

No. 2019-1558

**In the United States Court of Appeals
for the Federal Circuit**

RICHARD SOWINSKI,
Plaintiff-Appellant,

v.

CALIFORNIA AIR RESOURCES BOARD,
Defendant-Appellee.

On Appeal from the United States District Court for the Northern District of
California, No. 5:18-cv-03979-LHK, Judge Lucy H. Koh

**PETITION FOR REHEARING EN BANC FOR PLAINTIFF-
APPELLANT DR. RICHARD SOWINSKI**

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**UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT**

CERTIFICATE OF INTEREST

Case Number 2019-1558

Short Case Caption Dr. Richard Sowinski v. California Air Resources Board

Filing Party/Entity Dr. Richard Sowinski

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Date: 09/21/2020

Signature: /s/ Daniel L. Geysler

Name: Daniel L. Geysler

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4. Legal Representatives. List all law firms, partners, and associates that (a) appeared for the entities in the originating court or agency or (b) are expected to appear in this court for the entities. Do not include those who have already entered an appearance in this court. Fed. Cir. R. 47.4(a)(4).

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Daniel L. Geysler	Alexander Dubose & Jefferson LLP	(Both Mr. Geysler and Alexander Dubose & Jefferson LLP have a motion for leave to appear pending.)

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The issues in this case are related to those pending in In re PersonalWeb Technologies, LLC, No. 2019-1918 (Fed. Cir.).		

6. Organizational Victims and Bankruptcy Cases. Provide any information required under Fed. R. App. P. 26.1(b) (organizational victims in criminal cases) and 26.1(c) (bankruptcy case debtors and trustees). Fed. Cir. R. 47.4(a)(6).

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RULE 35(b)(1) STATEMENT

Based on my professional judgment, I believe the panel decision is contrary to the following decisions of the Supreme Court of the United States and the precedents of this Court: *Lucky Brand Dungarees, Inc. v. Marcel Fashions Group, Inc.*, 140 S. Ct. 1589 (2020); *Taylor v. Sturgell*, 553 U.S. 880 (2008); *Blonder-Tongue Labs., Inc. v. Univ. of Ill. Found.*, 402 U.S. 313 (1971); *Rubber Tire Wheel Co. v. Goodyear Tire & Rubber Co.*, 232 U.S. 413 (1914); *Kessler v. Eldred*, 206 U.S. 285 (1907); *Aspex Eyewear v. Marchon Eyewear, Inc.*, 672 F.3d 1335 (Fed. Cir. 2012); and *MGA, Inc. v. Gen. Motors Corp.*, 827 F.2d 729 (Fed. Cir. 1987).

Based on my professional judgment, I further believe this appeal requires an answer to the following precedent-setting question of exceptional importance: Whether, in direct conflict with the Supreme Court’s unmistakable guidance, this Court erred in crafting a patent-specific preclusion doctrine that bars new issues and new claims that would survive the “uniform” rules of preclusion applied by all other circuits in every non-patent context.

/s/ Daniel L. Geysler
Principal Counsel for Plaintiff-Appellant
Dr. Richard Sowinski

INTRODUCTION

Under the panel’s disposition, petitioner’s infringement suit is barred despite presenting new issues and new claims that no court has ever resolved. In past cases, this Court readily acknowledged that this result is squarely at odds with ordinary principles of issue and claim preclusion. But this Court has nevertheless barred such actions entirely, applying its own unique understanding of the so-called *Kessler* doctrine: under this Court’s decisions, once a defendant obtains any prior judgment of non-infringement, all future litigation over the same product is forever barred, even if it involves issues unadjudicated by any court and claims arising *after* the initial judgment (*i.e.*, *post-judgment* acts of infringement)—a fact-pattern that would permit litigation to proceed in every other circuit in all non-patent cases.

According to circuit law, *Kessler compels* this departure from the traditional rules of preclusion universally applied everywhere else. That is mistaken. As the Supreme Court just reiterated, the world of preclusion “comprises two distinct doctrines”—issue preclusion and claim preclusion. *Lucky Brand*, 140 S. Ct. at 1594. There is no third doctrine “unmoored from th[ose] two guideposts.” *Id.* at 1595 (“our case law indicates that any such preclusion of defenses must, at a minimum, satisfy the strictures of issue preclusion or

claim preclusion”). This Court reached the opposite conclusion despite the Supreme Court reaffirming that preclusion rules are “*uniform*,” not context-dependent, and contrary to the Supreme Court’s repeated directive to avoid patent-specific departures from general legal principles. This Court further reached its unique conclusion despite the contrary decisions of two other circuits, which read *Kessler* as perfectly consistent with the Supreme Court’s “uniform” preclusion framework. If left uncorrected, the Federal Circuit alone will read *Kessler* as directly at odds with the last four decades of Supreme Court precedent.

