Schering Corp. v. Amgen, Inc., 35 F. Supp. 2d 375, 377 (D. Del. 1999), aff’d in part, 222
F.3d 1347 (Fed. Cir. 2000); see also Peter J. Ayers, Armed and Ready: Defeating Patent
Infringement Claims by Summary Judgment, 81 J. PAT. & TRADEMARK OFF. SOC’Y 421, 448
n.168 (1999) (noting that the Federal Circuit has not accepted an interlocutory appeal from a
Markman hearing). Note that in the Kollmorgen case, the Federal Circuit granted an
interlocutory appeal on the issue of collateral estoppel of claim interpretation, but it was never
also infra notes 82-86 and accompanying text.

42. In re Asahi/Am. Inc., 68 F.3d 442, 444 (Fed. Cir. 1995).
claim constructions it hears.\textsuperscript{43} Some critics suggest that \textit{Markman} did not meet its goal of uniformity; others applaud the \textit{Markman} decision, arguing it will bring greater uniformity to patent claim interpretation.\textsuperscript{44}

\textbf{C. Overview of Collateral Estoppel}

Some decisions have a preclusive effect on later judgments. Issue preclusion,\textsuperscript{45} or collateral estoppel, bars relitigation of issues that were actually and necessarily determined in an earlier proceeding by a valid and final judgment if the determination was essential to the judgment.\textsuperscript{46} Collateral estoppel does not need to be mutual and, thus, parties who were not involved in the original action can assert the defense.\textsuperscript{47} While any party may raise the defense, it can be held against only those who were parties (or in privity with parties) in the earlier proceeding.\textsuperscript{48} The party asserting the defense must prove that (1) the issue is identical to the issue decided in the prior action, (2) the issue was litigated in the prior action, (3) the party against whom collateral estoppel is sought had a full and fair opportunity to litigate the issue in the prior action, and (4) the determination was essential to the final judgment of the prior action.\textsuperscript{49} Collateral estoppel is a

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\item[43.] \textit{Cybor}, 138 F.3d at 1476 & n.4 (Rader, J., dissenting) (noting that one study shows a forty percent reversal rate, considering a survey of every case decided by the Federal Circuit between April 5, 1995, and November 24, 1997); see also William F. Lee & Anita K. Krug, \textit{Still Adjusting to Markman: A Prescription for the Timing of Claim Construction Hearings}, 13 HARV. J.L. & TECH. 55, 67 (1999) (Although, according to the Federal Circuit and the Supreme Court, \textit{Markman} should have ushered in greater uniformity, predictability, and certainty in patent litigation, many believe that the holding has had the opposite effect. This is largely because Federal Circuit review of claim interpretation is de novo”).
\item[44.] See Sue Ann Mota, \textit{Markman v. Westview Instruments, Inc.: Patent Construction is Within the Exclusive Province of the Court Under the Seventh Amendment}, 3 RICH. J.L. & TECH. 3, 28 (1997) (“The \textit{Markman} decision will grant uniformity and expediency in patent claim interpretations and will force inventors to write patent claims clearly to exactly describe the invention.”), at http://law.richmond.edu/jolt/v3i1/mota.html.
\item[45.] See \textbf{RESTATEMENT (SECOND) OF JUDGMENTS} § 27 cmt. b (1982).
\item[46.] See \textit{In re Freeman}, 30 F.3d 1459, 1465 (Fed. Cir. 1994); see also \textbf{RESTATEMENT (SECOND) OF JUDGMENTS} § 27 (1982); \textit{18 James Wm. Moore et al., Moore’s Federal Practice} ¶ 132.01[2] (3d ed. 1997). In contrast to collateral estoppel, claim preclusion (also called res judicata) prevents the same parties from relitigating claims that were not raised in the original litigation if the claims arose from the same transaction or occurrence. See \textit{id.} at ¶ 131.10[1], 131.12[4][a]–[b].
\item[47.] See \textbf{RESTATEMENT (SECOND) OF JUDGMENTS} § 29 (1982); see also \textit{6 Donald S. Chisum, Chisum on Patents} ¶ 19.02[2][f][ii] (2003).
\item[49.] Innovad Inc. v. Microsoft Corp., 260 F.3d 1326, 1334 (Fed. Cir. 2001) (citing \textit{In re Freeman}, 30 F.3d 1459, 1465 (Fed. Cir. 1994)).
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procedural issue, and thus, the law of the regional circuit court applies. Most circuits use the basic four-part test, or a similar variation. Collateral estoppel can apply to issues that arise in patent cases, such as determinations of infringement.

D. Collateral Estoppel when the Prior Action Ended in Summary Judgment

Collateral estoppel may be asserted even if the previous litigation ended with a grant of summary judgment. The denial of summary judgment or grant of partial summary judgment, however, generally does not have collateral estoppel effect. For example, in the pre-Markman case of Syntex Pharmaceuticals International, Ltd. v. K-Line Pharmaceuticals, Ltd., the Federal Circuit held that an order granting summary judgment of infringement of a patent and denying the alleged infringer’s motion for summary judgment of invalidity did not present a final judgment from which an appeal could be taken because the case was not fully adjudicated as to all claims for all parties and there was no certification order. After Markman, courts

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50. See Epic Metals Corp. v. H.H. Robertson Co., 870 F.2d 1574, 1576 (Fed. Cir. 1989); 8 CHISUM, supra note 47, § 21.02[5][b][iv][D].

51. Clark, supra note 4, at 1592 & n.69.

52. See Pharmacia & Upjohn Co. v. Mylan Pharm., Inc., 170 F.3d 1373 (Fed. Cir. 1999) (affirming application of collateral estoppel to judgment of patent invalidity and unenforceability).

53. See Fed. R. Civ. P. 54(b); Trilogy Communications, Inc. v. Times Fiber Communications, Inc., 109 F.3d 739, 745 (Fed. Cir. 1997) (holding that a summary judgment certified as final under Rule 54(b) is a final judgment); Stevenson v. Sears, Roebuck & Co., 713 F.2d 705, 712 (Fed. Cir. 1983) (holding that a patent’s validity was fully and fairly litigated even though it was based on a motion for summary judgment); see also Nat’l Satellite Sports, Inc. v. Eliadis, Inc., 253 F.3d 900, 910 (6th Cir. 2001); Matosantos Commercial Corp. v. Applebee’s Int’l, Inc., 245 F.3d 1203, 1211 (10th Cir. 2001); Steen v. John Hancock Mut. Life Ins. Co., 106 F.3d 904, 912 (9th Cir. 1997).

