To Bury Mutuality, Not to Praise It: An Analysis of Collateral Estoppel after Parklane Hosiery Co. v. Shore

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Courts and commentators,¹ prompted by the 1942 California Supreme Court decision in *Bernhard v. Bank of America*,² continue to debate whether mutuality should be required for the application of collateral estoppel. In common parlance, the issue is whether a person who could not have been bound by the result of a prior adjudication should be able to prevent a party who was unsuccessful on a particular issue in that adjudication from relitigating the issue in a subsequent adjudication. Because the party seeking to prevent relitigation would

† The authors wish to thank their colleagues at the University of Miami in 1978-9, Bernard H. Oxman and Douglas M. Kramer, for their comments on previous drafts of this Article.
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² 19 Cal. 2d 807, 122 P.2d 892 (1942).

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not have been bound by an adverse result in the prior adjudication, the prevention sought is nonmutual,\(^3\) or unilateral.\(^4\) Because the previously unsuccessful party would be estopped from relitigating on the basis of a collateral proceeding, courts call this prevention collateral estoppel.\(^5\)

**Bernhard** made a gallant effort to establish the proposition that mutuality is unnecessary:

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 [collateral estoppel] against a party who was bound by it is difficult to comprehend.

In determining the validity of a plea of [collateral estoppel] three questions are pertinent. Was the issue decided in the prior action identical with the one presented in the action in question? Was there

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\(^3\) Courts once relied on a principle of mutuality, precluding a remedy for Party A against Party B whenever Party B would not be entitled to the corresponding remedy against Party A. *E.g.*, Karrick v. Hannaman, 168 U.S. 328 (1897) (plaintiff not entitled to specific performance when defendant breached contract under which plaintiff would provide personal services and defendant would provide capital, because defendant would not be entitled to specific performance had plaintiff breached). In the context of collateral estoppel, mutuality would prevent a party from taking advantage of an earlier adjudication on the ground that he or she would not have been bound by it had the result been the reverse. See generally Restatement of Judgments § 93 (1942) (person neither party nor privy, see id. §§ 79-92, not entitled to claim the benefits of an adjudication of any matter decided by a judgment, other than a judgment in rem). Jurisdictions requiring mutuality permit various exceptions to the principle. For example, a person not a party to an action, but having a sufficiently close relationship with the successful party, may claim the benefits of any matter decided in the successful party's action. *Id.* § 83. For examples of such relationships, see *id.* §§ 94-111; Restatement (Second) of Judgments §§ 79-87 (Tent. Draft No. 2, 1975); Restatement (Second) of Judgments §§ 99, 108-111 (Tent. Draft No. 4, 1977). Collateral estoppel applied on behalf of such persons is still mutual in a broad sense, in that even though they were not parties, they would have been bound had the result of the first action been the reverse.

\(^4\) "Unilateral" is more precise than "nonmutual" and has support in case and comment. *E.g.*, Technograph Printed Circuits, Ltd. v. United States, 372 F.2d 969, 978 (Ct. Cl. 1967); Agrashell, Inc. v. Bernard Sirota Co., 281 F. Supp. 704, 707 (E.D.N.Y. 1968); Annot., 31 A.L.R.3d 1044, 1048 (1970). Unilateral use does not include use of collateral estoppel against those who were not parties or otherwise represented in the litigation asserted as the basis for estoppel. *Cf.* Semmel, *supra* note 1, at 1459 (using "nonmutual" to encompass that situation).

\(^5\) The terms "collateral estoppel" and "issue preclusion" both are used to describe "the effect of the determination of an issue in another action . . . on a different claim." Restatement (Second) of Judgments, Introductory Note at 1 (Tent. Draft No. 1, 1973). "Issue preclusion" is becoming progressively more popular. Compare Restatement (Second) of Judgments § 68 (Tent. Draft No. 1, 1973) with Restatement of Judgments § 68, Comment a (1942). "Collateral estoppel," however, is the usage of the Supreme Court, see Parklane Hosiery Co. v. Shore, 439 U.S. 322 (1979), and is probably the more common usage among lawyers. This Article will use "collateral estoppel."
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? 6

Although the trend, 7 embodied in the second Restatement of Judgments, 8 is toward adoption of the rationale in Bernhard and unilateral use of collateral estoppel, some doubt remains as to whether the rationale is accepted in a majority of states. 9 There is no question, however, that a substantial minority clings to the mutuality requirement. Other states which have abandoned mutuality in part, refuse to allow unilateral use of collateral estoppel offensively, i.e., by a party seeking to establish an element of a claim for affirmative relief. 10

There are many superficially acceptable bases for opposing offensive, unilateral use of collateral estoppel. The primary arguments are: (1) that the ascertainment of truth is an important goal of the litigation process and unilateral collateral estoppel may bind parties to prior adjudications which did not establish the truth; 11 (2) that the result of any given litigation is likely to be influenced by such extra-legal factors as the attractiveness of the parties, the ability of counsel, or the personal prejudices of the jurors, rendering such result a poor basis for future decisions; 12 (3) that the party who was defeated in the prior action may have lost only because of tactical disadvantages of the forum, which the defeated party did not choose; 13 (4) that allowing unilateral assertions of collateral estoppel, especially offensively, may undermine judicial economy, an important goal of collateral estoppel, by permitting persons who might have joined an earlier action to wait and bring separate actions, asserting an estoppel based on the first; 14 (5) that it is unfair for

6. 19 Cal. 2d at 812-13, 122 P.2d at 895.
9. See Note, Collateral Estoppel: The Changing Role of the Rule of Mutuality, 41 Mo. L. Rev. 521, 522 n.7 (1976) (asserting mutuality is the majority rule). The second Restatement states that the Bernhard doctrine has achieved general acceptance, RESTATEMENT (SECOND) OF JUDGMENTS, Reporter's Note at 170-71 (Tent. Draft No. 3, 1976), but this may be an overstatement. See Overton, supra note 1, at 935-37.
12. For a discussion of this argument, see notes 76-86 & accompanying text infra.
13. Currie, supra note 1, at 303-07, 321-22. For further discussion, see notes 107-119 & accompanying text infra.
14. See, e.g., Newport Div., Tenneco Chem., Inc. v. Thompson, 330 So. 2d 826, 828
one who has not risked anything in the prior action to use a favorable result against one who was a party to that action;\textsuperscript{15} and finally (6) that unilateral collateral estoppel, if applied mechanically, would require estopping a party who had lost in a prior action, even though other actions in which that party was involved were inconsistent with that adverse result.\textsuperscript{16}

The courts should use collateral estoppel unilaterally and offensively despite the criticisms just listed. Indeed, this Article argues that the first five of these criticisms deserve little credence and that the problems which prior inconsistent judgments pose have been grossly exaggerated.

In \textit{Parklane Hosiery Co. v. Shore},\textsuperscript{17} the Supreme Court allowed offensive unilateral use of collateral estoppel, thus indicating that the Court did not consider the criticisms of the doctrine sufficiently serious to bar offensive use completely. In addition, the Court set out some general standards for offensive use. As a result of the generality of the \textit{Parklane} standards and the possible impact \textit{Parklane} may have on states\textsuperscript{18} which have not yet abandoned mutuality, as well as those which have not yet allowed offensive use, this Article proposes an interpretation of the standards based on a discussion of the theory of collateral estoppel. After a discussion of the \textit{Parklane} case,\textsuperscript{19} the Article analyzes collateral estoppel, addressing the objections to both defensive and offensive unilateral use.\textsuperscript{20} The Article then assesses a recent Oregon case in terms of the analysis submitted\textsuperscript{21} and, finally, suggests an application of the analysis to an area of substantive law with unique

\footnotesize{\textsuperscript{15} See, e.g., Adamson v. Hill, 202 Kan. 482, 487, 449 P.2d 536, 541 (1969); Greenebaum, \textit{ supra} note 1, at 1457-75, 1479; \textit{Collateral Estoppel by a Nonparty}, \textit{ supra} note 1, at 1024-36, 1038, 1045-46. For further discussion, see notes 123-46 \& accompanying text \textit{infra}.}


