

STUDENT COMMENT

CLASS ACTIONS IN SUITS FOR PATENT INFRINGEMENT IN LIGHT OF *BLONDER-TONGUE LABORATORIES, INC. V.* *UNIVERSITY OF ILLINOIS FOUNDATION*

INTRODUCTION

Collateral estoppel, an element of *res judicata*, is the judicial doctrine which precludes relitigation of issues which were finally determined in a prior litigation between the same parties or those in privity with them.¹ In general, for collateral estoppel to apply, the prior judgment must have been mutually binding upon the parties to the subsequent litigation.² However, this requirement of "mutuality," clothed as a judicial rule, has been riddled with exceptions over the years.³ The rule has been steadily eroded so that today the overwhelming trend in both federal and state courts is to reject its rigid application.⁴ In the field of patent litigation, however, the requirement of mutuality persisted as a limitation on the application of collateral estoppel due to the Supreme Court decision in *Triplett v. Lowell*.⁵ In *Triplett* the Court held that a prior adjudication of patent *invalidity* could not be given conclusive effect unless the requirement of mutuality was satisfied by the party asserting the plea of collateral estoppel.⁶ Consequently, a patentee⁷ could relitigate the issue of validity as long as potential infringers existed who were strangers to the prior litigation.⁸ Recently,

¹ See, 1B J. Moore & T. Currier, Federal Practice ¶¶ 0.405(1), 0.405(3), 0.441(1), 0.441(2) (2d ed. 1965) [hereinafter cited as Moore].

² See 1B Moore ¶ 0.412(1); F. James, Civil Procedure § 11.31 (1965) [hereinafter cited as James].

³ See 1B Moore ¶¶ 0.412(2)-0.412(7), 0.412(9); Restatement of Judgments §§ 94-111 (1942); J. Moore & T. Currier, Mutuality and Conclusiveness of Judgments, 35 Tul. L. Rev. 301, 311-29 (1961); Note, 35 Geo. Wash. L. Rev. 1010, 1015-17 (1967).

⁴ 1B Moore ¶ 0.412(1), at 64 nn.2 & 10 (1971 Cum. Supp.).

⁵ 297 U.S. 638 (1936).

⁶ *Id.* at 644.

Neither reason nor authority supports the contention that an adjudication adverse to any or all the claims of a patent precludes another suit upon the same claims against a different defendant. While the earlier decision may by comity be given great weight in a later litigation and thus persuade the court to render a like decree, it is not *res adjudicata* and may not be pleaded as a defense.

Id. at 642.

[T]he rules of the common law applicable to successive litigations concerning the same subject matter, . . . [do not preclude] re-litigation of the validity of a patent claim previously held invalid in a suit against a different defendant.

Id. at 644.

⁷ The term "patentee" is used hereinafter in accordance with the statutory definition: "The word 'patentee' includes not only the patentee to whom the patent was issued but also the successors in title to the patentee." 35 U.S.C. § 100(d) (1970).

⁸ *Aghnides v. Holden*, 226 F.2d 949, 951 (7th Cir. 1959) (Schnackenberg, J., concurring). Judge Schnackenberg criticized this result:

[A patentee] may litigate and relitigate again and again the question of validity

the Supreme Court, in *Blonder-Tongue Laboratories, Inc. v. University of Illinois Foundation*,⁹ modified the ruling in *Triplett*. *Blonder* held that a defendant in an infringement suit may plead collateral estoppel against a plaintiff-patentee without satisfying the requirement of mutuality when there has been a prior adjudication of patent invalidity¹⁰ in which the plaintiff-patentee was afforded a full and fair opportunity to present his claim.¹¹

This comment will consider the procedural policies associated with the judicial doctrine of collateral estoppel and the rule of mutuality. The special federal policies underlying the Court's decision to overrule *Triplett* will also be analyzed. Special consideration will be given to the degree to which *Blonder* relied upon the aforementioned procedural policies. The comment will then focus on the impact of *Blonder* upon the desirability of the class action procedure¹² to a plaintiff-patentee. Discussion will then center upon the benefits which may be derived from increased use of the class action in suits for patent infringement. Thus, the proper perspective will be provided for determining whether the policies supporting use of the class action procedure reinforce the policies underlying abrogation of the *Triplett* rule. Finally, the rudiments of the class action procedure will be scrutinized in light of three recent class suits for patent infringement and the procedural consequences of *Blonder*.

I. COLLATERAL ESTOPPEL AND THE MUTUALITY REQUIREMENT

Collateral estoppel is an aspect of the doctrine of *res judicata*, the judicial rule which makes a final judgment conclusive on the parties to a suit and those in privity¹³ with them as to all matters of fact and law which were or should have been adjudicated between them.¹⁴ The

of his patent as long as he selects a different defendant in each of the infringement suits It is a situation which is particularly abhorrent when considered against the backlog of untried cases which clogs our federal courts.

Id. at 951.

⁹ 402 U.S. 313 (1971).

¹⁰ *Id.* at 350.

¹¹ *Id.* at 333.

¹² Fed. R. Civ. P. 23 governs the procedure of class actions.

¹³ The doctrine of privity extends the conclusive effect of a judgment to persons who were not parties to the earlier action. 1B Moore ¶ 0.411(1), at 1252. The doctrine of privity is closely related to that of mutuality. See note 20 *infra*.

¹⁴ 1B Moore ¶ 0.405(1), at 624. "Res judicata" is a broad term covering all the ways in which a judgment in one action can have a binding effect in another. It includes the effect of the prior judgment as a "bar" or "merger" where the subsequent action is based upon all or part of the claim which supported the prior action. The term also covers the effect of the prior judgment as "collateral estoppel" in a subsequent action based upon a different claim.

The term "merger" describes the effect of a judgment in plaintiff's favor extinguishing the entire claim supporting the prior action and merging it in the judgment. The term "bar" describes the effect of the judgment in defendant's favor, extinguishing the entire claim upon which the prior judgment was based. See James § 11.9. The term "collateral estoppel" refers to the more limited effect of a prior judgment when the subsequent

purpose of the *res judicata* doctrine is to foster judicial economy and certainty in legal relations¹⁵ by precluding relitigation of *claims* that have been finally determined.¹⁶ In contrast, the essence of collateral estoppel is that an *issue*, finally determined in a prior suit between the same parties or their privies, may not be relitigated in a suit based upon a different cause of action.¹⁷ Hence, collateral estoppel is distinguishable from *res judicata* in two respects: the cause of action in the subsequent proceeding may differ from that in the prior suit, yet estoppel may apply; and the estoppel extends only to issues actually decided. Thus, the doctrine of collateral estoppel is broader than that of *res judicata* to the extent that collateral estoppel applies to subsequent proceedings based on a different cause of action, but narrower to the extent that collateral estoppel does not reach issues not actually adjudicated.¹⁸

As a general rule, only a person who would be bound by an unfavorable judgment in a prior suit could be entitled to the benefits of a favorable judgment in that suit.¹⁹ This "mutuality" of rights and obligations under the judgment,²⁰ although originally a rule of thumb, action is based upon a different claim. *Id.* § 11.18. As used hereafter, the term "*res judicata*" refers only to the "bar" and "merger" effects of a judgment as distinguished from "collateral estoppel."

¹⁵ *Commissioner v. Sunnen*, 333 U.S. 591, 597 (1948).

¹⁶ *Vestal, Preclusion/Res Judicata Variables: Parties*, 50 Iowa L. Rev. 27, 28 (1964).

¹⁷ See 1B Moore ¶ 0.441(1). *Res judicata* does not apply unless the subsequent proceeding involves the *same* cause of action as the prior adjudication. Collateral estoppel applies despite the fact that the causes of action differ, but does not completely bar the subsequent suit unless the issues estopped from being raised are, as a practical matter, determinative of the entire controversy. 1B Moore ¶ 0.441(2), at 3779. In suits for patent infringement, invalidity of the patent is a complete defense. 35 U.S.C. § 282(2) (1970). Therefore a prior adjudication of invalidity which is given conclusive effect via collateral estoppel completely bars a subsequent suit for infringement of the patent.

¹⁸ 1B Moore ¶ 0.401, at 16-17.

¹⁹ See James § 11.31.

²⁰ *Id.* "Mutuality" and "privity" are distinct but related concepts. In general, "privity" extends the conclusive effect of the prior adjudication to persons related in interest to a party to the prior suit but who are not parties themselves. 1B Moore ¶ 0.411(1), at 1252. The person seeking to invoke collateral estoppel is permitted to do so despite the fact that he would not have been bound by the prior adjudication; that is, despite the fact that "mutuality" is not otherwise satisfied between himself and the person against whom the estoppel is invoked. This result is justified on the ground that he is in privity with a person who does satisfy the mutuality requirement and who would be entitled to plead collateral estoppel. *Id.*

"Mutuality" may be defined in terms of privity. Thus parties or privies in the prior adjudication may automatically satisfy the requirement of mutuality. The same parties who may avail themselves of the collateral estoppel effect of an adjudication under the above definition of privity may do so under this definition of mutuality.

However, mutuality may also be defined more narrowly. Under the narrower definition, only those who would have been bound by an adverse adjudication in the prior suit may invoke the collateral estoppel effect of a favorable adjudication. Thus, where a privy would not have been bound by an adverse adjudication under the broader definitions of privity and mutuality, he could nevertheless avail himself of the collateral estoppel effect of a favorable adjudication, whereas under the narrowed definition he could not. 1B Moore ¶ 0.411(1), at 1251, 1B Moore ¶ 0.412(1), at 1801 & n.1. The problem is more conjectural than real, however, since normally one who is in privity would have been bound by the first judgment. 1B Moore ¶ 0.412(1) at 1801 & n.1.

evolved into an "independent principle of justice."²¹ If the mutuality rule were not satisfied the plea of collateral estoppel would be foreclosed and the prior determination would not be given preclusive effect. However, the judgment would not be deprived of all effect, for even if collateral estoppel were inapplicable a subsequent court might, after studying the soundness of the prior adjudication, be persuaded to adopt that adjudication as a matter of comity.²²

Triplett v. Lowell preserved the rule of mutuality in suits for patent infringement. The Supreme Court there held that the requirement of mutuality must be satisfied by an alleged infringer before an adjudication of patent invalidity could estop a patentee from relitigating the issue of validity in a subsequent suit.²³ If the prior adjudication of invalidity cannot be given preclusive effect upon motion for summary judgment,²⁴ then the defendant must rely on comity to overcome the statutory presumption of patent validity as well as any evidence presented by the plaintiff-patentee in support of his claim.²⁵ Due to the technical nature of the issue of validity, it is possible that the pertinent facts will not be established with sufficient clarity to justify summary

²¹ James § 11.31.

²² Comity is defined as: "The principle in accordance with which the courts of one state or jurisdiction will give effect to the laws and judicial decisions of another, not as a matter of obligation, but out of deference and respect." Black's Law Dictionary 334 (rev. 4th ed. 1968).

Comity is a variant of *stare decisis*, the doctrine which requires a court to adhere to the rules of law formed in its preceding decisions or by a court to which it owes obedience. 1B Moore ¶ 0.402(1), at 60-61. Where there is no duty of obedience the subsequent court is not bound to follow the prior decision but may nevertheless find the decision persuasive by comity to the extent of its underlying reasoning. *Id.* at 61.