Properly understood, *Kessler* is an obsolete doctrine whose “continuing force” is “questionable” at best. *Brain Life, LLC v. Elekta Inc.*, 746 F.3d 1045, 1057-1058 (Fed. Cir. 2014). It granted a rare anti-suit injunction during “the heyday of the federal mutuality of estoppel rule.” *MGA*, 827 F.2d at 733. A patentee had sued a manufacturer for infringement, lost, and then sued the manufacturer’s customers over the “same” products. *Kessler v. Eldred*, 206 U.S. 285, 288 (1907). At the time, customers could not invoke preclusion to prevent relitigation of the identical issues established in the manufacturer’s earlier lawsuit. *Kessler*’s injunction was necessary because customers, at that time, were “without adequate remedy” to avoid duplicative suits seeking to

undermine the manufacturer’s earlier judgment (*Rubber Tire*, 232 U.S. at 418). That is untrue today: customers now may invoke *non-mutual* issue preclusion to avoid duplicative litigation. *Kessler* thus no longer applies *even on its own terms*: the modern rules of preclusion provide the “adequate remedy” that was missing in *Kessler*, and neither customers nor manufacturers have any *legitimate* interest in avoiding future suits raising novel issues and post-judgment claims that no court has ever resolved. Those future suits are directly permitted under today’s preclusion doctrine, and there is no basis in law or logic for permitting a judgment to foreclose issues and claims that were *never litigated* in any prior suit.¹

Contrary to this Court’s past statements, there is no need for the Supreme Court to “overrule[.]” *Kessler* (*SpeedTrack, Inc. v. Office Depot, Inc.*, 791 F.3d 1317, 1329 (Fed. Cir. 2015)); this Court has simply misread *Kessler*

¹ Nor is there any basis for holding that *Kessler* reflects a specific doctrine of substantive patent law. *Kessler* involved an *anti-suit injunction*. It was designed to protect the *actual rights* in a judgment—the claims and issues it *actually resolved*—not to *expand* the judgment to cover issues and claims that were not litigated. While *Kessler* factually arose in a patent dispute, the Court’s rationale was not patent-specific. It did not once cite any provision of the Patent Act or describe a single consideration unique to patent cases. There is simply no indication, anywhere, that the Court understood *Kessler* to announce a new substantive rule requiring a patent-specific scheme of preclusion.

to stand for a proposition that it never announced. The Circuit’s understanding creates a circuit conflict, undermines settled preclusion rules, and violates the Supreme Court’s repeated insistence that patent cases are not uniquely excluded from general legal doctrine. Rehearing en banc is warranted.

STATEMENT

The material facts relevant to this petition are remarkably straightforward: Petitioner brought an earlier infringement action against the defendant that was dismissed under the district court’s local rules for failure to prosecute (slip op. 3, 8); the court accordingly “did not address the underlying merits” of the infringement allegations. *Sowinski v. Cal. Air Resources Bd.*, 720 F. App’x 615, 617 (Fed. Cir. 2017) (earlier appeal).

After that earlier litigation was final, petitioner brought a second suit against the same defendant, asserting the same patent against the same infringing activity—but limited to “damages only for infringement after the decision in *Sowinski I.*” Slip op. 4. Despite this suit targeting only post-judgment conduct, the district court held it was barred by claim preclusion (*id.* at 4), and the panel here affirmed. As relevant here, the panel held that “a prior judgment of non-infringement” precludes any future litigation against the same products or methods. *Id.* at 7-8 (citing *Brain Life*, 746 F.3d at 1057).

Petitioner's suit was therefore barred despite raising infringement issues that no court had ever adjudicated, and new claims that arose after the first suit was over.

ARGUMENT

THIS COURT'S *KESSLER* THEORY MISREADS *KESSLER*, INVITES A CIRCUIT CONFLICT, UNDERMINES "UNIFORM" PRECLUSION DOCTRINE, AND IMPERMISSIBLY DEPARTS FROM GENERAL LEGAL PRINCIPLES FOR PATENT CASES ALONE

According to this Court, *Kessler* establishes a patent-specific rule of preclusion: any product declared non-infringing (for any reason) in prior litigation is automatically immune from subsequent litigation over the same patent, *even if that subsequent litigation involves entirely new issues and new claims*. See *SpeedTrack*, 791 F.3d at 1323-1325; *Brain Life*, 746 F.3d at 1057-1059. The panel here thus invoked *Brain Life* (which, in turn, invoked *Kessler*) to bar petitioner's lawsuit, even though it would survive under the ordinary preclusion framework. Slip op. 6-8.

