



Res Judicata International Perspective

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Definitions



- Res Judicata (Claim Preclusion)
 - A Latin term meaning “a matter judged”
 - Prevents re-litigation of a claim or defense
 - Ensures the finality of judgements, conserves judicial resources, protects litigants from repeated litigation
 - Sometimes used to refer to collateral estoppel
- Collateral Estoppel (Issue Preclusion)
 - Prevents relitigating an issue from a prior proceeding, even if the issue relates to a different claim
 - Any party may assert, applies to parties that had a full and fair opportunity to litigate the issue in a prior proceeding
 - An affirmative defense in most jurisdictions

Res Judicata (US, NY)



- Both doctrines:
 - Prior action must have resulted in a final judgment on the merits, e.g., not provisional and not subject to change by the same tribunal
 - Fact specific application requiring a case-by-case analysis
 - “[I]n properly seeking to deny a litigant two days in court, courts must be careful not to deprive him of one” (*Landau*, 862 N.Y.S.2d at 320).
- Res judicata applies to bar claims that were, or could have been, brought in a prior action
 - Applies only to parties in an earlier action and their privies
 - ✓ Privity is an “amorphous concept” Privies are those who have a legal or beneficial interest in litigation, for example, personal representatives or trustees in bankruptcy.
 - Arises out of the same transaction/occurrence as the precluded claim



Collateral Estoppel (US, NY)

- Collateral estoppel bars a party from litigating any issue that was necessarily decided in a previous action and determinative of a disputed issue in the present action
 - A non-party to the first action may assert if the opposing party had a full and fair opportunity to contest the prior decision
 - Usually asserted by defendants (def. collateral estoppel), but plaintiffs also may assert (off. collateral estoppel or third-party issue preclusion)
 - Equitable concept, not rigidly applied
 - Some states apply “mutuality of estoppel” rule under which only the parties bound by the prior judgment may assert collateral estoppel
 - Multi-factor analysis to determine if full and fair opportunity to contest

Principles of Res Judicata (UK)

- “[A] portmanteau term which is used to describe a number of different legal principles with different juridicial origins”. LJ Sumption, *Virgin Atlantic Airways Ltd v Zodiac Seats UK Ltd* [2013] UKSC 46
- A party is prevented from bringing subsequent proceedings to challenge an outcome that has already been decided (cause of action estoppel)
- Success in a first action without appeal prohibits subsequent action on the same cause of action (e.g., to recover further damages)
- Doctrine of Merger extinguishes a cause of action once judgment has been provided and Claimant’s only right becomes the judgment itself
- A party may not bring subsequent proceedings on an issue that has already been determined (issue estoppel)
- No subsequent proceedings which should and could have been dealt with in earlier proceedings (the ‘Henderson v Henderson’ principle)
- There is a general procedural rule against abusive proceedings

Estoppel and Stare Decisis



- Estoppel

- Can refer to any of many discrete legal doctrines which prevent (estop) parties from departing from statements or promises that they have previously made to another party
- Where an estoppel is established, it will typically operate to bind the other party to its original proposition.
- Many forms of estoppel, and to some collateral estoppel is not “true” estoppel

- Stare Decisis

- Latin term for "to stand by things decided"
- Follow precedent established by previously decided cases with similar facts and issues to provide certainty and consistency in the administration of justice
- **Binding precedent.** Lower court bound by higher court in jurisdiction.
- **Persuasive precedent.** Precedent that a court may, but is not required to, rely on in deciding a case
 - ✓ Decisions from courts in neighboring jurisdictions
 - ✓ *Dicta* in a decision by a higher court.

Res Judicata in Arbitration Awards (US domestic/international)



- *Res judicata* and collateral estoppel apply to arbitral awards that are final dispositions on the merits.
 - The prior award must have been entitled to recognition and enforcement under the Federal Arbitration Act (FAA)
 - Barring reexamination of the issue must be consistent with the arbitration agreement and party expectations
 - Confirming judgment may be required depending on state
- Parties may limit the preclusive effect of an arbitral award by setting out the limitation in the arbitral agreement.
 - However, limitations may not (usually) affect the rights of third persons



Patent's territoriality and international remedy

Unwired Planet v Huawei, [2020] UKSC 37

- The Supreme Court held that an English court can:
 - (a) enjoin infringement of a UK SEP where the infringer is willing to take a UK license, but refuses to take a worldwide license on “fair, reasonable and non-discriminatory” (FRAND) terms
 - (b) set the royalty rates and terms of such a license
- Clarifies SEP licensing issues, including the interpretation of non-discrimination component and how an SEP holder can avoid Article 102 TFEU (competition law)
- Outcome risks forum shopping, inconsistent outcomes, and anti-suit injunctions
- No discrimination issues arise if a fair and reasonable price list available to all, and no adjusting royalties based on individual licensee characteristics
 - There may be commercial reasons to offer below-FRAND terms to only certain licensees
- No breach of Article 102 TFEU by seeking an injunction if infringer has prior notice, and otherwise willing to license on FRAND terms, even if it does not strictly follow the steps set out by the CJEU in Huawei/ZTE.
- Injunctions are normally a proportionate remedy for SEP infringement by unwilling licensees. Courts may depart from this, maybe for patent assertion entities.



License Agreement & ADR are Multinational

- Arbitration awards may not be vacated unless there are exceptional circumstances under the New York Convention. Patent Invalidation is “against public order”? Maybe, or “anticompetitive” if royalty sought after invalidation?
- Arbitration minimizes risks of forum shopping, inconsistent outcomes, and very costly and time-consuming anti-suit injunctions.
- Awards may need confirmation by a foreign court (summary proceeding).
- It is rare that parties have license agreement specific to each country.
- It is rare that arbitration awards only cover one patent or one country.