Comity is independent of the doctrine of *res judicata* since the prior decision is accepted as controlling, not because of the relationship of the parties, but because the reasoning which supports the prior decision applies to the facts in the subsequent proceeding. 1B Moore ¶¶ 0.401, 0.402(1), at 56-57.

In general, comity is a principle of jurisprudence which should be followed where it promotes substantial justice. Moore & Oglebay, *The Supreme Court, Stare Decisis and Law of the Case*, 21 Texas L. Rev. 514, 552 (1943).

²³ 297 U.S. at 644. See note 6 *supra*.

²⁴ Collateral estoppel is an affirmative defense which must be properly brought to the court's attention. Fed. R. Civ. P. 8(c). See 1B Moore ¶ 0.408(1). It is possible to raise the plea by motion for summary judgment prior or subsequent to answer if there is no genuine issue as to any material fact. 1B Moore ¶ 0.408(1), at 953; 6 Moore ¶ 56.02(2), at 2033-34, ¶ 56.08, at 2106. In this respect, note that motion to dismiss for failure to state a claim for which relief may be granted or for judgment on the pleadings may be treated as motions for summary judgment. Fed. R. Civ. P. 12(b), 12(c). The party invoking the estoppel bears the burden of proving that the precise question was actually decided in the prior action. 1B Moore 0.408(1), at 954.

²⁵ 6 Moore ¶ 56.11(10), at 2209, ¶ 56.17(44), at 2614. 35 U.S.C. § 282 (1970) provides: "A patent shall be presumed valid The burden of establishing invalidity of a patent . . . shall rest on the party asserting it." However, the statutory presumption has frequently been disregarded or distinguished in resolving the issue of validity. See, e.g., *Udin v. Kaufman Iron Works, Inc.*, 173 U.S.P.Q. 716, 722-23 (S.D.N.Y. 1972); *Lemelson v. Topper Corp.*, 171 U.S.P.Q. 705 (2d Cir. 1971), *Hall v. U.S. Fiber Plastics Corp.*, 172 U.S.P.Q. 556, 562 (D.N.J. 1971).

judgment for the defendant.²⁶ Consequently, the issue must be relitigated with the expense and delay characteristic of suits for patent infringement.²⁷

Triplett had wide ranging effects. If collateral estoppel were inapplicable due to lack of mutuality, the patentee could harass strangers to the adjudication of invalidity and coerce alleged infringers to enter licensing agreements or force them to bear the expense of a full-scale trial.²⁸ Since an initial adjudication of invalidity did not mean that the patent was invalid as to all defendants, considerable uncertainty was introduced into legal relations premised upon use of the patentee's invention. In contrast, giving the prior judgment of invalidity preclusive effect regardless of the absence of mutuality offers a way to promote judicial economy, prevent harassment, and introduce certainty into legal relations. However, despite the undesirable consequences of the mutuality requirement, and although the requirement was gradually whittled away by state and federal courts in non-patent litigation,²⁹ the

²⁶ 6 Moore ¶ 56.17(44), at 2617. Certainly, the courts have been less than enthusiastic in entertaining motions for summary judgment where the validity of the patent is in issue:

[I]n order to determine patent validity upon that motion [for summary judgment], "... the court must be certain that it does not need any expert testimony or other extrinsic evidence to explain or evaluate the prior art . . . , invalidity for lack of invention being so clearly apparent on the face of the patent that no testimony could change that conclusion."

Messing v. Quiltmaster Corp., 159 F. Supp. 181, 184 (D.N.J. 1958). But see *Ken Wire & Metal Products, Inc. v. Columbia Broadcasting Systems, Inc.*, 172 U.S.P.Q. 632 (S.D.N.Y. 1971) (summary judgment held appropriate where patented device is simple and easily understood.)

²⁷ See Report of the President's Commission on the Patent System (1966); one of the most common grievances called to the Commission's attention, by all branches of the patent-using community, has been the high cost of patent litigation. *Id.* at 39. See also 402 U.S. at 335-38 nn.27-33.

²⁸ The courts felt constrained to allow a full-scale trial despite the prior adjudication of invalidity. See, e.g., *Blumcraft v. Kawneer Co.*, 318 F. Supp. 1399, 1401 (N.D. Ga. 1970).

²⁹ The landmark case decided by the California Supreme Court which abrogated the strict requirement of mutuality and replaced it with a theory of unilateral estoppel was *Bernhard v. Bank of America Nat. Trust & Savings Ass'n*, 19 Cal. 2d 807, 122 P.2d 892 (1942). See Currie, *Civil Procedure: The Tempest Brews*, 53 Calif. L. Rev. 25 (1965). The *Bernhard* decision was described as "a powerful instrument for the expeditious and economic handling of massive litigation. . . ." *Id.* at 36. The decision openly repudiated the doctrine of mutuality:

No satisfactory rationalization has been advanced for the requirement of mutuality. Just why a party who was not bound by a previous action should be precluded from asserting it as *res judicata* against a party who was bound by it is difficult to comprehend.

19 Cal. 2d at 812, 122 P.2d at 895.

In lieu of the mutuality requirement the court proposed a doctrine of unilateral estoppel:

In determining the validity of a plea of *res judicata* three questions are pertinent: Was the issue decided in the prior adjudication identical with the one presented in the action in question? Was there a final judgment on the merits? Was the party against whom the plea is asserted a party or in privity with a party to the prior adjudication?

pronouncement in *Triplett* proved to be a sufficient restraining force to keep the rule intact with respect to suits for patent infringement.³⁰ In *Blonder*, the Supreme Court had to reconcile the *Triplett* rule with the criticism of an army of courts and commentators who had gathered in opposition to a strict requirement of mutuality.³¹

II. THE DECISION IN *Blonder*

In *Blonder-Tongue Laboratories, Inc. v. University of Illinois Foundation*, the Supreme Court modified its holding in *Triplett* to permit an alleged infringer to plead collateral estoppel when there has been a prior adjudication of patent *invalidity* in which the patentee had been afforded a full and fair opportunity to litigate his claim.³² Ironically, the case reached the Supreme Court due to conflicting adjudications of the issue of validity by the Seventh and Eighth Circuit Courts of Appeals. The Foundation³³ had filed suit for patent infringement against the Winegard Company in the District Court for the Southern District of Iowa.³⁴ Winegard alleged invalidity of the patent as a defense.³⁵ Prior to decision in the *Winegard* litigation, the Foundation filed suit in the Northern District of Illinois against *Blonder-Tongue Laboratories, Inc.*,³⁶ for infringement of the Isbell patent and another patent not here material.³⁷ *Blonder-Tongue* asserted invalidity of both patents as a

19 Cal. 2d at 813, 122 P.2d at 895. On the other hand, Professor Moore has argued vigorously for retention of the mutuality rule. See 1B Moore § 0.421(1), at 1809-1812.

³⁰ E.g., *Nickerson v. Kutschera*, 419 F.2d 983 (3d Cir. 1969); *Blumcraft v. Kawneer*, 318 F. Supp. 1399 (N.D. Ga. 1970).

³¹ See, cases and commentary cited in *Blonder-Tongue Labs., Inc. v. University of Ill. Found.*, 402 U.S. 313, 318 n.5, 323 n.10 (1971). See also Report of the President's Comm'n on the Patent System at 39.

³² 402 U.S. at 350.

³³ The Foundation was assignee of U.S. Pat. No. 3,210,767 issued on Oct. 5, 1965 to Dwight Isbell [hereinafter referred to as the Isbell patent]. 402 U.S. at 314.

³⁴ *University of Ill. Found. v. Winegard Co.*, 271 F. Supp. 412 (S.D. Iowa 1967), aff'd, 402 F.2d 125 (8th Cir. 1968), cert. den., 394 U.S. 917 (1969).

³⁵ The defense was grounded upon the allegations that the invention was disclosed more than one year prior to the date of application for the patent and that, at the time made, the invention was obvious to one skilled in the art. 271 F. Supp. at 413. The former allegation is based upon 35 U.S.C. § 102 (1970).

A person shall be entitled to a patent unless—

... (b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States

The latter allegation is based upon 35 U.S.C. § 103 (1970):

A patent may not be obtained . . . if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.

³⁶ *University of Ill. Found. v. Blonder-Tongue Labs., Inc.*, Civ. No. 66C567 (N.D. Ill. 1966) (unreported decision), aff'd, 422 F.2d 769 (7th Cir. 1970), vacated and remanded, 402 U.S. 313 (1971).

³⁷ The Foundation was also assignee of U.S. Pat. No. Re. 25,740, issued March 9, 1965, to P. E. Mayes.

defense.³⁸ Subsequent to the filing of the complaint in *Blonder*, but prior to decision, the Iowa district court decided *Winegard* in favor of the defendant, holding the Isbell patent invalid as entailing a combination of known elements which would have been obvious to one ordinarily skilled in the art.³⁹ The judgment of invalidity was affirmed by the Eighth Circuit.⁴⁰ Nevertheless, the Illinois district court, relying on the rule of *Triplett*, held itself "free to decide the case at bar on the basis of evidence before it," and proceeded to find the patent valid and infringed.⁴¹ The Seventh Circuit affirmed⁴² and *Blonder-Tongue* sought certiorari primarily because of the conflicting decisions of the Seventh and Eighth Circuits.⁴³ Certiorari was granted but was not limited to the issue of patent validity.⁴⁴ The Court requested the parties to present arguments on two issues not raised in the petition for certiorari: first, whether the holding in *Triplett* should be adhered to, and secondly, whether the prior determination of invalidity in the *Winegard* case should bind the Foundation in subsequent suits brought for infringement of the Isbell patent.⁴⁵

In considering whether to modify the strict mutuality requirement of *Triplett*, the Court pursued three lines of inquiry. First, assuming a special public interest in maintaining only valid patents, was the *Triplett* rule an "essential safeguard" against improvident decisions of invalidity? Secondly, did the economic consequences corresponding to further adherence to *Triplett* require modification of the rule? Thirdly, did *Triplett* impose an objectionable burden on efficient judicial administration of suits brought for patent infringement?⁴⁶

With respect to the initial inquiry, the Court indicated that the *Triplett* rule was not an essential, or even effective, safeguard against unsound adjudications of invalidity.⁴⁷ Conceding the difficulties of decision due to the complexity of issues peculiar to patent litigation, the Court was of the opinion that a subsequent adjudication would not necessarily result in a more accurate determination than the initial

³⁸ 422 F.2d at 770.

³⁹ 271 F. Supp. at 419.

⁴⁰ 402 F.2d 125 (1968).

⁴¹ 402 U.S. at 316, quoting from unreported District Court opinion.

⁴² 422 F.2d 769, 778. The court noted that sound judicial policy would dictate that the prior adjudication of invalidity against the Foundation be given conclusive effect in subsequent actions for infringement brought by the Foundation but that such was "not the law in this field." *Id.* at 772.

⁴³ 402 U.S. at 317.

⁴⁴ 400 U.S. 864 (1970); 402 U.S. at 317 n.4.

⁴⁵ 402 U.S. at 317. After reviewing the decisions and commentary critical of the mutuality rule, the Court stated:

[T]hese [departures from the mutuality rule] are not before us for wholesale approval or rejection. But at the very least they counsel us to re-examine whether mutuality of estoppel is a viable rule where a patentee seeks to relitigate the validity of a patent once a federal court has declared it to be invalid.