This Court's position is mistaken. Its holding creates a direct conflict with the "uniform" preclusion rules applied in all other circuits. It violates the Supreme Court's recent (and repeated) instruction against creating patent-specific exceptions to general legal principles. It is based on a demonstrable

misreading of *Kessler* itself, endorsing a view flatly rejected by two circuits. And it implicates a rule of law that is important, frequently recurring, and now resolved, incorrectly, for all patent cases nationwide—until the full Court or the Supreme Court corrects this Court’s mistake. Rehearing en banc is warranted.²

A. This Court’s Position Departs From The Supreme Court’s “Uniform” Rules Of Preclusion Applied In Every Other Circuit

1. By adopting a patent-unique framework, this Court sharply departs from the traditional preclusion rules applied in all other circuits. The Supreme Court has emphatically confirmed that preclusion rules are “uniform.” *Taylor*, 553 U.S. at 891 (federal courts “develop[] ‘uniform federal rule[s]’ of res judicata”). Yet those rules are now *disuniform* in this Circuit alone. The Supreme Court has offered no hint that patent cases are somehow treated differently in this substantive area.

² To the extent the panel believed that ordinary *claim preclusion* applied, it was plainly wrong: “claim preclusion does not bar a party from asserting infringement based on activity occurring after the judgment in the earlier suit.” *SimpleAir, Inc. v. Google LLC*, 884 F.3d 1160, 1170 (Fed. Cir. 2018); see also *Storey v. Cello Holdings, LLC*, 347 F.3d 370, 383-384 (2d Cir. 2003) (Sotomayor, then-J.). Indeed, while the panel quoted *Lawlor* for support, *Lawlor* cuts exactly the other way. *Mentor Graphics Corp. v. EVE-USA, Inc.*, 851 F.3d 1275, 1300 (Fed. Cir. 2017); *Storey*, 347 F.3d at 383 (so explaining).

Indeed, quite the contrary, the Supreme Court has repeatedly cautioned against creating patent-specific exceptions to general legal principles.³ This Court's position directly violates that admonition: issue and claim preclusion are not merely general rules, but "*uniform*" rules. *Taylor*, 553 U.S. at 891. Under this Court's misreading of *Kessler*, Federal Circuit law now conflicts with the law of every other circuit (and the Supreme Court) on ordinary preclusion. Although a suit arising on these facts in any non-patent dispute would proceed, this Court's holding erects a bar exceeding traditional limits on *both* issue and claim preclusion. See, e.g., *SpeedTrack*, 791 F.3d at 1328 ("the *Kessler* doctrine is a necessary supplement to issue and claim preclusion"); *Brain Life*, 746 F.3d at 1055-1056 (*Kessler* "precludes some claims that are not otherwise barred by claim or issue preclusion"). This is exactly the "further removal of patent causes from the mainstream of the law" that this Court

³ See, e.g., *Teva Pharm. USA, Inc. v. Sandoz, Inc.*, 135 S. Ct. 831, 836-837 (2015) (reaffirming that general principles governing review under Fed. R. Civ. P. 52 apply in patent cases); *Medtronic, Inc. v. Mirowski Family Ventures, LLC*, 134 S. Ct. 843, 846 (2014) (reaffirming that general principles governing declaratory judgments apply in patent cases); *eBay v. MercExchange, LLC*, 547 U.S. 388, 391-392, 394 (2006) (reaffirming that general principles governing injunctive relief apply in patent cases); *Dickinson v. Zurko*, 527 U.S. 150, 165 (1999) (reaffirming that general principles governing agency review apply to PTO decisions).

typically avoids. *STC.UNM v. Intel Corp.*, 767 F.3d 1351, 1355 (Fed. Cir. 2014) (Newman, J., dissenting from denial of rehearing en banc).

This Court's position also runs headlong into the Supreme Court's recent guidance on preclusion. In *Lucky Brand*, the Court unanimously rejected the Second Circuit's departure from the "two guideposts of issue preclusion and claim preclusion," refusing to accept that court's new version of "defense preclusion" "unmoored" from those "two distinct doctrines." 140 S. Ct. at 1594-1595. The Supreme Court did not hint at any room available for a third doctrine: "our case law indicates that any such preclusion of defenses must, at a minimum, satisfy the strictures of issue preclusion or claim preclusion." *Id.* at 1595. This Court is inviting a similar reversal here.

2. This Court has failed to identify adequate support for its patent-specific departure from "the two guideposts of issue preclusion and claim preclusion." *Lucky Brand*, 140 S. Ct. at 1595.

a. The Court has not identified any textual hook in the Patent Act. There is nothing in Title 35 authorizing a unique rule of preclusion. Instead, Congress specifically mandated that a "patentee shall have remedy by civil action for infringement of his patent." 35 U.S.C. 281. Nothing in that section limits a patentee to "one opportunity to assert its patent" against any given product. Yet

this Court held exactly that in barring this new suit targeting post-judgment conduct, even though it advances new issues and new claims that no court has ever resolved. See also *Brain Life*, 746 F.3d at 1058-1059. There is no obvious basis for crafting a new defense foreign to traditional preclusion principles and absent, textually, from the Patent Act itself.

