

INTELLECTUAL VENTURES I LLC v. CAPITAL ONE FINANCIAL CORPORATION,
Appeal No. 2016-1077 (Fed. Cir. March 7, 2017). Before Chen, Prost, and Wallach. Appealed
from D. Md. (Judge Grimm).

Background:

Intellectual Ventures (IV) sued Capital One for infringement of its patent, and Capital One asserted antitrust counterclaims against IV. Meanwhile, in a related proceeding, the U.S. District Court for the Southern District of New York entered a partial summary judgment order of ineligibility under §101 for IV's patent. Because the Southern District of New York denied IV's request for Rule 54 certification and immediate appeal, the court's §101 finding had not been appealed as of the date of this decision.

Capital One moved for summary judgment under a collateral estoppel theory, relying on the New York court's partial summary judgment order. The District Court of Maryland found IV's infringement claim to be collaterally estopped and certified its judgment under FRCP 54(b) so that this appeal could proceed concurrently with the district court litigation on Capital One's antitrust counterclaims. IV filed its appeal.

Issues/Holdings:

Did the district court err in certifying its judgment under Rule 54(b) and in finding that IV is collaterally estopped from pursuing its infringement claim? No, affirmed.

Discussion:

With regard to the Rule 54(b) certification, IV argued that (1) the district court merely provided a two-sentence statement to support its ruling, and (2) the close interrelationship between the infringement claims and the antitrust counterclaims weighs against certification. Capital One responded that the district court's finding of "no just reason for delay" supported its decision and argued that the claims and counterclaims are not sufficiently interrelated because the counterclaims implicate IV's patent portfolio of about 3,500 patents. The Federal Circuit found that although the district court's Rule 54(b) ruling did not set forth a lengthy analysis, it did expressly state that there was no just reason for delay. The Federal Circuit also determined that there is merely some factual overlap between the claims and counterclaims and not a close interrelationship. Thus, the Federal Circuit held that the district court did not abuse its discretion in certifying the partial final judgment under Rule 54(b).

Regarding collateral estoppel, the Federal Circuit looked to Fourth Circuit precedent, which requires a "final and valid" judgment. IV argued that the New York court's partial summary judgment order is not a final judgment. The Federal Circuit found that under the Fourth Circuit's standard, finality does not require a final judgment or a party's appeal. Instead, finality simply requires that a "particular issue has reached such a stage that a court sees no really good reason for permitting it to be litigated again." The Federal Circuit concluded that the partial summary judgment order met the finality requirement because the parties' briefing and oral argument were considered by the New York court.