\footnotesize{\textsuperscript{17} 439 U.S. 322 (1979).}

\footnotesize{\textsuperscript{18} The Supreme Court's decision, which settled a point of federal law, see \textit{generally} Vestal, \textit{Res Judicata/Preclusion by Judgment: The Law Applied in Federal Courts}, 66 MiCH. L. Rev. 1723 (1968), has no formal effect on the law of any state. Nevertheless, federal court practice traditionally has heavily influenced state court practice. Compare \textit{McHone} v. Montgomery Ward \& Co., 406 F. Supp. 484 (S.D. Ohio 1975) (diversity case implying that mutuality was not required for collateral estoppel in Ohio) \textit{with} Hicks v. De La Cruz, 52 Ohio St. 2d 71, 369 N.E.2d 776 (1977) (relying on \textit{McHone} to hold that Ohio law does not require mutuality).}

\footnotesize{\textsuperscript{19} See notes 23-50 \& accompanying text \textit{infra}.}

\footnotesize{\textsuperscript{20} See notes 51-146 \& accompanying text \textit{infra}.}

\footnotesize{\textsuperscript{21} See notes 147-75 \& accompanying text \textit{infra}.}
procedural and policy problems: patent law.\textsuperscript{22}

**An Outline of Parklane Hosiery Co. v. Shore**

In *Parklane*, plaintiffs brought a stockholder's class action against Parklane Hosiery Company and twelve of its officers, directors and stockholders, alleging that the defendants had issued a materially false and misleading proxy statement\textsuperscript{23} in connection with a merger.\textsuperscript{24} Before the class action came to trial, however, the Securities and Exchange Commission (SEC) filed suit in federal district court against the same defendants alleging that the proxy statement issued by Parklane was materially false and misleading, on essentially the same basis asserted in the class action.\textsuperscript{25} After a four-day trial, a declaratory judgment was entered that the proxy statement was materially false and misleading in the respects alleged.\textsuperscript{26} The Court of Appeals for the Second Circuit affirmed.\textsuperscript{27}

Plaintiffs in the class action then moved for partial summary judgment against the defendants, asserting that the defendants were collaterally estopped from relitigating the issues resolved against them in the SEC action.\textsuperscript{28} The district court held that the defendants could not be collaterally estopped by virtue of the prior judgment, apparently because such an estoppel would deny the defendants' right to a jury trial under the seventh amendment.\textsuperscript{29} On appeal, the Second Circuit court

\textsuperscript{22} See notes 178-274 & accompanying text infra.

\textsuperscript{23} Although the issue in *Parklane* was one of fact, in the subsequent case of *Montana v. United States*, 440 U.S. 149 (1979), the Supreme Court held that collateral estoppel could be applied to resolve questions of law. *Montana* holds that collateral estoppel is available on questions of federal law at least where (1) successive actions do not involve unrelated subject matters; (2) no party raising constitutional issues was forced to accept state court adjudication of those issues; and (3) there are no allegations of unfairness or inadequacy in the procedures of the prior court. *Id.* at 162-63.

\textsuperscript{24} 439 U.S. at 324. Plaintiffs alleged that the proxy statement violated §§ 14(a), 10(b), and 20(a) of the Securities Exchange Act of 1934 and various rules and regulations promulgated by the Securities and Exchange Commission. 439 U.S. at 324. See 15 U.S.C. §§ 78n(a), 78j(b), 78t(a), 78a-78hh (1976).


\textsuperscript{26} 422 F. Supp. at 487.

\textsuperscript{27} SEC v. Parklane Hosiery Co., 558 F.2d 1083 (2d Cir. 1977).

\textsuperscript{28} If Parklane were bound by the prior judgment, the plaintiff class still would be required to prove its damages. 439 U.S. at 325 n.2 (citing Mills v. Electric Auto-Lite Co., 396 U.S. 375, 386-90 (1969)). Thus, the summary judgment could be partial only.

\textsuperscript{29} *Id.* at 325.

seemed to encounter no problem with offensive use of unilateral collateral estoppel.\textsuperscript{31} In reversing the judgment, the court held that once the issues had been determined in the SEC action, no question of fact remained on which to base a right to a jury trial.\textsuperscript{32}

The Supreme Court granted certiorari.\textsuperscript{33} While it approved the offensive use of unilateral collateral estoppel, the Supreme Court's approach differed substantially from that of the court of appeals. In reasoning that offensive use of unilateral collateral estoppel in the \textit{Parklane} case would not deprive the defendants of their right to a trial by jury,\textsuperscript{34} the Court, per Justice Stewart, devoted a substantial portion of its opinion to considering whether, "quite apart from the right to a jury trial . . . a litigant who was not a party to a prior judgment may nevertheless use that judgment 'offensively' to prevent a defendant from relitigating issues resolved in the earlier proceeding."\textsuperscript{35}

The \textit{Parklane} Court recognized the disparity in the binding effect of prior actions that results from unilateral use of collateral estoppel:\textsuperscript{36} through application of unilateral estoppel, an unsuccessful party to a prior action would be estopped in a subsequent action. Due process requirements dictate, however, that had that same party been successful, he or she could not have asserted collateral estoppel against one who was not a party to the prior action or who did not otherwise have an opportunity to be heard.\textsuperscript{37} The Court held that unilateral collateral estoppel should be applied offensively despite this disparity in binding effect when the trial court, within its broad discretion, determines that it is appropriate.\textsuperscript{38}

In providing a guide to exercising that discretion, the Supreme Court concluded that a trial judge should not allow such unilateral use of offensive collateral estoppel in two situations: where the plaintiff

\textsuperscript{32} 565 F.2d at 819, 824.
\textsuperscript{34} 439 U.S. at 335-37.
\textsuperscript{35} \textit{Id.} at 326.
\textsuperscript{36} \textit{See id.} at 330.
\textsuperscript{37} \textit{See id.} at 331 n.15 (noting potential procedural unfairness which could follow from application of collateral estoppel).
\textsuperscript{38} 439 U.S. at 331 n.16 (citing \textit{RESTATEMENT (SECOND) OF JUDGMENTS}, Reporter's Note at 99 (Tent. Draft No. 2, 1975) (noting general acceptance among state courts of a "full and fair opportunity to litigate" standard)).
asserting the doctrine "could easily have joined in the earlier action" and where application of the doctrine "would be unfair to a defendant." The Court enumerated four situations which may indicate unfairness in the application of estoppel. First, the Court noted that "[i]f a defendant in the first action is sued for small or nominal damages, he may have little incentive to defend vigorously, particularly if future suits are not foreseeable." Second, the Court was concerned about cases in which "the judgment relied upon as a basis for the estoppel is itself inconsistent with one or more previous judgments in favor of the defendant." Third, "where the second action affords the defendant procedural opportunities unavailable in the first action that could readily cause a different result collateral estoppel may be inappropriate." Finally, where "other reasons" exist which might give rise to unfairness, the doctrine may be held inapplicable.

The Court detected none of these indications of unfairness in the Parklane case. Consequently, these standards technically are dicta. Given past experience, however, the Supreme Court doubtlessly intends these guidelines to be taken seriously. In all likelihood, these

40. 439 U.S. at 331.
41. Note the use of "may" or "might" in the description of these three factors, id., as opposed to the use of "would" and "should" in the section of the Parklane opinion that discusses the trial court's discretion. Id. That these factors should only be relevant to the collateral estoppel inquiry, rather than requiring the trial court to deny collateral estoppel effect, seems reasonable. For example, the trial court should not be required to deny collateral estoppel effect simply because the amount at stake in the initial action was small, for the defendant might have chosen to contest it vigorously (1) as part of a policy of contesting all claims vigorously, (2) to avoid establishment of an unfavorable rule of law, (3) for reasons of public relations, (4) for reasons of honor, (5) to avoid adverse consequences which might grow out of an unfavorable judgment, such as loss of professional license or investigation by law enforcement bodies, or even (6) to discourage other foreseeable possible plaintiffs from bringing a similar action.
42. Id. at 330 (citing Evergreens v. Nunan, 141 F.2d 927, 929 (2d Cir.), cert. denied, 323 U.S. 720 (1944) and Berner v. British Commonwealth Pac. Airlines, 346 F.2d 532 (2d Cir. 1965)).
44. 439 U.S. at 331 & n.15. One example would be where the defendant was forced to litigate in an inconvenient forum, which is especially a problem where a defendant in the second action was also the defendant in the first action. RESTATEMENT (SECOND) OF JUDGMENTS § 88(2), Comment d (Tent. Draft No. 2, 1975) contains a similar provision. For further discussion, see notes 108-12 & accompanying text infra.
45. 439 U.S. at 331. See notes 112-16 & accompanying text infra.
46. 439 U.S. at 331.
standards will govern the application of offensive unilateral collateral estoppel in the federal courts.48 Substantial doubt nonetheless remains in some state courts about the desirability of the offensive use of unilateral collateral estoppel.49 The standards in Parklane can and should prompt offensive use of unilateral collateral estoppel in additional states and spur abandonment of mutuality in those states in which it is still required.50

An Analysis of Collateral Estoppel

The Usefulness of Collateral Estoppel in the Legal System51

Courts and commentators, almost without exception, have cited two policies as the basis for collateral estoppel: protection of individual litigants from harassment or burdensome relitigation caused by a party against whom they have already litigated an issue,52 and judicial economy.53 Defenders of mutuality argue that these policies are insufficient which failed to provide benefits to pregnant women was challenged under the equal protection clause. The Aiello Court stated in footnote 20 that pregnancy was not a sex-based classification. 417 U.S. at 496 n.20. The Fourth Circuit's opinion in Gilbert stated that footnote 20 was limited to equal protection questions and did not apply to Title VII claims. 519 F.2d at 666. The Supreme Court reversed the Fourth Circuit, relying heavily on Aiello's footnote, as establishing that pregnancy is not a sex-based classification under Title VII.

