

BRAIN LIFE, LLC v. ELEKTA INC., Appeal No. 2013-1239 (Fed. Cir. March 24, 2014).
Before O'Malley, Bryson, and Wallach. Appealed from S.D. Cal. (Judge Bencivengo).

Background:

In a first lawsuit, a patent owner sued Elekta for infringement of a patent directed to a method and apparatus for display of medical imaging. The parties requested that the district court only construe the apparatus claims, and the district court dismissed without prejudice the claims relating to the method claims. A judgment of noninfringement was ultimately entered.

In a second lawsuit, Brain Life (an exclusive licensee of the patent) sued Elekta for infringement of the method claims based on new products released by Elekta. The district court held that claim preclusion barred the lawsuit and granted summary judgment in favor of Elekta.

Issue/Holding:

Did the district court err in granting summary judgment in favor of the defendant? Yes, partly. Affirmed in part, vacated in part, and remanded.

Discussion:

The Federal Circuit analyzed the case under three different preclusion doctrines, each of which could have potentially barred assertion of the infringement claims in the second lawsuit.

1. Claim Preclusion

Claim preclusion bars the relitigation of claims. It does not bar assertion of infringement claims relating to acts of infringement that postdate the initial judgment. The Federal Circuit therefore held that claim preclusion barred only the infringement claims directed to acts that predated the judgment.

2. Issue Preclusion

Issue preclusion bars subsequent litigation of an issue that was actually litigated. An issue is not "actually litigated" and determined by final judgment if the parties consented to a judgment prior to trial. Because the infringement claims directed to the method claims were dismissed without ever being construed or litigated during trial, issue preclusion did not bar the infringement claims relating to the method claims.

3. *Kessler* Doctrine

The *Kessler* Doctrine effectively grants an accused infringer a limited "trade right" to have its products freely bought and sold once that particular product has been deemed noninfringing. The "noninfringing status" therefore flows with the specific device and any device that is "essentially the same," and the alleged infringer can continue its business without fear that it will be harassed with repeat litigation. The Federal Circuit held that Elekta's products (except for one newly acquired product) acquired a "noninfringing status" in the first lawsuit, in which infringement claims relating to the method claims *could have been* asserted against Elekta.

The Federal Circuit therefore held that Brain Life was barred under the *Kessler* Doctrine from asserting infringement of the method claims, except with respect to Elekta's one newly acquired product that was not "essentially the same" as the products at issue during the first lawsuit.