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## **The Role of Foreign Judgments in Patent litigation: A perspective and strategic overview**

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### I. Introduction

Patent litigation today places short- and long-term financial pressures on litigants and a high workload on the judicial system. Current mechanisms to lower these pressures include procedures to streamline cases or, even better, eliminate issues in dispute. Parties and their attorneys take advantage of these mechanisms to reduce their financial costs because they are always looking for ways to increase their chances of success at a lower cost.

The use of preclusion is one way to streamline or even resolve a lawsuit. Historically, it has been used to preclude relitigation of an issue that was previously litigated in another court if an appropriate test was met. However, the use of foreign judgments to preclude relitigation of issues in U.S. courts has been less well accepted by the American judiciary. Recent decisions by the federal district courts illustrate the use of preclusion in such situations and offer some guidelines for its use.

Although there are articles that discuss generally the preclusive effect of foreign judgments, I focus in this article on issue preclusion (collateral estoppel) using foreign judgments in intellectual property (IP) cases (although claim preclusion and res judicata should be treated similarly). I begin with a discussion of five IP decisions and two

decisions in a non-IP context to show how issue preclusion has been raised in the courts and what policy issues are relevant to the discussion.

**[\*108]**

After a review of recent case law, I discuss the uncertainty as to what jurisdictional law applies, what the law is for those jurisdictions, and what the prospects are for clarification. Additionally, I discuss the practical effect of the offensive and defensive uses of issue preclusion with foreign judgments in U.S. courts. These issues will be increasingly important for IP practitioners as patent competition continues to be a global concern and as litigants try to obtain an advantage while reducing enforcement and defense costs. This review of the case law and the related policy suggests that issue preclusion is appropriate, and even favorable, if it can be assured that a party has had its day in court.

## II. Preclusion

Preclusion is unique to Anglo-American case law. <sup>n1</sup> It is based on the full faith and credit clause of the U.S. Constitution <sup>n2</sup> and its related act, 28 U.S.C.

1738 (1994). Full faith and credit requires U.S. courts to recognize and give effect to judgments of sister states in both state and federal courts.

There are two types of preclusion, issue preclusion and claim preclusion. The Federal Circuit stated in *In re Freeman*:

Under the doctrine of issue preclusion, also called collateral estoppel, a judgment on the merits in a first suit precludes relitigation in a second suit of issues actually litigated and determined in the first suit. Issue preclusion, as distinguished from claim preclusion, does not include any requirement that the claim (or cause of action) in the first and second suits be the same. Rather, application of issue preclusion centers around whether an issue of law or fact has been previously litigated. The underlying rationale of the doctrine of issue preclusion is that a party who has litigated an issue and lost should be bound by that decision and cannot demand that the issue be decided over again. <sup>n3</sup>

The *Freeman* court set out the test for issue preclusion as follows:

Issue preclusion is appropriate only if: (1) the issue is identical to one decided in the first action; (2) the issue was actually litigated in the first action; (3) resolution of the issue was essential to a final judgment in the first action;

[\*109] and (4) plaintiff had a full and fair opportunity to litigate the issue in the first action. n4

Issue preclusion has been applied in patent litigation by the Supreme Court in *Blonder-Tongue Laboratories, Inc. v. University of Illinois Foundation*. n5 However, cases in which U.S. courts have contemplated the use of foreign judgments to preclude litigation have reached mixed results. In making their decisions, the courts have looked to the policies behind issue preclusion to determine if a foreign judgment should be applied against a party in a U.S. lawsuit.

The full faith and credit clause can support preclusion based on a previous state court judgment, but not a judgment rendered in a foreign court. n6 There has not been any direction given for the recognition of foreign judgments in either the Constitution, legislation or by treaty. n7 Instead, any such recognition is based on "comity," a device that is poorly defined and understood. n8 The concept and development of comity has been described as follows:

The doctrine of international comity, or mutual respect of sovereigns, requires courts of one nation to avoid, where possible, interfering with courts of another. The concept of Comity was developed in the Netherlands, especially by Ulrich Huber, in the last quarter of the 17th Century to mediate between the pretensions of territorial sovereignty and the needs of international com-

[\*110] merce. In the United States, the comity concept was imported by Joseph Story but later modified into a discretionary principle with an ambiguous status between law and policy. The Supreme Court of the United States defined comity as the recognition which one nation allows within its territory to the legislative, executive, or judicial acts of another nation, having due regard both to international duty and convenience, and to the rights of its own citizens, or of other persons who are under the protection of its laws. In *Hilton v. Guyot*, 159 U.S. 113 (1895)], the Supreme Court held that if the foreign forum provides a full and fair trial before a court of competent jurisdiction, under a system of procedural fairness akin to the principles governing United States courts, and there is nothing to show either prejudice or fraud in the foreign forum, then the merits of the case should not, in an action brought in this country upon the judgment, be tried afresh upon the mere assertion of [a] party that the judgment was erroneous in law or in fact.

While the extension or denial of comity is discretionary, a domestic court normally will give effect to executive, legislative, and judicial acts of a foreign nation. n9

This article begins with a discussion of recent case law to illustrate the relevant issues and to put them in practical context for further analysis.

#### A. *Cuno Inc. v. Pall Corp.*

*Cuno Inc. v. Pall Corp.* n10 raised the concept of issue preclusion, and the court had an opportunity to consider the important policies that are discussed in this article.

In 1986, Cuno and Pall sued each other for patent infringement. Both parties claimed that the other party's patents were invalid and/or not infringed. While discovery was proceeding in the U.S., Pall filed a lawsuit against Cuno in the U.K. Court of Chancery, Patent Division. Discovery in the U.S. suit was used in the U.K. litigation, and many of the same witnesses were to be used in both actions. The U.K. dispute concluded first and held Pall's patents valid and infringed. n11

In the U.S. litigation, Pall moved for partial summary judgment, stating that issue preclusion should prevent relitigation of factual findings made by the U.K. Court of Chancery in the prior litigation between the parties. Cuno argued that issue preclusion should not apply. n12

The U.S. court wanted to apply the earlier U.K. findings and tentatively ruled that the use of issue preclusion might shorten the trial, but later found that making this decision was more difficult than it

[\*111] anticipated. n13 The court reviewed U.S. case law and observed that issue preclusion could be applied to patent cases, as with any other subject matter. n14 However, the court stated that the Federal Circuit had been reluctant to use issue preclusion to preserve the validity of a U.S. patent based on a prior judgment. n15 The Cuno court stated that the Federal Circuit was even more reluctant to enforce a validity holding from a foreign court:

Where the prior adjudication was by a foreign nation's court applying its patent law to its patents, the barriers to reliance on the foreign judgment for collateral estoppel purposes become almost insurmountable. Differences in the law of the two nations and in the detailed language of the patent are emphasized to avoid issue preclusion in a patent case pending in this country even where the invention, the technological and economic competition between the parties, and the consequences of the judgments are for all practical purposes the same. n16

**[\*112]**

In considering this issue, it was not surprising that a court would be reluctant to apply issue preclusion based on the legal holdings of the U.K. court due to the perceived differences in the law. However, it would appear reasonable for the district court to grant preclusive effect to the factual findings. But that did not happen here since the Cuno court ultimately refused to recognize the U.K. judgment and justified the refusal on the basis of speculative timesaving:

Even if this court were to apply collateral estoppel to certain factual findings made by the British court - as opposed to importing its legal conclusions wholesale - it is not clear that trial time would be significantly shortened. Furthermore, the Federal Circuit's reluctance to give collateral estoppel effect to foreign judgments would seem to apply here to foreign findings of fact insofar as those findings involve mixed questions of fact and foreign law. n17

Because of the jurisdictional differences, the court recommended that there should be a universal patent system so that judgments could be applied between jurisdictions. n18 The judge further suggested the reconsideration of Article 4bis of the Paris Convention, which states that patents for the same invention in different countries are independent of one

[\*113] another. n19 However, the inability to use the prior U.K. decision seemed unsatisfactory to Judge Weinstein because he felt that the U.K. court was well equipped to render the decision. n20 The court left the door open for a different result after trial:

Should the jury decide in a way inconsistent with the United Kingdom court's decision or the record, the court could, after the trial, grant what would be in effect a delayed summary judgment motion. n21

As shown above, the Cuno court found utility in the preclusive effect of a foreign judgment, even though it felt that it could not recognize the holding in the prior U.K. litigation.

#### B. Vas-Cath v. Mahurkar

Cuno was later cited in another case that involved the same issues, Vas-Cath v. Mahurkar. n22 Vas-Cath and Mahurkar both held patents on hemodialysis catheters in the U.S. and Canada. They were involved in a Canadian suit prior to their U.S. litigation. The Canadian judge resolved almost every issue of fact and law in Mahurkar's favor, and Mahurkar sought to apply the judgment in the U.S. litigation. n23

Vas-Cath took the position that a decision rendered in Canada could have no preclusive effect in the United States because of the different substantive and procedural rules regarding patents. Mahurkar



[\*114] replied that differences in law do not prevent enforcement of judgments from other jurisdictions. n24 The court struggled with the benefits and risks of recognizing a foreign judgment in the U.S. by stating:

[I]t is commonplace for courts in the United States to employ issue preclusion (collateral estoppel) even when claim preclusion is unavailable. Patent litigation is costly, and the Canadian case was hard fought. Why begin from scratch? Conservation of resources is the principal objective of the law of preclusion, and that is a vital objective when costs are high, the more so when similar patents have been secured in many of the industrial countries. Patent litigation should not be allowed to become a war of attrition, in which after the conclusion of one battle parties move on to another and duplicate the engagement. If litigation squanders the returns to invention, we will have less innovation - a depressing thought, given the importance of invention to economic growth. Whenever there is a choice, a court ought to opt for cost-saving and decision-expediting devices, of which preclusion is an attractive one. n25

After this analysis, the court concluded that the policy reasons behind issue preclusion were significant enough to justify its application if at all possible.

Is there a choice? Judge Weinstein [who wrote the *Cuno* decision] believes that the Federal Circuit is so hostile to preclusion in patent cases that a district court must decline to give effect to a foreign judgment even on questions of fact extensively litigated. *Cuno*, 729 F. Supp. at 238-39. This did not please Judge Weinstein, who remarked on "[t]he law's absurdity as revealed by this case" - not only compounding costs but also substituting the judgment of "American jurors with no background in science or patents, whose average formal education will be no more than high school," *id.* at 239, for the considered decisions of experts in the United Kingdom. I do not read the Federal Circuit's cases as compelling courts of the United States to ignore informed decisions rendered abroad; the judges of that distinguished court are not xenophobes. Decisions from the Federal Circuit instead reflect the legitimate concern that, when considering what the first case settled, courts not disregard differences in law. If a foreign court renders judgment on a question of fact with significance in each system of law, there is no reason not to take over that decision. Despite Judge Weinstein's omens, I propose to do just that: to examine the Canadian judgments, to learn what has been decided, and to apply those decisions to this litigation to the extent - and only to the extent - they are legally relevant, and the findings are free of the influence of legal differences. n26

The court determined that differences in procedure that may affect the translatability between U.S. and Canadian judgments were not relevant in the analysis, even assuming that there were substantial differences in discovery. n27 Ultimately, the U.S. court held that preclusive effect was to

[\*115] be given to the factual decision of inventorship of one of the patents. n28 The court later held that one of the patents at issue was not invalid based on the Canadian decision. n29 Also, the court held that an issue of sufficiency of disclosure may be accorded preclusive effect depending on which priority date is relied upon. n30 However, the court was reluctant to preclude relitigation of questions that involved law and left resolution of that issue for future consideration. n31

The court's final words show a significant practical reason why issue preclusion was applied.