Id. at 329.

⁴⁶ *Id.* at 330.

⁴⁷ *Id.* at 334.

decision.⁴⁸ Furthermore, not all issues concerning patent validity are so complex as to provoke a frank admission of judicial uncertainty, some issues being of a technical nature but susceptible of development on a case-by-case basis, and some issues being of an entirely non-technical nature presenting no more difficulty than issues ordinarily presented to the courts in non-patent cases.⁴⁹ Additionally, the Court emphasized that the patentee possesses the initiative in bringing the infringement suit, selecting the time, forum and defendant.⁵⁰ Consequently, the Court presumed that the patentee would be prepared to litigate the first suit to the finish.⁵¹ Finally, the Court stated that should the highly complex nature of the issues in a patent suit result in an improvident determination of invalidity, such adjudications will not be given undue effect by way of collateral estoppel, because the patentee must have had "a fair opportunity procedurally, substantively and evidentially to pursue his claim the first time" before the plea of estoppel will be permitted.⁵² For these reasons, the Court concluded that the *Triplett* rule did not preclude unsound adjudications of invalidity or further the purposes of the patent system.⁵³

The second line of inquiry was of considerably greater concern to the Court and concerned the economic consequences of further adherence to the *Triplett* rule. In light of the great expense of litigating a suit for patent infringement, expenditures by the parties in relitigating an issue properly decided in a prior suit are an offensive misallocation of

⁴⁸ Id. at 331-32.

⁴⁹ Id. at 332.

⁵⁰ Id. Moreover, due to the liberal rules for discovery under the Federal Rules the patentee should be able to present all the relevant and probative evidence before the court in the initial litigation without facing surprise in the form of evidence presented by the defendant.

Although an alleged infringer may bring suit against the patentee for a declaratory judgment of invalidity, the Court carefully limited itself to consideration of the procedural setting in which the patentee had been plaintiff in the first suit. Where the initiative has been seized by the alleged infringer there are strong reasons for retaining the mutuality rule. Cf. 1B Moore ¶ 0.412(1), at 1809-12.

⁵¹ 402 U.S. at 332.

⁵² Id. at 333, quoting from *Eisel v. Columbia Packing Co.*, 181 F. Supp. 298, 301 (D. Mass. 1960). Whether the patentee has been afforded a full and fair opportunity to contest his claim depends upon the circumstances of the particular case: "In the end, decision will necessarily rest on the trial court's sense of justice and equity." 402 U.S. at 334. For a list of factors considered by the courts in determining whether to allow the plea of estoppel, see Annot., 31 A.L.R.3d 1044, 1052-59 (1970).

⁵³ 402 U.S. at 334. Although the *Triplett* rule does not ensure judicial certainty in determining the validity of a patent, it does serve the public interest to the extent that it makes it difficult to undermine the patent grant. Strengthening the patent grant fosters the incentive required to promote technological progress. On the other hand, the public interest in weeding out specious patents is served by a policy which facilitates challenges to the validity of the patent. See n.57 *infra*. *Triplett* obstructs this purpose where the prior litigation has resulted in a proper determination of invalidity, since the *Triplett* rule strengthens the unwarranted "monopoly" against attacks by strangers to the first suit. The rule withholds from the public the benefits of a conclusive determination of invalidity and, in fact, encourages judicial assault on sound adjudications of invalidity.

resources.⁵⁴ Even more significant to the Court than the economic consequences to the parties were the undesirable economic effects on a competitive economy. Adherence to *Triplett* enables the holder of a patent which has already been adjudicated invalid to exact licensing agreements and settlements from prospective defendants who prefer not to undertake the costly burden of challenging the patent.⁵⁵ The prospective defendant who is forced to accept a license is put at a disadvantage in relation to competitors who resist the patentee's pressures because these competitors can afford to litigate, or have successfully litigated, the issue of validity. As a result, such a prospective defendant may be forced to absorb the licensing costs in order to remain competitively priced, and so be even less likely to challenge the validity of the patent.⁵⁶ Consequently, the unrestricted right to relitigate the issue of invalidity actually frustrates the federal policy which facilitates challenges to patent validity.⁵⁷

On the other hand, the manufacturer who can afford to litigate the issue of validity may resist the patentee and set his price levels above those ordinarily maintainable in a competitive market but just below the levels of those financially weaker manufacturers forced into licensing agreements or settlements with the patentee.⁵⁸ Should the manufacturer paying the royalty or settlement costs pass them on to the consumer in the form of higher prices, an overall price increase of the goods covered by the invalid patent results, which increase must be borne by the ultimate consumer. Although such "tribute" is acceptable in the case of a valid patent, due to the balancing effect of the benefits received by the public from the patentee's public disclosure of his discovery, there is no justification for the increased price in the case

⁵⁴ 402 U.S. at 338. This misallocation of resources results in diversion of funds, which otherwise would be devoted to research and development, to needless litigation. Thus the constitutional purpose of the patent system, to promote the progress of the useful arts (U.S. Const. art. 1, § 8), is inhibited. Comity makes the ultimate decision predictable and assures uniformity of decision, but it does not preclude the wasteful misallocation of resources since comity may not avert extended litigation.

⁵⁵ 402 U.S. at 338-42. See Report of the President's Comm'n on the Patent System, which states:

[T]he high cost of patent litigation results in good and valid patents being defied and going unenforced, invalid patents being kept from court scrutiny, and, finally, compromises, settlements and licensing arrangements, whose only justification is an economic one, i.e., the avoidance of enormous litigation expense.

Id. at 40.

⁵⁶ 402 U.S. at 346. Although the licensee may comply with the terms of the license until he is financially able to challenge the patent, the royalties received during the term of obedience may be an unjustifiable tribute to the patentee. *Id.*

⁵⁷ For the leading exposition of this policy, see *Lear v. Adkins*, 395 U.S. 653, 658 (1969).

⁵⁸ 402 U.S. at 346. In this manner the manufacturer can increase his share in the market independently of the price levels that would otherwise prevail in a competitive market—a result hardly consistent with the policy of free competition embodied in the antitrust laws. *Id.*

of an invalid patent, since the public derives no benefit from a "disclosure" of what was already known or old in an art.

Another economic danger from adherence to *Triplett* arises from the patentee's use of the invalid patent to exclude the entry of potential competitors into the market.⁵⁹ Such use of invalid patents obstructs the public policy of free competition and, to the extent that entering firms could eventually challenge the validity of the patent, frustrates the federal policy facilitating challenges to patent validity. Thus, the economic consequences of further adherence to *Triplett* were pernicious to both the federal policy which seeks to eliminate specious patents and to the public policy favoring free competition.⁶⁰

While the Court regarded the ineffectiveness of the *Triplett* rule in serving the goals of the patent system and the deleterious economic consequences of that rule as the dominant factors favoring modification of the mutuality requirement, it also considered, as a third inquiry, the effect that abrogation of the *Triplett* rule would have upon judicial administration.⁶¹ Although it was argued that suits for patent infringement based upon patents which have once been adjudicated invalid present a de minimus burden on the courts, the Court noted that the typical patent suit is of disproportionate length and that accordingly, modification of *Triplett* would be administratively beneficial if even a few relatively lengthy patent suits could be disposed of by way of estoppel.⁶² Regardless of the arguably de minimus effects of *Triplett* upon judicial economy, the deleterious economic consequences remain and are themselves sufficient to justify the decision.

For these reasons the *Blonder* Court partially overruled *Triplett*, allowing an alleged infringer to plead collateral estoppel based on a prior adjudication of invalidity against a patentee who had been a plaintiff in the prior suit.

⁵⁹ Id. at 346-47. Part of the "cost" to the prospective entrant will take the form of license or royalty payments.

⁶⁰ Id. at 347. "Economic consequences like these, to the extent that they can be avoided, weigh in favor of modification of the *Triplett* mutuality principle." Id.

⁶¹ In non-patent litigation the advantages to judicial economy resulting from abrogation of mutuality were the primary reasons for the demise of the rule. 1B Moore ¶ 0.412(1), at 1807-09. But in the field of patent litigation the burden on the federal dockets comprised only a secondary consideration:

Regardless of the magnitude of the figures, the economic consequences of continued adherence to *Triplett* are serious and any reduction of litigation in this context is by comparison an incidental matter in considering whether to abrogate the mutuality requirement.

402 U.S. at 349.

⁶² 402 U.S. at 348. See also statistics summarizing the workload on the federal courts as a result of patent litigation during the years 1968-70. Id. at 336-38 nn.29-33. To the extent that the holder of an invalid patent will refrain from bringing suit against certain defendants in light of the final effect of an adjudication of invalidity, *Blonder* does ameliorate the administrative burden on the courts. This effect is greater than that of the disposition of a suit by summary judgment based on collateral estoppel where there has already been an adjudication of invalidity.

III. THE IMPACT OF *Blonder* ON CLASS ACTIONS UNDER FEDERAL RULE 23

The procedural consequences of the *Blonder* decision are significant in light of Rule 23 of the Federal Rules of Civil Procedure. Since the first adjudication of invalidity may now be given preclusive effect against the patentee as to all prospective infringers, while individual adjudications of *validity* bind only the parties to the suit and their privies, it may be advisable for the patentee to bring the infringement suit as a class action.

Before *Blonder*, under the *Triplett* rule, patentees had found it advantageous to bring suits for patent infringement individually rather than as class actions. If the patentee received an adjudication of invalidity in an individual suit, he could rely on *Triplett* to relitigate the issue of validity against strangers to that suit. While the defendant retained only the hope that the court might adopt the prior adjudication on grounds of comity, the patentee enjoyed the benefits of the statutory presumption of validity and the reluctance of the courts to grant summary judgment. Thus, the patentee who brought an individual suit risked only the chance that the reasoning behind an unfavorable decision in that suit might persuade a second court to adopt the earlier decision on grounds of comity. It was not improbable that the patentee could successfully relitigate the issue, particularly if the defendant lacked the financial resources to pursue the defense zealously.

On the other hand, if the patentee had brought a class action suit against all alleged infringers, his risk would have been much more severe because an adjudication of invalidity would have been res judicata with respect to the entire class of defendants.⁶³ Thus, as a practical matter, the patentee would have been foreclosed from relitigating the issue of validity.⁶⁴ The foreclosure effect of an adjudication of invalidity in a class action was extreme when compared to the effect of such a judgment in an individual suit. Of course, to the patentee's advantage, an adjudication of validity in a class action infringement suit would have been res judicata against the entire class of defendants. Nevertheless, the patentee who was financially able to litigate either by separate suits or by class action would have been influenced to choose the series of separate suits, despite the advantages of an adjudication of validity in a class action, because the adverse effects of an adjudication of invalidity in an individual suit were relatively limited.

Under *Blonder*, the first adjudication of invalidity may preclude relitigation of the issue of validity. The adjudication may bind the patentee by way of collateral estoppel even if the alleged infringer is a stranger to the first suit. Thus, an adjudication of invalidity in an

⁶³ See 3B Moore ¶ 23.60 at 23-1202.

