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**BLONDER-TONGUE AND
THE SHAPE OF FUTURE
PATENT LITIGATION**

While it is generally appreciated that the decision of the Supreme Court in *Blonder-Tongue Laboratories, Inc. v. University of Illinois Foundation*, 169 U.S.P.Q. 513 (1971), partially overruled *Triplett v. Lowell* to allow an alleged infringer to plead estoppel based on a prior determination of patent invalidity, the patent bar may not be aware of the potentially enormous effect the precise holding may have on the future conduct of patent litigation.

The key to this potential effect is the following chronology of events surrounding the Isbell patent:

	EIGHTH CIRCUIT	SEVENTH CIRCUIT
October, 1965	Isbell patent issues.	
March 8, 1966	Winegard infringement suit filed in Iowa.	
March 29, 1966		Blonder-Tongue infringement suit filed in Illinois.
June, 1967	Iowa district court holds patent invalid.	
December, 1967		Trial held in Illinois district court.
June, 1968		Illinois district court holds patent valid.

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- September, 1968 Eighth Circuit affirms Iowa district court holding of invalidity.
- March, 1969 Certiorari to Eighth Circuit denied.
- February, 1970 Seventh Circuit affirms Illinois district court holding of validity.

The Supreme Court decision vacated the Seventh Circuit's judgment of validity and remanded the case to the Illinois district court judge, ordering him to consider the estoppel plea, which Blonder-Tongue will presumably now submit, based on the Eighth Circuit ruling in the Winegard case. The Supreme Court's opinion, as is more fully discussed in the Appendix hereto, does not specify when the Winegard holding against the patent became pleadable in the Blonder-Tongue litigation. However, estoppel could not possibly have been pleaded by Blonder-Tongue until June, 1967, fifteen months after the Illinois suit was brought and just six months before the Illinois trial, because until June, 1967, there was no determination of invalidity; the Iowa district court had not yet ruled.

Furthermore, as indicated in the Appendix, it appears, though the matter is not free from doubt, that, to be pleadable, the prior determination of invalidity must be a *final* determination, that is, a decision from which no further appeal is or can be taken. If this is the case, an even more severe situation is presented, since the determination in the Winegard case was not "final" until the denial of certiorari in March, 1969, nearly a year after Judge Hoffman issued his opinion in the Illinois district court and well over a year after the trial in that court. In either situation, the waste of effort by the parties and the court is clear.

The opinion by Justice White does nothing to clarify these questions. It is tempting to say that the Court did not intend its holding to be applied where the same patent is involved in concurrent legal proceedings; however, this was precisely the factual pattern before the Court. The tabulated situation is not a concocted one used to test the effect in unlikely but conceivable circumstances of a judicial opinion; the Winegard case in Iowa was filed just four weeks before the Blonder-Tongue case in Illinois. Therefore, the conclusion is inescapable that the holding does apply to infringement cases proceeding concurrently.

Many other questions are left unanswered. For example, if the Iowa district court had found the patent valid but been reversed on the appeal, would the outcome in the Supreme Court have been the same? If only a final determination (all appeals exhausted) can be pleaded as an estoppel, the answer should be "yes," but if this is so, the Illinois district judge is told to reopen his judgment and, quite likely, discard it based on a holding issued for the first time nearly a year later. On this assumed set of facts, the outcome of the Illinois district court case would be decided (unless estoppel is found inappropriate¹) contrary to the opinion of the district judge, itself the product of a good deal of judicial time and effort, and on the basis of a decision in another circuit appearing for the first time after the Illinois district court opinion had been rendered.

The reaction of the lower federal courts is, to an extent, foreseeable. The potential waste of judicial and litigants' time and effort in situations of multiple concurrent suits involving the question of the validity of a given

¹ It may be suggested that estoppel should be found inappropriate if the second court has already expended its efforts and reached an opposite conclusion, i.e., a conclusion that the patent is valid. However, here again one is met by the inescapable fact that the Court held otherwise in precisely this situation. The Illinois district judge had held a trial, studied the evidence and written his opinion; he had expended all the energy he could in considering the question. Yet on these facts estoppel was said to be probable.

patent² will make court ordered stays of proceedings attractive. Some uncertainty will exist as to which case (or cases) to stay, since *Blonder-Tongue* suggests that a holding of invalidity is only pleadable when it is final (all appeals exhausted) and, given the number of variables, which of several pending cases will first reach a final judgment is nearly impossible to predict. However, it seems likely that the first case filed will be the one allowed to proceed.

If all but one of several infringement suits are stayed, and if that first suit produces a final judgment in favor of the patent, the patent owner will have suffered a delay of some years in enforcing his patent against the other alleged infringers. A final judgment of validity is not pleadable by the patent owner, and unless some form of interim, conditional protection is accorded him during the pendency of the first action, he will be the foremost loser in the aftermath of *Blonder-Tongue*.³

Patent owners may react, particularly in cases where injunctive relief is desired, by bringing class actions in a favorable forum, prosecuting all infringers at once in an all-or-nothing attempt to enforce the patent. Adherence to the past reluctance of patent owners to risk everything in one suit is now ill-advised; after *Blonder-Tongue* they have nothing to lose by suing everyone at once.