b. The Court is mistaken that *Kessler* demands unique treatment for patent cases. Cf., e.g., *Brain Life*, 746 F.3d at 1057 (asking whether *Kessler* “espouse[d] a specific doctrine of substantive patent law”). There is no indication that *Kessler*’s analysis was predicated on the patent subject-matter of that case, rather than the happenstance that it factually involved patents. *Kessler* did not cite a single provision of the Patent Act; it did not reference any specific patent doctrine, or suggest any basis for cabining its rule to patent disputes. *Kessler*’s core reasoning—describing its anti-suit injunction, the manufacturer’s concrete harm, and the need to protect the judgment’s “effects”—did not even *utter* any word specific to patents, much less endorse a patent-specific jurisprudence. See 206 U.S. at 288-290. Indeed, the word “patent” does not

even *appear* in the critical last two pages of the Court’s four-page opinion (*id.* at 289-290).⁴

Kessler crafted an equitable remedy (an anti-suit injunction) because issue preclusion was unavailable under the old “mutuality” rule, leaving the judgment-winner “without adequate remedy” to protect its rights in “the decree” (*Rubber Tire*, 232 U.S. at 418). That critical precondition is unmet today, rendering *Kessler* obsolete: Once *Blonder-Tongue* authorized non-mutual issue preclusion (see 402 U.S. at 349), customers could invoke preclusion on their own, and the core premise underlying *Kessler* (lack of an adequate remedy) vanished with it. This Court is simply wrong to read *Kessler* as rewriting preclusion rules exclusively for patent cases.

c. According to this Court, *Kessler* is necessary to protect “the manufacturer’s judgment right” (*SpeedTrack*, 791 F.3d at 1328-1329), but *Kessler*’s own logic refutes that theory. *Kessler*’s entire aim was preventing “the effect

⁴ The Court also overlooks that *Blonder-Tongue* itself was a *patent* case, yet no one maintains that its holding is limited to the patent context. On the contrary, the Supreme Court has repeatedly cited *Blonder-Tongue* as setting new rules of preclusion across all substantive areas. *E.g.*, *Taylor*, 553 U.S. at 899, 907; *Allen v. McCurry*, 449 U.S. 90, 94-95 (1980); *Parklane Hosiery Co. v. Shore*, 439 U.S. 322, 326-327 (1979). There is no reason to presume that *Kessler* silently announced a “specific doctrine of substantive patent law,” while *Blonder-Tongue*, also a patent case, articulated general preclusion principles.

of the prior judgment” from being “destroyed.” *MGA*, 827 F.2d at 734 (describing *Kessler*); see also *Kessler*, 206 U.S. at 289. But a judgment’s “effect” is limited to *the issues and claims adjudicated in that suit*. A judgment does not convey any “right” to claims and issues no one litigated. A judgment is respected, not “destroyed,” by limiting its “effect” to what it actually decided. See also *Rubber Tire*, 232 U.S. at 418 (explaining that, in *Kessler*, “the equity thus sustained *sprang from the decree* in the former suit”—not from rights falling *outside* that decree) (emphasis added).

Under this Court’s position, however, a judgment’s “effects” under *Kessler* are not preserved, but *expanded*: rather than protecting the rights secured by the judgment, the Court granted an entirely *new* set of rights never adjudicated in that suit. Untested issues not bound in the judgment are deemed forever resolved—despite no court ever adjudicating those issues. Claims never brought before any court are deemed forfeited—despite no opportunity to press those claims. *Kessler* had no occasion to resolve these issues (since the manufacturer-customer suits presented identical questions), and there is no indication that *Kessler* intended such a sharp departure from the bedrock rules of preclusion. See 206 U.S. at 288-289. This Court was incorrect

that *Kessler* protects a prior judgment by rewriting its core “effects”—much less that it does so in patent cases alone.

d. Nor did this Court offer any reason that traditional preclusion rules adequate everywhere else are somehow inadequate here. The Court said that *Kessler* is a “necessary supplement” to avoid suits that would escape ordinary preclusion. *SpeedTrack*, 791 F.3d at 1328; see also *In re PersonalWeb Techs. LLC*, 961 F.3d 1365, 1376 (Fed. Cir. 2020). But that is a reason to *reject* this Court’s holding, not endorse it. Parties have no *legitimate* interest in avoiding unresolved issues and claims. Issue preclusion prevents litigation over *decided* questions. No court has confronted petitioner’s infringement contentions on the merits. Slip op. 8. There is value (even *constitutional* value) to honoring a party’s right to raise issues that no court has ever addressed. See, *e.g.*, *Blonder-Tongue*, 402 U.S. at 329; see also *In re Freeman*, 30 F.3d 1459, 1465 (Fed. Cir. 1994) (“The problem involves a balancing of important interests: on the one hand a desire not to deprive a litigant of an adequate day in court; on the other hand, a desire to prevent repetitious litigation of what is essentially the same dispute”).