⁶⁴ However, the patentee could have relitigated against alleged infringers who were not members of the class.

individual suit has virtually the same effect as an adjudication of invalidity in a class action. The patentee, then, risks no more by an unfavorable adjudication in the class action than he does by an unfavorable adjudication in the individual suit.

On the other hand, adjudications of validity in individual suits have no greater effect in subsequent suits than they had before *Blonder*. The effect of adjudications of validity remains limited to that received by way of comity. Regardless of the number of prior adjudications of validity, the prospective defendant cannot be denied his day in court. Therefore, the patentee must relitigate the issue of validity in each successive suit. In contrast, a judgment of validity in a class action, because of its *res judicata* effect, relieves the patentee of the burden of relitigating the issue against all class members.

There are additional disadvantages to pursuing the "string of victories" approach, independent of the preclusive effect given adjudications of invalidity due to collateral estoppel. In the event of a single adjudication of invalidity, relief from the prospective effect of a string of prior adjudications of *validity* may be granted all defendants otherwise bound by those prior adjudications. Thus prior adjudications of validity may not be given *res judicata* effect and corresponding injunctions may not be enforced.⁶⁵ Further, a writ of execution based upon the prior judgment may be denied the plaintiff-patentee.⁶⁶ These results are justified on the two primary grounds which support the *Blonder* decision. First, given the subsequent judgment of invalidity, if the patentee is permitted to restrain the defendant from using his invention, the free use of an idea belonging in the public domain is restricted. Certainly, federal policy dictates that this last vestige of immunity be stripped from the invalid patent. Secondly, to continue to subject the defendant to the prior judgment of validity

⁶⁵ Fed. R. Civ. P. 60(b) provides:

On motion and upon such terms as are just, the court may relieve a party or his legal representative from a trial judgment, order or proceeding for the following reasons: . . . (5) . . . it is no longer equitable that the judgment have prospective application; or (6) any other reason justifying relief from the operation of the judgment

It has been said that Rule 60(b)(5) applies only to judgments with prospective effect. Thus, the rule might not apply to a judgment for money damages. *Ryan v. United States Lines Co.*, 303 F.2d 430, 434 (2d Cir. 1962). However, the point is at least arguable. Practically speaking, an unsatisfied judgment for money damages is of prospective application. Thus, relief under Rule 60(b)(5) may be justified. *Bros. Inc. v. W.E. Grace Mfg. Co.*, 320 F.2d 594, 610 (5th Cir. 1963).

Relief from a prior judgment should be granted under Rule 60(b)(6) when appropriate to achieve an equitable result. *L.M. Leathers' Sons v. Goldman*, 252 F.2d 188, 190 (6th Cir. 1958). Thus, there is a fundamental conflict between the strong public policy of finality of judgments and the policy to do substantial justice. Another significant factor is the public interest in the governmentally bestowed patent monopoly. 320 F.2d at 600, 609-610. In light of the rationale underlying the *Blonder* decision, it is probable that the courts will find the equities to weigh in favor of the defendant to the prior suit. Cf. 320 F.2d at 611.

⁶⁶ Cf. 7 Moore ¶ 69.03(3) at 2412.

would permit the patentee to extract license payments from the defendant based on an invalid patent, since the defendant would be prevented by res judicata from contesting the validity of the patent in any suit brought by the patentee to enforce his judgment or recover royalty payments. This imposes an appreciable competitive disadvantage upon the licensee and, as the Court indicated in *Blonder*, is an unjustified incursion into the zone of free competition. Thus, based upon the rationale of the *Blonder* decision, an adjudication of invalidity should deprive the patentee of the anticipatory benefits of prior adjudications of validity.⁸⁷

⁸⁷ An interesting question is presented when the plaintiff-patentee and the defendant (who has lost the infringement suit) have negotiated a licensing agreement based on an adjudication of validity. If the prior adjudication of validity is followed by a determination of invalidity in a different suit, should the patentee be required to *restore all payments* made by the defendant under the prior agreement? At least one court has held that the patentee is so bound. See *Troxel Mfg. Co. v. Schwinn Bicycle Co.*, — F. Supp. —, 172 U.S.P.Q. 292 (W.D. Ky. 1971). The district court relied on the holding in *Lear v. Adkins*, 395 U.S. 653 (1969), which permitted a licensee to avoid all royalty payments from the date of issuance of the patent if he could prove invalidity. *Id.* at 671-74. *Lear* speaks of a licensee being able to avoid all royalties paid subsequent to the issuance of the patent. *Id.* at 674. However, *Lear* and *Troxel* are distinguishable on their facts. In *Lear*, the patentee negotiated a licensing agreement with the defendant which was terminated before the patent issued. In *Troxel*, the license was not terminated until after an adjudication of invalidity in a suit to which *Troxel* was not a party. — F. Supp. —, 172 U.S.P.Q. at 293.

In *Lear*, permitting the licensee to avoid all payments due after the date of issuance of the patent (if he could prove invalidity of the patent) was justified on the ground that the licensee would be free from financial restraint. Thus the licensee could ably attack the patent. This result is consistent with the federal policy of weeding out specious patents. However, in *Troxel* the licensing agreement was entered into *after* the patent had issued. It is consonant with the rationale of *Lear* to permit the licensee to avoid only those payments following termination of the agreement (upon proof of invalidity). This alleviates the financial burden upon the licensee, facilitating the challenge to patent validity according to *Lear*. However, the licensee should not be permitted to recover payments received by the patentee before termination of the agreement. Such recovery does not facilitate challenges to patent validity. On the other hand, it does introduce considerable uncertainty into industrial relations, effectively undermining the use of licensing agreements. The ultimate effect would be to *deter* rather than promote technological progress, in contravention of the Constitutional mandate of Article 1, section 8. Such an absurd result cannot be justified by blind adherence to the language, but not the spirit, of *Lear*.

Thus, it is consonant with both *Lear* and *Blonder* that the patentee should be denied all royalties due following termination of the licensing agreement, while he should be permitted to retain those royalties already received.

Whether or not the federal courts follow *Troxel*, it is clear that the effect of an adjudication of invalidity after *Blonder* may be to "reach back" to erase preceding adjudications of validity. Thus the patentee may be left with interim injunctive relief, any executed monetary judgment, and a portion of the royalty payments specified in a licensing agreement.

Under Rule 60(b)(5), relief may be afforded from the prospective effect of a prior judgment but may not affect the monetary damages awarded. Since no such limitation is imposed on Rule 60(b)(6), relief from an unexecuted judgment for monetary damages is possible. See discussion, note 65 *supra*. See also 7 Moore ¶¶ 60.26(4) at 338 n.41, and 60-527(1), 60.27(2).

The expense and delay of multiple litigation under the "string of victories" approach should be weighed against these potential consequences.

Consequently, by upsetting the balance of risks to the patentee, the decision in *Blonder* will affect the procedural context in which most suits for patent infringement are brought. It may now be to the patentee's advantage to bring a suit for patent infringement as a class action. The effect of an adverse adjudication of the issue of validity is no greater in the class action than in an individual infringement suit while the effect of a favorable adjudication is decidedly broader in the class action.

IV. THE IMPACT OF THE CLASS ACTION PROCEDURE UPON THE POLICIES UNDERLYING THE *Blonder* DECISION

Although the holding in *Blonder* has significant impact upon the role of the class action in suits for patent infringement, the class action in turn promotes the three policies which motivated the Court to modify *Triplett*: class actions lessen the danger of improvident adjudications of invalidity, further eliminate the harmful economic consequences which spring from adherence to the *Triplett* rule, and alleviate considerably the administrative burden on the federal courts.

In *Blonder*, the Court was of the opinion that the rule in *Triplett* did not effectively serve as a safeguard against improvident adjudications of invalidity and, to that extent, did not foster the purposes of the patent system.⁶⁸ In contrast, the class action may lessen the probability of improvident adjudications of invalidity because the representative defendants must be capable of vigorously litigating the issue of validity to the court's satisfaction.⁶⁹ Further, the class action may serve to simplify the complex procedural issues facing the court.⁷⁰ The court will be given a better opportunity to decide properly the issue of validity if the adversaries are more equally matched and able to present the best arguments and evidence to the court. Thus, the class action promotes the first policy underlying the *Blonder* decision, i.e., to assure against improvident adjudications of invalidity, a result not achieved by the *Triplett* rule.

The *Blonder* decision was based primarily on the adverse economic consequences of coercive agreements made possible by the *Triplett* rule.⁷¹ In a class suit, however, those parties approved by the court to represent the class will be financially able to litigate the issues to the finish. It is unlikely that the patentee will be able to force the repre-

⁶⁸ See p. 1479 supra.

⁶⁹ See p. 1492 infra.

⁷⁰ See Judicial Conference of U.S., Coordinating Comm. for Multiple Litigation, Manual for Complex and Multidistrict Litigation at 69 (1970) [hereinafter cited as Manual for Complex and Multidistrict Litigation]. The class suit may be maintained with respect to particular issues. Fed. R. Civ. P. 23(c)(4). Separate trial of the issues of patent validity, infringement, misuse and violation of the anti-trust laws may be desirable. Manual for Complex and Multidistrict Litigation 55-56. Thus, an adjudication of patent invalidity makes determination of the issue of infringement unnecessary, thereby eliminating procedural complexities inherent in litigation of the latter issue.

⁷¹ See p. 1480 supra.

sentative parties into licensing agreements or settlements on behalf of the class because the court must approve any proposed compromise.⁷² Additionally, since a defendant need not bear the entire cost of challenging the patent, an alleged infringer whose financial resources are limited can afford to enter the litigation as a nonrepresentative member of the class rather than pay tribute to the patentee. Thus, through increased use of the class action, the economic policies underlying *Blonder* will be reinforced because a patentee cannot financially pressure alleged infringers, who are class members, into settlements or licensing agreements.

Increased use of the class action may be limited by recalcitrant patentees. If a patentee has not yet received an adjudication of invalidity collateral estoppel may not be applied against him. Therefore, he may persist in bringing separate suits for infringement in order to bludgeon licensing agreements or settlements from weak defendants. Thus, the economic consequences found objectionable in *Blonder* may persist despite modification of *Triplett*.⁷³ However, in contrast to the apparent inadequacy of *Blonder* in this situation, the class action may be utilized to ensure a full and fair adjudication of the issue of validity without the specter of coercion. For this reason, if numerous suits are pending, they should be transferred, consolidated,⁷⁴ and converted into a class action on motion by a defendant or by the court sua sponte.⁷⁵ The same economic consequences which influenced the Court to abrogate the requirement of mutuality in *Blonder* justify conversion of the suit sua sponte into a class action. Thus the financially weak defendant can be immunized from financial pressure by the patentee despite the fact that the ruling in *Blonder* does not apply.

Finally, *Blonder* indicated that judicial economy resulting from abrogation of the requirement of mutuality was a secondary, although not an insignificant, factor justifying modification of *Triplett*.⁷⁶ However, in the light of the predicted effect of *Blonder* on the utilization of class actions, the ultimate effect upon judicial administration may be more pronounced than the Court acknowledged. The *Blonder* Court recognized the benefits of disposing of even a small number of relatively

⁷² See p. 1501 *infra*.

⁷³ After *Blonder*, the patentee will scrutinize the forums and defendants that are available more carefully, preferring a forum which has a statistical history of dealing favorably with patentees with regard to the issue of validity. The patentee will seek a defendant who is financially unable to pursue the defense zealously. In this manner, the patentee may hope to avoid an initial adjudication of invalidity.