In conclusion it may be said that the Court did not perform its role in *Blonder-Tongue* with complete precision. Particularly now, when the efficient use of the

² While *Blonder-Tongue* involved infringement suits, judgments in declaratory judgment actions should be accorded equal weight. The same questions the Court suggested asking about an infringement suit to insure that it had provided "a full and fair chance to litigate" the validity question (169 U.S.P.Q. at 521) would be appropriate in considering a declaratory judgment action. Incentive to litigate would be even more certainly present on both sides in a declaratory judgment action.

³ This problem, of course, is much simpler where the patent in suit has expired or where no injunctive relief is sought, because interest can then be applied to any money damages ultimately recovered to redress the injury caused by delay.

courts is a popular topic, the Court should have considered more fully the effect on the lower courts of its decision. That effect may well ultimately be salutary, but more guidance by the Supreme Court would have made that outcome more certain and its realization much sooner.⁴

APPENDIX

Nowhere in his *Blonder-Tongue* opinion for the Court does Justice White make clear when a decision of invalidity is pleadable as an estoppel. The opinion uses such phrases as "a determination of patent invalidity," "once a Federal Court had declared it to be invalid," "fully litigated," "opportunity for full and fair trail," "finally decided," etc. Arguments can be made both ways based on these fragments. The landmark California Supreme Court opinion of *Bernhard v. Bank of America Nat'l Trust & Savings Assn.*, 122 P. 2d 892 (1942), heavily relied on by Justice White, includes the following test, quoted in the Court's opinion:

Was there a final judgment on the merits?—169 U.S.P.Q. at 517.

The opinion also quotes the following statement from the Report of the recent President's Commission on the Patent System:

⁴ An indication that the problem envisioned in this paper is a real one has already appeared, in *Monsanto Co. v. Dawson Chemical Co.*, 170 U.S.P.Q. 199 (5th Cir. 1971). Monsanto, on the day its patent issued, sued several alleged infringers including Dawson in Texas and Rohm & Haas in Philadelphia. Twenty months later the Philadelphia Federal District Court held the patent invalid, *Monsanto Co. v. Rohm & Haas Co.*, 312 F. Supp. 778 (E.D. Pa. 1970); nearly two months after that the Texas Federal District Court found it valid and infringed, 312 F. Supp. 452 (S.D. Tex. 1970). On appeal, the Fifth Circuit Court of Appeals reversed the Texas District Court judgment and remanded the case for further proceedings following the mandate of *Blonder-Tongue*. The Court of Appeals in so holding termed the Philadelphia ruling "a final judgment," *id.* at 201, though when the Texas opinion was issued, the Philadelphia judgment was still appealable. (Monsanto had made a motion for a rehearing in Philadelphia and therefore its time to appeal had not even begun to run. See F.R.C.P. Rule 4(a).) The Texas court nevertheless will almost certainly have to give effect to the Philadelphia holding, and discard its own decision as of no effect.

a patentee, having been afforded the opportunity to exhaust his remedy of appeal from a holding of invalidity, has had his "day in court" and should not be allowed to harass others on the basis of an invalid claim.—Id. at 523-24.

And the opinion reproduces in footnotes two in rem invalidity bills introduced in Congress in response to the Report of the President's Commission, both of which use the formula

final adjudication, from which no appeal has been or can be taken . . .—Id. at 524.

Finally, in discussing the inquiries which a second court should make in determining whether or not to give estoppel effect to an earlier judgment, Justice White wrote for the Court that the second court should consider

whether the opinions filed by the District Court *and the reviewing court, if any*, indicate that the prior case was one of those relatively rare instances where the courts wholly failed to grasp the technical subject matter and issues in suit.—(Emphasis added.) Id. at 521.

On balance, the textual hints in Justice White's opinion suggest that the Court is referring to a decision from which no appeal is or can be taken, rather than a bare district court decision presently on appeal. The suggestion, however, is not overwhelming. Uncertainty only increases if resort is had to Title 28 of the United States Code, for 28 U.S.C. § 1291, concerning the jurisdiction of the courts of appeals, defines "final decision" to mean a district court decision terminating a normal proceeding in that court; i.e., a decision ready for appeal.

One strong policy consideration supports the interpretation that one may plead in estoppel only a decision from which no further appeal has been or can be taken. If a first decision could be pleaded in a second case even while it was being appealed, the anomalous result could occur that the first judgment might be accepted as a bar in the second case, resulting in judgment against the patent, and then that first decision might be reversed on appeal.

Based on this interpretation, *Blonder-Tongue* requires the Illinois district judge to reopen his judgment of validity and consider whether to give estoppel effect to a judgment of the Eighth Circuit which became final, certiorari being denied, in March, 1969, nearly a year after the rendering of the Illinois decision.

Based on this interpretation also, the Fifth Circuit was premature in reversing the result in *Monsanto Co. v. Dawson Chemical Co.*, supra, because appeals from the decision in *Monsanto Co. v. Rohm & Haas Co.* had not been exhausted.