This is why the Supreme Court’s existing preclusion doctrine is finely calibrated to respect parties’ interest in finality while also respecting the needs

and rights of litigants to raise new claims and new issues that a prior suit failed to resolve. See, e.g., *Blonder-Tongue*, 402 U.S. at 329 (“the requirement of determining whether the party against whom an estoppel is asserted had a full and fair opportunity to litigate is a most significant safeguard”); *Allen*, 449 U.S. at 95 (emphasizing “limitation[s]” on estoppel); *Comm’r v. Sunnen*, 333 U.S. 591, 599-600 (1948) (imposing limitations on estoppel to “avoid injustice”). This Court is thus not “fill[ing] the gap” between preclusion doctrines. *Brain Life*, 746 F.3d at 1056. It is changing the rules for patent cases only. Preclusion is a zero-sum game: the rules set the line between what *may* proceed and what *may not* proceed. When a “gap” is filled, actions previously permitted are no longer permitted. This Circuit’s rule upsets the Supreme Court’s careful balance in this area.

This Court is likewise wrong that suits *authorized* under the “uniform” preclusion rules somehow constitute “harassment.” *SpeedTrack*, 791 F.3d at 1328-1329. There is no “harassment” in asking parties to litigate new and untested legal issues, a result directly contemplated by the Supreme Court’s framework. *Taylor*, 553 U.S. at 891. And where litigation truly is vexatious, parties always have alternative resources at their disposal, as they do in all litigation. Courts may issue sanctions (Fed. R. Civ. P. 11), award attorney’s

fees (35 U.S.C. 285), and even issue anti-suit injunctions for true harassment. And if defendants are concerned about securing global relief, they always have the option of seeking a declaratory judgment for any issue not raised in an initial complaint. Contrary to this Court's view, there is no reason that the traditional preclusion rules applied in every other context fail to safeguard legitimate interests in the patent context alone.

e. The Court is also incorrect that *Kessler* intended a prior judgment to bar relitigation over new issues. *Brain Life*, 746 F.3d at 1045. *Kessler* had no occasion to address that question. The issue in *Kessler* was framed as the patentee asserting identical infringement allegations in each case. The Court never said that a later suit would be barred had the patentee raised entirely new issues. The manufacturer's judgment was fully honored by preventing the relitigation of matters the earlier suit actually resolved; the manufacturer was not entitled to greater protection than other litigants raising an ordinary preclusion defense.

B. This Court's Decisions Create A Direct Split With The Third And Fourth Circuits, Which Correctly Construed *Kessler*

In misreading *Kessler* to decide a question that it neither addressed nor resolved, this Court created a square (and unacknowledged) conflict with

other circuits. According to this Court, once products are found non-infringing, a patentee is “barred from asserting that the[accused products] infringe the same patent claims a second time,” *even on entirely new legal issues*. *Brain Life*, 746 F.3d at 1058. But *Kessler* did not confront a suit with *new* issues, and two circuits have flatly rejected the panel’s holding.

In *Selden Co. v. Gen. Chem. Co.*, 73 F.2d 195 (3d Cir. 1934), the Third Circuit recognized that *Kessler* was properly limited to issues actually resolved in the first action, declaring that *Kessler* “does not apply” because “the issues involved in the Maryland suit were not the same as those covered in the Pennsylvania suit.” 73 F.2d at 197. Likewise, in *Gen. Chem. Co. v. Standard Wholesale Phosphate & Acid Works, Inc.*, 101 F.2d 178 (4th Cir. 1939), the Fourth Circuit explained that a *Kessler* “injunction” was “refused” because “the issues involved [in each suit] were not the same.” 101 F.2d at 183.

These circuits, unlike this Court, limited *Kessler* to its proper scope. Their reading preserves the fundamental limits on issue preclusion and avoids a conflict with “uniform” preclusion principles. Under this Court’s decisions, by contrast, the Federal Circuit alone remains out of step with controlling Supreme Court precedent.

C. The Court's *Kessler* Decisions Create An Intra-Circuit Conflict With *Aspex* And *MGA*

This Court's *Kessler* decisions also create avoidable intra-circuit conflicts with *Aspex* and *MGA*. First, these decisions directly conflict with *Aspex* by barring post-judgment claims that were neither raised nor resolved in earlier litigation. *Aspex* holds such post-judgment claims are not precluded (672 F.3d at 1345),⁵ while the panel reads *Kessler* to foreclose the same claims that *Aspex* specifically allows. See *Senju Pharm. Co. v. Apotex Inc.*, 746 F.3d 1344, 1354 n.1 (Fed. Cir. 2014) (O'Malley, J., dissenting) (explaining how *Brain Life's* view of *Kessler* might bar "post-judgment" claims, "despite our holding in *Aspex*"). Preclusion, again, is not a zero-sum game, and the panel's holding is inconsistent with *Aspex*.

Second, these decisions conflict with *MGA*, which characterized *Kessler* as "effect[ively]" a form of "defensive collateral estoppel." 827 F.2d at 734. *MGA's* measured view of *Kessler* is consistent with modern preclusion doctrine: under *MGA's* view, *Kessler* enjoined suits that would be barred today under issue preclusion. This Court's *Kessler* decisions, by contrast, read

⁵ *E.g.*, *Lawlor v. Nat'l Screen Serv. Corp.*, 349 U.S. 322, 328 (1955) (prior judgments "cannot be given the effect of extinguishing claims which did not even then exist and which could not possibly have been sued upon in the previous case").