48. Eight years prior to Parklane, in Blonder-Tongue Laboratories, Inc. v. University of Ill. Foundation, 402 U.S. 313 (1971), the Supreme Court gave its blessing to defensive use of unilateral collateral estoppel, at least insofar as patent infringement suits are concerned. The Court specifically declined to consider offensive use. Id. at 330. Parklane was the Court's first pronouncement on the special considerations pertinent to offensive use. For further discussion of Blonder-Tongue, see notes 195-203 & accompanying text infra.

49. See cases cited note 10 supra.

50. See cases cited note 9 supra.


53. E.g., Zdanok v. Glidden Co., 327 F.2d 944, 953 (2d Cir. 1964); Overton, supra note 1. Although judicial economy and prevention of harassment are the policies cited most often as underlying collateral estoppel, others have been mentioned as well. One is maintaining public confidence in the courts. E.g., Vestal, Relitigation by Federal Agencies: Conflict, Concurrence and Synthesis of Judicial Policies, 55 N.C.L. REV. 123, 175 (1977); Vestal, Rationale of Preclusion, 9 St. Louis U.L.J. 29, 31, 33-34 (1946). The degree to which collateral estoppel furthers this policy, however, is slight at best. See Hazard, Res Nova in Res Judicata, 44 S. CAL. L. REV. 1036, 1041 (1971). Another reason offered for collateral estoppel is the desire to afford equal treatment to all litigants. Vestal, Relitigation by Federal Agencies: Conflict, Concurrence and Synthesis of Judicial Policies, 55 N.C.L. REV. 123, 146 (1977). Like public confidence in the courts, however, equality of judicial treatment is less a justification for collateral estoppel than its usual effect. Moreover, "equality of treatment" is such a vague concept that it not only may be said to justify a broad application of collateral
to justify either the abrogation of mutuality or the offensive, unilateral use of collateral estoppel.\textsuperscript{54} This argument, however, ignores, as both critics and proponents of the \textit{Bernhard} doctrine often do, the most important justification of collateral estoppel: like stare decisis, collateral estoppel serves a valuable function in the ordering of extra-judicial relationships.\textsuperscript{55}

The collateral estoppel effect of any one case will not be as broad as its stare decisis effect, \textit{i.e.}, collateral estoppel based on case \textit{A} is not a possible rule of decision in as many actions as the stare decisis effect of case \textit{A} would be. The impact of collateral estoppel should not be underestimated, however; if collateral estoppel is applied the party to the prior action is absolutely prohibited from relitigating the identical issue arising in a subsequent adjudication. This finality allows the parties to plan their conduct outside the judicial forum,\textsuperscript{56} whether by allowing them to use resources for purposes other than judicial battle,\textsuperscript{57} by encouraging them to behave in ways approved by the prior decision,\textsuperscript{58} by estoppel but also may be said to justify restricting it by, for example, imposing a mutuality requirement.

Professor Hazard has suggested another reason for collateral estoppel: the avoidance, as far as possible, of imposing conflicting legal obligations on a single individual. Hazard, \textit{supra}, at 1042 \& n.15. \textit{Accord}, Armstrong \textit{v.} United States, 354 F.2d 274, 290-91 (Ct. Cl. 1965). This objective is the reason for compulsory joinder rules, see Hazard, \textit{supra}, at 1042 \& n.16, and for the rules binding successors in interest and represented parties under collateral estoppel, see note 3 \textit{supra}. But it does not explain applications of collateral estoppel where the inconsistency avoided is that of a party's rights, as opposed to his or her obligations. \textit{See, e.g.}, Blonder-Tongue Laboratories, Inc. \textit{v.} University of Ill. Foundation, 402 U.S. 313 (1971) (discussed at notes 195-203 \& accompanying text \textit{infra}). The avoidance of inconsistent obligations, then, is at best a limited explanation, applying only to some applications of collateral estoppel.

\textsuperscript{54} \textit{E.g.}, Adamson \textit{v.} Hill, 202 Kan. 482, 487, 449 P.2d 536, 541 (1969); Moore \& Currier, \textit{supra} note 1, at 308.


\textsuperscript{56} \textit{Cf.}\ A. VESTAL, \textit{Res Judicata/Preclusion} V-8 to V-9 (1969) (idea that "[r]elationships must be fixed and not subject to change for indefinite periods" is one premise underlying judicial system).


\textsuperscript{58} For example, a holding of patent invalidity informs manufacturers who might otherwise be liable for patent infringement that they are reasonably safe in investing or in
discouraging them from behaving in a manner they know to be illegal, 59 or by preventing the estopped party from using the threat of relitigation to extract concessions from a person who was not a party to the prior action. 60

Fundamental Irrelevance: The Arguments of Bernhard's Critics

The critics of Bernhard premise their criticism on the belief that mutuality is necessary for the appropriate application of collateral estoppel. Their real objection, however, appears to be that the action on which collateral estoppel is sought to be based was deficient, either because of deficiencies inherent in our system of civil procedure or because of deficiencies peculiar to that particular action. The remedy for these deficiencies is not to invoke a requirement of mutuality; the remedy is either to correct the institutional deficiencies directly or to refuse to apply collateral estoppel in those cases in which specific deficiencies in the prior action can be discerned. 61

This section first addresses the general objections to unilateral use, which seem to be based on a dissatisfaction with the way our system of civil procedure works: the objection based on a perception that the system should strive for absolute correctness of decision 62 and the objection based on the possibility of inconsistent judgments. 63 The section then proposes a method by which allegedly inconsistent judgments can be evaluated. 64 Next, the discussion turns to objections that relate more directly to offensive use. Specifically, these objections include both the unfairness offensive use would create if the common defendant lost the first action because of the tactical disadvantages of a forum he or she did not select, 65 and the unfairness and judicial diseconomy offensive use is said to create by promoting litigation generally and by continuing to invest in production of items covered by the patent. Cf. Lieberman & Nelson, In Rem Validity—A Two Sided Coin, 53 J. PAT. OFF. SOC'Y 9, 19 n.50 (1971) (quoting statement of Assistant Attorney General Donald F. Turner: "The uncertainty which [inconsistent results create] for business is a serious obstacle to enterprise and innovation").

59. As where a patentee, knowing he or she will be estopped from relitigating a patent because it has been adjudged invalid after a full and fair opportunity to litigate, refrains from further attempts to enforce the patent.

60. As where an alleged infringer, relying on the availability of collateral estoppel, points out to a patentee, in a meeting discussing the alleged infringement, that the patent is invalid based on a prior adjudication of invalidity, thus precluding the patentee's threats of relitigation.


62. See notes 69-75 & accompanying text infra.

63. See notes 76-94 & accompanying text infra.

64. See notes 95-97 & accompanying text infra.

65. See notes 100-19 & accompanying text infra.
promoting a “wait-and-see” attitude on the part of those who would otherwise join a suit as plaintiffs.66

A General Analysis of Unilateral Collateral Estoppel

The Choice Between Rationality and Repetition

Proponents of the mutuality requirement have argued that relitigation is justified because the litigation process is fallible.67 This argument must rest on one of two propositions: either the judicial system requires certainty of the correctness of the result of prior litigation before allowing estoppel based on that result or, even though our procedural system does not provide for such certainty, some issues should be relitigated because the results of a prior litigation may vary widely due to the unreliability of factfinders. These arguments will be examined first with respect to the goal of certainty in the trial process and then with respect to the alleged unreliability of factfinders.