54. See, e.g., St. Paul Fire & Marine Ins. Co. v. F.H., 55 F.3d 1420, 1425 (9th Cir. 1995) (refusing to give partial summary judgment preclusive effect); Avondale Shipyards, Inc. v. Insured Lloyd’s, 786 F.2d 1265, 1272 (5th Cir. 1986) (holding “an order granting partial summary judgment ‘has no res judicata or collateral estoppel effect’”) (quoting Golman v. Tesoro Drilling Corp., 700 F.2d 249, 253 (5th Cir. 1983)); Del Mar Avionics v. Quinton Instruments Co., 645 F.2d 832, 834 n.3 (9th Cir. 1981) (noting that a grant of partial summary judgment is not appealable as a final order, but in patent cases, appellate jurisdiction is available that allows appeals from judgments in patent infringement actions that are final except for the damages calculation); Cont’l Airlines, Inc. v. Am. Airlines, Inc., 824 F. Supp. 689, 707-08 (S.D. Tex. 1993) (describing a partial summary judgment order as “unappealable” because the parties settled after judgment); Aetna Cas. & Sur. Co. v. Fairchild, 620 F. Supp. 1245, 1249 (D. Idaho 1985) (holding that a partial summary judgment order was not issue preclusive), rescinded on other grounds, 624 F. Supp. 567, 568 (D. Idaho 1986).

continue to hold that collateral estoppel applies to determinations on infringement even though the earlier proceeding ended with summary judgment. 56

E. Collateral Estoppel of Claim Interpretation

From the pre- and post-Markman cases on collateral estoppel, it is not clear when collateral estoppel applies to a court’s claim interpretation. Prior to the Markman decision, Federal Circuit precedent indicated that collateral estoppel could apply to determinations of infringement and validity as well as claim interpretations if the required prongs of the collateral estoppel test were met. 57 Only a few district court decisions have dealt with the subject of collateral estoppel of claim interpretation since the Markman case, and these decisions are not uniform. 58 Although the Federal Circuit has suggested that collateral estoppel can apply to claim interpretation, 59 it has not clarified the growing split among the district courts. Clearly if the same patent claim language is at issue in the lawsuits, the issue is identical and the first factor of the collateral estoppel test is satisfied. 60 If the court interpreted claim language and both parties presented arguments, the second prong of “actually


57. See Pfaff v. Wells Elecs., Inc., 5 F.3d 514, 518 (Fed. Cir. 1993) (“The prior claim interpretation has issue preclusive effect in the present case insofar as it was necessary to the judgment of noninfringement in the previous case.”); Jackson Jordan, Inc. v. Plasser Am. Corp., 747 F.2d 1567 (Fed. Cir. 1984) (holding that collateral estoppel did not apply to claim interpretation because the claim interpretation was not the reason for the loss in the first case); Molinaro v. Fannon/Courier Corp., 745 F.2d 651, 655 (Fed. Cir. 1984) (“Where a determination of the scope of patent claims was made in a prior case, and the determination was essential to the judgment there on the issue of infringement, there is collateral estoppel in a later case on the scope of such claims . . . .”); A.B. Dick Co. v. Burroughs Corp., 713 F.2d 700 (Fed. Cir. 1983) (holding that in order to apply collateral estoppel to the claim interpretation, the interpretation must have been essential to the final judgment); see also Clark, supra note 4, at 1612, 1625–26.


59. See Phonometrics, Inc. v. N. Telecom Inc., 133 F.3d 1459, 1464 (Fed. Cir. 1998) (suggesting that when the first action is concerned with a dispute over a particular claim term, the court’s construction of the claim terms not in dispute is “merely dictum, and therefore has no issue preclusive effect”).

60. See, e.g., Dynacore Holdings Corp. v. U.S. Philips Corp., 243 F. Supp. 2d 31, 35 (S.D. N.Y. 2003); see also Clark, supra note 4, at 1594–95; see generally Van Over, supra note 4, at 1161–65.
litigated" is satisfied.\textsuperscript{61} When the court interprets the claim, and both sides litigate the issue, it is clear the third prong of "full and fair opportunity to litigate" is met.\textsuperscript{62} The fourth requirement, that the determination of the issue be essential to the final judgment of the previous litigation, is the prong that the courts debate.

The party asserting collateral estoppel must prove that the determination of the issue was essential to the final judgment of the previous litigation.\textsuperscript{63} For this prong to be met, a final judgment is required; if a final judgment is issued, it is necessary that the determination in the prior action be essential to that judgment.\textsuperscript{64} When the court interprets the claim language, the patentee loses on infringement, and the court issues a final judgment, the fourth factor is met.\textsuperscript{65} However, it is not always clear which types of resolution actually produce a final judgment.

Courts are often asked to decide whether determinations prior to settlements or consent judgments should be given collateral estoppel effect.\textsuperscript{66} Generally, collateral estoppel does not apply to the decisions without a final judgment on the merits unless it is clear the parties so intend.\textsuperscript{67} Settlements are usually meant to end litigation only on the

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\item[61.] Clark, supra note 4, at 1597–98; see also Van Over, supra note 4, at 1165–66.
\item[62.] Clark, supra note 4, at 1598.
\item[63.] See Innovad Inc. v. Microsoft Corp., 260 F.3d 1326, 1334 (Fed. Cir. 2001) (citing In re Freeman, 30 F.3d 1459, 1465 (Fed. Cir. 1994)).
\item[64.] Id. For a discussion of whether a judgment is essential to a final judgment, see Clark, supra note 4, at 1610–13, 1624–28. Note that if a judgment is based on one of several alternative findings, a claim interpretation that is essential to one of those findings will not be given preclusive effect because it does not meet the "essential to final judgment" requirement. See, e.g., Masco Corp. v. United States, 303 F.3d 1316, 1329–31 (Fed. Cir. 2002) (holding that collateral estoppel did not apply to the claim interpretation when there were alternative findings, any one of which would have been sufficient to support the judgment of noninfringement, because the claim interpretation was not essential to final judgment) (citing RESTATEMENT (SECOND) OF JUDGMENTS § 27, cmt. o); Jean F. Rydstrom, Collateral Estoppel Effect, in Federal Court, of Judgment Resting on Independent Grounds, 29 A.L.R. FED. 764–65 (1976); see generally Graco Children's Prods., Inc. v. Regalo Int'l, LLC, 77 F. Supp. 2d 660, 664–65 (E.D. Pa. 1999) (holding that collateral estoppel did not apply to a claim interpretation because the party that lost on claim interpretation won on infringement).
\item[66.] See 3 JAMES WM. MOORE ET AL., MOORE'S MANUAL: FEDERAL PRACTICE AND PROCEDURE §§ 30.70, 30.73 (2003).
\item[67.] See, e.g., Arizona v. California, 530 U.S. 392, 414 (2000) ("[S]ettlements ordinarily occasion no issue preclusion . . . unless it is clear . . . that the parties intend their agreement to have such an effect."); Foster v. Halleo Manufacturing Co., 947 F.2d 469, 480–81 (Fed. Cir. 1991) (holding that collateral estoppel does not usually arise from a consent judgment, but noting that the issue of patent validity could be precluded if the parties to the consent judgment stipulate their intention to preclude challenges to the validity of that patent). See also Mayer v. Rigdon, 36 F.3d 1375, 1379 (7th Cir. 1994) ("[S]ettlement agreements not approved by a court
claim presented, not necessarily the issue; thus, although claim preclusion may be appropriate, collateral estoppel (or issue preclusion) generally is not. 68