The papers filed in this case already threaten to overrun my chambers. Today's opinion makes a dent in the issues, but . . . many could not be resolved. .

**[\*116]** . . I hope that this opinion will narrow the differences between the parties and facilitate more concise motions and briefs directed to the remaining disputes. n32

After deciding to apply issue preclusion, the court was confronted with the issue of who was precluded from relitigating the Canadian decisions. One of the plaintiffs in the U.S. case (Gambro Inc.) was not a party to the Canadian litigation and argued that it should not be bound by the previous decision because it did not have a full and fair opportunity to litigate. n33 Mahurkar argued that Gambro received "virtual representation" through its Canadian office, which was aligned with Vas-Cath in the Canadian action. n34 The court defined this doctrine as follows:

"Virtual representation" is a doctrine allowing the preclusion of parties not present in the first case, provided that someone who was present had the same interests as the absent party and so had every reason to prosecute or defend the case as vigorously. n35

However, the court was not inclined to apply this doctrine because the policy reasons underlying the doctrine did not justify its application in this case. n36 The court found it more appropriate to analyze the situation

[\*117] as one of privity, in that, if Gambro U.S. was in privity with Vas-Cath (i.e. as a licensee of the patents at issue in the case) then the "jig was up." n37 Ultimately, the court found that the patents were licensed by Vas-Cath to Gambro U.S. through Gambro Sweden, and thus Gambro U.S. was foreclosed from relitigating the issues. n38

Cuno and Vas-Cath both demonstrate judicial interest in recognizing foreign judgments, even though the Cuno court decided not to invoke issue preclusion, whereas the Vas-Cath court did make use of this litigation tool. The next important case in this area came five years later and further explored these issues.

### C. Gordon & Breach v. American Institute of Physics

Gordon & Breach Science Publishers S.A. v. American Institute of Physics n39 discussed the use of a foreign judgment to preclude relitigation of an issue in a U.S. court in the context of unfair competition/false advertising claims under the Lanham Act. n40 The dispute centered on "the employment of an allegedly misleading rating system, [which] rates the publisher's own journals as superior to those of the plaintiff's." n41

Gordon & Breach ("G&B") filed unfair competition suits in Switzerland against Professor Barschall, the American Institute of Physics ("AIP") and the American Physical Society ("APS"). The Swiss courts

**[\*118]** generally held for the defendants. n42 G&B also filed suit against the same defendants in Germany with largely the same result. n43 G&B filed suit in France and, after a favorable lower court decision, a French appeals court determined that U.S. law alone governed the issues that were raised and stayed the action pending resolution of the case in the District Court for the Southern District of New York. n44

Later, the defendants in the U.S. suit (AIP and APS) contended that G&B should be estopped from pursuing the present litigation based on the judgments rendered in Switzerland and Germany. The court stated that there were no strict rules regarding the application of issue preclusion and that it was within the court's discretion to decide whether to recognize the previous foreign judgments. n45 However, the court declined to give preclusive effect to the Swiss and German decisions for the following six reasons: n46

(1) lack of reciprocity - neither Switzerland nor Germany recognizes the doctrine of collateral estoppel and thus would not recognize a judgment rendered by an American court; n47 (2) absence of identity of the parties - Harwood and STBS were not plaintiffs in the Swiss and German actions; n48 (3) civil law pro-

**[\*119]** cedural differences; n49 (4) complications inherent in ascertaining foreign law; (5) selective and inconsistent use of collateral estoppel; n50 and (6) existence of a conflicting French judgment. n51

For the reasons noted above, the Gordon & Breach court decided not to use the foreign judgments before it as the basis for precluding the litigation of an issue in the U.S. case. n52

[\*120]

D. Computer Associates International, Inc., v. Altai, Inc.

Computer Associates International, Inc. v. Altai, Inc. n53 provides an interesting perspective on this issue because it relates to preclusion in a reverse setting. In this case, Altai obtained a U.S. decision and tried to preclude Computer Associates from litigating the same issue in France.

In 1988, Computer Associates brought a copyright infringement and trade-secret misappropriation lawsuit in the District Court for the Eastern District of New York. After a trial, an appeal, a remand, a certification to the Texas Supreme Court, and another appeal, the court dismissed the trade-secret claims and held that certain of the copyrights for the computer programs were not infringed. n54 Computer Associates also brought a French action during the time that the U.S. litigation was proceeding, and they secured an ex parte seizure order in France. n55 One month after the seizure, and one month before the U.S. trial, Computer Associates filed an action charging violations of Computer Associates' French copyright. n56

In the course of several French proceedings, Altai argued that the U.S. court's decision on non-infringement should be enforceable in France. That position was rejected, and Altai appealed to the Paris Supreme Court. n57 Thereafter, Altai submitted a motion to the District Court for the Eastern District of New York to enjoin Computer Associates from proceeding with its French action based on the prior U.S. decision. The district court denied the request, and it was appealed to the Second Circuit. n58 Three issues were present in the appeal: claim preclusion, issue preclusion, and a foreign antisuit injunction.

The court dismissed the claim preclusion assertion because the conduct that formed the basis of the French action occurred after the filing of the U.S. complaint and because one of the parties in the French action was not subject to personal jurisdiction in the U.S. court. n59 The court also dismissed the use of issue preclusion because of inconsistencies between the issues and legal standards in the U.S. and France. n60 The court

[\*121] pointed out that copyright protection for computer software was potentially quite different in the two countries, and Altai's failure to address this issue did not guarantee that the issues litigated in the two countries were "identical" as required by the issue-preclusion test. n61 Also, the court noted that the French court failed to give the U.S. decision preclusive effect for similar reasons. n62

The last issue presented a very interesting twist on the themes discussed in this article. Altai obtained a favorable decision in the U.S. court and then tried to use the same court to enjoin Computer Associates from relitigating that issue elsewhere. This is distinct from the typical use of issue preclusion in which a judgment is obtained in a first jurisdiction and then used in the second jurisdiction. The Altai court noted that a foreign antisuit injunction was to be "used sparingly" because when two courts have appropriate jurisdiction, one will not try to restrain proceedings in the other. n63 Then the court examined considerations that were



[\*122] similar to those that appear in issue preclusion cases and eventually decided to dismiss the motion for a reason that is typically used to support issue preclusion - the interests of comity. n64

#### E. Northlake v. Glaverbel

The Northlake Marketing & Supply, Inc. v. Glaverbel S.A. n65 opinions are the most recent IP decisions that have taken up the issue discussed in this article.

Glaverbel and Northlake (and associated parties) had a long history of litigation in various U.S. and foreign courts. The Federal Circuit issued a decision in 1995 n66 based on an appeal from the District Court for the Northern District of Indiana. n67 The district court had been confronted with motions by Northlake claiming that the two Glaverbel patents at issue were invalid based on prior art and inoperability, that they were unenforceable for reasons of inequitable conduct, and that the patents were used to violate the antitrust laws. n68 On appeal, the court affirmed the holding that the U.S. patents were valid and enforceable, but

**[\*123]** the court reversed the finding of non-infringement and remanded for trial on the issue of infringement. n69

Concurrently, the parties were involved in a declaratory judgment action in the District Court for the Northern District of Illinois. n70 The posture of the parties was similar, but the conflict was based on two different patents. n71 At issue were three counts from Northlake's second amended complaint and Glaverbel's counterclaim for infringement. The Northlake counts were for a declaratory judgment for non-infringement of two Glaverbel patents, invalidity, and a charge of inequitable conduct in procuring the patents. The court analyzed each issue in turn and held for Glaverbel on most issues.

The court disposed of the non-infringement claim, n72 the defenses of laches and expiration of the statute of limitations, n73 and the charge of invalidity based on inequitable conduct. n74 Regarding the claim of invalidity based on prior art, Glaverbel advanced two arguments. First, Northlake should be foreclosed from arguing that a certain document was prior art (based on issue preclusion) in view of litigation that had taken place in Belgium. Second, Northlake had submitted no evidence to justify a finding of invalidity based on the publication. n75

[\*124]

The court raised issue preclusion and stated:

[T]he Belgian court determined that the document at issue was found in a private library and that it could not qualify as having been printed or published because under Belgian law those terms refer to documents available to the public. n76

After raising the issue, the court started to perform the same sort of analysis undertaken by the courts in *Cuno* and *Vas-Cath*:

To begin with, it is of course true that as between a Belgian court and this District Court the same full faith and credit that is applicable to the rulings of other courts in this country under the Constitution and 28 U.S.C.

1738 does not apply. But the case law from our own Court of Appeals teaches that the same result is still called for here, because proceedings in a Belgian tribunal are considered "fundamentally fair" ( *Ingersoll Milling Mach. Co. v. Granger*, 883 F.2d 680, 686-88 (7th Cir. 1987)), and *Northlake* has posed no quarrel in that respect. And although the standard of law applied by the Belgian tribunal is not the same as ours, the just-recited factual findings of the Belgian court, which *Northlake* is not entitled to relitigate or dispute in this action, conclusively demonstrate that the document is not a "printed publication" under the United States patent laws (35 U.S.C.

102(b) [1994]) either. n77

Ultimately, the court resolved all the disputed issues against *Northlake* and specifically held for *Glaverbel*, thus precluding relitigation of the publication issue. n78

Eight months later the court ruled in *Glaverbel*'s favor on a motion for a judgment as a matter of law on the issue of invalidity. n79 The court stated:

[\*125]

As stated at the outset of this opinion, this is only the latest chapter in the protracted and wide-ranging war between the parties. Most critically for present purposes, Glaverbel-Fosbel correctly contend that Northlake is foreclosed by issue preclusion principles from relitigating a contention that they have earlier tried and lost in Belgian litigation between the same parties. n80

The court came to this conclusion after utilizing the Freeman test, and it went on to state:

Hence Glaverbel-Fosbel win and Northlake loses on the issue-preclusive effect of the vital fact determinations in the Belgian litigation. . . . Because the Belgian court's finding of fact - its finding that the equivalent Belgian patent in suit had not been disclosed by the equivalent prior art Belgian patents - by definition establishes the corollary that the '560 and '022 patents do not disclose the invention of the '468 and '084 patents, Northlake cannot relitigate that issue here. And that means that Northlake is knocked out of the box on that score, both in terms of anticipation and in terms of obviousness. n81

### III. Non-Intellectual Property Case Law

There are several interesting decisions written in cases falling outside of the intellectual property context that are still useful for gaining an appreciation of this issue. While there is a difference between these

[\*126] non-IP cases and the IP cases in terms of the basis of the dispute, the policy issues for preclusion are the same.