Before embarking on this examination, however, one should note that if the result of a prior action is unacceptable as a basis for use of collateral estoppel owing to these flaws, then the process by which the first action was decided is itself seriously in need of reform. Thus, even if the arguments based on supposed defects in any prior litigation are accepted, they logically would require complete abolition of collateral estoppel rather than a mere requirement of mutuality.68 This again demonstrates how the critics of Bernhard seek a remedy unsuited to the dangers they perceive.

66. See notes 120-46 & accompanying text infra.

67. E.g., Greenebaum, supra note 1, at 2. Indeed, all arguments for mutuality must assume some sort of undetectable fallibility in any particular case; otherwise there would be no reason to repeat cases in which flaws had not been detected.

68. “Granting that the outcome of litigation is fallible and that there is a difference in opponents, is such fallibility really relevant to a determination of whether an issue once decided should be litigated? There may be numerous reasons why it is easier for B to defeat X than for him to defeat A. X may be a very unappealing fellow with a poor lawyer, and he may be obviously rich besides. However, this does not mean that, on the average, a decision in favor of B against X is more likely to be correct than the previous decision against B and in favor of A. If the unpredictability of the outcome of litigation is good cause for relitigation, there is no reason why identical parties should not be permitted to relitigate the same issue. To us, the fallibility of litigation ... seems a poor reason for relitigating an issue.” Bahler v. Fletcher, 257 Or. 1, 9, 474 P.2d 329, 333-34 (1970). Accord, Blumcraft of Pittsburgh v. Kawneer Co., 482 F.2d 542, 549 (5th Cir. 1973). Blumcraft pointed out that the Supreme Court in Blonder-Tongue Laboratories, Inc. v. University of Ill. Foundation, 402 U.S. 313 (1979), had ruled that a plaintiff could be collaterally estopped on the basis of one prior litigation, even though that decision may have been incorrect. For further discussion of Blonder-Tongue, see notes 195-203 & accompanying text infra.
Contrary to the arguments of mutuality’s supporters, our system of civil procedure is not designed to produce absolute certainty of the truth in any given litigation or in a series of litigations. The usual burden of proof standard in civil cases is the preponderance of the evidence test. This test establishes the point at which a rational decisionmaker would rule in the proponent’s favor, assuming that an error in making one choice would be no more harmful than another. The factfinder is not required to suspend decision until the absolute truth is certain. Because a jury is not required to find absolute certainty of the truth in any given litigation or in a series of litigations.

69. One supporter of mutuality has argued that the power of the trial courts and appellate courts to correct errors at the trial level, and the right of trial courts to reopen judgments or exercise equitable relief in the case of fraud or newly discovered evidence, indicate a pervasive policy of seeking certainty in the judicial system. Overton, supra note 1, at 930-31. See also Technograph Printed Circuits, Ltd. v. United States, 372 F.2d 969, 977-78 (Ct. Cl. 1967) (justifying patent relitigation on basis of likelihood of error in first suit). This contention is simply overstated. If a party who lost the first litigation had all these tools available to correct error and was unsuccessful or did not even bother to use them, it is only logical to say that the result of the first litigation should be applied in later litigation. See generally note 75 infra.

70. See, e.g., F. James & G. Hazard, Civil Procedure § 7.6 (2d ed. 1977).

71. The test assumes a minimum amount of evidence, i.e., more than a scintilla, has been introduced. See, e.g., J. Weinstein, Basic Problems of State and Federal Evidence, by Edmund M. Morgan 16 (5th ed. 1976).


73. Some courts have mentioned certainty as a requirement of the preponderance test. It would appear, however, that these courts were searching for verbiage to explain to jurors that they were not to find in accordance with what might be more likely in a broad range of cases, but rather with what was more likely in the particular case they were trying. See Lampe v. Franklin Am. Trust Co., 339 Mo. 361, 96 S.W.2d 710 (1936); Logeman Bros. Co. v. R.J. Pruess Co., 131 Wis. 122, 111 N.W. 64 (1907); 9 Wigmore on Evidence § 2498, at 325 (3d ed. 1940). The courts' problem is avoided when the preponderance criterion is viewed subjectively, i.e., that A is more probable than not when a person offered a reward for choosing correctly would choose A rather than not A. See Tribe, Trial by Mathematics, 84 Harv. L. Rev. 1329, 1347 (1971) (citing L. Savage, Foundations of Statistics (1950)). See also Kaplan, Decision Theory and the Factfinding Process, 20 Stan. L. Rev. 1065, 1066-67 (1968).

As Judge Weinstein has explained: "Lawyers are aware that almost never can we be certain, after the event, of what happened. The courts more and more are treating the jury with the respect they expect for themselves. Under such circumstances, the only sound approach is to charge the jury in the average civil case that it must find it more probable than not that the proposition of fact, which must be established by the party with the burden of proof, is true." See J. Weinstein, Basic Problems of State and Federal Evidence, by
truth, and because repeated trials will not necessarily remedy the failings of prior trials, the question is, once the courts have done the best they can, why should they repeat the process when no subsequent litigation either will or is intended to determine the absolute truth?

Even if the critics of unilateral collateral estoppel were to concede that the purpose of the preponderance test is not to ascertain the truth but to enable the making of a decision, related arguments persist based on the notion that different juries would assess the same evidence differently. For this reason, the critics argue that relitigation is proper, if the losing party so desires, to ensure that the losing party will not be unduly prejudiced by sympathy for an attractive opponent or by some other factor which cannot or should not be replicated in subsequent litigation. While one might suppose that different jurors initially may


74. “Courts can only do their best to determine the truth on the basis of the evidence, and the first lesson one must learn on the subject of res judicata is that judicial findings must not be confused with absolute truth.” Currie, supra note 1, at 315. In fact, many aspects of our adjudicatory system subordinate this goal to other policies. See J. FRANK, COURTS ON TRIAL 85-86, 93, 94, 97 (1949) (citing practices which impede rather than facilitate the discovery of truth). Other examples of rules which exist to prevent disclosure of the truth are evidentiary privileges such as the priest-penitent, attorney-client, interspousal, and physician-patient privileges.

75. Cf. Blonder-Tongue Laboratories, Inc. v. University of Ill. Foundation, 402 U.S. 313, 331-32 (1971) (expressing doubt that in a difficult case, second could decide issues more accurately than first); National Resources Defense Fund Council, Inc. v EPA, 465 F.2d 492, 495 (1st Cir. 1972) (transfer of action where issues raised “seem to be identical with those raised in every other circuit”). See also B. CARDOZO, The Nature of the Judicial Process, in SELECTED WRITINGS 170-71 (M. Hall ed. 1947). Indeed, collateral estoppel is not hobbled by rules providing for correction of errors in a trial—such as the availability of appeal or the availability of a motion for the reopening or setting aside of the judgment—since these rules will prevent collateral estoppel effect based on the prior action only if the invocation of these rules has resulted in the vacation of the judgment. RESTATEMENT OF JUDGMENTS § 41, Comment d (1942). If correctness of result were the primary factor to consider, then the first litigation, if ever achieving collateral estoppel effect, would not do so until the losing party had accepted the result of the prior action or exhausted all avenues of reconsideration and appeal. If judicial economy also is considered, then subsequent litigation would be stayed pending the result of the losing party’s attempts, if any, to have the judgment corrected. In fact, neither solution has been adopted, for there is a third factor to consider: the interest in speedily determining the rights of parties so that reliance and private planning may occur. See generally RESTATEMENT (SECOND) OF JUDGMENTS § 41, Comment g (Tent. Draft No. 1, 1973). Because of this third factor, collateral estoppel may be applied immediately on the basis of a prior judgment, even though that prior judgment eventually may be reversed. In that event, the judgment applying collateral estoppel may be re-opened. Id. § 41.3.

76. See, e.g. Overton, supra note 1, at 933-34; Note, A Probabilistic Analysis of the Doctrine of Mutuality of Collateral Estoppel, 76 Mich. L. Rev. 612, 626 (1978). Overton expands this argument to include possible defects in the prior litigation—attractiveness of the common party’s first opponent, a lack of skill of the common party’s advocate in the prior case,
view the same evidence differently, this possibility is reduced by the requirement of unanimity or concurrence of a substantial majority of the jurors in any given verdict. The greater the requirement for concurrence, which is achieved in large part by jurors consulting with each other, the lesser the likelihood that the jury's verdict will be swayed by extra-legal factors.