Most courts do not require absolute finality for a determination to have preclusive effect. With some exceptions, the courts instead ask if the judgment is sufficiently firm to be accorded preclusive effect. 69 An interlocutory order, such as a claim interpretation, “is

68. See 18 CHARLES ALAN WRIGHT ET AL., FEDERAL PRACTICE AND PROCEDURE § 4443, at 384–85 (1981) (“In most circumstances, it is recognized that consent agreements ordinarily are intended to preclude any further litigation on the claim presented but are not intended to preclude further litigation on any of the issues presented. Thus, consent judgments ordinarily support claim preclusion but not issue preclusion.”); ROBERT L. HARMON, PATENTS AND THE FEDERAL CIRCUIT 661 (5th ed. 2001); see also Arizona v. California, 530 U.S. at 414 (noting consent judgments apply to claim preclusion, not issue preclusion); United States v. Int’l Bldg. Co., 345 U.S. 502, 505 (1953); Aaron Basho Corp. v. Felix B. Vollman, Inc., 88 F. Supp. 2d 226, 229–30 (S.D. N.Y. 2000) (refusing to apply collateral estoppel to a preliminary injunction when the parties settled prior to trial).

69. See, e.g., Metromedia Co. v. Fugazy, 983 F.2d 350, 366 (2d Cir. 1992) (quoting Zdanok v. Glidden Co., Durkee Famous Foods Div., 327 F.2d 944, 955 (2d Cir. 1964)); Dyndul v. Dyndul, 620 F.2d 409, 412 & n.8 (3d Cir. 1980) (quoting Lumnus Co. v. Commonwealth Oil Ref. Co., 297 F.2d 80, 89 (2d Cir. 1961)); see also John Morrell & Co. v. Local Union 304A of the United Food & Commercial Workers, 913 F.2d 544, 563–64 (8th Cir. 1990) (holding that the verdict at the liability phase of the trial had preclusive effect even it was not immediately appealable because the damages phase of the trial had not concluded); Miller Brewing Co. v. Jos. Schlitz Brewing Co., 605 F.2d 990, 995 (7th Cir. 1979) (holding that an interlocutory appeal from a preliminary injunction “will be given preclusive effect if it is necessarily based upon a determination that constitutes an insuperable obstacle to the plaintiff’s success on the merits”); United Bus. Communications, Inc. v. Racial–Milgo, Inc., 591 F. Supp. 1172, 1184–85 (D. Kan. 1984) (holding that the prior decision of patent invalidity was “final” for collateral estoppel purposes when the findings were final in all respects except for the entry of judgment); GAF Corp. v. Eastman Kodak Co., 519 F. Supp. 1203, 1213 (S.D. N.Y. 1981) (holding that the determination of the issues by the jury that were subsequently affirmed by the federal appellate court satisfied the finality requirement of issue preclusion); 18 MOORE et al., supra note 46, ¶ 132.03[5][b][i] (“Issue preclusion, however, unlike appealability under 28 U.S.C. § 1291, does not require a judgment that ends the litigation and leaves nothing for the court to do but execute the judgment.”).
subject to revision at any time before the entry of judgment.” Most courts hold that interlocutory orders should not be given preclusive effect because they are tentative. Courts both before and after Markman have held that in order for collateral estoppel to apply, there must have been a final judgment on infringement or validity. It is not clear what a settlement does to affect the element of finality of a court’s claim interpretation. When parties settle after a final judgment, the necessary elements of collateral estoppel are met. There are several cases on the issue of when the parties settle after the claim interpretation but prior to trial, and the decisions are not uniform.

In the first post-Markman case to consider the issue, TM Patents, L.P. v. IBM Corp., the Southern District of New York held that collateral estoppel applies to an earlier claim interpretation even if the case is settled prior to trial. The court determined that although the parties in the earlier proceeding settled the dispute and there was no final, appealable judgment, finality for collateral estoppel purposes was met. The court rejected pre-Markman precedent on collateral estoppel, and relied on several decisions for the proposition that

Some courts do require absolute finality for collateral estoppel to apply, though. See e.g., Beck v. Levering, 947 F.2d 639, 642 (2nd Cir. 1991); Avondale Shipyards, Inc. v. Insured Lloyd’s, 786 F.2d 1265, 1269 (5th Cir. 1986); Gresham Park Cnty. Org. v. Howell, 652 F.2d 1227, 1242 (5th Cir. 1981); Fund for Animals, Inc. v. Lujan, 794 F. Supp. 1015, 1024 (D. Mont. 1991), aff’d, 962 F.2d 1391 (9th Cir. 1992). Although the fifth circuit appears to require absolute finality, that circuit has held that a verdict rendered by a jury, even though judgment has not been entered, is sufficiently final. Recoveredge L.P. v. Pentecost, 44 F.3d 1284, 1295 (5th Cir. 1995).

70. Fed. R. Civ. P. 54(b); also see generally Total Containment Inc. v. Environ Prods. Inc., 33 U.S.P.Q.2d 1316, 1316 (E.D. Pa. 1994) (“So long as [a] district court has jurisdiction over [a] case, it possesses inherent power over interlocutory orders, and can reconsider them when it is consonant with justice to do so.”) (quoting United States v. Jerry, 487 F.2d 600, 605 (3rd Cir. 1973)).

71. Clark, supra note 4, at 1600–02 & nn.106–12.

72. Id. at 1602 & n.112.

73. Id. at 1607–08.

74. See Edberg v. CPI–The Alternative Supplier, Inc., 156 F. Supp. 2d 190 (D. Conn. 2001) and TM Patents, L.P. v. IBM Corp., 72 F. Supp. 2d 370 (S.D. N.Y. 1999). Both cases held collateral estoppel applied to the earlier claim interpretation even though there was no final judgment on infringement or validity. But see Kollmorgan Corp. v. Yaskawa Elec. Corp., 147 F. Supp. 2d 464, 469–70 (W.D. Va. 2001) (holding collateral estoppel did not apply to the earlier claim interpretation because there was no final judgment on infringement or validity).

