

ALERT

Federal Circuit Patent Bulletin: *Brain Life, LLC v. Elekta Inc.*

March 24, 2014

" [The Kessler Doctrine] precludes some claims that are not otherwise barred by claim or issue preclusion allowing an adjudged non-infringer to avoid repeated harassment for continuing its business as usual post-final judgment in a patent action where circumstances justify that result. "

On March 24, 2014, in *Brain Life, LLC v. Elekta Inc.*, the U.S. Court of Appeals for the Federal Circuit (O' Malley,* Bryson, Wallach) affirmed-in-part, vacated-in-part and remanded the district court's summary judgment barring Brain Life's claim that Elekta infringed U.S. Patent No. 5,398,684, which related to a method and apparatus for generating a video image from a variety of separate scanner imaging sources such as a computerized axial tomography image, a nuclear magnetic resonance image, and an X-ray. The Federal Circuit stated:

" In the simplest construct, [claim preclusion bars] there litigation of a claim, or cause of action, or any possible defense to the cause of action which is ended by a judgment of the court." Claim preclusion applies " whether the judgment of the court is rendered after trial and imposed by the court or the judgment is entered upon the consent of the parties." And, claim preclusion bars both claims that were brought as well as those that could have been brought. For claim preclusion to apply in a patent case, the alleged infringer must demonstrate that the accused product or process is " essentially the same" as the accused product or process in the first litigation." An essential fact of a patent infringement claim is the structure of the device or devices in issue." An "' infringement claim,' for purposes of claim preclusion [does not] embrace[] more than the specific devices before the court in the first suit. Adjudication of liability for infringement is a determination that a thing is made, used or sold without authority under the claim(s) of a valid enforceable patent."

Without a doubt, these principles bar the assertion of infringement of either the method or system claims to the extent the alleged acts of infringement predate the final judgment in the MIDCO Litigation. Brain Life does not seem to dispute this fact as to the system claims, since it asserts no cause of action relating to them. It does argue, however, that the final judgment in the MIDCO action would not act to bar the assertion of any claims of infringement of the method claims in the ' 684 patent. It premises this argument on its belief that the dismissal without prejudice of those claims gave it carte blanche to reassert those claims. We disagree. While

the dismissal without prejudice allowed for the possibility that acts of infringement of the method claims could be subject to a future cause of action, that possibility was cut-off for all such acts predating the final MIDCO judgment once that judgment was entered. The trial court's refusal to reopen its judgment, moreover, does not affect the application of claim preclusion.

Having concluded that claim preclusion did bar all allegations of infringement relating to activity that predated the final MIDCO judgment, we turn to whether claim preclusion would also bar claims relating to acts of infringement that postdate that judgment. We find that it does not. Brain Life's second suit is not barred by claim preclusion— regardless of whether the same transactional facts are present in both suits— to the extent Brain Life's current infringement allegations are temporally limited to acts occurring after final judgment was entered in the first suit. Claim preclusion does not bar Brain Life from asserting either the apparatus or method claims against Elekta because "the claim that gives rise to preclusion . . . encompass [es] only the particular infringing acts . . . that are accused in the first action or could have been made subject to that action." . . . "[A] party who sues a tortfeasor is ordinarily not barred by a prior judgment from seeking relief for discrete tortious action by the same tortfeasor that occurs subsequent to the original action. That rule is based on the principle that *res judicata* requires a party to assert all claims that the party could have asserted in the earlier lawsuit; it follows that if the party could not have asserted particular claims— because the tortious conduct in question had not occurred at that time—those claims could not have been asserted and therefore are not barred by *res judicata*. And, those well-settled principles have been applied to patent cases involving sequential acts of infringement.

[T]o the extent Brain Life's allegations of infringement are directed to products created and, most importantly, acts of alleged infringement occurring after entry of the final judgment in the MIDCO Litigation, those claims are not barred by the doctrine of claim preclusion. Quite simply, Brain Life could not have asserted infringement claims against the products in question for acts of alleged infringement that postdate the final judgment in the MIDCO Litigation in the current litigation. . . .