In addition, this argument for relitigation as an antidote to jury fallibility ignores the practical impact of a prior action on subsequent actions. Even if the judgment in the prior case is not binding in subsequent litigation between different parties, the conduct of the first litigation will influence subsequent litigation. For example, assume plaintiff 2 sues D, alleging negligence in a transaction that was the subject of a prior litigation in which plaintiff 1 prevailed over D. Even without application of collateral estoppel, the probability that plaintiff 2, relying on plaintiff 1's experience in the prior action, also will prevail over D on the issue of negligence must be greater than was the probability that plaintiff 1 would prevail in the prior suit.

More particularly, as to issues of fact, plaintiff 2 will be able to and other factors unrelated to the merits—as reasons why the prior judgment should not be the basis for collateral estoppel. This argument proves too much. It is actually an argument for abolishing collateral estoppel entirely. See text accompanying note 61 supra. In any event, Parklane and the second Restatement provide exceptions to deal with cases involving the unfairness Overton contemplates. Parklane Hosiery Co. v. Shore, 439 U.S. at 329-30; Restatement (Second) of Judgments app. § 88(8), Comment j (Tent. Draft No. 3, 1976). This flexible test, which avoids the disadvantages of a wooden rule denying or allowing collateral estoppel, has been used for some time. See e.g., Bruszewski v. United States, 181 F.2d 419, 421 (3d Cir. 1950). For specific instances of possible unfairness that may make collateral estoppel inapplicable, see notes 77, 108-19 & accompanying text infra.

77. The argument here is not that judgments based on compromise verdicts should be the basis for collateral estoppel—a possibility which has concerned some commentators. E.g., Currie, supra note 1, at 288-99 n.37; Semmel, supra note 1, at 1468. See also Leipert v. Honold, 39 Cal. 2d 462, 247 P.2d 324 (1952); Currie, supra note 1, at 296-300.


79. Courts have recognized the strategic advantage of winning the first of a series of multiple litigation. "[W]e wonder how often it is that a person, when faced with multiple litigation arising out of a single factual situation, does not intentionally put his best foot forward, regardless of the nature of the first case." Bahler v. Fletcher, 257 Or. 1, 11, 474 P.2d 329, 334 (1970). "It was obvious that plaintiff's counsel who represented the heirs of other deceased passengers was litigating his most favorable case in an attempt to test the liability and monetary responsibility of both [defendants]." In re Air Crash Disaster, Dayton, Ohio, 350 F. Supp. 757, 767 (S.D. Ohio 1972), rev'd on other grounds sub nom. Humphreys v. Tann, 487 F.2d 666 (6th Cir. 1973).

80. Cf. Evans & Robbins, The Demise of Mutuality in Collateral Estoppel (The Second
exploit plaintiff 1's successes in the prior action and will be able to correct any of plaintiff 1's errors in that action. D, on the other hand, will not be so free to correct any errors. For example, D's witnesses will be subject to impeachment based on their statements at the prior trial. Should D decide to submit new evidence or rely on new legal theories, plaintiff 2 will have no greater problems in preparation than did the prior plaintiff. As to issues of law, since the facts generating the issues remain the same, D's chances of distinguishing the precedent created in the prior action are slim indeed.

The most seriously flawed argument raised by critics of the unilateral use of collateral estoppel is that based on the supposed need to avoid the influence of extra-judicial factors on factfinding by relitigation. Assuming that the influence of extra-judicial factors on factfinding is as serious as critics argue, the judicial system is incapable of controlling the influence of these factors by examining the results of a particular trial or series of trials. Nor can a representative series of lawsuits be relied on to reflect the variations in these factors between trials as a means of finding the "true" decision. That any court would find the standards for such sampling worth the time and trouble to develop is highly doubtful. Further, no court is likely to believe itself competent to develop such standards.

Relitigation absent an ability to identify and remove these extra-

Round Patent Suit—The Not-So-Instant Replay), 24 OKLA. L. REV. 179, 179 (1971) (second patent infringement suit "very often tends to be a replay of the first").

81. E.g., FED. R. EVID. 613. In federal court prior inconsistent statements of the sort hypothesized are admissible to prove the matter asserted therein. FED. R. EVID. 801(d)(1)(A).

82. Given the frequent availability of discovery of evidence that will be offered and legal theories that will be advanced, plaintiff 2, in effect, will know the contentions to be faced at trial before the trial begins. See, e.g., FED. R. CIV. P. 26-37.

83. See Kaplan, Decision Theory and the Factfinding Process, 20 STAN. L. REV. 1065, 1065 (1968) (proposing application of the basic tools of decision theory to the factfinding process).

84. No one knows the frequency of the incidence of extra-legal factors. Consequently, were a court to attempt to control the influence of these factors, it would appear that first the court must permit repetitive suits litigating an identical issue. The decisions on this issue—which, to be sufficiently rigorous, would have to be a representative sample—would be affected by various extra-legal factors. From these decisions the courts could choose the "best" (i.e., most free from extra-legal influence) and modify all others to conform with this "best" result.

"Correcting" previous judgments, of course, largely will destroy any reliance that may otherwise be placed on judgments that precede the courts' selection of the "best" result, assuming courts are capable of such a selection. But such retrospective correction is the logical consequence of a concern that the ultimate result be that which would occur under ideal, laboratory conditions.
judicial influences would result in the arbitrary visitation of those influences the critics complain of into a series of trials. Moreover, such re-litigation abandons any concept of the advantages of judicial economy, the prevention of harassment, and the settlement of extra-judicial relations which are the bases for the doctrine of collateral estoppel. In short, the proposed solution—continuance of mutuality—does little or nothing to remedy the problem for which it is advanced while depriving litigants of the positive influences of unilateral collateral estoppel. To the extent mutuality is retained because of an asserted pervasiveness of irrational factors, it merely increases the irrationality which the proponents of mutuality argue is inherent in the litigation process.

The Siren Song of Symmetry

The second main objection to the assertion of unilateral collateral estoppel is based on a notion that symmetry is identical to fairness. Even jurisdictions abandoning mutuality have treated this second major argument for mutuality with more respect than it should command.

An extreme illustration of the problem follows: O is the absentee owner of a large parcel of land. A developer without authorization subdivides the land and sells homes thereon to fifty individuals. O

85. See notes 69-75 & accompanying text supra.
86. To the extent that criticism of Bernhard is based on the notion that succeeding multiple parties should endure the supposed irrationalities of the trial system, rather than on an argument that the subsequent multiple parties should not get a free ride, the analysis set out in the text applies.
87. “Another curious rule is, that, as a judgment is not evidence against a stranger, the contrary judgment shall not be evidence for him. If the rule itself is a curious one, the reason for it is still more so.—‘Nobody can take benefit by a verdict, who had not been prejudiced by it, had it gone contrary—a maxim which one would suppose to have found its way from the gaming table to the bench.” J. Bentham, Rationale of Judicial Evidence, in 7 WORKS OF JEREMY BENTHAM 171 (Bowring ed. 1843). Contra, Currie, supra note 1, at 288 n.17. Moore & Currier make a variation of the critics' argument: they argue that the theory of an in personam action is that only the parties thereto will be bound. This argument can be construed two ways.
88. Moore and Currier either are arguing this theory based on assumed definition of personal jurisdiction or have somehow discovered the essence of the in personam action. As to the personal jurisdiction possibility, given that Shaffer v. Heitner, 433 U.S. 186, 203-04, (1977), makes the standards for personal jurisdiction “reasonableness,” “fair play,” and “substantial justice,” Moore and Currier are basically arguing that unilateral collateral estoppel is unfair, not that it offends an absolute standard. Their argument that unilateral collateral estoppel offends the theory of the in personam action, given their lack of support for any such theory, or its application to the question of mutuality, similarly assumes its conclusion. See Moore & Currier, supra note 1.
eventually sues the putative owners for trespass and wins the first twenty-five actions. He loses the twenty-sixth. Is it fair to rule, in the twenty-seventh action, that \( O \) is bound by the unfavorable result of the twenty-sixth?

89. This is a variation of the well known railroad train hypothetical propounded by Professor Currie. See Currie, supra note 1, at 281-82. Currie posited a defendant railroad opposing fifty passengers suing separately for injuries caused by the same train wreck. The first twenty-five passengers lost, the twenty-sixth won. The example in text, using multiple defendants, not plaintiffs, was created to avoid tying the problems of inconsistent results in multiple claims with the problems of offensive use. Note that Currie later abandoned his reservations about the "multiple claimant anomaly," at least where the common party had a full and fair opportunity to litigate the issue in a prior case and where the basic question was one of law. Currie, Civil Procedure: The Tempest Brews, 53 CALIF. L. REV. 25, 28-33, 36 (1965). Contra, Reardon v. Allen, 88 N.J. Super. 560, 567-73, 213 A.2d 26, 30-32 (1965).