⁷⁴ Transfer and consolidation of pending related suits in multiple and multi-district litigation, under 28 U.S.C. §§ 1404, 1408, is discussed in detail in Manual for Complex and Multidistrict Litigation at 62-71.

⁷⁵ *Id.* at 14. "A civil action may be brought as or converted into a class action by the parties under amended Rule 23, Fed. R. Civ. P., or the court may sua sponte initiate the conversion of an action into a class action." *Id.* See 3B Moore ¶ 23.02-2 at 23-157. Contra, Note, Revised Federal Rule 23, Class Actions: Surviving Difficulties and New Problems Require Further Amendment, 52 Minn. L. Rev. 509, 527-30 (1967).

⁷⁶ See p. 1482 *supra*.

lengthy suits for infringement upon summary judgment when there had been an initial adjudication of invalidity. However, as mentioned previously, if there has been no initial adjudication of invalidity there can be no estoppel, and summary judgment upon motion by the defendant will be unlikely. Collateral estoppel, according to *Blonder*, cannot be invoked against a patentee who is able to amass a string of adjudications of validity against a series of weak defendants without receiving a single adjudication of invalidity. But such an approach is likely to be expensive. In addition, a court may vitiate the effect of prior judgments of validity once an adjudication of invalidity occurs. Further, even if a series of separate suits is brought, the court may move to convert them into a class action.⁷⁷ Therefore, it is not unlikely that the patentee will prefer to avoid the time and trouble of multiple litigation and bring the *first* suit as a class action.⁷⁸ Through increased use of the class action, a multiplicity of suits may be avoided and the complexity of issues inherent in suits for patent infringement may be simplified. The favorable impact upon judicial administration will be appreciably greater than the Court imagined because *Blonder* makes it likely that the *first* patent infringement suit will be brought as, or converted to, a class action.

Thus, the three policies supporting the Court's decision in *Blonder* are reinforced by increased use of Rule 23 in suits for patent infringement.

V. USE OF THE CLASS ACTION IN SUITS FOR PATENT INFRINGEMENT

In light of the foregoing material, the rudiments of the class action should be analyzed in order to determine the general applicability of the class action to suits for patent infringement and the impact of *Blonder* on the practical aspects of maintaining a suit as a class action.

The class action was originally an equitable tool and has been historically used by the federal courts to provide "a procedural device so that mere numbers would not disable large groups of individuals, united in interest, from enforcing their equitable rights nor grant them immunity from their equitable wrongs."⁷⁹ Rule 23 of the Federal Rules of Civil Procedure enumerates the factors to be considered by a court in determining whether to maintain a suit as a class action.⁸⁰

⁷⁷ See p. 1487 *supra*.

⁷⁸ In particular, the patentee who *lacks* sufficient resources to litigate a multiplicity of infringement suits against financially powerful opponents in different parts of the country need not spread his resources, jeopardizing his ability to present a vigorous defense of his patent. The patentee can litigate by class action, avoiding a multiplicity of complex and expensive suits and ensuring that a valid patent will not be improprietly adjudicated invalid due to a dearth of information resulting from an inability to prosecute his claim.

⁷⁹ *Montgomery Ward & Co. v. Langer*, 168 F.2d 182, 187 (8th Cir. 1948). See 3B Moore § 23.02(1); 2 W. Barron & A. Holtzoff, *Federal Practice and Procedure* § 561 (Wright ed. 1961); Z. Chafee, *Some Problems of Equity* 192-242 (1950).

⁸⁰ These factors, of course, are subject to the basic purpose of all the rules, which

CLASS ACTIONS IN SUITS FOR PATENT INFRINGEMENT

Recently, the class action was utilized in three suits for patent infringement. In *Technograph Printed Circuits, Ltd. v. Methode Electronics*,⁸¹ the patentee filed over seventy suits for patent infringement in eighteen judicial districts and the Court of Claims. Each defendant was alleged to have infringed one or more of three patents held by the plaintiff. The defendants asserted the usual defenses to an infringement suit: fraud on the Patent Office, invalidity, noninfringement, and misuse of the patents.⁸² Thirty-five actions were dismissed without prejudice and could have been reinstated by motion with leave of court. Twenty-eight cases remained pending in six judicial districts and the Court of Claims. In addition, plaintiff notified over two hundred parties that they had been and were infringing one or more of the three patents and were liable to the plaintiff for the alleged infringement. Plaintiff had commenced four suits for patent infringement in the Northern District of Illinois, but before that court had reached a decision on the merits, the District Court for the District of Maryland ruled that certain claims of the three patents were invalid.⁸³ The finding of invalidity was affirmed by the Fourth Circuit⁸⁴ and the District Court for the Northern District of Illinois granted summary judgment against the plaintiff on the basis of the Maryland district court's decision. The Seventh Circuit reversed and remanded on the ground that there was a genuine issue of material fact concerning validity and held that the Maryland district court's decision could be adopted by comity only after hearing testimony at a trial of the case on the merits.⁸⁵ On remand, after the district court had examined the possibility of proceeding under Rule 23, plaintiff filed a motion for leave to amend the complaints in order to maintain the suits as a class action.⁸⁶ The cases were found to be maintainable as a class action with respect to the issues of validity, misuse, and fraud on the Patent Office.⁸⁷

In *Research Corp. v. Pfister Associated Growers, Inc.*,⁸⁸ plaintiff

is "to secure the just, speedy, and inexpensive determination of every action." Fed. R. Civ. P. 1. This goal is particularly relevant to patent litigation in which a multiplicity of actions, lengthy delays, and great expense are not uncommon. See Manual for Complex and Multidistrict Litigation 3-4.

⁸¹ 285 F. Supp. 714 (N.D. Ill. 1968).

⁸² For a discussion of patent misuse as a defense see Nicoson, *Misuse of the Misuse Doctrine in Infringement Suits*, 9 U.C.L.A. L. Rev. 76 (1962). See also Kennedy, *Patent and Antitrust Policy, The Search For a Unitary Theory*, 35 Geo. Wash. L. Rev. 512 (1967).

⁸³ *Technograph Printed Circuits, Ltd. v. Bendix Aviation Corp.*, 218 F. Supp. 1, 58 (D. Md. 1963).

⁸⁴ 327 F.2d 497 (4th Cir.), cert. den., 379 U.S. 826 (1964), aff'g per curiam 218 F. Supp. 1 (D. Md. 1963).

⁸⁵ *Technograph Printed Circuits, Ltd. v. Methode Elec., Inc.*, 356 F.2d 442, 447 (7th Cir. 1966). Since the case was decided prior to *Blonder* the Maryland District Court's ruling could not be given conclusive effect.

⁸⁶ 285 F. Supp. at 718.

⁸⁷ Id. at 725-27.

⁸⁸ 301 F. Supp. 497 (N.D. Ill. 1969), appeal dismissed sub nom. *Research Corp. v. Asgrow Seed Co.*, 425 F.2d 1059 (7th Cir. 1970).

initially brought suit against Pfister for patent infringement and subsequently joined several other defendants. A trial was held on the issue of patent validity and the issue was taken under advisement. Plaintiff then filed a class action against defendants not named in the original suit. The order taking the earlier case under advisement was vacated and the cases were consolidated for all purposes. Defendants moved to dismiss the class action allegations in the complaint. The motion was denied and the suit was found to be maintainable as a class action.⁸⁹ The court, considering in detail the applicability of the class action procedure to suits for patent infringement, was highly receptive to the procedure and relied heavily on the *Technograph* opinion. It will be noted that both the *Technograph* and *Research* opinions were the products of careful scrutiny of the purposes of the class action procedure in relation to suits for patent infringement.

In *Technitrol, Inc. v. Control Data Corp.*,⁹⁰ plaintiff brought five actions for patent infringement and moved for leave to amend the complaints in order to establish a class action. The motion was denied.⁹¹ Unlike *Technograph* and *Research*, the *Technitrol* opinion scarcely considered the policies underlying Rule 23 and failed to perceive the compatibility of the patent infringement suit and the class action procedure.

Rule 23(a) specifies four necessary conditions for maintaining a suit as a class action: (1) the class must be so *numerous* that joinder of all members is impracticable; (2) there must be questions of law or fact *common* to the class; (3) the claims or defenses of the representative parties must be *typical* of those of the other members of the class; and (4) the representative parties must *fairly and adequately* protect the interests of the class.⁹²

The term "impracticable" in the first prerequisite refers to the difficulty of joining all class members and does not mean "impossible,"⁹³ although the size of the class in a suit for patent infringement may indeed make joinder "impossible"⁹⁴ due to venue limitations.⁹⁵ There is no absolute numerical test by which joinder can be found impracticable. Instead, the size of the group required to justify the class action is relative, depending upon the particular situation.⁹⁶ In *Research* and *Technograph* the suits were held to be maintainable as class actions since

⁸⁹ 301 F. Supp. at 504.

⁹⁰ 164 U.S.P.Q. 552 (D. Md. 1970) (oral opinion).

⁹¹ *Id.* at 554.

⁹² Requirements (2) through (4) are clearly interrelated.

⁹³ 3B Moore ¶ 23.05, at 23-280.

⁹⁴ See Fed. R. Civ. P. 19.

⁹⁵ The special venue statute for suits for patent infringement is 28 U.S.C. § 1400(b) (1970).

⁹⁶ 3B Moore ¶ 23.05, at 23-277 to 23-278; 2 Barron & Holtzoff § 562.4 and § 562.4 (Cum. Supp. 1971). In *Phillips v. Sherman*, 197 F. Supp. 866 (N.D.N.Y. 1961), a group of 29 plaintiffs was held insufficient to warrant a class action. *Id.* at 869. Compare *Cypress v. Newport News Gen. & Nonsect. Hosp. Ass'n.*, 375 F. 2d 648 (4th Cir. 1967), where 18 members were allowed to bring a class action. *Id.* at 653.

the sheer number of alleged infringers was so great as to thrust a formidable burden upon the court beyond the associated limitations of venue.⁹⁷ In *Technitrol* the plaintiff had sued five alleged infringers and had identified more than fifty others against whom suit had not yet been brought. The court, however, questioned whether plaintiff's allegation that there were fifty or more infringers should be allowed to satisfy the first requirement of Rule 23(a), and confined its attention to those parties before it.⁹⁸ However, the court took no position as to whether the class was so numerous as to make joinder impracticable.

The second prerequisite of Rule 23(a) requires that questions of law or fact be common to the class. In suits for patent infringement it is likely that each class member will assert the defense of invalidity. In *Research* and *Technograph* the courts found the issue of validity to be common to the class but considered the issue of infringement to be distinct and suitable for separate adjudication.⁹⁹ The court in *Technitrol* agreed with the *Research* and *Technograph* decisions on this point.¹⁰⁰

The third prerequisite of Rule 23(a) requires that the claims or defenses of the representative parties must be "typical" of those of the class.¹⁰¹ The defense of invalidity asserted by the representative parties was found to pervade the class in *Research* and *Technograph*, and thereby to be "typical" of the class defenses.¹⁰² In contrast, *Technitrol* stated that the defenses of the class members might be divergent due to either differences in emphasis, differences in claim coverage, or differences arising from individual defendants' efforts to invalidate only those claims which they were alleged to have infringed.¹⁰³ Consequently, the defenses of the representative parties could not be "typical" of those of the class. But if the issue of validity is common to the class, as *Technitrol* admits, it is difficult to perceive why the defense of invalidity,

⁹⁷ The *Research* class was "at least as large as 400." 301 F. Supp. at 499. In *Technograph*, it appeared likely that the number of alleged infringers, some of whom were unknown, would exceed 240. 285 F. Supp. at 720.