#### A. Alfadda v. Fenn

In *Alfadda v. Fenn*,<sup>n82</sup> several plaintiffs sued the defendants in France and, after losing, sued many of them again in the United States. The underlying substantive issues related to securities, but the analysis of issue preclusion was similar to that set out in the cases discussed above.

The trial and appellate courts held for the defendants.<sup>n83</sup> At the time of the U.S. decision, the plaintiffs had an appeal pending in the Cour de Cassation, France's highest court.<sup>n84</sup> The U.S. court felt that there was a two-phase determination to be made: whether to recognize the French judgment, and the extent of its issue-preclusive effect.<sup>n85</sup>

The U.S. court determined that the French judgment should be recognized because there was appropriate jurisdiction in the French suit, there was no fraud, and there was no offense to public policy.<sup>n86</sup> Then, the court went on to accord the French decision preclusive effect after determining that the Freeman test was satisfied.<sup>n87</sup>

The court also stated that there were additional issues involved when a foreign court rendered the previous judgment. For example, the court noted the different policy interests that came into play:

We believe that at least five policies are important: a desire to avoid the duplication of effort and consequent waste involved in reconsidering a matter that has already been litigated; a related concern to protect the successful litigant, whether plaintiff or defendant, from harassing or evasive tactics on the part of his previously unsuccessful opponent; a policy against making the

[\*127] availability of local enforcement the decisive element, as a practical matter, in the plaintiff's choice of forum; an interest in fostering stability and unity in an international order in which many aspects of life are not confined to any single jurisdiction; and, in certain classes of cases, a belief that the rendering jurisdiction is a more appropriate forum than the recognizing jurisdiction, either because the former was more convenient or because as the predominantly concerned jurisdiction or for some other reason its views as to the merits should prevail. n88

The court stated that the first two factors relate to issue preclusion in general, but the last three factors were more important in applying the decision of one forum in another. n89 After analyzing the factors listed above, the court barred the plaintiffs from relitigating the issues that were decided in the French courts. n90

#### B. Biggelaar v. Wagner

The most recent non-IP decision in this area is Biggelaar v. Wagner. n91 The conflict arose over the boarding and sale of horses between a U.S. citizen (Wagner) and a Dutch citizen (Biggelaar). Wagner sued Biggelaar in the Netherlands, and Biggelaar cross-complained. The Dutch appellate court held for Biggelaar, and Wagner did not appeal. n92 Biggelaar then brought an action in the U.S. seeking to enforce the judgment of the Dutch appellate court, claiming the judgment is final and binding and entitled to recognition as a matter of comity. n93

The court considered whether the prior Dutch judgment had res judicata (claim preclusion) effect against the current U.S. action and whether it should be recognized on the basis of comity. The court looked

[\*128] to the seminal Supreme Court decision in this area, *Hilton v. Guyot*,<sup>94</sup> which articulated the "requisite criteria for a finding of comity to permit the recognition and enforcement of a foreign judgment."<sup>95</sup> Those essential criteria are:

1. Opportunity for a full and fair trial; 2. Trial before a court of competent jurisdiction; 3. Proceedings following due citation or voluntary appearance of adversary parties; 4. Trial conducted upon regular proceedings; 5. Trial under a system of jurisprudence likely to secure an impartial administration of justice between the citizens of its own country and those of other countries; 6. No evidence to demonstrate [that there was]: a. Fraud in the procuring of the judgment; b. Prejudice in the system of laws in which the court was sitting; c. Prejudice in the court; [or] any other special reason why comity of the United States should not allow full effect.<sup>96</sup>

The court also looked to the Uniform Foreign Money-Judgments Recognition Act ("UFMJR") for direction in recognizing foreign judgments.<sup>97</sup> The UFMJR sets out three mandatory defenses to recognition and six discretionary defenses which track many of the criteria set out in the cases mentioned above:

#### 4. Grounds for Non-Recognition

(a) A foreign judgment is not conclusive if

(1) the judgment was rendered under a system which does not provide impartial tribunals or procedures compatible with the requirements of due process of law;

**[\*129]**

(2) the foreign court did not have personal jurisdiction over the defendant; or

(3) the foreign court did not have jurisdiction over the subject matter. . . .

(b) A foreign judgment need not be recognized if

(1) the defendant in the proceedings in the foreign court did not receive notice of the proceedings in sufficient time to enable him to defend;

(2) the judgment was obtained by fraud;

(3) the [cause of action] [claim for relief] on which the judgment is based is repugnant to the public policy of this state;

(4) the judgment conflicts with another final and conclusive judgment;

(5) the proceeding in the foreign court was contrary to an agreement between the parties under which the dispute in question was to be settled otherwise than by proceedings in that court; or

(6) in the case of jurisdiction based only on personal service, the foreign court was a seriously inconvenient forum for the trial of that action. n98 The court concluded that the defenses set out in the UFMJR did not apply, and the Dutch decision would be used to preclude relitigation in the United States. n99

The decisions discussed above show the current state of the case law. However, it is important to determine what law will apply in analyzing how to use a foreign judgment in the United States.

#### IV. Whose Law to Apply?

The determination as to whether issue preclusion applies must necessarily begin with the facts as applied to the law. However, there are several choices as to which jurisdiction's law will apply. n100 Courts are not always clear on whose law (foreign, state or federal) was applied to reach a



[\*130] decision, particularly because there is no uniform law on recognition and enforcement of foreign judgments. n101

Obviously, it is imperative to know what law will be applied so that one can analyze whether a U.S. court will grant preclusive effect to a foreign judgment. In this section, I go through that analysis and discuss when it may be necessary to return to the policies that affect issue preclusion in determining if a judgment rendered in a foreign jurisdiction should be given preclusive effect in the United States.

The court in *Alfadda v. Fenn* n102 provided a detailed analysis of the choice-of-law issue. The court noted that the case law was "sparse." n103 Some courts did not resolve the issue, while other courts have used foreign law, federal law, and/or state law. n104 The *Alfadda* court stated that the analysis was insufficient or absent in most, if not all, prior decisions. n105 The court also looked to

481 of the Restatement (Third) of Foreign Relations Law, which recognizes that there is an absence of case law on this issue. n106 In light of the confusion in the law and the Restatement, the court analyzed the policy issues involved in issue preclusion to make its determination as to what law should apply, n107 and after its review rejected the idea that foreign law should govern the use of issue preclusion:

United States policy considerations may differ from those of the foreign country, or, more likely, the methods by which the foreign country achieves similar policy objectives may differ.

. . . Thus . . . a federal court should normally apply either federal or state law, depending on the nature of the claim, to determine the preclusive effect of a foreign country judgment. n108

After this analysis, the court applied federal law to reach its decision on issue preclusion because the underlying claims were based on

[\*131] federal law. n109 However, in a footnote to the passage quoted above, the court stated that this was simply the general rule and that it was offering no comment on possible exceptions. n110

Other courts support the notion that the nature of the claim dictates the choice of law. n111 For example, the Court of Appeals for the Eleventh Circuit stated in *Aquatherm Industries Inc. v. Florida Power & Light Co.* n112 that if a federal cause of action can be litigated in either state or federal court, then the federal court must look to the law of the state in which it sits. n113 In *Phillips v. Allflex*, n114 the Court of Appeals for the Tenth Circuit stated that "[u]nless and until some federal statute or treaty declares otherwise, it is state, not federal, law that governs the effect to be given foreign judgments." n115 There is some confusion regarding the

[\*132] determination of state law, though. For example, one commentator states that:

State legislatures often have provided neither substantive nor procedural guidance in dealing with the issues of recognition and enforcement. Further, because diversity jurisdiction often exists to bring enforcement cases in federal courts, those courts frequently have little, if any, state common law available. The result is that federal judges are compelled to determine what the relevant state courts would decide if faced with the same issue. n116

However, Phillips cautions that:

Commentators have noted that leaving to state law the determination of the recognition and enforcement of foreign country judgments may be a problem; thus the Restatement [(Second) of Conflicts of Laws

98 cmt. c (1988)] notes, "it seems probable that federal law would be applied to prevent application of a State rule on the recognition of foreign nation judgments if such an application would result in the disruption or embarrassment of the foreign relations of the United States." n117

One suggested outline for a typical choice-of-law analysis for preclusion in diversity cases is as follows:

In determining the applicable state law rule, a federal district court is faced with four possible sources of that rule . . . The possible sources of the rule are:

- (1) Enactment of the Uniform Foreign Money-Judgments Recognition Act or a similar statute;
- (2) Prior state court decisions setting forth local common law rules;
- (3) Prior federal court decisions determining as best as possible the law the state court would have applied if it had been faced with the same issue; and
- (4) Sources outside the state where no state statute, state court decision, or federal court decision on point exists. n118

Consequently, the choice and interpretation of law may not be so straight forward even when the underlying claim is clearly based on state law.

**[\*133]**

Assuming that a federal question is involved, a choice must be made between the law of the Federal Circuit and that of a regional circuit. The Federal Circuit stated in *Mars Inc. v. Nippon Conlux Kabushiki-Kaisha* n119 that its practice is to defer to regional circuit precedent, rather than Federal Circuit precedent, if the issue is not within their unique and exclusive jurisdiction. n120

In sum, courts have fashioned some rules, but the law is unclear in this area and is unlikely to be addressed by legislatures. n121 The courts will not apply foreign law in the analysis; they will apply state law if there are state claims n122 and federal law if there are federal claims. When federal law is the basis for the claims, the regional circuit precedent will be applied unless the issue is one that is unique to the exclusive jurisdiction of the Federal Circuit, such as patent law. However, there is some suggestion that federal law may be used even when there are state claims if state law would conflict with policies of the federal government or would seem inappropriate. n123 Also, federal law may simply be the default that is applied when there is a lack of state law. n124

[\*134]

It can be extremely difficult to forecast how this determination will be made in any individual case. There may be some state or federal law on point, but judging by the conflicts shown in the case law and among legal commentators, it appears that the courts may fashion or modify their own law based on the specific facts and the policies discussed above. Accordingly, in the following section I discuss the policies behind issue preclusion and the recognition of foreign judgments as well as the particular facts that support them.

## V. What is the Law?

As shown above, the law will be chosen based on the underlying cause of action when the action is in a federal court. But what will that law be?

Some states have statutes which adopt the UFMJR. However, the answer is less clear for states that have not adopted the UFMJR and for the federal courts. Generally, these jurisdictions can and do employ the kind of analysis used in the cases discussed above. For example, it is likely that a state or federal court will apply principles taken from *Hilton v. Guyot*,<sup>125</sup> the UFMJR, or the Restatement (Third) of Foreign Relations Law. Each of these sources provides relevant criteria for applying issue preclusion, and they overlap to some extent. However, it can be broadly stated that a decision about the use of a foreign judgment to preclude relitigation in the United States can be distilled into this general question: Did the party against which issue preclusion is sought have its day in court? This question can be separated into two components: (1) did the party have a full and fair opportunity to litigate the issue; and (2) did that opportunity to litigate come in a court that could be considered equivalent to the U.S. court?