75. See TM Patents, 72 F. Supp. 2d 370. For a more detailed discussion of the case, see Clark, supra note 4, at 1604–05, and Bradley & Kubasta, supra note 4, at 338–39.

76. See TM Patents, 72 F. Supp. 2d at 375–76.

77. See id. at 378 (“Cases such as Jackson Jordan, Inc. v. Plasser American Corp., 747 F.2d 1567 (Fed. Cir. 1984); A.B. Dick Co. v. Burroughs Corp., 713 F.2d 700 (Fed. Cir. 1983);
finality is a stage in the litigation in which an issue "has reached such a stage that a court sees no really good reason for permitting it to be litigated again." The *TM Patents* court held that finality for purposes of collateral estoppel depends on the nature of the decision, the adequacy of the hearing, and the opportunity for review. In *Edberg v. CPI-The Alternative Supplier, Inc.*, the District Court of Connecticut chose to follow *TM Patents* and held that the plaintiff was estopped from relitigating the claim construction, even though the prior suit was settled before the determination of infringement. The court noted, "the mere fact that plaintiffs settled the prior case does not give this Court’s prior rulings any less preclusive effect."

In the most recent case on the issue, *Kollmorgen Corp. v. Yaskawa Electric Corp.*, the Western District of Virginia held that collateral estoppel does not apply to claim interpretation if the case is settled before trial. The *Kollmorgen* court rejected the reasoning in *TM Patents* and did not mention the *Edberg* decision, as *Kollmorgen* was decided less than a month after *Edberg*. The court, following pre-*Markman* Federal Circuit precedent, held that a consensual settlement prior to a final judgment between the parties did not constitute a "final judgment," the claim interpretation was not essential to the "non-existent final judgment," and collateral estoppel did not apply. The *Kollmorgen* court held that a ruling is final for collateral estoppel purposes if the ruling is essential to the final judgment on infringement or validity. On appeal of the *Kollmorgen* case, the Federal Circuit—recognizing, in light of *TM Patents* that there was a substantial difference in opinion "whether a patentee who settles an earlier infringement case after a *Markman* ruling is precluded under the doctrine of collateral estoppel from relitigating claim construction issues determined in the prior case"—granted an

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and *Studiengeellschaft Kohle v. Eastman Kodak Co.*, 616 F.2d 1315 (5th Cir. 1980)—are inapplicable in the post-*Markman* era, at least when the district court holds a special pre-trial hearing ...

78. Id. at 376.
79. Id.
80. Clark, supra note 4, at 1605–06 & n.124 (citing *Edberg v. CPI-The Alternative Supplier, Inc.*, 156 F. Supp. 2d 190, 195–96 (D. Conn. 2001)).
82. Clark, supra note 4, at 1606 & n.126 (citing *Kollmorgen Corp. v. Yaskawa Elec. Corp.*, 147 F. Supp. 2d 464, 470 (W.D. Va. 2001)). For a detailed discussion of the case, see also Bradley & Kubasta, supra note 4, at 340–42.
83. See *Kollmorgen*, 147 F. Supp. 2d at 467.
84. Id. at 469–70.
85. Id. at 469.
interlocutory appeal, but the issue was never actually decided by the court.\textsuperscript{86}

Thus, although pre-\textit{Markman} precedent indicates that issues such as a court’s claim interpretation decided before settlement do not generally have collateral estoppel effect, post-\textit{Markman} cases do not necessarily agree. In \textit{TM Patents} and \textit{Edberg}, the courts applied collateral estoppel to the claim interpretations even though the parties settled before the trial.\textsuperscript{87} In \textit{Kollmorgen}, however, the court rejected \textit{TM Patents} and refused to apply collateral estoppel.\textsuperscript{88} Some scholars agree with the result in \textit{TM Patents},\textsuperscript{89} and others do not.\textsuperscript{90}

II. THE FEDERAL CIRCUIT’S DECISION IN RF DELAWARE, INC. V. PACIFIC KEYSTONE TECHNOLOGIES, INC.

In the case of \textit{RF Delaware, Inc. v. Pacific Keystone Technologies, Inc.}, the Federal Circuit finally had the chance to address the issue of collateral estoppel of claim interpretation.\textsuperscript{91} In \textit{RF Delaware}, the patentee, RF Delaware, Inc. (“RFD”) owned two patents (the ‘630 patent and the ‘124 patent) relating to the use and washing of an upflow filter in combination with upflow and downflow water filtration systems.\textsuperscript{92} The patents cover the same subject matter and have identical written descriptions.\textsuperscript{93}

\begin{itemize}
  \item \textsuperscript{86} See Kollmorgen Corp. v. Yaskawa Elec. Corp., 21 Fed.Appx. 893 (Fed. Cir. 2001).
  \item \textsuperscript{87} See supra notes 75–81.
  \item \textsuperscript{88} See supra notes 82–85.
  \item \textsuperscript{89} See, e.g., Nard, supra note 40, at 384 (“Judge McMahon [of \textit{TM Patents}] understands, correctly in my opinion, that a Markman hearing is procedurally unique and calls into question case law and procedural rules that were in place prior to \textit{Markman}.”); Van Over, supra note 4, at 1152 (“As this Article argues, the Supreme Court and the Federal Circuit’s sister circuits would seem to favor the application of collateral estoppel to \textit{Markman} rulings, at least under the circumstances of both \textit{TM Patents} and Graco.”).
  \item \textsuperscript{90} See, e.g., Bradley & Kubasta, supra note 4, at 341 (“As an initial matter, the authors believe that the more flexible approach encouraged by the \textit{Kollmorgen} and the \textit{Graco} decisions is more appropriate than the rigid approach of \textit{TM Patents}.”); Filardi & Nemec, supra note 4, at 262 (“While the rationale [in \textit{TM Patents}] seems sound it does not recognize that an established exception to collateral estoppel in a subsequent action with another defendant, is where the issue is one of law and treating it as conclusively determined would inappropriately foreclose opportunity for obtaining reconsideration of the legal rule upon which it was based.”) (quoting \textit{RESTATEMENT (SECOND) OF JUDGMENTS} 29(7) (1980)); Terril G. Lewis, \textit{Collateral Estoppel as Applied to the Construction of Patent Claims (Part II)}, 84 J. PAT. & TRADEMARK OFF. SOC’Y 47, 66 (2002) (“The foundations of \textit{TM Patents}’ reasoning lends to easy criticism.”); Clark, supra note 4, at 1616 (“The \textit{TM Patents} test for finality, however, is ambiguous and will not lead to consistency in the application of collateral estoppel.”).
  \item \textsuperscript{91} 326 F.3d 1255 (Fed. Cir. 2003).
  \item \textsuperscript{92} Id. at 1258.
  \item \textsuperscript{93} Id.
\end{itemize}
Prior to the suit between RFD and Pacific Keystone, the patents were construed by the United States District Court for the Eastern District of Virginia in an action between RFD and Infilco Degremont, Inc. ("IDI"). In that case, RFD charged IDI with infringement of the patents. RFD moved for summary judgment of literal infringement and validity, and IDI moved for summary judgment of non-infringement. The Virginia district court construed the claims and issued two interlocutory orders: (1) the court found no literal infringement of the '630 patent, but recognized a genuine issue of material fact with respect to infringement under the doctrine of equivalents, and thus denied RFD’s motion for summary judgment of literal infringement and granted-in-part and denied-in-part defendant IDI’s motion for summary judgment of non-infringement; and (2) the court denied RFD’s motion for summary judgment of literal infringement of the '124 patent and granted RFD’s motion for summary judgment of validity of the first claim, but made no ruling of non-infringement. The case was ready for trial on the issue of infringement when RFD and IDI settled. After the settlement, there was no judgment or certification of a final order.