Kessler to obliterate the limits on claim and issue preclusion for patent cases alone. These two interpretations are incompatible, and this Court was correct the first time it confronted the issue.

* * *

According to the Federal Circuit, *Kessler* bars petitioner’s claims, and “we must follow *Kessler* unless and until the Supreme Court overrules it.” *SpeedTrack*, 791 F.3d at 1329. Yet there is no need to “overrule” *Kessler*. It was this Court, not *Kessler*, that deviated from the “uniform” rules of preclusion; held a first suit precludes issues *never adjudicated* in that suit (contrary to the holdings of two other circuits); suggested new claims were barred that arose *after* the first suit was over (contrary to unquestionable principles of claim preclusion); and set up *Kessler* as a forbidden patent-specific departure from legal rules of general applicability.

Kessler is an anti-suit injunction case; it was correctly decided when patentees could lose to a manufacturer and relitigate identical issues against a customer. It is obsolete today because customers can now invoke preclusion to obtain full relief. *Kessler* does not justify a unique doctrine at odds with the preclusion rules in all other circuits. This Court’s contrary view is mistaken, and rehearing is warranted.

CONCLUSION

The petition for rehearing en banc should be granted.

Respectfully submitted.

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September 21, 2020

ADDENDUM

**United States Court of Appeals
for the Federal Circuit**

RICHARD SOWINSKI,
Plaintiff-Appellant

v.

CALIFORNIA AIR RESOURCES BOARD,
Defendant-Appellee

2019-1558

Appeal from the United States District Court for the Northern District of California in No. 5:18-cv-03979-LHK, Judge Lucy H. Koh.

Decided: August 21, 2020

ANTHONY GRAHAM, Graham & Martin LLP, Newport Beach, CA, for plaintiff-appellant.

JONATHAN WIENER, Office of the Attorney General, California Department of Justice, San Francisco, CA, for defendant-appellee. Also represented by XAVIER BECERRA; DAVID A. ZONANA, Oakland, CA; ROBERT DONALD SWANSON, Sacramento, CA.

Before NEWMAN, LOURIE, and SCHALL, *Circuit Judges*.

NEWMAN, *Circuit Judge*.

Dr. Richard Sowinski appeals the dismissal, on the ground of *res judicata*, of his patent infringement suit against the California Air Resources Board.¹ He raises two principal arguments: (1) that *res judicata* does not apply because his present complaint seeks damages only for infringement that occurred after conclusion of his prior suits and (2) that *res judicata* does not apply because the prior suit was resolved on procedural grounds, without reaching the merits of infringement. We conclude that the district court's decision is in accordance with law and precedent and is within the court's discretionary authority, and is affirmed.

BACKGROUND

The first set of State and Federal lawsuits

On November 24, 2015, Dr. Sowinski filed suit in the California Superior Court in Orange County, against the California Air Resources Board (“CARB”) and several individual and corporate defendants associated with CARB. The three counts of the complaint were (1) infringement of United States Patent No. 6,601,033 (“the ’033 patent”), (2) violation of California Welfare & Institutions Code elder abuse laws, and (3) violation of California Business & Professions Code § 17200 *et seq.* All three counts are associated with infringement of the ’033 patent, entitled “Pollution Credit Method Using Electronic Networks,” which describes and claims an electronic method and apparatus for validating and trading consumer pollution-

¹ *Sowinski v. Cal. Air Res. Bd.*, No. 18-CV-3979-LHK, 2018 WL 9841114 (N.D. Cal. Sept. 25, 2018) (“Dist. Ct. Op.”); *id.*, (N.D. Cal. Jan. 18, 2019) (Dkt. No. 29) (“Recon. Op.”).

control tax credits. Dr. Sowinski stated that the '033 patent is infringed by California's Cap-and-Trade Program auctions.

On the motion of a defendant, the suit was removed to the United States District Court for the Central District of California. Pre-trial proceedings included the filing of several motions to dismiss. After Dr. Sowinski moved to file an amended complaint, the parties filed a joint stipulation to withdraw the amended complaint and postpone the hearing on the motions to dismiss. The joint stipulation included the statement that the motions to dismiss were "potentially case dispositive." CARB Br. 8.

Dr. Sowinski did not file a response to the motions to dismiss. After the period set in the local rules for such response, the district court dismissed the complaint "pursuant to Central District of California Local Rule 7-12, which provides that the failure to file a document within a deadline 'may be deemed consent to the granting or denial of the motion.'" Dist. Ct. Op. at *2. The dismissal was with prejudice and without leave to amend.