**[\*135]**

The factors that may be used in determining whether a party has already received its day in court are articulated in the Freeman test, discussed above. n126 This analysis should be reasonably straightforward for many U.S. courts as it is the current standard for preclusion using a U.S. decision.

There is no bright-line test, but some factors may be gleaned from the decisions, articles and statutes to determine whether the prior foreign court was equivalent to a U.S. court. Three key sources of guidance are the UFMJR, *Hilton v. Guyot*, and the Restatement (Third) of Foreign Relations Law. n127 For example, in determining whether to apply the foreign judgment, a reviewing U.S. court should ask of the foreign proceeding: Did the court provide due process? n128 Did the court have proper jurisdiction? n129 Was the court impartial and competent? n130 Was there fraud during the proceeding or prejudice by the court? n131 Were there incompatible procedural or legal differences n132 or conflicting judgments? n133 Did the party against which preclusion is sought initially select the forum? n134 And does public policy favor preclusion? n135

**[\*136]**

Analysis of these factors can illustrate the jurisdictional differences between the rendering court and the U.S. court and thereby focus the analysis on whether the two courts are equivalent for purposes of issue preclusion. n136 Of course, this list is not exclusive, and all of the factors may not be present in any given factual situation. Some of these factors may be more important, and others can be eliminated altogether. A court needs to weigh and balance the specific facts of the case to achieve the appropriate result. However, an analysis of these factors should enable a court to evaluate all of the important pieces of information that have been listed as relevant to previous courts. If so, then it will be more probable that the ultimate decision will be viewed favorably by a reviewing court.

In retrospect, it appears that the Northlake decision satisfies many of the criteria presented above. The court stated that there was a similarity of issues and parties, that the Belgian decision was fundamentally fair, that there were consistent judgments in other countries, and that the equities seemed to be on Glaverbel's side. n137 Practically speaking, Northlake had worn out its welcome.

#### IV. Future Clarification

Since the law regarding the use of a foreign judgment in the United States is not well settled by treaty, statute, or through case law, one wonders if it could be. Clarification by treaty could be based on either procedure or substance (i.e. patent law). Regarding the procedure for recognizing judgments, there is very little likelihood that a treaty will be enacted with one or more countries to provide reciprocity of judgments. n138 Some countries accept judgments rendered in other countries by treaty, such as the Brussels Treaty within the European Community, but such a result seems unlikely here. n139 In fact, Britain and the U.S. (two countries that have a shared history, judicial approach, and language) tried to come to an agreement regarding reciprocity and failed to do so after



[\*137] active negotiations of about five years. n140 As a counterpoint, arbitration awards are recognized more widely. The New York Convention established a basis for recognition of foreign arbitration awards by member states. n141 Judgments are typically recognized unless they are repugnant to the recognizing state. n142 It is ironic that decisions that are less formal and subject to less review are entitled to transnational recognition, whereas judgments rendered in court systems are not.

Additionally, the use of a foreign legal judgment could become more widespread if the substantive law became more similar. Judge Weinstein strongly urged in *Cuno Inc. v. Pall Corp.* n143 that patent law be harmonized to make it easier for courts to overcome their reluctance to accept foreign judgments. Signing GATT and NAFTA certainly brought the U.S. closer to global harmonization, and participation in these agreements may open the way for more incidents of preclusion.

However, attempts at global harmonization have come slowly, so the courts may be the most likely forum for resolving this dilemma.

Furthermore, legislation within the United States has not been consistent or all-encompassing. There are no procedural laws at the federal level that provide for the recognition of foreign judgments. The most significant law (UFMJR) has been enacted only in individual states, and only about half the states have enacted the UFMJR in the last thirty years. So, it is unlikely that clarification will come by this route. Also, since this is a state law, it should have less effect in patent litigation.

One critical question remains: what role will the Federal Circuit take in bringing clarity to this area of the law? The decisions discussed above suggest that the Federal Circuit may be reluctant to apply a foreign judgment to preclude relitigation of an issue in the U.S. n144 The Federal Circuit's skepticism is based on its recognition of differences between the patent laws of the U.S. and those of foreign jurisdictions. However, the

[\*138] Federal Circuit should not find factual decisions as objectionable. For example, the trial court judge noted in *Vas-Cath*:

Decisions from the Federal Circuit instead reflect the legitimate concern that, when considering what the first case settled, courts not disregard differences in law. If a foreign court renders judgment on a question of fact with significance in each system of law, there is no reason not to take over that decision. n145

Certainly, factual findings are easier to adopt than legal holdings. Issue preclusion using a foreign judgment should be seen by the Federal Circuit for what it is, a useful device to achieve the aims of issue preclusion generally. n146 The common aims of issue preclusion in the domestic context include predictability, certainty, judicial economy, and fairness to litigants. The use of a foreign judgment also includes the aims of comity, fostering international order, promoting acceptance abroad of U.S. judgments and encouraging the initial selection of the most appropriate forum. n147 Moreover, the policies that may be most persuasive to the Federal Circuit, or any court, are those of predictability and uniformity between courts of different countries on the same issues. Issue preclusion using foreign judgments should serve those interests very well and, in fact, they serve to recommend its use.

Predictability and uniformity of result have importance in many areas of U.S. law. They have their basis in the principle of *stare decisis*, upon which the American court model is based. Courts have always assumed that they would follow the valid decisions of their predecessors and that other courts would follow their decisions. This is true in terms of their factual findings and legal holdings, even though *stare decisis* is more commonly related to the general application of novel legal holdings to all subsequent litigants while preclusion is more commonly related to the factual findings and legal holdings between specific parties. If issue preclusion can be applied between parties, irrespective of the forum of the first decision, then a party could rely on that decision in the future. Certainty in interpreting patent claims is important to the Supreme Court, as shown in *Warner- Jenkinson Co. v. Hilton Davis Chemical Co.* n148 Certainty and predictability are useful for clear guidance as to what conduct is permissible by both the courts and by practitioners.

[\*139] 8008ilar practical reasons are eloquently stated in Vas-Cath. n149 These reasons should be persuasive to the Federal Circuit given the appropriate circumstances. Obviously, the Supreme Court approved the use of issue preclusion using a foreign judgment as far back as 1895 in Hilton v. Guyot, n150 so the Federal Circuit should ultimately be receptive in situations where the above enumerated factors suggest that its use is appropriate.

## VII. Perspective on Global Litigation

How does this affect the way we look at litigation? Issue preclusion should be evaluated at the outset along with other strategic considerations. For example, if a client is exposed to liability around the world for one patent family, then that client should be aware that the effects of litigation in one jurisdiction may affect the client in another jurisdiction or at home. A U.S. client having most of its interests in the U.S. will need to consider whether it should sue in the U.S. or a foreign country first. Also, such a client may need to reevaluate the efforts that it expends in perfunctory non-U.S. matters, such as an opposition in Europe or Japan. n151 If the U.S. client challenges a patent, it may need to put forth a significant effort or suffer the consequences for an inadequate attempt. The considerations presented above can serve as a guide to the risk of issue preclusion if the foreign opposition is unsuccessful.

**[\*140]**

Litigation in several jurisdictions obviously needs to be integrated irrespective of this issue. However, the preclusive effect of a foreign judgment may suggest that the party pick the forum as it would in the U.S. (if possible), even if that party is the potential defendant. A party may wish to forego an opposition or other challenge to a patent's validity where that party thinks it unwise for its precedential effect. An alternative would be to file the opposition or other challenge in an attempt to postpone the proceedings until the U.S. litigation was at a stage where it was not precluded. Another alternative is filing the opposition anonymously in an effort to avoid preclusion or aiding another opposer without being named. The alternatives may be dangerous as preclusion will extend to a party and those in privity with the party. Also, it will not be an excuse to simply file anonymously, and it should be easy to determine the identity of the opposing party due to the nature of the business or during discovery in the United States. The second alternative would remove the direct risk, but the doctrine of virtual representation may provide liability nonetheless.

Since offensive use can be made of a previous judgment, n152 a party may want to choose a foreign forum to litigate first if the discovery will be restricted or if the court may be more inclined to provide a favorable decision. n153 The party may have more experience in a certain forum or may simply feel more comfortable there. Additionally, it may be less costly to litigate in the foreign jurisdiction. n154 If a foreign manufacturer is supplying a component to the U.S. client, then an injunction in the foreign jurisdiction will obviously impede sales, but it may also prove useful in the U.S. to convince a court or a U.S. government agency (FDA, ITC, etc.) to seize the U.S. product or otherwise restrict its distribution.

[\*141]

## VIII. Conclusion

The use of a foreign judgment to preclude issues in U.S. litigation (even though there are advantages to doing so) is uncommon because the law and choice of law are unsettled. It can be worthwhile because a judgment can be employed offensively or defensively to obtain an advantage, to reduce financial exposure or simply to reduce litigation costs. Issue preclusion with foreign judgments should increase due to the globalization of patent practice and the advantages conferred by the use of preclusion. Currently, it is easier to apply a factual finding rather than a legal holding to preclude relitigation of an issue because there is less need to compare the similarities of the laws in the varying jurisdictions. However, harmonization of international patent law will reciprocally increase the acceptance of issue preclusion as applied to legal holdings.

U.S. litigants have always had to seriously consider the initial selection of the federal or state forum, and often there is a dispute concerning a certain court's appropriateness. This is an acknowledgment that all forums are not created equal, which is a similar concern with the present use of issue preclusion. U.S. litigants have generally learned to cope with differences between federal circuits, and it should be possible to reach an accord here. If anything, courts can look at the relevant issue, and if the result hinges on significant differences in law or processes between the U.S. and foreign courts, then issue preclusion would not be allowed.

In choosing to initially litigate in a foreign forum, one must consider at least as many issues as one would when picking the correct U.S. court. The sophistication of the judge, the costs of trial, and the level of confidence that a U.S. court will have in the foreign judgment will all need to be considered. Such an analysis should be part of a global strategy that will achieve the needs of the business. Fears that the law of another country will be applied to a U.S. litigant will not come to pass if the criteria set forth above have been satisfied. Also, that scenario is unlikely since patent laws are not harmonized around the globe.

Permutations of the classic issue preclusion setting will become more prevalent. *Computer Associates v. Altai* n155 presents one example, and there will be others that creative counsel will initiate. Other issues need to be resolved, such as which law to apply, what parties will be precluded, and whether a foreign administrative holding can be the basis for preclusion.