Practically speaking, the inconsistent judgment problem propounded by Currie is unlikely to occur. Indeed, only three cases have squarely considered the influence of prior inconsistent judgments on the question of whether collateral estoppel is appropriate. Blumcraft of Pittsburgh v. Kawneer Co., 482 F.2d 542 (5th Cir. 1973); State Farm Fire & Cas. Co. v. Century Home Components, Inc., 275 Or. 97, 550 P.2d 1185 (1976); State ex rel. Dept. of Transp. v. Jewett, 28 Or. App. 531, 559 P.2d 1312 (1977). See notes 147-237 & accompanying text infra. As Professor Vestal has pointed out: "It is feared that in a spurious class action suit the other members of the class would wait for the first winning plaintiff and then claim preclusion. Although this is a possibility, the usual result would be that if the defendant wins in the first, he will win the subsequent suits or that such cases will not be tried." Vestal, Preclusion/Res Judicata Variables: Parties, 50 IOWA L. REV. 27, 56 (1964) [hereinafter cited as Vestal].

One problem with the hypothetical in text is that, in attempting to set out problems of multiple parties apart from problems of offensive use, it gives \( O \) the incentive in the first action. Several commentators have said that unilateral collateral estoppel may not be appropriate when the party against whom the estoppel is asserted did not have the initiative in the prior action. See, e.g., Currie, supra note 1, at 303-07, 321-22; Overton, supra note 1, at 938-43; Collateral Estoppel by a Nonparty, supra note 1, at 1055. Cf. RESTATEMENT (SECOND) OF JUDGMENTS § 88(7) & Reporter's Memorandum at xiii (Tent. Draft No. 2, 1975) (catch-all clause warranting relitigation where "other circumstances make it appropriate"). No court has adopted the limitation. Currie later decided it was unnecessary, at least where the court made a detailed inquiry into the circumstances of the former judgment. Currie, Civil Procedure: The Tempest Brews, 53 CALIF. L. REV. 25, 28-30 (1965). Professor James doubts whether the initiative is that great an advantage. F. JAMES, CIVIL PROCEDURE § 11.34 (1965). In any event, courts have overcome whatever problems the common party's lack of initiative in the prior action might pose. By concentrating on the common party's opportunity and incentive to litigate in the prior action, courts are able to avoid the disadvantages of lack of initiative which the common party might otherwise suffer. See notes 108-19 & accompanying text infra.

90. The possibility of asserting collateral estoppel based on aberrant or inconsistent results has worried critics of unilateral use since Bernhard. See Currie, supra note 1, at 289 ("we have no warrant for assuming that the aberrational judgment will not come as the first in the series"). But see Blonder-Tongue Laboratories, Inc. v. University of Ill. Foundation, 402 U.S. 313, 331-32 (1971) (assuming judicial uncertainty in the first case, what reason is there "to expect a second district judge or court of appeals would be able to decide the issue more accurately"); Vestal, supra note 89, at 51.

The concern intensifies, of course, when inconsistent judgments actually have occurred.
Initially, the question is whether the law should enforce a rule which places on one of the parties to an action the burden of possible loss of fifty actions, as opposed to an opponent's risk of loss of only a single action. In large part, a rule placing this burden on the common party in the first action merely formalizes the practical effect, discussed previously, that a prior case has on subsequent cases. Given this practical effect, the common party would have a great deal of incentive to mount the most effective case possible in the first action, even absent the availability of unilateral collateral estoppel. Thus, unfairness, if

See Nickerson v. Pep Boys—Manny, Moe & Jack, 247 F. Supp. 221, 224 (D. Del. 1965); State Farm Fire & Cas. Co. v. Century Home Components, Inc., 275 Or. 97, 550 P.2d 1185 (1976); Polasky, supra note 1, at 248 (inconsistent results show "the issue has not been decided and that collateral estoppel is inapplicable in a trial action involving that issue"). One court has held that if a prior plaintiff has been given a full and fair opportunity to litigate and has lost, the plaintiff is precluded by collateral estoppel in subsequent actions, even if the decision in the action which the plaintiff lost is contradicted by actions in which the plaintiff won on the same issue. Blumcraft of Pittsburgh v. Kawneer Co., 482 F.2d 542, 547 (5th Cir. 1973). For further discussion, see text accompanying notes 179-233 infra. The second Restatement, however, uses inconsistency as only a possible ground for denial of preclusive effect. RESTATEMENT (SECOND) OF JUDGMENTS § 88(4) (Tent. Draft No. 2, 1975).

Both Restatements hold that where a series of cases which includes the same issue takes place between the same parties, the last in time is that which applies. RESTATEMENT OF JUDGMENTS § 42 (1942); RESTATEMENT (SECOND) OF JUDGMENTS § 41.2 (Tent. Draft No. 1, 1973). The justification for this rule is that the party against whom the issue was decided in the last action could have (1) asserted estoppel based on a prior action had he or she thought the judgment in that action of sufficient strength to support an estoppel, and (2) saved the court's time had he or she invoked that prior judgment. Note that under § 88(4) of the second Restatement, the test of § 41.2 does not necessarily apply to the unilateral use of collateral estoppel. See Bahler v. Fletcher, 257 Or. 1, 18, 474 P.2d 329, 335 (1970), stating that unfairness might result from application of collateral estoppel in the "multiple claimant anomaly" situation, but that such unfairness should not result in refusing to apply collateral estoppel. Isolated unfairness is not a sufficient reason for an absolute requirement of mutuality.

As to the desirability of application of unilateral offensive collateral estoppel in mass tort situations, see Overton, supra note 1, at 942-43. Overton generally objects to the unilateral use of collateral estoppel in situations where the party sought to be bound did not have the initiative in the prior action. Nevertheless, Overton draws an exception for the mass tort situation, reasoning that the common defendant has sufficient motivation in the first action, knowing of prospective future plaintiffs and of the great amount of potential recovery, and that the common defendant lacks any realistic expectation of winning future suits because of the emotional appeal of mass accident claims. The second purported justification may not be empirically sound and is not a legally valid premise. If a defendant has no realistic expectation of winning, why even litigate the first action? See generally text accompanying note 94. As to the validity of Overton's distinction, see Hardware Mut. Ins. Co. v. Valentine, 119 Cal. App. 2d 125, 259 P.2d 70 (1953), which, on its facts, presents all the advantages Overton sees in applying collateral estoppel in the mass tort situation except for a large number of plaintiffs.

91. See notes 79-82 & accompanying text supra.
any, results not from collateral estoppel, but from the practical workings of the procedural system.

The common party's disadvantage is, in any event, more apparent than real. A plaintiff seeking X in damages (or a defendant defending against a claim of X) is in an unenviable position when opposing a defendant who has 10 X at risk (or a plaintiff who has 10 X in claims at risk).92 Other things being equal, the defendant with 10 X at risk will be much more highly motivated and more willing to commit resources for litigation than the plaintiff who has only X to lose.93

Given this high degree of motivation in the first action, the common party, absent obstacles beyond that party's control, has every incentive to present the best case possible in the first action. If victorious in that first action, the common party has every reason to continue that course in future litigation; if unsuccessful, subsequent actions involving the same issue are likely to have the same adverse result. Unilateral use of collateral estoppel thus binds the common party, assuming the prior action meets the Parklane standards, on the basis of an action

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92. At least one authority has reasoned that the disparity between the parties' incentives is so disadvantageous as to be unfair to the first plaintiff. Reardon v Allen, 88 N.J. Super. 560, 572, 213 A.2d 26, 32 (1965). Actually, however, this disparity aids the common party in a different way; it creates an incentive for joinder, mitigating the possibility of collusion between all the subsequent multiple parties and the first, i.e., the first plaintiff will have an incentive to institute a class action to equalize the litigation resources available or to attempt to encourage others to join the action. Contra, Collateral Estoppel by a Nonparty, supra note 1, at 1045 (arguing that offensive unilateral collateral estoppel could mean the demise of class actions). For a discussion of absentees who take a wait-and-see attitude, see notes 123-46 & accompanying text infra.