Later, RFD sued Pacific Keystone Technologies, Inc. ("Pacific") for infringement of the same patents in the United States District Court for the Northern District of Alabama. The court avoided addressing the TM Patents/Kollmorgen split, suggesting, “It is not necessary for this court to determine whether the [Eastern District] of Virginia case collaterally estops RFD. The court does note that its decision is consistent with the holding of the Virginia case.” The court construed the claims, and then granted Pacific’s motions for summary judgment, deciding that Pacific did not infringe either literally or under the doctrine of equivalents. RFD appealed.

94. Id. at 1259.
95. Id.
96. Id. at 1261.
97. RF Delaware, 326 F.3d at 1261.
98. Id.
99. Id. at 1262.
100. Id. at 1259.
101. Id. at 1260 n.1 (quoting RF Delaware, CV-01-PT-0348-M, slip op. at 45 n.63).
102. Id. at 1259.
103. RF Delaware, 326 F.3d at 1260. The court also granted Pacific’s motion for summary judgment of non-infringement on the ground that it committed no act of infringement.
104. Id.
On appeal, the Federal Circuit considered Pacific’s argument that, regardless of the propriety of the Alabama court’s interpretation of the claim language, RFD was bound by the Virginia court’s claim interpretation.\textsuperscript{105} Specifically, the Federal Circuit decided whether the district court “is bound by claim constructions in rulings on partial summary judgment from... a case involving the same patents that ended in an extrajudicial settlement without complete adjudication even as to liability.”\textsuperscript{106}

The court first recognized that collateral estoppel is a procedural issue that is governed by regional circuit law, and thus applied eleventh circuit law.\textsuperscript{107} The court considered the basic four-prong test for collateral estoppel, noting that for collateral estoppel to apply, the party seeking to invoke it must prove that: (1) the issue is identical to the issue decided in the prior action; (2) the issue was litigated in the prior action; (3) the party against whom collateral estoppel is sought had a full and fair opportunity to litigate the issue in the prior action; and (4) the determination was essential to the final judgment of the prior action.\textsuperscript{108} Applying eleventh circuit law, the court suggested that “if the parties to a suit enter into an extrajudicial settlement or compromise, there is no judgment, and future litigation is not barred by res judicata or collateral estoppel...”\textsuperscript{109} The court, however, also pointed out that “[f]or purposes of issue preclusion..., ‘final judgment’ includes any prior adjudication of an issue in another action that is determined to be sufficiently firm to be accorded conclusive effect.”\textsuperscript{110} The court suggested that whether a decision is “sufficiently firm” depends on whether the parties were “fully heard.”\textsuperscript{111} As an example, the court cited Christo, in which the eleventh circuit held that a prior district court order issued after an evidentiary hearing satisfied the finality standard, because the district court notified the parties of possible preclusive effect, considered the

\textsuperscript{105} See id. at 1260–61.

\textsuperscript{106} Id. at 1260.

\textsuperscript{107} Id. at 1261.

\textsuperscript{108} Id. (citing In re McWhorter, 887 F.2d 1564, 1566 (11th Cir. 1989)).

\textsuperscript{109} RF Delaware, 326 F.3d at 1261 (quoting Kaspar Wire Works, Inc. v. Leco Eng’g and Mach., Inc., 575 F.2d 530, 542 (5th Cir. 1978)). Although Kaspar is a fifth circuit case, the case is binding on the eleventh circuit because it was decided in 1978 and is a predecessor to the eleventh circuit. Id.

\textsuperscript{110} Id. (quoting Christo v. Padgett, 223 F.3d 1324, 1339 n.47 (11th Cir. 2002) (citing RESTATEMENT (SECOND) JUDGMENTS § 13 (1980))).

\textsuperscript{111} Id. (citing Christo, 223 F.3d at 1339 n.47).
findings final, and entered a final order approving the proposed settlement.\textsuperscript{112} In \textit{RF Delaware}, the Federal Circuit held that collateral estoppel did not apply to the earlier claim constructions because the required standard for finality was not met.\textsuperscript{113} To meet that standard, an order must be sufficiently firm to have preclusive effect. The court held that the orders granting partial summary judgment and the following settlement were not sufficiently firm to have preclusive effect.\textsuperscript{114} The court differentiated the \textit{Christo} case, suggesting that the Virginia court's determination was not similar to the situation in \textit{Christo}.\textsuperscript{115} The court suggested that the cases were different because in the Virginia case, unlike in \textit{Christo}, there was no evidence that an evidentiary hearing was conducted to construe the claims, and that the court did not allow the parties to engage in oral arguments on one of the patents.\textsuperscript{116} Because of this, the court suggested, the parties may not have been "fully heard."\textsuperscript{117} The court also noted that, unlike in \textit{Christo}, in the Virginia case the parties were not notified that the orders could have preclusive effect.\textsuperscript{118} Finally, unlike in \textit{Christo}, the Virginia court did not enter a final order approving the proposed settlement between the parties. After construing the claim language, the Federal Circuit reversed the district court's grant of summary judgment.\textsuperscript{119}

III. \textbf{ANALYSIS OF THE FEDERAL CIRCUIT'S RF DELAWARE DECISION AND ITS IMPACT ON COLLATERAL ESTOPPEL OF CLAIM INTERPRETATION}

In \textit{RF Delaware, Inc. v. Pacific Keystone Technologies, Inc.}, the Federal Circuit held that collateral estoppel did not apply to an earlier claim construction because the required standard for finality was not met.\textsuperscript{121} The court held that the orders granting partial summary judgment and the following settlement in the previous action were not

\textsuperscript{112} \textit{Id.} (citing \textit{Christo}, 223 F.3d at 1339).

\textsuperscript{113} \textit{Id.}

\textsuperscript{114} \textit{Id.} at 1261–62.