⁹⁸ 164 U.S.P.Q. at 553.

⁹⁹ The infringement issue in *Research* did not prevent determination of the issue of validity in the class action since such determination could dispose of most of the patent issues. Moreover, most of the named defendants had "almost admitted infringement" and the industry had been using the patented process in varying degrees since the issue of the patent, making litigation of the issue of infringement unlikely. 301 F. Supp. at 499. In *Technograph*, the issue of infringement was ordered to be the subject of a separate trial pursuant to Rule 42, and trial was deferred until determination of the class action on the merits. 285 F. Supp. at 720.

¹⁰⁰ 164 U.S.P.Q. at 553.

¹⁰¹ See 3B Moore ¶ 23.06-2; 2 Barron & Holtzoff § 562 at 64 n.3 (Cum. Supp. 1971).

¹⁰² Although in *Research*, the defense of noninfringement was considered peculiar to each member of the class, it was not found to affect the "typical" nature of the defenses of the representative parties. 301 F. Supp. at 499. In *Technograph*, the defenses which had been actually raised by the representative parties were found to be typical of the defenses "reasonably expected to be raised" by the class members. 285 F. Supp. at 721.

¹⁰³ 164 U.S.P.Q. at 553.

when asserted by the representative parties, is not "typical" of the defense asserted by the representative class members.¹⁰⁴

The fourth requirement under Rule 23(a)—that of adequate representation¹⁰⁵—must be carefully scrutinized where the suit has been brought against a defendant class, in order to preclude the selection of representatives whose defenses are likely to be ineffectual. The number of representatives is not a determinative factor since a single representative of financial ability might represent the class more effectively than a great number of financially weak representatives.¹⁰⁶ Sheer quantity of representatives may not ensure the requisite quality of representation.¹⁰⁷ Although the individual named to represent the class must be a member of the class¹⁰⁸ and his interests should not conflict with those of the class, there need not be agreement as to each detail of the litigation.¹⁰⁹ In *Research* the court stated that the "desire" of the named representatives not to represent the class should be given no more than "token weight" in light of evidence supporting their "ability and intention" to litigate the issues common to the class.¹¹⁰ The *Technograph* decision emphasized the interests of the named representatives in the outcome of the controversy, the ability of counsel, and the "means, skill and integrity necessary to protect fairly and adequately the interests of the class . . ."¹¹¹ The court in *Technitrol* concluded that there might be inconsistencies in representation since fundamentally the duty of the representative counsel is to win the case for his own client.¹¹² This obligation might require concession of one line of defense in order to strengthen another, which, although beneficial to the client of the representative counsel, might be detrimental to the nonrepresentative members of the class. However, it is submitted that the court should direct its attention to the probability, the scope and the degree of such inconsistencies rather than the mere possibility of conflict. In assessing these factors, the court should consider the interest of the representative in the outcome of the litigation and the ability and integrity of the representative to litigate the issues.

¹⁰⁴ The requirement of typical defenses may be equated to the requirement of common questions. Thus, a finding that Rule 23(a)(2) is satisfied may support a similar finding with respect to Rule 23(a)(3). 3B Moore ¶ 23.06-2, at 23-325 to 23-326.

¹⁰⁵ See 3B Moore ¶ 23.07(1); 2 Barron & Holtzoff § 567, at 111 n.4.2 (Cum. Supp. 1971).

¹⁰⁶ 3B Moore ¶ 23.07(4); 2 Barron & Holtzoff § 567 at 102 (Cum. Supp. 1971).

¹⁰⁷ It has been said that, "[T]he primary criterion is the forthrightness and vigor with which the representative party can be expected to assert and defend the interests of the members of the class, so as to insure them due process." *Mersay v. First Republic Corp.*, 43 F.R.D. 465, 470 (S.D.N.Y. 1968).

¹⁰⁸ 3B Moore ¶ 23.04 at 23-254; 2 Barron & Holtzoff § 567, at 107 n.99.1 (Cum. Supp. 1971).

¹⁰⁹ 3B Moore ¶ 23.07(3); 2 Barron & Holtzoff § 567, at 109 n.1. (Cum. Supp. 1971).

¹¹⁰ 301 F. Supp. at 499.

¹¹¹ 285 F. Supp. at 721. Furthermore, "[t]he cost of the legal representation and of expenses seems to be a proper consideration in determining the identity of the representative parties for the class. . . ." Manual for Complex and Multidistrict Litigation at 20.

¹¹² 164 U.S.P.Q. at 553.

The court's argument in *Technitrol* may be employed to render Rule 23 useless since this argument pertains to *any* defendant-class action. Obviously, some discord can be tolerated without sacrificing adequate protection of the class' interests.

If any of the first three requirements of Rule 23 is not met, the court must find the suit not maintainable as a class action, although the suit may be continued individually if federal jurisdictional requirements are satisfied.¹¹³ On the other hand, meeting the requirements of the four prerequisites is not alone sufficient to maintain the suit as a class action. In addition, at least one of the three sections of Rule 23(b) must be satisfied.¹¹⁴ The three categories outlined in Rule 23(b) are not mutually exclusive and overlap is not uncommon.¹¹⁵

Rule 23(b)(1) permits the class action in situations where otherwise there may be adverse effects on opponents to the class or non-representative members of the class.¹¹⁶ Specifically, Rule 23(b)(1)(A) concerns separate actions against class members which would create a risk of inconsistent or varying adjudications resulting in incompatible standards of conduct for the class opponent. In *Research*, the court concluded that separate actions would present the risk that an adjudication of validity in one case could be matched by one of invalidity in another case, thus establishing incompatible standards of conduct for the patentee who could enforce the patent against some infringers but not others.¹¹⁷ The *Technograph* court stated that this argument applied to adjudications on the common questions of fraud on the Patent Office and misuse of the patent as well as validity.¹¹⁸ In contrast, the *Technitrol* court stated that although the patent might be adjudicated invalid in one jurisdiction and valid in another, the effect would not be to impose inconsistent duties upon the patent holder.¹¹⁹ The effect would be merely to produce different results based on a single standard—recovery where the law permits and no recovery where it does not.¹²⁰ This argument may be applicable when federal courts apply potentially divergent state law, but when federal courts apply a single federal statute to ostensibly the same facts the outcome should be predictable and the decisions uniform.¹²¹

¹¹³ 2 Barron & Holtzoff § 562, at 64-65 (Cum. Supp. 1971). If, however, the prerequisite of adequate representation of the class is not met the court may provide an opportunity to bring in additional members of the class in order to satisfy this requirement. *Id.* at 65.

¹¹⁴ 3B Moore ¶ 23.31(1), at 23-525; 2 Barron & Holtzoff § 562, at 65 (Cum. Supp. 1971).

¹¹⁵ 3B Moore ¶ 23.31(2). In *Technograph* the suit was found to satisfy all three provisions of Rule 23(b). 285 F. Supp. at 721.

¹¹⁶ 3B Moore ¶ 23.35(1); 2 Barron & Holtzoff § 562 at 66 (Cum. Supp. 1971). Fed. R. Civ. P. 23(b)(1)(A) deals with the adverse effect upon the party opposing the class while Fed. R. Civ. P. 23(b)(1)(B) relates to the adverse effect upon class members.

¹¹⁷ 301 F. Supp. at 499.

¹¹⁸ 285 F. Supp. at 722.

¹¹⁹ 164 U.S.P.Q. at 553.

¹²⁰ *Id.*

¹²¹ E.g., Report of the President's Comm'n on the Patent System at 38-39 (1966).

The risk of inconsistent adjudications described in Rule 23(b)(1)(A) is diminished by *Blonder* to the extent that a finding of invalidity may now be given conclusive effect in subsequent litigation. That is, the decision in *Blonder* ensures uniformity of decision where there has been an initial adjudication of invalidity. However, the risk that a finding of validity may be followed by a conflicting adjudication of invalidity is unaffected by the decision in *Blonder*, since the Court carefully restricted its holding to prior adjudications of *invalidity*. To that extent, the risk of inconsistent adjudications of the issue of validity persists and the holding in *Blonder* should not adversely affect the maintainability of a class action under Rule 23(b)(1)(A).

The corollary to clause (b)(1)(A) is (b)(1)(B), which permits the class action if individual adjudications would, as a practical matter, be dispositive of the interests of other members of the class not party to those adjudications, or substantially impair or impede these members' ability to protect their interests. The individual adjudication referred to need not be legally binding on the absentee members.¹²²

The *Research* and *Technograph* courts concluded that, due to the inherent complexity of the subject matter in most patent cases, individual adjudications of the issues of patent validity, fraud on the Patent Office, and misuse of the patent would receive "great weight" by comity.¹²³ In light of the great expense of defending a patent suit, the ability of the members of the class, not party to the individual suit, to protect their interests may be substantially impaired or impeded.¹²⁴ This is especially true when the class member is a small manufacturer, financially unable to defend an infringement suit. In addition, settlements in one district may be contingent upon decision in another district, so that a decision may be clearly dispositive of the interests of class members in other judicial districts.

Nevertheless, the court in *Technitrol* held that a decision of validity in one district does not prevent an alleged infringer from defending in another district, or even the same district under certain circumstances, because each member of the class retains the unimpaired right to challenge the validity of the patent when sued separately.¹²⁵ The *Technitrol* court appears to have misconstrued Rule 23(b)(1)(B), for it is the *ability* of the class members to protect their interests and not their *right* to do so which is the matter for consideration under the rule.¹²⁶ Although a defendant retains the unimpaired right to defend in another district, his ability to do so successfully may be substantially impeded by way of comity when there has been a prior adjudication of validity. Moreover, since a finding of invalidity is now given *conclusive*

¹²² 2 Barron & Holtzoff § 562, at 67 (Cum. Supp. 1971).

¹²³ 301 F. Supp. at 500; 285 F. Supp. at 723.

¹²⁴ 285 F. Supp. at 723.

¹²⁵ 164 U.S.P.Q. at 553.

¹²⁶ See, Proposed Amendments to Rules of Civil Procedure for the U.S. District Courts, 39 F.R.D. 73, 100-01 (1966) (Advisory Comm. Notes).

effect in subsequent suits brought by the patentee, a separate adjudication may clearly be dispositive of the interests of the class members.