Case law may be the best vehicle for resolving this issue, in lieu of a treaty or statute. As the use of foreign judgments becomes more

[\*142] frequent in patent litigation, the Federal Circuit will need to address its propriety and may provide clear guidance for future situations by providing a uniform legal standard (at least for the federal courts). The Federal Circuit should find issue preclusion acceptable in this context if the appropriate party has "had its day in court" because issue preclusion in this context would achieve the policy goals of U.S. jurisprudence. It would provide certainty and uniformity, save judicial resources, lessen harassment for litigants, save time and money, and foster international relations. Until this issue is settled, the use of foreign judgments in U.S. litigation will remain an arena for creative advocacy. All litigants should carefully examine the use of this tool as a potentially powerful addition to their arsenals of litigation-terminating weaponry.

n1 Robert C. Casad, *Issue Preclusion & Foreign Country Judgments: Whose Law?*, 70 *Iowa L. Rev.* 53, 55 (1984).

n2 U.S. Const. art. IV, 1 ("Full Faith and Credit shall be given in each State to the . . . judicial Proceedings of every other State.").

n3 30 *F.3d* 1459, 1465, 31 *U.S.P.Q.2d* (BNA) 1444, 1448 (*Fed. Cir.* 1994) (citations omitted). See also 18 Charles A. Wright et al., *Federal Practice and Procedure* 4402 (1981); Robert G. Bone, *Rethinking the "Day in Court" Ideal and Nonparty Preclusion*, 67 *N.Y.U. L. Rev.* 193, 195 n.2 (1992).

n4 *Freeman*, 30 *F.3d* at 1465, 31 *U.S.P.Q.2d* at 1448 (citation omitted).

n5 402 *U.S.* 313, 333, 169 *U.S.P.Q.* (BNA) 513, 521 (1971); see also *Cuno, Inc. v. Pall, Corp.*, 729 *F. Supp.* 234, 238, 14 *U.S.P.Q.2d* (BNA) 1815, 1819 (*E.D.N.Y.* 1989) (outlining historical use of issue preclusion in patent cases: "Blonder- Tongue . . . (collateral estoppel effect applied to issue of validity of patent where patent was declared invalid in prior proceeding in which patentee had full and fair chance to litigate); *Hartley v. Mentor Corp.*, 869 *F.2d* 1469, 1471, 10 *U.S.P.Q.2d* (BNA) 1138, 1139-40 (*Fed. Cir.* 1989) (Issue preclusion in patent litigation may arise under the same conditions as in any litigation . . .'); *Molinaro v. Fannon/Courier Corp.*, 745 *F.2d* 651, 655, 223 *U.S.P.Q.* (BNA) 706, 708 (*Fed. Cir.* 1984) (granting summary judgment on basis of collateral estoppel); *Mississippi Chemical Corp. v. Swift Agricultural Chemicals Corp.*, 717 *F.2d* 1374, 1379, 219 *U.S.P.Q.* (BNA) 577, 581 (*Fed. Cir.* 1983) (where no evidence existed that patentee had been deprived of full and fair opportunity to litigate in earlier case, it was appropriate to issue writ of mandamus ordering district court judge to grant summary judgment based on application of collateral estoppel to prior finding of invalidity)").

n6 U.S. Const. art. IV, 1.

n7 Congress has the power to "regulate Commerce with foreign Nations." U.S. Const. art. I, 8, cl. 3. See also *Biggelar v. Wagner*, 978 *F. Supp.* 848, 857 n.9 (*N.D. Ind.* 1997); Matthew H. Adler, *If We Build It, Will They Come? The Need for a Multilateral Convention on the Recognition and Enforcement of Civil Monetary Judgments*, 26 *L. & Pol'y Int'l. Bus.* 79, 91-94 (Fall 1994) (discussing failures by the U.S. to enter treaties to resolve this issue).

n8 See, e.g., *Alfadda v. Fenn*, 966 *F. Supp.* 1317, 1327 (*S.D.N.Y.* 1997).

n9 *Biggelaar*, 978 F. Supp. at 857-58 (citations and internal quotation marks omitted).

n10 729 F. Supp. 234, 236, 14 U.S.P.Q.2d (BNA) 1815, 1817 (E.D.N.Y. 1989).

n11 *Id.* at 237, 14 U.S.P.Q.2d at 1818.

n12 *Id.* at 235, 14 U.S.P.Q.2d at 1816.

n13 *Id.* at 237, 14 U.S.P.Q.2d at 1818. The court stated: [T]he procedural and technical problems associated with a motion for application of collateral estoppel on the basis of findings made in the English judgment were so difficult and required so much further briefing and argument that it would be impossible to start the jury trial as scheduled. *Id.*

n14 *Id.* at 238, 14 U.S.P.Q.2d at 1819.

n15 The court stated: Nevertheless, the Federal Circuit has shown a general antipathy to applying collateral estoppel as a basis for a judgment in circumstances arguably similar to those present in this case. See, e.g., *Ethicon v. Quigg*, 849 F.2d 1422, 1428-29 [n.3, 7 U.S.P.Q.2d (BNA) 1152, 1157 n.3] (Fed. Cir. 1988) ("[A] court's decision upholding a patent's validity is not ordinarily binding on another challenge to the patent's validity . . . in . . . the courts. . . .") (citation omitted); *A.B. Dick Co. v. Burroughs Corp.*, 713 F.2d 700, [704, 218 U.S.P.Q. (BNA) 965, 968] (Fed. Cir. 1983) (in order to apply collateral estoppel to judicial statements in prior proceeding regarding scope of patent claims, such statements must be narrowly construed and must have been essential to final judgment on question of either validity or infringement). Cf. *Interconnect Planning Corp. v. Feil*, 774 F.2d 1132, 1136, [227 U.S.P.Q. (BNA) 543, 546] (Fed. Cir. 1985) (denying summary judgment sought on collateral estoppel ground); *Young Engineers, Inc. v. United States International Trade Commission*, 721 F.2d 1305, 1316, [219 U.S.P.Q. (BNA) 1142, 1152] (Fed. Cir. 1983) (refusing to apply collateral estoppel); *Plastic Container Corp. v. Continental Plastics*, 607 F.2d 885, 894, [203 U.S.P.Q. (BNA) 27, 34] (10th Cir. 1979) ("[T]he public interest in upholding valid patents . . . outweighs the public interest underlying collateral estoppel. . . ."). *Id.*

n16 *Id.* at 238-39, 14 U.S.P.Q.2d at 1819 (citations omitted). The court cited a number of precedents culminating in the following quotation: British law being different from our own, and British and United States courts being independent of each other, resolution of the question of whether the United States patents are valid could have no binding effect on the British court's decision. *Id.* at 239, 14 U.S.P.Q.2d at 1819 (quoting *Stein Associates v. Heat & Control, Inc.*, 748 F.2d 653, 658 (Fed. Cir. 1984)).

n17 *Id.*

n18 The court stated: The law's absurdity as revealed by this case lends force to recommendations for a universal patent system that recognizes that ours is a worldwide technological and economic community. Obviously there are grave difficulties in devising a system that will not disadvantage the old fashioned single craftsman-inventor or citizens of countries with patent offices that are careful in investigating before issuing patents. But the European Patent Office furnishes a model that appears to be working. *Id.*, 14 U.S.P.Q.2d at 1820 (citations omitted). The 1968 Brussels Convention on Jurisdiction and Enforcement of Judgments in Civil and Commercial Matters (the "Brussels Convention") created a mechanism, by treaty, in which a party can appeal to

the Dutch court system for a preliminary injunction having effect outside the Netherlands (a Pan-European injunction). The "KortGeding" procedure can be based on several Articles of the Brussels Convention, and these injunctions have been granted, at least in part, because it is desirable to prevent conflicting judgments. Additionally, the Community Patent Convention in Europe seeks to establish a single patent for all European countries in which substantive laws for each country would be harmonized.

n19 Article 4bis reads: Patents applied for in the various countries of the Union by nationals of countries of the Union shall be independent of patents obtained for the same invention in other countries, whether members of the Union or not. Convention of Paris for the Protection of Industrial Property, July 14, 1967, art. 4bis(1), *21 U.S.T. 1583, 1635, 828 U.N.T.S. 305, 319.*

n20 The court described the problem as follows: It is a quiddity of our law that a well and thoroughly reasoned decision reached by a highly skilled and scientifically informed justice of the Patent Court, Chancery Division, in the High Court of Justice of Great Britain after four weeks of trial must be ignored and essentially the same issues with the same evidence must now be retried by American jurors with no background in science or patents, whose average formal education will be no more than high school. This curious event is the result of the world's chauvinistic view of patents. *Cuno, 729 F. Supp. at 239, 14 U.S.P.Q.2d at 1819-20.*

n21 *Id. at 240, 14 U.S.P.Q.2d at 1820.*

n22 *745 F. Supp. 517, 17 U.S.P.Q.2d (BNA) 1353 (N.D. Ill. 1990)*, rev'd on other grounds, *935 F.2d 1555, 19 U.S.P.Q.2d (BNA) 1111 (Fed. Cir. 1991).*

n23 *Id. at 525, 17 U.S.P.Q.2d at 1359.*

n24 *Id.*

n25 *Id.* (citing *Blonder-Tongue Labs., Inc. v. University of Ill. Found.*, *402 U.S. 313, 169 U.S.P.Q. (BNA) 513 (1971)*).

n26 *Id. at 525-26, 17 U.S.P.Q.2d at 1359.*

n27 The court stated: [e]ven within the United States, some states are stingier with discovery than are federal courts, yet their judgments are honored. *Id. at 526, 17 U.S.P.Q.2d at 1360.*

n28 The court's holding was as follows: This factual finding is as relevant to the inventorship of U.S. '968 as it is to Canadian '508. Who is the inventor and who the copier is a staple question in any patent system, and the Canadian decision did not depend on any features of Canadian law not shared by U.S. law. It is a decision of fact, reached after full and fair litigation. *Id. at 527, 17 U.S.P.Q.2d at 1360.*

n29 *Id. at 528, 17 U.S.P.Q.2d at 1361.*

n30 The court stated: In sum, if Mahurkar obtains the 1983 date of the design application, the Canadian judgment is not preclusive; if Mahurkar takes the 1984 date of the utility application, the Canadian judgment is preclusive on sufficiency. Which date is the right one remains an open question. *Id. at 530, 17 U.S.P.Q.2d at 1362-63.*



n31 The court stated: I am inclined to believe that he who lives by the sword must be prepared to die by the sword. Mahurkar has convinced me to apply rules of preclusion. Sometimes he gains, sometimes he loses. Despite this inclination, however, I am uncomfortable about treating the decision as preclusive because it is one of "law." Vas-Cath escaped the effect of the different burdens of persuasion - which usually defeat issue preclusion - by showing that the interpretation and validity of claims is a question of law. Usually that also means that claim preclusion does not apply. I therefore do not come to rest on this subject. As part of their next wave of motions, the parties should address the question whether preclusion applies to this "legal" aspect of the Canadian judgment. *Id.* at 530, 17 U.S.P.Q.2d at 1363.

n32 *Id.* at 532, 17 U.S.P.Q.2d at 1365.

n33 *Id.* at 531, 17 U.S.P.Q.2d at 1363-64.

n34 *Id.*, 17 U.S.P.Q.2d at 1364.