Issue preclusion bars subsequent litigation on an issue of law or fact that was actually litigated. If an issue of fact or law is actually litigated and determined by a final judgment, and the determination is essential to the judgment, that determination is conclusive in any later action between the parties on the same or a different claim. Importantly, where the parties consent to a judgment on an issue prior to trial, it cannot be said that the issue was actually litigated to finality. [T]he ERGO++ product was never at issue in the MIDCO Litigation. While similarities between it and the products actually litigated may mean that certain questions regarding infringement of the system claims effectively may be foregone conclusions, they are not barred by our case law applying issue preclusion to previously challenged products which have not been materially altered. And, issue preclusion is no bar to assertion of the method claims based on use or sales of the ERGO++ product. . . .

There exists a separate and distinct doctrine, known as the Kessler Doctrine, that precludes some claims that are not otherwise barred by claim or issue preclusion. [T]raditional notions of claim preclusion do not apply when a patentee accuses new acts of infringement, i.e., post-final judgment, in a second suit— even where the products are the same in both suits. Such claims are barred under general preclusion principles only to the extent they can be barred by issue preclusion, with its attendant limitations. The Kessler Doctrine fills the gap between these preclusion doctrines, however, allowing an adjudged non-infringer to avoid repeated harassment for continuing its business as usual post-final judgment in a patent action where circumstances justify that result. While our past reliance on the Kessler Doctrine has been sparse, we have applied it before. . . . The principle that, when an alleged infringer prevails in demonstrating noninfringement, the specific accused device(s) acquires the “ status” of a noninfringing device vis-à -vis the asserted patent claims is “ [a]n essential fact of a patent infringement claim.” [T]he status of an infringer is derived from the status imposed on the thing that is embraced by the asserted patent claims.” And, when the devices in the first and second suits are “ essentially the same,” the “ new” product(s) also acquires the status of a noninfringing device vis-à -vis the same accusing party or its privies. . . .

While MIDCO ultimately abandoned the method claims prior to trial, it could have continued to assert those claims. Thus, once the accused devices in the MIDCO Litigation were adjudged to be noninfringing with respect to the asserted claims and judgment was entered as to all claims, Elekta was free to continue engaging in the accused commercial activity as a non-infringer. Elekta, thereafter, continued manufacturing and selling products accused in the MIDCO Litigation post-final judgment. Consequently, some of the accused devices in this suit have acquired a noninfringing status vis-à -vis the ‘ 684 patent by virtue of the first case, and Elekta is entitled to continue manufacturing, using, and selling those products without molestation from MIDCO or BrainLife. Simply, by virtue of gaining a final judgment of noninfringement in the first suit—where all of the claims were or could have been asserted against Elekta—the accused devices acquired a status as noninfringing devices, and Brain Life is barred from asserting that they infringe the same patent claims a second time.

[B]ecause Elekta’ s GammaPlan, GammaKnife, and SurgiPlan are essentially the same accused products, Brain Life’ s claims are barred under the Kessler Doctrine. . . . Elekta’ s ERGO++ treatment planning system, however, is a different matter. Brain Life, and its predecessor MIDCO, have never accused Elekta’ s ERGO++ product of infringing any of the ‘ 684 patent claims. Indeed, Elekta only acquired the ERGO++ product after the MIDCO Litigation was finalized. Accordingly, the ERGO++ has never acquired the status of a noninfringing device in connection with the ‘ 684 patent. Unlike Elekta’ s other products, neither claim preclusion, issue preclusion, nor the Kessler Doctrine stand as a bar to Brain Life’ s current allegations of infringement regarding the ERGO++. The district court’ s judgment regarding Elekta’ s ERGO++ product, therefore, must be reversed and remanded for further proceedings.