A class suit may also be maintained under the provisions of Rule 23(b)(2). Rule 23(b)(2) permits the class action when the opponent of the class has acted or refused to act on grounds generally applicable to the class, making final injunctive relief or "corresponding" declaratory relief appropriate with respect to the class.¹²⁷ Declaratory relief "corresponds" to injunctive relief when, as a practical matter, it affords injunctive relief or serves as a basis for subsequent injunctive relief.¹²⁸ The chief limitation on the applicability of the subsection is that it does not extend to cases in which the appropriate relief is exclusively or predominantly monetary.¹²⁹

The *Research* and *Technograph* decisions indicate that by obtaining patents, by notifying alleged infringers of the patents, by threatening other alleged infringers with suits for infringement unless licenses are taken, and by bringing actions for infringement against others, a plaintiff-patentee acts on grounds generally applicable to the class.¹³⁰ Moreover, where plaintiff prays for injunctive relief and each defendant counterclaims for declaratory and injunctive relief,¹³¹ final injunctive and declaratory relief is appropriate.¹³² Even in the absence of counterclaims, final injunctive relief would be proper *regardless of the validity of the patent* for two reasons. First, plaintiff requests injunctive relief should the patent be adjudicated valid. Secondly, defendant would certainly request injunctive relief should the patent be adjudicated invalid.¹³³ Neither in *Research* nor *Technograph* did the request for damages prevent the court from maintaining the suit as a class action under Federal Rule 23(b)(2).¹³⁴ However, in *Technitrol* the court indicated that the (b)(2) action would be inappropriate where any

¹²⁷ Id. at 102. The Advisory Committee's Note gives several examples of the Rule 23(b)(2) action in the civil rights field but adds that the subsection "is not limited to civil-rights cases." Id. See 3B Moore ¶ 23.40, at 23-653; 2 Barron & Holtzoff § 562, at 69 (Cum. Supp. 1971).

¹²⁸ 3B Moore ¶ 23.40, at 23-654.

¹²⁹ 3B Moore ¶ 23.40, at 23-654; 2 Barron & Holtzoff § 562, at 69-70 (Cum. Supp. 1971). In patent suits injunctive relief is not an inconsequential element, but rather, is expressly guaranteed to the patentee. 35 U.S.C. §§ 154, 283 (1970). See Note, Injunctive Relief in Patent Infringement Suits, 112 U. Pa. L. Rev. 1025 (1964).

¹³⁰ 301 F. Supp. at 500; 285 F. Supp. at 723.

¹³¹ A defendant in a patent infringement suit is entitled to file a counter-claim for declaratory judgment on the issue of validity, since otherwise the federal district court could dispose of the infringement suit on the grounds of noninfringement without reaching the issue of validity. *Brunswick Corp. v. Outboard Marine Corp.*, 297 F. Supp. 373, 374 (E.D. Wisc. 1969). The interest of the public in the validity of a patent requires that, wherever possible and practical, the court determine the validity of all claims. Id.

¹³² 301 F. Supp. at 500; 285 F. Supp. at 723.

¹³³ 301 F. Supp. at 500. The res judicata effect of a prior judgment may be enforced by injunction when the applicant can show the "[v]exatious, damaging, or harassing potentialities of the proceeding to be enjoined. . . ." 1B Moore ¶ 0.408(2), at 957.

¹³⁴ 301 F. Supp. at 500; 285 F. Supp. at 723.

monetary relief is sought.¹⁸⁵ According to *Technitrol*, the (b)(2) action is strictly limited to injunctive or declaratory relief. Rule 23(b)(2) was not intended to apply where the appropriate final relief is exclusively or predominately monetary. However, where the *primary* relief is injunctive, the (b)(2) action should be maintained despite the fact that monetary relief is also sought.¹⁸⁶

The third method of maintaining a suit as a class action is described in Rule 23(b)(3). The objectives of the (b)(3) action are to achieve "economies of judicial time, effort, and expense, and promote uniformity of decision as to persons similarly situated, without sacrificing procedural fairness or bringing about other undesirable results."¹⁸⁷ Rule 23(b)(3) permits maintenance of a class action where the *only* justification is the presence of common questions of law or fact.¹⁸⁸ However, the common questions must predominate over questions affecting only individual members of the class and the class action must be superior to other methods for the fair and efficient adjudication of the controversy.¹⁸⁹ This subsection enumerates four factors¹⁴⁰ which the court should consider in deciding whether the suit is maintainable as a (b)(3) action. However, these factors are not intended to comprise an exhaustive list, and any other factors bearing on the predominance of the common questions or the superiority of the class action procedure should also be considered.¹⁴¹

In *Technograph*, after careful examination of these factors, the court found that the question of patent validity predominated over those questions which only affected individual members of the class. Since the benefits to the class and the salutary effect on judicial administration derived from the class action procedure far outweighed any difficulties which might confront the court in managing the class suit, the suit was found to be maintainable under subsection (b)(3).¹⁴² In contrast, *Technitrol* flatly stated that the question of validity, although common to the class, did not predominate and that the class action was not superior to other methods for adjudicating the con-

¹⁸⁵ 164 U.S.P.Q. at 553.

¹⁸⁶ E.g., *Rodriguez v. Swank*, 318 F. Supp. 289, 295 (N.D. Ill. 1970).

¹⁸⁷ Proposed Amendments to Rules of Civil Procedure for the U.S. District Courts, 39 F.R.D. 73, 102-03 (1966) (Advisory Comm. Note). This statement should apply to class actions in general under Rule 23, and accurately describes the third policy that motivated the *Blonder* Court to modify the *Triplett* rule.

¹⁸⁸ 2 Barron & Holtzoff § 562, at 70 (Cum. Supp. 1971).

¹⁸⁹ 3B Moore ¶ 23.45(1), at 23-702 to 23-703; 2 Barron & Holtzoff § 562, at 71-72 (Cum. Supp. 1971).

¹⁴⁰ These factors are: "(A) the interest of members of the class in individually controlling the prosecution of separate action; (B) the extent and nature of any litigation concerning the controversy already commenced by or against members of the class; (C) the desirability or undesirability of concentrating the litigation of the claims in the particular forum; (D) the difficulties likely to be encountered in the management of a class action." Fed. R. Civ. P. 23(b)(3).

¹⁴¹ Proposed Amendments to Rules of Civil Procedure for the U.S. District Courts, 39 F.R.D. 73, 103-04 (1966).

¹⁴² 285 F. Supp. at 724-25. Compare *Research*, 301 F. Supp. at 502.

troversy.¹⁴³ Given an adjudication of validity in a class action, the issue of infringement would remain for individual judicial determination. Since the issue of infringement may involve consideration of the same factors involved in the issue of validity, the court concluded that no significant benefit to judicial administration would be derived from maintaining the suit as a class action.¹⁴⁴ However, if the class suit results in an adjudication of invalidity there will be no necessity for deciding the issue of infringement. Furthermore, in the event of an adjudication of validity, infringement may be conceded by the defendants.¹⁴⁵ Finally, the court ignored the prescription that inquiry be made of the factors enumerated in Rule 23(b)(3) before deciding whether to maintain a suit under clause (b)(3).

Although an action may be maintainable under any of the three subsections of Rule 23(b), the court should not maintain the suit as a (b)(1) or (b)(2) action with respect to members of the class who are parties to pending litigation involving questions common to the class. Such class members possess special interests requiring that they be permitted the option to proceed with their individual suits. The class may be divided into (b)(1), (b)(2) and (b)(3) subclasses in order to accommodate these class members.¹⁴⁶ The (b)(3) procedure affords a mechanism by which such class members may exclude themselves from the subclass without subverting the (b)(1) or (b)(2) subclasses.¹⁴⁷ Accordingly, the court in *Technograph* divided the primary class into six subclasses. The first three subclasses were formed independently and jointly as (b)(1) and (b)(2) classes and consisted of defendants who were not parties to pending litigation involving issues common to the class. The last three subclasses were formed as (b)(3) classes and corresponded to the same issues as the first three, but consisted of class members who were parties to pending litigation which involved the common issues.¹⁴⁸ Division into sets of three subclasses permitted the (b)(3) members to exclude themselves without undermining the (b)(1) or (b)(2) subclasses.

The *Technitrol* court frowned upon a (b)(3) class member having an absolute right to be excluded from the class upon request.¹⁴⁹ Unchecked exercise of the right of exclusion might undermine the utility of the (b)(3) procedure in suits for patent infringement. The non-representative class member may prefer to exclude himself from the

¹⁴³ 164 U.S.P.Q. at 553.

¹⁴⁴ *Id.* at 553-54. But see note 70 *supra*.

¹⁴⁵ See note 99 *supra*.

¹⁴⁶ Should such subdivision occur, each subclass would be treated as a class for purposes of the rule. Fed. R. Civ. P. 23(c)(4).

¹⁴⁷ 3B Moore ¶ 23.31(1). The right of the (b)(3) class member to exclude himself upon request stems from Rule 23(c)(2). See pp. 1498-99 *infra*.

¹⁴⁸ 285 F. Supp. at 725-27.

¹⁴⁹ 164 U.S.P.Q. at 553. In contrast, a (b)(1) or (b)(2) class member may only be excluded at the discretion of the court. Compare 3B Moore ¶ 23.45(1) at 23-705 with 3B Moore ¶ 23.60 at 23-1202.

class in order to avoid the binding effect of an adjudication of validity. In the event of an adjudication of validity the patentee must still bear the burden of bringing separate suit against the alleged infringer, a factor which could provide the defendant with a favorable opportunity for settlement. Thus, due to the diminished size of the class, the (b)(3) procedure may no longer be superior to other methods of adjudication.¹⁵⁰ For this reason, the *Technitrol* court concluded that little or nothing could be gained by utilization of the (b)(3) procedure.¹⁵¹ However, if the courts rely on the preceding argument to justify denial of the (b)(3) procedure, Rule 23(b)(3) becomes hollow in light of Rule 23(c)(2), which confers the right of exclusion on the (b)(3) class member. Although the (b)(3) class member retains the right to exclude himself from the class, he may choose not to exercise that right. Furthermore, a court is not compelled to adhere to an initial determination of maintainability of a class suit under subsection (b)(3). The court reserves the power to amend such order when and if necessary.¹⁵² Therefore, assuming the action maintainable only under subsection (b)(3), the court should provisionally maintain the action under that subsection. If wholesale exclusions are sought so as to render the (b)(3) action undesirable, the class action may then be terminated and split into separate suits. Thus the continuing vitality of the (b)(3) procedure may be ensured while the courts may determine its applicability on an ad hoc basis.

In general, where the court determines that a suit may be maintained as any one of the three actions under subsection (b), it should maintain the suit as a (b)(1) or (b)(2) action. Thus, exclusion of (b)(3) class members would not subvert the (b)(1) or (b)(2) procedures.¹⁵³ This was the course followed by the court in *Research*. The court declined to discuss the possibility of maintaining the suit under subsection (b)(3) after deciding that it could be maintained under subsections (b)(1) or (b)(2).¹⁵⁴ However, as mentioned previously, where it is equitable to exclude certain members of the class the court should divide the primary class into subclasses corresponding to subsections (b)(1) or (b)(2) and (b)(3). The (b)(3) subclass should contain those class members for whom exclusion is justified. The result is equitable to both subclasses because the (b)(3) member can be excluded from his subclass without affecting the (b)(1) or (b)(2) subclasses.

Assuming, however, that the suit *must* be maintained under subsection (b)(3), unchecked exclusion may subvert the (b)(3) procedure, hence the class action itself. A class member may choose to exclude himself from the class in order to avoid the binding effect of an adverse adjudication. The excluded class member may then employ

¹⁵⁰ 3B Moore ¶ 23.45(1) at 23-705 n.24.

¹⁵¹ 164 U.S.P.Q. at 553.