93. Commentators have argued that the common party's incentive may be increased so much that unilateral collateral estoppel actually increases litigation. For further discussion of that argument, see notes 120-22 & accompanying text infra. For example, Moore and Currier have argued that because of this enhanced incentive suits that might have been compromised, defaulted, or dropped may be litigated instead. Moore & Currier, supra note 1, at 309-10. Yet one would assume that unless the opposing party were so weak that the common party could expect victory on all common issues, the common party's incentive to settle would be increased rather than decreased. See Bahler v. Fletcher, 257 Or. 1, 10, 474 P.2d 329, 334 (1970) (party opposing multiple claimants likely to put best foot forward and, if a particular case was tactically disadvantageous, would have great incentive to settle).

Related to Moore and Currier's argument that unilateral collateral estoppel will induce, rather than discourage, litigation is the argument that broad application of collateral estoppel will increase litigation by intensifying the common party's effort in the first litigation. Polasky, supra note 1, at 220. This argument ignores the policy of settlement underlying collateral estoppel. The more thoroughly an issue is litigated in the first action, the less likely that it will be raised in the later actions, no matter what the result of the first action. Thus, although unilateral collateral estoppel may increase the intensity and scope of litigation in the first action, it promotes both private planning and long term judicial economy.
which represents the best one can reasonably expect of the common party. No unfairness results from such a practice.

The Conundrum of "Contradictory" Conclusions

The objection to estopping common party $O$ from relitigating in the twenty-seventh action is not based solely on the parties' asymmetry of risk. It also may rely on the assumption that irreconcilable judgments have occurred. The argument underlying this assumption is that binding $O$ to a decisionmaker's adverse conclusion is unfair when an equally authoritative decisionmaker has concluded to the contrary. While the argument is sound, the assumption often is not. Indeed, to assume that the common party's losing action is a mirror image of the winning actions is to take an unrealistic view of the process of litigation. No rational defense counsel, knowing that the common plaintiff had won twenty-five cases, would court a similar disaster by conducting case twenty-six in the same way that the previous twenty-five unsuccessful defendants conducted theirs.

Instead, a rational defense attorney would persist in defending action twenty-six only if he or she believed that the case could be presented more effectively than previous cases.\textsuperscript{94} That the defendant in action twenty-six succeeded, despite the losing efforts of predecessors, can only indicate that the attorney's belief was well-founded.

The resulting inconsistency between prior actions should bar the use of collateral estoppel only when the inconsistency cannot be explained on the basis of differences in the underlying trials. When a true inconsistency occurs, there is no good reason to conclude that the judicial system has arrived at one result instead of its opposite. Hence, relitigation of the issue may be warranted. The mere possibility that an inconsistency has occurred, however, should not be used to justify relitigation generally.

The court in \textit{Schwartz v. Public Administrator}\textsuperscript{95} provided the proper allocation of burdens for determining when collateral estoppel normally would be appropriate: "[T]he burden rests on the [common party] to show that collateral estoppel should not be applied because he did not have a full and fair opportunity...just as the burden of showing that the issue was identical and necessarily decided rests upon the moving party."\textsuperscript{96}

\textsuperscript{94} See Vestal, \textit{supra} note 89.
\textsuperscript{96} \textit{Id.} at 73, 246 N.E.2d at 730, 298 N.Y.S.2d at 962.
Analogously, in an action where one of several multiple parties, \( M \), asserts unilateral collateral estoppel on the basis of a prior judgment against the common party in an action \( X \), which is inconsistent with the judgments favoring the common party in actions \( A_1 \) to \( A_n \), \( M \) should be required to show:

1. that \( M \)'s contentions on issue \( I \), which necessarily was decided in action \( X \) and upon which \( M \) seeks collateral estoppel, are identical with those made by the successful party in \( X \) on that issue; and

2. either (a) that there is a material difference between the contentions of \( M \) in the present action and those of the multiple parties in actions \( A_1 \) through \( A_n \) such that there is a substantial possibility that any given factfinder would decide issue \( I \) differently in the present action (as in action \( X \)) than in actions \( A_1 \) through \( A_n \); or (b) that to allow the same common party to avoid collateral estoppel by citing actions \( A_1 \) through \( A_n \) as inconsistent with \( X \) is inequitable because actions \( A_1 \) to \( A_n \) suffered from infirmities that would prevent multiple parties from relying on their results had the judgment in those actions been against the common party (e.g., that the multiple claimant had inadequate incentive to fully litigate the actions because of the amount at stake).

Upon that showing by the multiple party, the common party should have the burden of refuting the contention that the court should rely on \( X \) as a basis for unilateral collateral estoppel, by rebutting the multiple party's contentions or by otherwise relying on the criteria in Parklane.97

After discussing the offensive use of unilateral collateral estoppel, this Article applies the test presented to cases dealing with apparently irreconcilable judgments. An analysis of decisions by the Supreme Court of Oregon in a series of negligence cases98 and decisions by the federal courts in a series of patent cases illustrates the application of the test.99

Prior Decisions as Sword Rather than Shield

Even among those courts100 and commentators101 accepting unilat-
eral use of collateral estoppel, the distinctions between offensive and defensive use remain. 102 Offensive application of unilateral collateral estoppel against defendants who were losing parties to prior actions is objected to on the grounds that: (1) it could permit a plaintiff to bind by collateral estoppel a defendant whose loss in the prior action may have been caused by tactical disadvantages, 103 rather than infirmities in his or her case; 104 (2) it would increase rather than reduce litigation; 105 (3) it would encourage prospective plaintiffs to postpone their actions until favorable decisions are rendered against the common defendant or defendants; 106 and (4) it would, as discussed, cause unfairness in the multiple claimant situation. 107 The three new objections warrant further discussion.


102. Although offensive use may mean either use by a party bearing the burden of persuasion on an issue or use by a party seeking affirmative relief, this Article uses the term to refer only to the latter. Application of collateral estoppel in this latter situation would include all the problems presented by application in the former situation and, therefore, if collateral estoppel is appropriate in the latter situation it is a fortiori appropriate in the former.

103. Examples would be inadequate incentive to litigate the prior action, e.g., Berner v. British Commonwealth Pac. Airlines, Ltd., 346 F.2d 532, 540-41 (2d Cir. 1965), and lack of choice of forum, Currie, supra note 1, at 303-04; Semmel, supra note 1, at 1468-69. Although the proposal of mutuality as a remedy for the problem of prior tactical disadvantages also appears in the context of defensive use of collateral estoppel, we address it here because it is the context of offensive use where the problem is most acute. See Parklane Hosiery Co. v. Shore, 439 U.S. at 330-31.

104. Professor Currie has argued that a common party who did not have the incentive in the first action may not have had a full and fair opportunity to litigate in the prior action. Currie, supra note 1, at 303-04. Currie later abandoned this reservation, at least insofar as the court in which the estoppel is asserted examines the common party's position and incentive in the prior action. Currie, Civil Procedure: The Tempest Brews, 53 CALIF. L. REV. 25, 28-30 (1965).

105. See, e.g., Moore & Currier, supra note 1, at 301-09.

106. Semmel, supra note 1, at 1473-74. There is the additional worry that the plaintiffs may collaborate among themselves, but that their collaboration will fall short of that required to bind them as controlling the litigation. Currie, supra note 1, at 288. However, the defendant probably will be aware of this possibility and, in any event, will have ample incentive to make his or her own best arguments early. Bahler v. Fletcher, 257 Or. 1, 474 P.2d 329 (1970). See notes 79-82 & accompanying text supra (discussing tactical advantages of winning the first litigation).

107. See notes 89-93 & accompanying text supra. See Currie, supra note 1, at 281.
The Problem of Prior Imperfect Procedure

One pro-mutuality argument which many courts have rejected is that unilateral collateral estoppel is universally inappropriate because the losing defendant may have been victimized by strategic or tactical disadvantages peculiar to the forum. This argument, in essence, is a plea for reforming our law of venue or jurisdiction, rather than a criticism of unilateral use of collateral estoppel. The sensible accommodation of this concern is not to forbid unilateral use of collateral estoppel entirely but to disallow its use in those cases where detectable jurisdictional or venue defects actually have occurred.

The courts have attempted to avoid reliance on prior actions which suffered from major flaws for which the common defendant cannot fairly be held accountable by asking if the common defendant had a full and fair opportunity to litigate in the prior action. While certainty is not possible, the courts which adopted the Bernhard doctrine prior to Parklane ensured in this manner that the prior decision was made as well as could reasonably be expected. The Parklane Court adopted the test, although not by name, by incorporating it into the criteria for the application of offensive unilateral collateral estoppel. In so doing, the Court noted that problems addressed by the test are more likely to occur when offensive use is being considered.