n35 *Id.*

n36 The court stated: Notwithstanding the attractions of the doctrine, the idea that someone may be bound by the results of a case even though he did not participate is in tension with the autonomy recognized in our legal system. It amounts to saying that intervention is compulsory, that if a pending case affects your interests you must intervene in it, because you will be bound whether you intervene or not - at least if someone already there is "on your side" (that is, offers "virtual representation"). Yet the rules of intervention under Fed. R. Civ. P. 24 run the opposite way: if a party in the case represents your interests, the court is unlikely to allow intervention. The upshot is that when representation is "virtual" it may also be exclusive: the existence of a "virtual representative" will prevent you from intervening to protect your own interests. All of this is in sharp conflict with the principles that an entity is not bound by the decision of a case in which it could not participate, and that no one is obliged to intervene. The onus, rather, is on the adverse party to join anyone it would like to have bound. If "virtual representation" is enough to bind a party, then *Martin v. Wilks*, 490 U.S. 755 (1989), should have come out the other way: the court should have held that a consent decree binds anyone who could have intervened but did not. *Martin* concluded, however, that persons affected by a decree to which they were not parties may attack it collaterally, because judicial decrees do not bind non-parties. *Id.* See also Bone, *supra* note 3, at 195 n.2; Jack L. Johnson, Due or Voodoo Process: Virtual Representation as a Justification for the Preclusion of a Nonparty's Claim, 68 *Tul. L. Rev.* 1303 (1994). Bone states that "[T]he doctrine of virtual representation in its current form precludes persons who were neither parties nor absentee class members in the first suit if someone with closely aligned interests vigorously litigated that suit." Bone, *supra* note 3, at 197.

n37 The court held: A venerable rule makes it unnecessary to decide whether to embrace the doctrine of "virtual representation." Preclusion applies to the parties and those in privity with them. Legal rulings may affect a subject such as a contract or patent, and the holder of the patent may not have another go at litigation by issuing a new license. The licensee takes the patent encumbered, as it were, with the decision affecting its validity. So the right question is not whether Gambro US is an alter ego of (or was "virtually represented" by) Gambro Canada. It is whether Gambro US, as Vas-Cath's

licensee, is in privity of contract with *Vas-Cath*. *If it is, the jig is up. Montana v. United States*, 440 U.S. 147 (1979). *Vas-Cath*, 745 F. Supp. at 532, 17 U.S.P.Q.2d at 1364.

n38 *Id.* at 532, 17 U.S.P.Q.2d at 1364-65.

n39 905 F. Supp. 169, 37 U.S.P.Q.2d (BNA) 1289 (S.D.N.Y. 1995).

n40 15 U.S.C. 1051-1127 (1994).

n41 *Gordon & Breach*, 905 F. Supp. at 172, 37 U.S.P.Q.2d at 1289 (citations and internal quotation marks omitted).

n42 *Id.* at 174, 37 U.S.P.Q.2d at 1291.

n43 *Id.*, 37 U.S.P.Q.2d at 1292.

n44 *Id.*

n45 The court stated: It is well-established that United States courts are not obliged to recognize judgments rendered by a foreign state, but may choose to give *res judicata* effect to foreign judgments on the basis of comity. The law is unsettled, however, as to what exactly "comity" entails; thus, it is primarily principles of fairness and reasonableness that should guide domestic courts in their preclusion determinations. *Id.* at 178-79, 37 U.S.P.Q.2d at 1295 (emphasis in original). In a footnote, the court stated: "The rule of collateral estoppel, often difficult of application to domestic judgments . . . , presents additional difficulties when sought to be applied to foreign judgments." *Bata v. Bata*, 39 Del. Ch. 258, 163 A.2d 493, 505 (S. Ct. Del. 1960), cert. denied, 366 U.S. 964 (1961). *Id.* at 179 n.7, 37 U.S.P.Q.2d at 1295 n.7.

n46 *Id.* at 179, 37 U.S.P.Q.2d at 1296.

n47 American courts have generally rejected the doctrine of reciprocity in this context. See, e.g., *Alfadda v. Fenn*, 966 F. Supp. 1317, 1326 (S.D.N.Y. 1997); *Biggelar v. Wagner*, 978 F. Supp. 848, 859 (N.D. Ind. 1997). See also Ronald A. Brand, *Enforcement of Foreign Law Money-Judgments in the United States: In Search of Uniformity and International Acceptance*, 67 *Notre Dame L. Rev.* 253, 286 (1991) (several states still maintain that requirement).

n48 The court stated that identity of the parties was a strict requirement. It also stated that: The relationship between plaintiffs is not so close as to qualify for "virtual representation," an expansive theory that cloaks the term "privity" with a quasi-class action status. *Gordon & Breach*, 905 F. Supp. at 179 n.9, 37 U.S.P.Q.2d at 1296 n.9.

n49 The court discussed the difference in trial procedure (i.e. discovery) as effecting the outcome of the trial. *Gordon & Breach*, 905 F. Supp. at 179 n.10, 37 U.S.P.Q.2d at 1296 n.10. However, cases such as *Vas-Cath* put less emphasis on this issue.

n50 The court summed up its thoughts on the use of issue preclusion by saying: The German and Swiss judgments found that the articles constituted promotional advertising, yet we did not consider those findings in our earlier ruling. We are disinclined to entertain a selective application of what is already an arguably murky and ambiguous rule. *G o r d o n & Breach*, 905 F. Supp. at 179 n.12, 37 U.S.P.Q.2d at 1296 n.12.

n51 The court was troubled by the confusion in inconsistent judgments: We find it troublesome that the last word in France on the substance of the action led the lower court to a completely different conclusion than that reached by the German and Swiss tribunals. Although the lower court's determination as to the misleading nature of the surveys does not represent a final judgment for collateral-estoppel purposes, we find it even more problematic that the appellate court's ruling - which represents the final judgment in France - as to the applicable law is itself in conflict with the choice-of-law determinations made in the Swiss and German fora. The traditional rule concerning conflicting judgments is that the most recent judgment governs (on the theory that the later court will have already considered the preclusive effect to be given the earlier ruling); however, some commentators maintain that this [last-in-time] rule can be applied to foreign judgments only after it has been established that the law of the second foreign forum recognizes the res judicata effect of prior foreign judgments. . . . In this instance, either an application of the last-in-time rule (with the French appellate decision representing the most recent of the conflicting choice-of-law rulings) or a refusal to extend the rule to conflicting civil law judgments (given the civil law's nonrecognition of collateral estoppel) points in the same direction. Both dictate a fresh look by an American court applying American law. *Id.* at 179 n.13, 37 U.S.P.Q.2d at 1296 n.13 (citations and internal quotation marks omitted). See also *Alfadda v. Fenn*, 966 F. Supp. 1317, 1330 n.14 (S.D.N.Y. 1997) (citing Ruth B. Ginsburg, Judgments in Search of Full Faith and Credit: The Last-In-Time Rule for Conflicting Judgments, 82 *Harv. L. Rev.* 798, 805 (1969)).

n52 905 F. Supp. at 179, 37 U.S.P.Q.2d at 1295-96.

n53 126 F.3d 365, 44 U.S.P.Q.2d (BNA) 1281 (2d Cir. 1997).

n54 *Id.* at 367, 44 U.S.P.Q.2d at 1282.

n55 *Id.*

n56 *Id.* at 367-68, 44 U.S.P.Q.2d at 1282.

n57 *Id.* at 368, 44 U.S.P.Q.2d at 1283.

n58 *Id.*

n59 *Id.* at 370, 44 U.S.P.Q.2d at 1283.

n60 *Id.* at 371, 44 U.S.P.Q.2d at 1285.

n61 The court noted problems with the application of issue preclusion to legal decisions: On appeal, *Altai* asserts that the French standard for copyrightability of computer programs is not "significantly different" from the standard applied in the United States because, as under United States copyright law, French law protects expression and not ideas. Such a superficial comparison begs questions: What constitutes expression or ideas in the context of computer software, to what extent may expression be copied with impunity when it is necessary to the communication of the idea, how much expression is not original with the plaintiff or is in the public domain? *Altai's* argument is far from sufficient to show that the two copyright standards in France and the United States are "identical" as required for application of collateral estoppel. *Id.* at 371, 44 U.S.P.Q.2d at 1286 (citation omitted).

n62 The court further stated: The Commercial Court arrived at a similar conclusion, refusing Altai's request to give the decision in the United States action dispositive effect. We, therefore, affirm the district court's decision that collateral estoppel does not bar litigation of the French action. *Id.*

n63 The court stated: It is well established that a federal court has the power to enjoin a foreign suit by persons subject to its jurisdiction; however, due regard for principles of international comity require that this power should be used sparingly. Antisuit injunctions should be granted only with care and great restraint. Ordinarily when the courts of two sovereigns have in personam jurisdiction, one court will not try to restrain proceedings before the other. *Id. at 371-72, 44 U.S.P.Q.2d at 1286* (citations and internal quotation marks omitted). See also *Stein Associates, Inc. v. Heat & Control, Inc.*, 748 F.2d 653, 656, 223 U.S.P.Q. (BNA) 1277, 1280 (Fed. Cir. 1984) (denying motion to enjoin efforts to enforce British patent in Britain).

n64 The court stated: In determining whether to enjoin foreign litigation, a court must consider, as a threshold matter, whether (i) the parties to both suits are the same and (ii) resolution of the case before the enjoining court would be dispositive of the action to be enjoined. . . . [W]e hold that, in this case, the injunction is not necessary to protect our jurisdiction or the integrity of our judgment. While Altai may experience as vexatious Computer Associates' decision to pursue its rights in France, the French action would in no way affect the decision rendered by a court of the United States. In short, the action in this country involved violations of Computer Associates' United States copyright, and the French action involves violations of Computer Associates' French copyright. We can discern no basis for enjoining Computer Associates from pursuing its French action; moreover, the interests of comity caution against such an injunction. *Id. at 372, 44 U.S.P.Q.2d at 1286.*

n65 958 F. Supp. 373, 45 U.S.P.Q.2d (BNA) 1106 (N.D. Ill. 1997); 986 F. Supp. 471, 45 U.S.P.Q.2d (BNA) 1113 (N.D. Ill. 1997).

n66 *Glaverbel S.A. v. Northlake Mktg. & Supply, Inc.*, 45 F.3d 1550, 33 U.S.P.Q.2d (BNA) 1496 (Fed. Cir. 1995).

n67 *Glaverbel S.A. v. Northlake Mktg. & Supply, Inc.*, No. H88-383 (N.D. Ind. March 31, 1992); *Glaverbel S.A. v. Northlake Mktg. & Supply, Inc.*, No. H88-383 (N.D. Ind. March 12, 1992) (Order).

n68 *Glaverbel*, 45 F.3d at 1553, 33 U.S.P.Q.2d at 1497.

n69 *Id.* An earlier decision by the district court held that various antitrust and unfair competition claims were barred on claim preclusion grounds. *Northlake Mktg. & Supply, Inc. v. Glaverbel S.A.*, 861 F. Supp. 653, 655 (N.D. Ill. 1994). The earlier decision set out the relationship and history between the parties. *Id. at 656.* It referred to litigation in Belgium and Germany between Glaverbel and Northlake in which the German nullity suit was resolved in Glaverbel's favor, *id. at 659*, and litigation in England between Glaverbel and the British Coal Company, *id. at 660.*

n70 958 F. Supp. at 374, 45 U.S.P.Q.2d at 1107.

