

UNITED ACCESS TECHNOLOGIES, LLC v. CENTURYTEL BROADBAND SERVICES LLC, Appeal No. 2014-1347 (Fed. Cir. February 12, 2015). Before Newman, Bryson and O'Malley. Appealed from D. Del. (Judge Stark)

Background:

Plaintiff owns patents relating to systems for using a landline telephone connection for both voice communication and data transmission. In a prior infringement action (that began in 2002) involving plaintiff's predecessor in interest and a third party, a jury returned a general verdict of non-infringement with respect to all of the asserted claims. Nothing in the verdict form or the other aspects of the record indicated what ground for decision the jury had adopted in reaching its verdict. Plaintiff's predecessor in interest moved for JMOL.

The trial court denied the motion, holding that the jury's verdict of non-infringement was supported by the evidence. In particular, the court ruled that the jury's verdict could be upheld on either of two theories: (1) the jury could have concluded that plaintiff's predecessor in interest failed to carry its burden to show that the industry standard technology infringed the asserted claims, or (2) the jury could have found that the third-party did not infringe because none of its systems included a telephone, which was a required element of each of the asserted claims. The judgment in the prior action was affirmed by the Federal Circuit without opinion.

In 2011, plaintiff filed this action in which the defendants are charged with infringing the same claims that had been asserted against the third party in the prior action. Defendants sought dismissal of plaintiff's claims based on collateral estoppel—asserting that the jury's verdict in the prior action established as a matter of law that the industry standard technology did not infringe plaintiff's patents. The district court held that the jury's verdict against plaintiff's predecessor in interest in the prior action was entitled to collateral estoppel effect. In particular, the district court ruled that collateral estoppel was available to the defendants because the trial court in the prior action had held, in response to the JMOL motion of plaintiff's predecessor in interest, that the jury's verdict could be sustained on either of the two theories of noninfringement that were presented to it. Plaintiff appealed.

Issue/Holding:

Did the district court err in applying collateral estoppel to a general jury verdict that could have rested on multiple grounds? Yes, reversed and remanded.

Discussion:

The Federal Circuit determined that the JMOL order in the prior action established only that the jury could permissibly have reached its verdict on either of the two possible grounds (precisely the finding that the Supreme Court in *Ashe* held to be fatal to an effort to apply collateral estoppel to a jury's verdict). The JMOL decision therefore did not establish that the jury necessarily based its verdict on a conclusion that the industry standard technology did not infringe plaintiff's patents. Thus, the Federal Circuit found that there is no decision in the prior action to which collateral estoppel can be applied in the present case.

Accordingly, because the issue in dispute—whether the industry standard technology infringes the asserted claims of plaintiff's patents—was not actually decided in the prior action, the Federal Circuit found that it was improper for the district court to hold that plaintiff is collaterally estopped from litigating that issue in the present case.