Dr. Sowinski appealed to the Federal Circuit. We recognized Ninth Circuit precedent that failure to oppose a motion to dismiss may lead to dismissal with prejudice. *See, e.g., Owens v. Kaiser Foundation Health Plan, Inc.*, 244 F.3d 708, 711, 714 (9th Cir. 2001). We affirmed the dismissal, concluding that the district court had considered all of the relevant factors as well as the applicable case law, and that there was no clear error of judgment. We concluded that the dismissal was properly with prejudice because Dr. Sowinski "stipulated that 'the Motions to Dismiss are potentially case dispositive,' but nevertheless conceded and reaffirmed that [he] failed to oppose." *Sowinski v. Cal. Air Res. Bd.*, 720 F. Appx 615 (Fed. Cir. 2017) ("Sowinski I"), at 619. Our mandate issued on December 18, 2017.

The second set of State and Federal lawsuits

On January 31, 2018 Dr. Sowinski filed a complaint in the Superior Court of California in Orange County. The complaint was substantially identical to his prior complaint, except that he sought damages only for infringement after the decision in *Sowinski I*. He soon voluntarily dismissed the Superior Court action, and on July 2, 2018 he filed the same complaint in the United States District Court for the Northern District of California. The complaint stated the same three counts as in *Sowinski I*: infringement of the '033 patent, violation of California elder abuse laws, and violation of the California Business & Professions Code. CARB was the only named defendant.

Dr. Sowinski filed an application in the district court to proceed *in forma pauperis*. CARB moved for dismissal on several grounds: *res judicata*, Eleventh Amendment immunity from suit, and patent invalidity. The district court dismissed the complaint on the ground of *res judicata*, observing that the dismissal of the same claims in the prior litigation against the same defendant “was an adjudication on the merits.” Dist. Ct. Op. at *2. The court “[found] that the Complaint is frivolous and fails to state a claim upon which relief can be granted.” *Id.* at *3.

This appeal followed.

DISCUSSION

In reviewing a ruling of dismissal, “[t]he trial court’s dismissal should not be disturbed unless there is a definite and firm conviction that the court below committed a clear error of judgment in the conclusion it reached upon a weighing of the relevant factors.” *Ferdik v. Bonzelet*, 963 F.2d 1258, 1260 (9th Cir. 1992) (citations and quotation marks omitted). For review of the district court’s dismissal on the ground of *res judicata*, we apply the procedural law of the regional circuit, and any aspects unique to patent

law are reviewed under Federal Circuit law. *Acumed LLC v. Stryker Corp.*, 525 F.3d 1319, 1323 (Fed. Cir. 2008).

Res judicata, or claim preclusion, may be based on failure to prosecute

Res judicata arises when the prior case or claim was previously tried and the merits were adjudicated. “In civil cases, a claim generally may not be tried if it arises out of the same transaction or common nucleus of operative facts as another already tried.” *Currier v. Virginia*, 138 S. Ct. 2144, 2154 (2018). The Ninth Circuit applies the general rule that preclusion applies when the prior suit: “(1) involved the same ‘claim’ or cause of action as the later suit, (2) reached a final judgment on the merits, and (3) involved identical parties or privies.” *Mpoyo v. Litton Electro-Optical Sys.*, 430 F.3d 985, 987 (9th Cir. 2005) (quoting *Sidhu v. Flecto Co.*, 279 F.3d 896, 900 (9th Cir. 2002)). See, e.g., *Stewart v. U.S. Bancorp*, 297 F.3d 953, 956 (9th Cir. 2002) (same).

Dr. Sowinski argues that the merits of patent infringement were not adjudicated in *Sowinski I*, for the action was dismissed because he did not comply with the district court’s local rule for responding to a motion to dismiss. He argues that this was not a final judgment on the merits, because the dismissal was based on the technicality of a local deadline. He states that the imposition of *res judicata* on this basis is “manifestly unjust” because there was no trial of the question of infringement, and that if an infringement suit is now barred his patent is essentially invalidated because the CARB Cap-and-Trade Program is the only known infringing activity.

The district court cited *Johnson v. U.S. Department of the Treasury*, 939 F.2d 820, 825 (9th Cir. 1991) for the holding that “dismissal for failure to prosecute should be ‘treated as an adjudication on the merits for purposes of preclusion.’” Dist. Ct. Op. at *2. On Dr. Sowinski’s request for reconsideration, the district court cited the Federal

Circuit’s statement in *Senju Pharmaceutical Co. v. Apotex Inc.*, 746 F.3d 1344, 1349 (Fed. Cir. 2014) that: “Claim preclusion will generally apply when a patentee seeks to assert the same patent against the same party and the same subject matter.” Recon. Op. at 2.

Federal Rule of Civil Procedure 41(b) provides that a dismissal for failure to prosecute “operates as an adjudication on the merits,” with exceptions not here applicable:

41(b) Involuntary Dismissal; Effect. If the plaintiff fails to prosecute or to comply with these rules or a court order, a defendant may move to dismiss the action or any claim against it. Unless the dismissal order states otherwise, a dismissal under this subdivision (b) and any dismissal not under this rule—except one for lack of jurisdiction, improper venue, or failure to join a party under Rule 19—operates as an adjudication on the merits. . . .