n71 *Id.*

n72 *Id. at 375, 45 U.S.P.Q.2d at 1108.*

n73 *Id. at 377, 45 U.S.P.Q.2d at 1109.*

n74 *Id. at 378, 45 U.S.P.Q.2d at 1111.*

n75 The court appeared willing to dispose of the lawsuit when it stated: This distressingly protracted litigation is at long last approaching the day of reckoning (that is, trial) on the patent issues that divide the litigants. But after the parties' counsel had at long last submitted and this Court had entered the final pretrial order that states the game plan and places the case in readiness for trial, defendants . . . have filed a combined Fed. R. Civ. P. ("Rule") 56 and Rule 16 motion in an effort to streamline what remains in the case. Although this Court often rejects such late-in-the-day submissions in favor of sorting everything out at trial, in this instance the Glaverbel-Fosbel motion serves a constructive purpose in narrowing the boundaries for the required evidentiary presentation. *Id. at 374, 45 U.S.P.Q.2d at 1107.*

n76 *Id. at 379, 45 U.S.P.Q.2d at 1111.* The court also provided the following footnote to the text quoted above: Rule 44.1 deals with the determination of foreign law, such as that of Belgium in this case. Glaverbel-Fosbel have properly established what the Belgian court did. As for the legal significance of that ruling in terms of issue preclusion (the legal concept as framed in American law), neither side has offered anything for this Court's consideration. This opinion has accordingly adopted the same approach that is applicable in diversity cases where parties have not spoken to a choice-of-law question: It has looked instead to the law of the forum ( *Wood v. Mid-Valley, Inc.*, 942 F.2d 425, 426 (7th Cir. 1991)). And that approach is consistent with what 9 Charles Wright & Arthur Miller, *Federal Practice and Procedure: Civil 2d* section 2447, at 659-60 (2d ed. 1995) consider the preferable view. . . . In this instance that seems particularly appropriate, given the universality of American law in barring a litigant from relitigating an issue that has once been resolved in a full-blown litigated dispute between the same parties. *Id. at 379 n.7, 45 U.S.P.Q.2d at 1111 n.7.*

n77 *Id. at 379, 45 U.S.P.Q.2d at 1111.*

n78 *Id. at 380, 45 U.S.P.Q.2d at 1112.*

n79 *Northlake Mktg. & Supply, Inc. v. Glaverbel S.A.*, 986 F. Supp. 471, 45 U.S.P.Q.2d (BNA) 1113 (N.D. Ill. 1997).

n80 *Id. at 475, 45 U.S.P.Q.2d at 1116.* The court also stated: Although Northlake seeks to wriggle out of its own earlier acknowledgment to that effect, there is no dispute that the Belgian patents at issue (those involved in the Belgian litigation that Northlake lost (*S.A. Glaverbel v. Northlake Marketing & Supply Inc.*, No. 84.507 (Feb. 7 1995)) and the prior Belgian patents that Northlake had there argued to have disclosed the same invention match up precisely to the corresponding United States patents now in suit and the prior art United States patents on which Northlake relies to claim invalidity. . . . . So there is no question that the identical issue that is now in question was involved in the Belgian litigation and is now involved in this lawsuit. And the Belgian court's decision at 32 expressly confirmed that the issue was actually litigated there, while the Belgian factfinding on that issue was necessary to that court's final decision (if instead Northlake had prevailed on that factual issue, it would have won on its contention that the later

Belgian patent lacked novelty or originality, so that Northlake would not have been liable for infringement because the later 903.711 patent would have been a nullity). And finally, as 958 *F. Supp. at 379* has confirmed regarding the fundamentally fair nature of proceedings in a Belgian tribunal ( *Ingersoll Milling Mach. Co. v. Granger*, 833 *F.2d 680, 686-88 (7th Cir. 1987)*), Northlake indisputably had a full and fair opportunity to present its case in that forum. *Id.* at 475-76, 45 U.S.P.Q.2d at 1116-17.

n81 *Id.* at 476, 45 U.S.P.Q.2d at 1117.

n82 966 *F. Supp. 1317 (S.D.N.Y. 1997)*.

n83 *Id.* at 1322.

n84 *Id.* The court held that the pending appeal did not bar the use of issue preclusion. *Id.* at 1325 n.9.

n85 *Id.* at 1325. See also *Alesayi Beverage Corp. v. Canada Dry Corp.*, 947 *F. Supp. 658, 663 n.8 (S.D.N.Y. 1996)*, which stated: Generally, the principles of comity are applied in two contexts: to enforce foreign judgments in the United States and to recognize foreign court proceedings. *Elgin Sweeper Co. v. Melson Inc.*, 884 *F. Supp. 641, 650 (N.D.N.Y. 1995)*. See also *Victrix Steamship Co. [v. Salen Dry Cargo A.B.]*, 65 B.R. [466, 470 (S.D.N.Y. 1986)] ("while comity may require recognition of a foreign judgment - meaning that [the court] may be required to give it res judicata and collateral estoppel effect - recognition is not the same as enforcement"). Here, the issue before the court is recognition of the decisions by Saudi Arabian courts.

n86 *Alfadda*, 966 *F. Supp. at 1326*.

n87 *Id.* at 1330.

n88 *Id.* (citing Arthur T. von Mehren & Donald T. Trautman, Recognition of Foreign Adjudications: A Survey and a Suggested Approach, 81 *Harv. L. Rev. 1601, 1603-04 (1968)*).

n89 *Id.* at 1330.

n90 *Id.* at 1332. The court stated: First, plaintiffs' choice of a United States forum appears unrelated to any enforcement interest because they claim that defendants have removed relevant assets to France. Second, the Court's interest in fostering stability and unity, to the extent it is relevant, favors giving effect to the French judgment. Third, the Court believes that France, the rendering jurisdiction, is a more appropriate forum, both because of convenience, and because France, the home country to all defendant banks and much of the alleged conduct, has a greater interest in the litigation. *Id.*

n91 978 *F. Supp. 848 (N.D. Ind. 1997)*.

n92 *Id.* at 852.

n93 *Id.*

n94 159 *U.S. 113 (1895)*.

n95 *Biggelar*, 978 *F. Supp. at 858*.

n96 *Id.*

n97 The court stated: In 1962, the National Conference of Commissioners on Uniform State Laws and the American Bar Association adopted the Uniform Foreign Money Judgment Recognition Act (UFMJR), codifying State rules that had long been applied by the majority of courts in the United States. Under the Act "a foreign judgment is enforceable in the same manner as the judgment of a sister state which is entitled to full faith and credit." Those standards of "full faith and credit" which the Constitution requires sister states to accord one another are, of course, the standards of *res judicata*. The Act applies to any foreign judgment that is final and conclusive and enforceable where rendered even though an appeal therefrom is pending or it is subject to appeal. Section 3 of the Act makes any such judgment "conclusive between the parties to the extent that it grants or denies recovery of a sum of money." *Id. at 860* (citations and footnotes omitted). Twenty-five states were reported to have enacted the UFMJR. *Id. at 860 n.15*. One commentator suggests it is disappointing that so few states have enacted this law in the thirty-six years that have passed. The lack of all states using the Act contributes to the lack of uniformity in the way courts can look at foreign judgments. Brand, *supra* note 47, at 283.

n98 *Biggelar, 978 F. Supp. at 860-61.*

n99 *Id. at 861*. The UFMJR was not enacted in Indiana, but the court felt that it was appropriate to look to the Act because: Although not all jurisdictions have independently codified the UFMJR, the Act may be looked on as the "state of law" throughout the United States. The goal of the Act was to increase the likelihood that foreign countries would recognize the judgments of our American courts. Because many foreign countries, whose law is rooted in the civil law tradition, will accept only a statute as evidence of reciprocity, the Commissioners saw fit to craft this statute making it more likely that judgments rendered here will be recognized abroad. *Id. at 860 n.14*.

n100 The Supreme Court has not spoken on whether federal or state law should apply to recognition of foreign judgments. See *Biggelar, 978 F. Supp. at 853*; Brand, *supra* note 47, at 312; Adler, *supra* note 7, at 84 n.5.

n101 See *Vas-Cath v. Mahurkar, 745 F. Supp. 517, 525, 17 U.S.P.Q.2d (BNA) 1353, 1358 (N.D. Ill. 1990)*, rev'd on other grounds, *935 F.2d 1555, 19 U.S.P.Q.2d (BNA) 1111 (Fed. Cir. 1991)*; Brand, *supra* note 47, at 268 n.47. See also Casad, *supra* note 1, at 53 n.2 (listing many articles that have been written about this subject over the last 25 years).

n102 *966 F. Supp. 1317 (S.D.N.Y. 1997)*.

n103 *Id. at 1326-27.*

n104 *Id.*

n105 *Id. at 1327.*

n106 *Id.*

n107 *Id. at 1327-28.*

n108 *Id. at 1329* (footnotes and citations omitted).

n109 *Id. at 1325* (citation omitted). The claims in *Alfadda* arose under the Racketeer Influenced and Corrupt Organizations Act ("RICO"), *18 U.S.C. 1961-68* (1994), the

Securities Exchange Act of 1934 10(b), 15 U.S.C. 78j(b) (1994), and state law. *Id.* at 1319.

n110 *Id.* at 1330 n.14. Also, Vas-Cath discussed which country's law on preclusion would be applied and stated that the Federal Circuit had crafted its own common law regarding the force to be given foreign judgments without reference to foreign law. *Vas-Cath v. Mahurkar*, 745 F. Supp. 517, 526, 17 U.S.P.Q.2d (BNA) 1353, 1358 (N.D. Ill. 1990), rev'd on other grounds, 935 F.2d 1555, 19 U.S.P.Q.2d (BNA) 1111 (Fed. Cir. 1991).

n111 Patent litigation involves a federal question, so federal law would govern. Federal question jurisdiction is an article III power of the courts, U.S. Const. art. III, and is codified at 28 U.S.C. 1331 (1988): "The district courts shall have original jurisdiction of all civil actions arising under the constitution, laws, or treaties of the United States." Areas of federal question jurisdiction include admiralty law, 28 U.S.C. 1333 (1988), bankruptcy law, 28 U.S.C. 1334 (1988), and copyright and patent law, 28 U.S.C. 1338(a) (1988). Brand, *supra* note 47, at 262 n.32.

n112 84 F.3d 1388, 39 U.S.P.Q.2d (BNA) 1038 (11th Cir. 1996).

n113 *Id.* at 1394, 39 U.S.P.Q.2d at 1042. The court dismissed the federal Lanham Act claims because federal and state courts have concurrent jurisdiction, and the prior state court decision precluded the later federal court suit. *Id.* at 1395, 39 U.S.P.Q.2d at 1042.

n114 77 F.3d 354 (10th Cir. 1996).