¹⁵² Fed. R. Civ. P. 23(c)(1). See 3B Moore ¶ 23.50 at 23-1103 to 23-1104.

¹⁵³ 3B Moore ¶ 23.31(3); 2 Barron & Holtzoff § 562 at 76 (Cum. Supp. 1971).

¹⁵⁴ 301 F. Supp. at 500.

dilatory tactics in pending litigation and, upon an adjudication of invalidity in the class action, plead collateral estoppel. Prior to *Blonder*, the excluded defendant could rely on the weight afforded the prior determination by comity. Now the defendant finds it more attractive to exclude himself from the class because he can rely on the preclusive effect of the prior adjudication by virtue of collateral estoppel rather than merely its persuasive effect by comity.

It is unfair to permit the defendant the privilege of "fence sitting" whereby he may avoid the cost of the initial determination of invalidity yet reap its benefits. In seeking to prevent such inequitable conduct, the courts are faced with a two-fold problem. First, if exclusion is permitted in the class action, the action may no longer be maintainable under subsection (b)(3). Secondly, if the action results in an adjudication of invalidity, a subsequent court must deal with the anticipated plea of estoppel.

Although in these circumstances it may be preferable to condition exclusion upon a showing of good cause, the right to be excluded from the (b)(3) action is clearly absolute.¹⁵⁵ Permitting the plea of collateral estoppel, subsequent to exclusion, could encourage exclusion and the subversion of the (b)(3) procedure. Therefore, the procedural policies supporting the class action should override the inflexible application of collateral estoppel.¹⁵⁶ The inconvenience to the excluded defendant of relitigating the issue of validity is far outweighed by the benefits to be derived from a workable (b)(3) procedure.¹⁵⁷

A solution which may ensure the continuing vitality of the (b)(3) procedure is to condition the plea of estoppel upon a showing that the right to exclusion had been exercised for good cause. Where the exclusion was requested merely to avoid the consequences of an adverse adjudication, the plea of estoppel would be foreclosed. Further, this restrictive application of collateral estoppel may be justified because a workable class action procedure has been shown to reinforce those policies of the patent system and antitrust laws which support the *Blonder* decision.¹⁵⁸

Another problem faced by the *Technograph* and *Research* courts,

¹⁵⁵ It would take a major contrivance to circumvent the language of the rule. Proposed Amendments to Rules of Civil Procedure for the United States District Courts, 39 F.R.D. 73, 104-05 (1966) (Advisory Comm. Note).

[T]he interests of the individuals in pursuing their own litigations may be so strong here as to warrant denial of a class action altogether. Even when a class action is maintained under subdivision (b)(3), this individual interest is respected. Thus, the court is required to direct notice to the members of the class of the right of each member to be excluded from the class upon his request.

Id.

¹⁵⁶ Where the application of collateral estoppel would violate an overriding public policy or cause manifest injustice to a party it should not be applied. 1B Moore ¶ 0.405(11), at 783.

¹⁵⁷ See p. 1496 supra.

¹⁵⁸ See pp. 1486-88 supra.

but glossed over by the court in *Technitrol*, was the suitability of the class suit for patent infringement in light of limitations of venue.¹⁵⁹

Federal Rule 82 states that the rules must not be construed to "extend or limit" the jurisdiction of the federal courts "or the venue of actions therein." Rule 23 is silent on this matter. In order to harmonize the federal jurisdictional requirements with the policy of the rules relating to additional parties, the federal courts have employed the concept of "ancillary jurisdiction."¹⁶⁰ The concept may be used to permit intervention of class members without defeating diversity requirements on the grounds that the claims or defenses of the class representatives are sufficiently related to those of the members of the class.¹⁶¹ The concept is consistent with the rule that, in a class action, only the citizenship of the named representatives should be considered for purposes of diversity jurisdiction.¹⁶² Although the question of diversity is not involved in suits for patent infringement,¹⁶³ considerations of procedural convenience and economy which underlie the concept of ancillary jurisdiction justify treatment of the *residence* of nonrepresentative class members as ancillary to the *residence* of the named representatives for purposes of venue.¹⁶⁴ Therefore, only the residence of the named representatives should be considered for purposes of venue.¹⁶⁵

The special venue statute for patent infringement suits has been construed by the Supreme Court to require satisfaction as to *all* defendants joined in an action.¹⁶⁶ Therefore, in *Research*, the defendants argued that *all* class members must satisfy the requirements of the patent venue statute for, if they did not, and the class action were permitted, the venue of the action would be "extended" contrary to Rule 82.¹⁶⁷ The court disagreed, holding that the special venue statute does not apply to nonrepresentative class members. To require satisfaction of the special venue statute by nonrepresentative class members

¹⁵⁹ Venue is limited in suits for patent infringement by 28 U.S.C. § 1400(b). The general venue statute, 28 U.S.C. § 1391(c), does not apply to suits for patent infringement. *Fourco Glass Co. v. Transmirra Products Corp.*, 353 U.S. 222 (1957).

¹⁶⁰ E.g., *Brandt v. Olson*, 179 F. Supp. 363, 370 (N.D. Iowa 1959). The concept of "ancillary jurisdiction" enables a district court to acquire jurisdiction of an entire case or controversy. That is, if the court has jurisdiction over the principal action it may also acquire jurisdiction over any ancillary proceedings, regardless of the citizenship of the parties, the amount in controversy, or any other factors that might ordinarily preclude jurisdiction. 1 *Barron & Holtzoff* § 23, at 93 (Wright ed. 1960). The concept is necessary for the court to fairly and effectively determine the principal action. *Id.* at 94. Furthermore, it is in harmony with the purposes of Rule 23, promoting procedural convenience and economy. 2 *Barron & Holtzoff* § 569, at 115 (Cum. Supp. 1971).

¹⁶¹ 2 *Barron & Holtzoff* § 569, at 115 (Cum. Supp. 1971).

¹⁶² *Id.* at 114-15.

¹⁶³ 28 U.S.C. § 1338(a) (1970) bestows exclusive jurisdiction of patent cases upon the federal courts.

¹⁶⁴ 2 *Barron & Holtzoff* § 569, at 115 (Cum. Supp. 1971).

¹⁶⁵ *Id.*

¹⁶⁶ *Fourco Glass Co. v. Transmirra Products Corp.*, 353 U.S. 222, 228-229 (1957).

¹⁶⁷ 301 F. Supp. at 501.

"would eliminate the use of the class action route in all cases where a defendant class is appropriate."¹⁶⁸

On the other hand, in *Technitrol* the court concluded that Rule 23 was not intended to circumvent the specific provisions of the patent venue statute.¹⁶⁹ The *Technitrol* viewpoint surely renders Rule 23 unworkable in patent infringement suits since the residence of all class members, some of them unknown, would have to be considered. The court simply failed to consider the procedural convenience and judicial economy which may be accomplished under Rule 23, preferring wooden application of the patent venue statute.

A significant benefit of the class action procedure is that the court actively controls the conduct of the suit.¹⁷⁰ For example, Rule 23(d) confers upon the court the power to make appropriate orders to guarantee the full and fair disclosure of evidence, the power to require notice of any step for the fair conduct of the action, and the broad power to deal with "similar procedural matters."

In addition, Rule 23(e) states that a class action "shall not be dismissed or compromised without the approval of the court" and that "notice of the proposed dismissal or compromise shall be given" to all class members. An illustration of the use of Rule 23(e) is given in *Research Corp. v. Asgrow Seed Co.*¹⁷¹ A nonrepresentative member appealed from a consent judgment entered for the patentee, the class opponent. The court held that the nonrepresentative member was bound by the judgment and had no right to appeal.¹⁷² The class member had received notice that the suit was being maintained as a class action pursuant to Rule 23(c), and notice of a proposed settlement pursuant to Rule 23(e). However, he neither requested exclusion from the class, moved to intervene, nor objected to the consent judgment prior to its approval by the court. The court stated that had the member intervened or even appeared to object to the proposed dismissal or compromise, his right to appeal from an adverse final judgment would have been preserved.¹⁷³

A final issue presented by the class action procedure is the scope and definition of the class. The judgment in a class action binds all members of the class except those excluded in a (b)(3) action.¹⁷⁴

Blonder has an appreciable impact upon the scope of the judgment in a class action. Prior to *Blonder*, the patentee who received an adjudication of invalidity in a class action would have been free to relitigate the issue against a stranger to the class. Now the class judg-

¹⁶⁸ Id.

¹⁶⁹ 164 U.S.P.Q. at 552.

¹⁷⁰ E.g., *Dolgow v. Anderson*, 43 F.R.D. 472, 481 (E.D.N.Y. 1968).

¹⁷¹ 425 F.2d 1059 (7th Cir. 1970).

¹⁷² Id. at 1060.

¹⁷³ Id.

¹⁷⁴ Fed. R. Civ. P. 23(c)(3). See 2 Barron & Holtzoff § 572 at 126 (Cum. Supp. 1971). The class should not include individuals already bound by res judicata to an adjudication of the common issues. See 285 F. Supp. at 725.

ment may collaterally estop the patentee from relitigating the issue of validity against a stranger to the class. Therefore, *Blonder* broadens the scope of the judgment in a class suit for patent infringement.

To recapitulate, the court in *Technitrol* was hostile and superficial in its treatment of Rule 23 in suits for patent infringement. On the other hand, upon detailed examination of all the circumstances, the *Technograph* and *Research* decisions considered the class action to be especially suited for use in patent infringement cases. Patent issues are often complex and litigation frequently involves many judicial districts. The patent suit may present a considerable burden for the courts, and innovative procedures that permit effective judicial administration of such suits should be encouraged. The class action is a procedural device permitting the just and efficient determination of controversies and should be employed in the spirit of the Federal Rules to accomplish judicial economies without sacrificing substantial justice.

CONCLUSION

The *Triplett* rule was a prohibition without reason. It has been said of such prohibitions that:

A prohibition, the reason for which we do not understand or admit, is almost a command not only for the stubborn but also for those who thirst for knowledge: one risks an experiment to find out why the prohibition was pronounced.¹⁷⁵

The decision in *Blonder* was more than an "experiment to find out why" the rule in *Triplett* was fashioned.

By abrogating the prohibition in *Triplett* against affording preclusive effect to adjudications of invalidity, *Blonder* substantially reduces the likelihood that a specious patent may be wielded by a patentee to obstruct those policies relevant to the patent system and to the public policy of free competition.

The decision also has a favorable impact upon the judicial administration of suits for patent infringement. In particular, *Blonder* precludes wasteful relitigation of the issue of patent validity. More significantly, the decision encourages use of the class action, permitting disposition of complex and multidistrict litigation in an efficient and just manner. Moreover, increased use of the class action in suits for patent infringement will have the reciprocal effect of promoting those policies lying at the heart of the decision in *Blonder*. Rule 23 fosters the free public use of ideas belonging in the public domain by facilitating the prudent elimination of specious patents, discourages coercion of licensing agreements or settlements from weak defendants based on invalid patents, and reduces the administrative burden upon the federal courts. For these reasons, the courts should vigorously encourage conversion of suits for patent infringement to class actions wherever appropriate.

MICHAEL P. ABBOTT

¹⁷⁵ W. Kaufmann, *The Portable Nietzsche* 68 (1954).