The Federal Circuit has applied these principles. *See, e.g., Nystrom v. Trex Co.*, 580 F.3d 1281, 1284-85 (Fed. Cir. 2009) (“In its simplest construct, [claim preclusion bars] the relitigation of a claim, or cause of action, or any possible defense to the cause of action which is ended by a judgment of the court.”); *Senju, supra*.

We conclude that the district court properly applied preclusion on this ground.

Preclusion may apply to claims that arise after the prior judgment

Dr. Sowinski argues that preclusion cannot apply, as a matter of law, because he is seeking damages only for the period after conclusion of the *Sowinski I* litigation. He cites the principle that: “While the [prior] judgment precludes recovery on claims arising prior to its entry, it cannot be given the effect of extinguishing claims which did not even then exist and which could not possibly have been sued upon in the previous case.” *Sowinski Br.* 3-4. (quoting

Lawlor v. Nat'l Screen Serv. Corp., 349 U.S. 322, 328 (1955)). He also cites Ninth Circuit precedent that “[f]ailure to gain relief for one period of time does not mean that the plaintiffs will necessarily fail for a different period of time.” Sowinski Br. 4 (quoting *Harkins Amusement Enters., Inc. v. Harry Nace Co.*, 890 F.2d 181, 183 (9th Cir. 1989)). However, in those cases the second litigation related to different conduct and different alleged violations or litigants, *Lawlor*, 349 U.S. at 328, or “facts which by the defendants’ own concession are at least 10 percent different from the facts alleged” in the previous litigation and that occurred after the previous litigation, *Harkins*, 890 F.2d at 183.

Dr. Sowinski alleges no different conduct or acts, and the defendant is the same. However, he argues that a claim “arising subsequent to a prior action . . . [is] not barred by *res judicata*” even if the new claim is “premised on facts representing a continuance of the same course of conduct.” Reply Br. 3 (internal quotation marks omitted). He cites *Storey v. Cello Holdings, LLC*, 347 F.3d 370 (2d Cir. 2003), for the position that “[c]laims arising subsequent to a prior action need not, and often perhaps could not, have been brought in that prior action; accordingly, they are not barred by *res judicata* regardless of whether they are premised on facts representing a continuance of the same course of conduct.” *Id.* at 383 (internal quotation marks omitted).

It is correct that when an act has been adjudged wrongful, a subsequent suit may be brought if the violation is repeated. However, when the act has been adjudged not wrongful, its repetition cannot be challenged in a subsequent suit. In *Brain Life, LLC v. Elekta Inc.*, 746 F.3d 1045 (Fed. Cir. 2014), the court considered the effect of a prior judgment of non-infringement; the court explained that preclusion does not apply to new or changed products or methods, but does apply when the accused products or

methods are essentially the same. *Id.* at 1054. The court summarized:

The principle that, when an alleged infringer prevails in demonstrating noninfringement, the specific accused device(s) acquires the “status” of a noninfringing device vis-à-vis the asserted patent claims is “[a]n essential fact of a patent infringement claim” And, when the devices in the first and second suits are “essentially the same,” the “new” product(s) also acquires the status of a noninfringing device vis-à-vis the same accusing party or its privies.

Id. at 1057 (quoting *Foster v. Hallco Mfg. Co.*, 947 F.2d 469, 479-80 (Fed. Cir. 1991)). *See Lawlor*, 349 U.S. at 383 (a claim based on new and different facts is not precluded, whereas a claim based on the same facts is precluded).

Here the accused CARB activity had been held not to be infringing, for Dr. Sowinski’s failure to respond to the motions to dismiss was treated as a judgment on the merits. He does not allege any different facts; to the contrary, his complaint states that CARB’s on-going activities are the same as existed for *Sowinski I*.

The district court properly held that the dismissal in *Sowinski I* is *res judicata*, for CARB is charged with the same acts of infringement of the same patent. Although Dr. Sowinski stresses the inequity that he did not obtain resolution of the question of infringement, CARB points out that he had the opportunity to do so. The application of preclusion “encourages reliance on judicial decisions, bars vexatious litigation, and frees the courts to resolve other disputes,” *Brown v. Felsen*, 442 U.S. 127, 131 (1979). The district court acted within its discretion and in accordance with law, in applying *res judicata*. The dismissal is affirmed.

AFFIRMED

CERTIFICATE OF COMPLIANCE

1. This petition complies with the type-volume limitations of Fed. R. App. P. 35(b)(2)(A) because it contains 3882 words, as determined by the word-count function of Microsoft Word 2010, excluding the parts of the petition exempted by Fed. R. App. P. 32(f) and Fed. Cir. R. 32(b)(2).

2. This petition complies with the typeface requirements of Fed. R. App. P. 32(a)(5) and the type style requirements of Fed. R. App. P. 32(a)(6) because it has been prepared in a proportionally spaced typeface using Microsoft Word 2010 in 14-point Century Expanded BT font.

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September 21, 2020