n115 *Id.* at 359 (citations omitted). The court in *Biggelaar v. Wagner* also applied state law in a non-federal question context, using a Dutch decision as *res judicata* in the Indiana federal court. 978 F. Supp. 848, 853 (N.D. Ind. 1997). *Alesayi Beverage Corp. v. Canada Dry Corp.* is similar. The court held that state law should be applied in diversity cases and that New York had adopted the UFMJR, so the law was fairly clear on enforcement of foreign money judgments. 947 F. Supp. 658, 663 (S.D.N.Y. 1996). Brand, however, suggests that choice-of-law may be unclear. Brand, *supra* note 47, at 284.

n116 Brand, *supra* note 47, at 263-64.

n117 77 F.3d at 359 n.5. Also, Brand shows that even though using state law may be required, federal law may be applied by default: Because only twenty-two states have adopted the Recognition Act in some form, courts in the majority of states must look to the common law to determine the applicable rule. Many federal courts have found it necessary at this stage to refer to cases outside the forum state because of the lack of any clear authority within the jurisdiction. The result has been repeated reference to the *Hilton* line of federal cases, particularly as the *comity* analysis has been refined in the Restatements. This means that, despite *Erie*, as a practical matter, the issue is often determined by a unique distillation of federal common law. Brand, *supra* note 47, at 265 (footnotes omitted).

n118 Brand, *supra* note 47, at 263 (footnote omitted).

n119 24 F.3d 1368, 30 U.S.P.Q.2d (BNA) 1620 (Fed. Cir. 1994).



n120 *Id. at 1371, 30 U.S.P.Q.2d at 1622* (it considered patent law to be within its exclusive jurisdiction). See also *Mars Inc. v. Nippon Conlux Kabushiki-Kaisha*, 58 F.3d 616, 618, 35 U.S.P.Q.2d (BNA) 1311, 1313 (Fed. Cir. 1995) (the subsequent appeal used the regional circuit precedent because the issue did not turn on a question of patent law); *3 D Sys., Inc. v. Aarotech Labs., Inc.*, No. 97-1514, 1998 WL 789842, at \*3 (Fed. Cir. Nov. 12, 1998) (patent issues provide the Federal Circuit with exclusive jurisdiction, and choice of law is governed by the underlying claims). Also, the Northlake court did not resolve this issue as they determined that the law on issue preclusion was the same between the Seventh Circuit and the Federal Circuit and that it did not need to decide whose law would apply. *Northlake Mktg. & Supply, Inc. v. Glaverbel S.A.*, 986 F. Supp. 471, 475, 45 U.S.P.Q.2d (BNA) 1113, 1116 (N.D. Ill. 1997).

n121 Brand, supra note 47, at 293-311.

n122 If so, the UFMJR may be applied in those states that have enacted it or the states that look to it as persuasive. For example, in an IP context, there could be trade secret, determination of ownership, state antitrust, or unfair competition claims. Also, the Aquatherm court said that state and federal courts have concurrent jurisdiction over Lanham Act claims. *Aquatherm Indus. Inc. v. Florida Power & Light Co.*, 84 F.3d 1388, 1395, 39 U.S.P.Q.2d (BNA) 1038, 1042 (11th Cir. 1996). See also *Phillips v. Allflex*, 77 F.3d 354, 359 (10th Cir. 1996).

n123 Brand states: A truly national approach to the recognition and enforcement of foreign money-judgments would be consistent with Congress' authority to regulate foreign commerce and the Executive's powers to negotiate in the area of foreign affairs. However, if neither Congress nor the President is ready to act, it may be possible for the courts to recognize the importance of this issue to our foreign relations, through federal common law. No matter where the change occurs, however, the resulting rule must further the goals of uniformity among states and within our federal system, and acceptance of United States judgments in foreign courts. Brand, supra note 47, at 257. Later, Brand states: It can be anticipated, however, that in due course some exceptions will be engrafted upon the general principle. So it seems probable that federal law would be applied to prevent application of a state rule on the recognition of foreign nation judgments if such application would result in the disruption or embarrassment of the foreign relations of the *United States*. Brand, supra note 47, at 312 n.258.

n124 *Id.* at 265.

n125 159 U.S. 113 (1895).

n126 *In re Freeman*, 30 F.3d 1459, 31 U.S.P.Q.2d (BNA) 1444 (Fed. Cir. 1994). See supra note 4 and accompanying text. Generally speaking, the Freeman test asks: was there the same issue?; were the same parties involved?; was the issue actually litigated?; was the issue finally decided?; and did the parties have a full and fair opportunity to litigate?

n127 Brand, supra note 47, at 266 (comparing how the UFMJR and the Restatement treat the comity analysis of *Hilton v. Guyot*).

n128 *Hilton*, 159 U.S. at 202; Uniform Foreign Money- Judgments Recognition Act 4(a)(1), 13 U.L.A. 261 (1962 & Supp. 1994) [hereinafter UFMJR]; Restatement (Third) of Foreign Relations Law 482(1)(a) (1986).

n129 Brand, supra note 47, at 266; *Hilton*, 159 U.S. at 202; UFMJR 4(a)(2)-(3), 13 U.L.A. 261; Restatement (Third) of Foreign Relations Law 482(1)(b).

n130 *Hilton*, 159 U.S. at 202; UFMJR 4(a)(1), 13 U.L.A. 261; Restatement (Third) of Foreign Relations Law 482(1)(a).

n131 *Hilton*, 159 U.S. at 202; UFMJR 4(b)(2), 13 U.L.A. 261; Restatement (Third) of Foreign Relations Law 482(2)(c).

n132 *Gordon & Breach Science Publishers S.A. v. American Institute of Physics*, 905 F. Supp. 169, 179, 37 U.S.P.Q.2d (BNA) 1289, 1296 (S.D.N.Y. 1995). See also *Vas-Cath v. Mahurkar*, 745 F. Supp. 517, 525, 17 U.S.P.Q.2d (BNA) 1353, 1358 (N.D. Ill. 1990), rev'd on other grounds, 935 F.2d 1555, 19 U.S.P.Q.2d (BNA) 1111 (Fed. Cir. 1991).

n133 *Gordon & Breach*, 905 F. Supp. at 179, 37 U.S.P.Q.2d at 1296; UFMJR 4(b)(4), 13 U.L.A. 261; Restatement (Third) of Foreign Relations Law 482(2)(e).

n134 Casad, supra note 1, at 61.

n135 UFMJR 4(b)(3), 13 U.L.A. 261; Restatement (Third) of Foreign Relations Law 482(2)(d).

n136 Brand, supra note 47, at 269-77.

n137 *Northlake Mktg. & Supply, Inc. v. Glaverbel S.A.*, 986 F. Supp. 471, 475-76, 45 U.S.P.Q.2d (BNA) 1113, 1116-17 (N.D. Ill. 1997).

n138 Adler, supra note 7, at 107.

n139 As noted supra, note 18, due to the Brussels Treaty, the Dutch courts grant pan-European injunctions and can enjoin activities in member countries that may have different laws. However, the Dutch courts cannot regulate the substantive law that is to be applied to the dispute. See *Improver Corp. v. Remington Consumer Prods. Ltd.* [1989] R.P.D. & T.M. 69 (C.A); *Mabuchi Motor KK's Patent* [1996] R.P.D & T.M. 387. See also Adler, supra note 7, at 91.

n140 Adler, supra note 7, at 91-94.

n141 Convention on the Recognition and Enforcement of Foreign Arbitral Awards, June 10, 1958, 84 Stat. 692, 330 U.N.T.S. 3. Article II states: Each Contracting State shall recognize an agreement in writing under which the parties undertake to submit to arbitration all or any differences which have arisen or which may arise between them in respect of a defined legal relationship, whether contractual or not, concerning a subject matter capable of settlement by arbitration.

n142 *Id.* at art. III, V, and XIII.

n143 *Cuno Inc. v. Pall Corp.*, 729 F. Supp. 234, 239, 14 U.S.P.Q.2d (BNA) 1815, 1820 (E.D.N.Y. 1989).

n144 *Id.* at 238, 14 U.S.P.Q.2d at 1819.

n145 *Vas-Cath v. Mahurkar*, 745 F. Supp. 517, 526, 17 U.S.P.Q.2d (BNA) 1353, 1359 (N.D. Ill. 1990), rev'd on other grounds, 935 F.2d 1555, 19 U.S.P.Q.2d (BNA) 1111 (Fed. Cir. 1991).

n146 Cf. Note, The Preclusive Effect of Foreign Country Patent Judgments in the United States, 27 N. Y. U. Int'l. L. & Pol'y 469 (1995) (which suggests an opposite result).

n147 Casad, supra note 1, at 61.

n148 520 U.S. 17, 41 U.S.P.Q.2d (BNA) 1865 (1997).

n149 745 F. Supp. at 525-26, 17 U.S.P.Q.2d at 1358.

n150 159 U.S. 113 (1895). But, the Court has not clearly reconsidered the issue of recognition and enforcement of foreign judgments since then. Brand, supra note 47, at 283; *Biggelar v. Wagner*, 978 F. Supp. 848, 853 (N.D. Ind. 1997).

n151 An opposition is attractive because it is relatively inexpensive and manageable. Also, administrative agency decisions have been given preclusive effect. See *Bio-Technology Gen. v. Genentech Inc.*, 886 F. Supp. 377, 383-84, 36 U.S.P.Q.2d (BNA) 1169, 1175 (S.D.N.Y. 1995); *Texas Instruments Inc. v. Cypress Semiconductor Corp.*, 90 F.3d 1558, 39 U.S.P.Q.2d (BNA) 1492 (Fed. Cir. 1996) (ITC decisions given some preclusive effect, but not on issues of validity and infringement). An inquiry must be made into what powers the agency has to decide an issue and whether it will review certain evidence. *Zacharin v. United States*, 34 Fed. Cl. 609, 611-15, 38 U.S.P.Q.2d (BNA) 1826, 1827-30 (Fed. Cl. 1996). One commentator agrees, stating: Another example of this trend toward broader preclusion is the willingness of courts to give preclusive effect to the decisions of nonjudicial tribunals such as administrative agencies and tion panels. . . . Bone, supra note 3, at 195 n.5. See also *Grundvig v. Koelzer*, No. 84 Civ. 1079, 1984 WL 1251 (S.D.N.Y. Nov. 21, 1984).

n152 *Blonder-Tongue Labs., Inc. v. University of Ill. Found.*, 402 U.S. 313, 169 U.S.P.Q. (BNA) 513 (1971).

n153 For example, a forum may be "pro-patent." This, and other similar considerations, have been used to pick U.S. forums as well. As an example, SCO Corp. sued Microsoft in the EC and was able to be released from a software license that it claimed was an antitrust violation. It chose the EC in lieu of the U.S. as it was simpler, cheaper, and it was more conducive to obtaining a favorable judgment. IP, Supplement to the S.F. Recorder, Apr. 1998, at 5-8.

n154 In such a case, you could "export" your litigation. IP, Supplement to the S.F. Recorder, Apr. 1998, at 5- 8.

n155 126 F.3d 365, 44 U.S.P.Q.2d (BNA) 1281 (2d Cir. 1997).