\textsuperscript{115} \textit{RF Delaware}, 326 F.3d at 1262.

\textsuperscript{116} \textit{Id.}

\textsuperscript{117} \textit{Id.}

\textsuperscript{118} \textit{Id.}

\textsuperscript{119} \textit{Id.}

\textsuperscript{120} \textit{RF Delaware}, 326 F.3d at 1268.

\textsuperscript{121} \textit{Id.} at 1261.
sufficiently firm to have preclusive effect. Although the Federal Circuit apparently clarified some of the issues surrounding collateral estoppel of claim interpretation that both courts and scholars have debated, the court neither acknowledged the debate specifically nor any of the recent cases on the issue. Because the court did not specifically address the debate, it is necessary to determine whether the decision was correct and what impact the court’s holding has on the collateral estoppel of claim interpretation debate.

A. The RF Delaware Case Is Consistent with Pre- and Post-Markman Precedent

In RF Delaware, the Federal Circuit held that collateral estoppel did not apply to the claim interpretation because the orders granting partial summary judgment were not sufficiently final. In the prior action, after the court granted-in-part and also denied the parties’ motions for summary judgment, the court still had to determine some issues of infringement. Before the issues could be determined by trial, the parties settled.

A denial of summary judgment or a grant-in-part and denial-in-part of summary judgment usually does not have collateral estoppel effect. A long history of cases, both pre- and post-Markman, has shown that a finding of partial summary judgment or a denial of summary judgment is not sufficiently firm for collateral estoppel to apply to a determination. The RF Delaware court’s holding is consistent with the holdings of these courts on the issue.

B. Collateral Estoppel Can Apply to Claim Interpretation

Prior to Markman, both district courts and the Federal Circuit held that collateral estoppel could apply to claim interpretation if all of the elements were met. After Markman, some courts have suggested that a court’s claim interpretation has a special finality for

122. Id. at 1262.
123. Id. Although most courts hold that interlocutory orders should not be given preclusive effect because they are tentative, see supra note 71, the court does not address the tentative nature of a denial of summary judgment or grant-in-part of summary judgment, stating merely that the decisions are not sufficiently final for collateral estoppel to apply. RF Delaware, 326 F.3d at 1261–62.
124. RF Delaware, 326 F.3d at 1261.
125. Id.
126. See cases cited supra note 54.
127. See cases cited supra note 54.
128. See supra note 57 and accompanying text.
collateral estoppel purposes, although other courts disagree.\textsuperscript{129} Lower courts have held that if all of the elements are met, collateral estoppel can apply to a court’s claim interpretation.\textsuperscript{130} Although several courts have found collateral estoppel did not apply to an earlier claim interpretation, each of those courts held it did not apply because a specific prong of the test was not met.\textsuperscript{131} For example, one court suggested that the finality prong was not met when the parties settled after the claim interpretation but prior to trial.\textsuperscript{132} No court has held that collateral estoppel can never apply to claim interpretation.

Although the Federal Circuit held in the \textit{RF Delaware} case that collateral estoppel did not apply to the earlier claim interpretations, its language suggests that collateral estoppel can apply to claim interpretation if all of the necessary elements are met.\textsuperscript{133} \textit{RF Delaware} is the first post-\textit{Markman} Federal Circuit decision on collateral estoppel of claim interpretation,\textsuperscript{134} but lower courts have already held that collateral estoppel can apply to claim interpretation.\textsuperscript{135} The court had the opportunity to state clearly and definitively that collateral estoppel can apply to claim interpretation if all of the elements are met, but it did not. Rather, it implied this possibility through its analysis, which clearly indicates that collateral estoppel can apply to a court’s claim interpretation. The court stated, “We conclude that collateral estoppel does not apply in the present case because no judgment, much less final judgment, was ever entered in the Virginia district court case.”\textsuperscript{136} The court then outlined the four-part test necessary for collateral estoppel to apply.\textsuperscript{137} The court never suggested that collateral estoppel cannot apply to claim interpretation, and from its analysis it is clear that if the elements of


\textsuperscript{130} See supra notes 2–3, 75–86 and accompanying text.

\textsuperscript{131} See supra notes 2–3, 57, 75–86 and accompanying text.


\textsuperscript{133} Because the court found that the level of finality was not met in the first action and therefore collateral estoppel did not apply, it did not have occasion to comment on whether or not the claim interpretation was “necessary”, and thus the court did not suggest whether the \textit{Graco} case was decided correctly. See Graco Children’s Prods., Inc. v. Regalo Int’l, LLC, 77 F. Supp. 2d 660, 663 (E.D. Pa. 1999). Based on the discussion in III.B. and III.C., it appears that the \textit{Graco} decision is correct. For more discussion of the \textit{Graco} decision, see Clark, supra note 4, at 1612–13, 1627–28.

\textsuperscript{134} RF Delaware, Inc. v. Pacific Keystone Techs., Inc., 326 F.3d 1255 (Fed. Cir. 2003).

\textsuperscript{135} See supra notes 2–3, 75–86 and accompanying text.

\textsuperscript{136} RF Delaware, 326 F.3d at 1261.

\textsuperscript{137} Id.
collateral estoppel are met, collateral estoppel can apply to a court’s earlier claim interpretation. The court’s endorsement of the application of collateral estoppel to claim interpretation is consistent with both pre-Markman Federal Circuit decisions and post-Markman district court decisions.\textsuperscript{138}

Whether the necessary elements are met is a more difficult question. Some scholars and courts, such as TM Patents and Edberg, suggest that after Markman a court’s claim interpretation has some special finality to it.\textsuperscript{139} Others disagree.\textsuperscript{140} Whether the RF Delaware court clarified the required standard for finality is discussed below.

C. The RF Delaware Court Did Not Explicitly Clarify the Standard for Finality

Before the Markman decision, the Federal Circuit had held that collateral estoppel could apply to claim interpretation if all of the required elements were met.\textsuperscript{141} After Markman, some lower courts have suggested that there is a special finality to a court’s claim interpretation for the purposes of collateral estoppel, but other courts have disagreed.\textsuperscript{142} Since the Markman decision, the Federal Circuit has applied collateral estoppel to infringement and validity determinations,\textsuperscript{143} but the Federal Circuit had not considered the collateral estoppel effect of claim interpretations until the RF Delaware case.

District courts, such as TM Patents and Edberg, have suggested that there is a special finality to a court’s claim interpretation and that collateral estoppel can apply to the claim interpretation even if there is no final judgment on infringement or validity.\textsuperscript{144} These courts recommended that a decision need be “sufficiently firm”—not absolutely final—for collateral estoppel to apply.\textsuperscript{145} Other courts, such as Kollmorgen, held that collateral estoppel could not apply to a court’s claim interpretation unless there was a decision on infringement or validity, thus advocating a stricter standard of

\textsuperscript{138} See supra notes 2–3, 57, 75–86 and accompanying text.
\textsuperscript{139} See supra notes 75–81, 89 and accompanying text.
\textsuperscript{140} See supra notes 82–86, 90 and accompanying text.
\textsuperscript{141} See supra note 57 and accompanying text.
\textsuperscript{142} See supra notes 75–86 and accompanying text.
\textsuperscript{143} See supra note 56 and accompanying text.
\textsuperscript{145} See supra notes 75–81 and accompanying text.
finality.\textsuperscript{146} With its \textit{RF Delaware} decision, the Federal Circuit was in the position to clarify the level of finality necessary for collateral estoppel to apply to a court’s claim interpretation.

At first, the \textit{RF Delaware} court appears to advocate a strict standard for finality. The court states, “if the parties to a suit enter into an extrajudicial settlement or compromise, there is no judgment, and future litigation is not barred by... collateral estoppel...”\textsuperscript{147} Thus, the court implicitly rejects the holdings of \textit{TM Patents} and \textit{Edberg}, which suggested a claim interpretation was sufficiently firm for collateral estoppel to apply even when the parties settled prior to trial, and instead adopts the \textit{Kollmorgen} holding, which suggested that it was not. The court goes on, however, to suggest, “[f]or purposes of issue preclusion... ‘final judgment’ includes any prior adjudication of an issue in another action that is determined to be sufficiently firm to be accorded conclusive effect.”\textsuperscript{148} This kind of reasoning is exactly what the \textit{TM Patents} and \textit{Edberg} courts relied on for their suggestion that a court’s claim interpretation has enough finality for collateral estoppel to apply.\textsuperscript{149} Thus, with this language the court seems to adopt the reasoning in the \textit{TM Patents} and \textit{Edberg} cases, advocating a less-strict standard for finality.

Though the court did not explicitly cite the \textit{TM Patents/Kollmorgen} split, and although it does not explicitly clarify the standard for finality, its language clarifies to an extent the finality required for collateral estoppel to apply. The court suggests that a decision can have collateral estoppel effect even if there is no “final judgment,”\textsuperscript{150} therefore agreeing to an extent with the reasoning in \textit{TM Patents} and \textit{Edberg}. By relying on eleventh circuit case law, the court suggests that it is not necessary to reach absolute finality in order for collateral estoppel to apply, but never suggests that a claim interpretation alone meets the required level of finality, nor that collateral estoppel can apply to a determination that is not “sufficiently firm” so as to suggest that there is a special finality to a court’s claim interpretation.

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147. RF Delaware, Inc. v. Pacific Keystone Techs., Inc., 326 F.3d 1255, 1261 (Fed. Cir. 2003) (quoting Kaspar Wire Works, Inc. v. Leco Eng’g and Mach., Inc., 575 F.2d 530, 542 (5th Cir. 1978)).
148. \textit{Id.} at 1261 (quoting Christo v. Padgett, 223 F.3d 1324, 1339 n.47 (11th Cir. 2002)).
149. \textit{See supra} notes 75–81 and accompanying text.
150. \textit{See RF Delaware}, 326 F.3d at 1261.
\end{flushright}
The RF Delaware court appears to adopt a standard for finality somewhere in between the two extremes established by Kollmorgen, at one end, and TM Patents and Edberg at the other. Although the court does not go quite as far as the Kollmorgen court to suggest that collateral estoppel can only apply to claim language after a final determination of infringement or validity, it appears that in practice that is what the RF Delaware holding requires. The court also rejects the holdings in TM Patents and Edberg, and never suggests that a court's claim interpretation has a special finality for collateral estoppel purposes. Yet the RF Delaware court follows the reasoning in both cases that a determination does not have to lead to a final judgment to have collateral estoppel effect.

In the lower court's RF Delaware decision, the court denied summary judgment and granted-in-part and denied-in-part another motion for summary judgment, but it also granted RFD’s motion for summary judgment of validity of the first claim. The Federal Circuit found that these determinations were not sufficiently firm for collateral estoppel to apply to the claim interpretation. The court also suggested that a mere settlement would not be a final judgment for collateral estoppel to apply to the claim interpretation. Although the court’s language suggests that a decision does not have to be absolutely final for collateral estoppel to apply to the claim interpretation, it did not apply collateral estoppel to a claim interpretation when the court denied summary judgment and granted-in-part and denied-in-part another motion for summary judgment. Thus, the court appears to require a level of finality closer to what Kollmorgen required, absolute finality, rather than what TM Patents and Edberg suggested, where litigation “has reached such a stage that a court sees no really good reason for permitting it to be litigated again.”

It does not appear that the RF Delaware court adopted the reasoning in TM Patents that the Markman decision implicitly overruled pre-Markman Federal Circuit precedent on collateral estoppel of claim interpretation. Prior to the Markman decision, Federal Circuit precedent indicated that collateral estoppel could

151. Id.
152. Id.
153. Id. (quoting Kaspar Wire Works, Inc. v. Leco Eng’g and Mach., Inc., 575 F.2d 530, 542 (6th Cir. 1978)).
154. See supra note 78 and accompanying text.
155. See supra note 77 and accompanying text.
apply to determinations of infringement and validity as well as claim interpretations if the required prongs of the collateral estoppel test were met.\(^{156}\) Pre-Markman Federal Circuit cases such as Pfaff v. Wells Electronics, Jackson Jordan v. Plasser American, Molinaro v. Fannon/Courier, and A.B. Dick v. Burroughs all support the application of collateral estoppel to claim interpretation, but suggest that there is no special finality to a claim interpretation.\(^{157}\) Post-Markman district courts, such as TM Patents and Edberg, suggested that the Markman ruling overturned these cases,\(^{158}\) while cases such as Kollmorgen suggested that they are still good law.\(^{159}\) The RF Delaware court did not cite these pre-Markman cases on collateral estoppel of claim interpretation or state that these decisions are still good law, but it did not suggest that they were overruled, either. Instead, the court’s language indicates that the cases are still precedent. The court held that collateral estoppel did not apply to the claim interpretation because the grant-in-part and denial-in-part of summary judgment and the settlement was not a sufficiently final judgment in the previous case.\(^{160}\) The court’s holding indicates that there is no special finality to a court’s claim interpretation and therefore is in line with the pre-Markman cases.

It appears that the RF Delaware case did not fully adopt the reasoning in either TM Patents and Edberg nor that in Kollmorgen. Based on the language of the case, however, it appears that the TM Patents and Edberg decisions are incorrect, while the Kollmorgen case was decided correctly—a claim interpretation itself is not sufficiently final when the parties settle prior to trial. The RF Delaware court suggests that there does not need to be an absolute final judgment for collateral estoppel to apply, but implicitly rejects the argument that a claim interpretation has a special finality.

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156. See supra note 57.
158. See supra note 77 and accompanying text.
159. See supra note 84 and accompanying text.
D. The Form of the Claim Interpretation May Matter

Since the Markman decision, district courts have enjoyed wide latitude in how and when to interpret patent claims. 161 Many courts have Markman hearings, but these hearings have no specific structure or form. 162 A court may or may not allow the parties to engage in oral argument; a court may or may not listen to witnesses; a court may or may not entertain experts. 163 The court in RF Delaware suggests, in dicta, that the form of a court’s claim interpretation may affect the collateral estoppel effect of the determination.

When the RF Delaware court states that a decision may have collateral estoppel effect even though there is no final judgment, the court relies on cases that suggest that a decision must merely be “sufficiently firm” to have collateral estoppel effect. 164 The court then suggests that for a decision to be “firm” and for collateral estoppel to apply, the parties must have been “fully heard.” 165 Then, relying on the eleventh circuit case Christo, the court suggests that a prior district court order that was issued after an evidentiary hearing satisfied the “limited standard for finality” “because the district court considered a wide range of evidence from all concerned parties, notified the parties of possible preclusive effect, clearly considered the findings final, and entered a final order approving the proposed settlement.” 166

With this language, the court proposes that the form of the Markman hearing might affect the application of collateral estoppel to the claim interpretation. 167 The court, by relying on Christo and repeating the factors that Christo relied on, intimates that the form of the hearing matters. 168 Further, the court specifically differentiates its facts from Christo: “Different from Christo, there is no evidence that an evidentiary hearing was conducted to construe the claims of either patent before the orders were issued.” 169 Thus, the court suggests that

161. See supra note 36 and accompanying text.
162. See supra notes 36–37 and accompanying text.
163. See supra notes 36–37 and accompanying text.
164. RF Delaware, 326 F.3d at 1261 (quoting Christo v. Padgett, 223 F.3d 1324, 1339 n.47 (11th Cir. 2002)).
165. Id. (citing Christo, 223 F.3d at 1339 n.47).
166. Id. (citing Christo, 223 F.3d at 1339).
167. Note that the TM Patents court also suggested that the form of the hearing may affect the collateral estoppel effect of the claim interpretation. See TM Patents, L.P. v. IBM Corp., 72 F. Supp. 2d 370, 376 (S.D. N.Y. 1999); see also supra note 79 and accompanying text.
168. See RF Delaware, 326 F.3d at 1261–62.
169. Id. at 1262.
the form of the Markman hearing matters. The court also points out that RFD asserted that the Virginia district court did not entertain oral argument on the claims of the '124 patent: "Thus, it is questionable whether the parties were ‘fully heard’ before the Virginia district court reached its decisions on claim constructions."\(^{170}\)

The court suggests that whether a judgment is final depends in part on whether the parties were “fully heard.”\(^{171}\) The court further differentiates the Christo case by pointing out that the first court in the RF Delaware case “did not put the parties on notice that the orders could have preclusive effect.”\(^{172}\) Again, this suggests that the form of the Markman hearing, and whether the judge puts the parties on notice about the preclusive effect of the claim interpretation, could affect whether the claim interpretation has estoppel effect. The court does not suggest which one of the elements it listed to determine if a party is “fully heard” should be considered determinative. Although the court does not actually rely on the form of the Markman hearing or the “fully heard” prong in its holding, instead focusing on the “final judgment” prong and the partial summary judgments, it appears that the informal nature that Markman hearings can take might cause the “final judgment” prong not to be met because the parties might not be “fully heard.”

The court’s language indicates two things: (1) the form of the hearing might affect whether the parties were fully heard and thus whether collateral estoppel applies to the prior claim interpretation; and (2) the second and third prongs of the collateral estoppel test may be considered in the determination of whether the fourth prong was met. The second prong of the test for collateral estoppel is that the issue was litigated in the prior action; the third prong is that the party against whom collateral estoppel is sought had a full and fair opportunity to litigate the issue in the prior action.\(^{173}\) The court thus appeared to be relying on these requirements to determine if the third prong—"final judgment"—was met.

All of the court’s language about the “fully heard” prong of collateral estoppel appears to be dicta because the court based its holding on the finality of the summary judgments.\(^{174}\) However, it did consider some of these elements in determining whether there was a

\(^{170}\) Id.

\(^{171}\) Id. at 1261 (citing Christo v. Padgett, 223 F.3d 1324, 1339 n.47 (11th Cir. 2002)).

\(^{172}\) Id. at 1262.

\(^{173}\) See supra note 49 and accompanying text.

\(^{174}\) RF Delaware, 326 F.3d at 1261.
final judgment.\textsuperscript{175} Also, from this language it appears that the court might consider the form of the Markman hearing when determining if collateral estoppel should apply to a court's claim interpretation. If the form of the claim interpretation hearing does not conform to what a court considers necessary for a party to be "fully heard," then collateral estoppel may not apply. Further, the form of the claim interpretation could affect whether a party was "fully heard" and whether a final judgment actually exists for collateral estoppel purposes.

IV. CONCLUSION

In \textit{RF Delaware}, the Federal Circuit held that collateral estoppel did not apply to the earlier court's claim interpretation because the orders granting partial summary judgment were not sufficiently final. The court's decision is consistent with pre- and post-Markman Federal Circuit precedent. Although the court held that collateral estoppel did not apply to the earlier claim interpretation, its analysis indicates that if all of the elements of collateral estoppel are met, collateral estoppel can apply to claim constructions. Though the court did not clearly state what level of finality is required for collateral estoppel to apply, it implies that there is no special finality to a court's claim interpretation, though an absolutely final judgment is not necessary. Also, the court indicates (in \textit{dicta} only) that whether a party is "fully heard" for purposes of collateral estoppel might hinge on the form of the court's claim construction.

Although the \textit{RF Delaware} case is the first Federal Circuit decision on collateral estoppel of claim interpretation since the Supreme Court's Markman decision, the court did not clearly state when collateral estoppel applies to an earlier court's claim interpretation. The court also did not reference the current debate on the issue. Based on the court's language, however, it appears that claim interpretation does not have a special finality, as \textit{TM Patents} and \textit{Edberg} held. The court also held, though, that collateral estoppel can apply without an absolutely final decision, thus apparently rejecting the finality requirement espoused in \textit{Kollmorgen}. The decision does not clearly end the debate on finality for collateral estoppel of claim interpretation, but the court's reasoning and holding should guide lower courts in their application of collateral estoppel to claim interpretation.

\textsuperscript{175} \textit{Id.} at 1261-62.