One way of ensuring that the decisionmaking system of the prior trial functioned reasonably well is to check whether the common defendant had a sufficient amount at stake, or could have anticipated the effect of the first action on subsequent actions, to create a sufficient incentive to have mounted the most effective possible case. Similar factors are the inconvenience of a forum which the common defendant

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108. Currie, supra note 1, at 321. For further discussion, see note 61 & accompanying text supra.


111. Compare Jordahl v. Berry, 72 Minn. 119, 75 N.W. 10 (1898) (recovery of $29.00 in two prior actions; no binding effect in action for $5,000 even though mutuality would have been satisfied) with Little v. Blue Goose Motor Coach Co., 346 Ill. 266, 178 N.E. 146 (1931) (where defendant in instant action recovered $139.35 from instant plaintiff in prior action in justice court; plaintiff in this action held estopped to claim defendants' negligence). See also Teitelbaum Furs, Inc. v. Dominion Ins. Co., 58 Cal. 2d 601, 606-07, 375 P.2d 439, 441, 25 Cal. Rptr. 559, 561 (1965) (prior action in which instant defendant prosecuted for crime carrying possible prison sentence provided sufficient incentive to litigate).
did not choose, whether the common defendant has evidence to put forward that, despite diligent efforts, was not uncovered for the first trial, whether the common defendant could not have realized the existence of other prospective plaintiffs, or whether the court can detect a finding or conclusion in the prior judgment for which there is no possible explanation. In cases in which none of these narrow factors is relevant, the courts nevertheless have asked whether offensive application of unilateral collateral estoppel is unfair or unjust.

Critics have argued that this test is so thorough that it is impracticable. Yet no court which has adopted the test has ever found it sufficiently unworkable to abandon it. Nor does the time required by

112. In Fink v. Coates, 323 F. Supp. 988 (S.D.N.Y. 1971), the court, in declining to apply collateral estoppel, noted that the current defendant did not have the choice of forum in the prior action. Id. at 990. It was unlikely that this factor was in itself decisive, however, because there was substantial doubt as to what the prior action had decided.


114. Zdanok v. Glidden Co., 327 F.2d 944, 956-57 (2d Cir.), cert. denied, 377 U.S. 934 (1964). Cf. Berner v. British Commonwealth Pac. Airlines, Ltd., 346 F.2d 532, 540-41 (2d Cir. 1965) (relying in part on the fact that Zdanok—which allowed offensive use of collateral estoppel—had not been decided at the time of the first action and that therefore the Berner defendant at the first trial was not able to anticipate the consequences of a loss to the instant plaintiff).


117. See, e.g., Greenebaum, supra note 1, at 16-17: Semmel, supra note 1, at 1471.
the thoroughness of the test outweigh the advantages received through the application of collateral estoppel.\textsuperscript{118} Moreover, once offensive use of collateral estoppel is adopted, incentive to litigate will rise concomitantly, mitigating the possible effect of strategic disadvantages in the first action.\textsuperscript{119}

\textit{The Problem of Reluctant Plaintiffs}

Despite the arguments of the critics of \textit{Bernhard}, allowing plaintiffs to assert collateral estoppel against defendants who previously were unsuccessful on the matter at issue is not likely to result in a material increase in litigation.\textsuperscript{120} In fact, allowing offensive use probably would decrease the total time that courts and private parties spend in litigation. The argument that offensive use would encourage suits by those who otherwise would not sue assumes first that plaintiffs in a position to take advantage of collateral estoppel are aware of decisions against the common defendant. Given this knowledge on plaintiffs' part, whether there would be a difference in the number of suits filed in a jurisdiction applying unilateral collateral estoppel and in a jurisdiction that refused to do so is questionable.

Plaintiffs are aided substantially by prior judgments on the same issue against a common defendant even without the finality and certainty of using collateral estoppel. Whatever stare decisis effect the prior action will have should operate in the new plaintiff's favor. Moreover, the new plaintiff in effect will have an accurate reconnaissance of the common defendant's position.\textsuperscript{121} Offensive use of unilateral estoppel therefore would induce new claims only from those plaintiffs unwilling to bring suit in a very favorable situation, but willing to litigate when, as to the issues involved, the result is certain. Consequently, while there is a theoretical possibility of an increase in the number of cases filed, any actual increase seems unlikely. Moreover, to the extent that use of collateral estoppel induces plaintiffs to seek vind-


\textsuperscript{119} \textit{Cf.} Berner v. British Commonwealth Pac. Airlines, Ltd., 346 F.2d 532, 540 (2d Cir. 1965) (common party had less incentive to litigate prior to \textit{Zdanok}, which indicated that collateral estoppel could be used offensively). \textit{See} Polasky, \textit{supra} note 1, at 248 (estoppel should only be applied where later suits are foreseeable).

\textsuperscript{120} A related argument is that unilateral estoppel would increase litigation because common parties would be compelled to litigate matters with greater force. \textit{See} note 93 \textit{supra}.

\textsuperscript{121} \textit{See} notes 79-82 & accompanying text \textit{supra}.
cation for actual wrongs which otherwise would go without remedy, the resulting litigation is not without merit.

By definition, application of collateral estoppel against previously unsuccessful defendants will reduce the amount of court time spent in determining issues previously decided. When this savings is balanced against the minimal potential increase in the number of claims, the time consumed in litigation as a whole should be reduced.\textsuperscript{122}

\textit{The Problem of Patient Plaintiffs}

The weightiest objection to offensive use of unilateral collateral estoppel is that it discourages joinder by encouraging those planning to sue regardless of other litigation to await favorable results in prior suits. This argument—that offensive use is an evil because it encourages a wait-and-see attitude—rests on several questionable assumptions: first, that joinder is a good thing in every case; second, that the availability of offensive, unilateral collateral estoppel materially reduces the prospect of joinder; third, that the procedural system permits one to assume a wait-and-see posture; and fourth, that taking advantage of an action in which one did not participate is either unfair or inevitably results in unnecessary, duplicative litigation.

\textbf{Is Intervention Always Desirable?}

The desirability of intervention,\textsuperscript{123} from the standpoint of absentees, turns on whether the issue that the first action has in common with succeeding actions is one of fact or law. To the extent that rules of law established by the first action would be controlling in subsequent actions, incentive to intervene in the first action is strong.\textsuperscript{124} A prospective plaintiff's only means to avoid or mitigate a controlling effect

\textsuperscript{122} Cf. Polasky, supra note 1, at 220 (noting that collateral estoppel does not reduce the number of cases tried; it narrows the issues).

\textsuperscript{123} This discussion puts aside, for the sake of clarity, the question of whether a court will allow intervention if the intervenor's contribution would merely be cumulative. \textit{See}, e.g., Allen Calculators, Inc. v. National Cash Register Co., 322 U.S. 137, 141-42 (1944) (holding that intervention was properly denied where proofs and arguments were merely cumulative). \textit{Cf.} Crosby Steam Gage & Valve Co. v. Manning, Maxwell & Moore, Inc., 51 F. Supp. 972, 973 (D. Mass. 1943) (discussion of adverse effects of joinder of parties; intervention granted). The cases which deny intervention when the would-be intervenor makes a merely cumulative contribution pose a problem for those who criticize the unilateral application of collateral estoppel. If the absentee cannot join, the absentee's motive—even if based on the availability of collateral estoppel—is immaterial.

\textsuperscript{124} \textit{See} Zdanok v. Glidden Co., 327 F.2d 944, 956 (2d Cir.), \textit{cert. denied}, 377 U.S. 934 (1964) (court more willing to apply collateral estoppel offensively where issue is basically one of law). \textit{Cf.} Fink v. Coates, 323 F. Supp. 988, 990 (S.D.N.Y. 1971) (ruling collateral estoppel inapplicable in part because issue decided was one of fact).
would be by intervening\textsuperscript{125} or possibly by filing an amicus brief.\textsuperscript{126} When the common issue is one of fact, incentive to intervene is markedly less, but not necessarily because the prospective plaintiff unfairly wants to adopt a wait-and-see strategy. There are legitimate reasons for a prospective plaintiff not to join a lawsuit.

Intervention often poses problems, both for the prospective intervenor and for the judicial system. For example, intervention may create confusion between the parties' proofs or theories of recovery,\textsuperscript{127} prejudice one co-party by association with the other,\textsuperscript{128} excessively complicate the legal issues in the original case,\textsuperscript{129} or open the door to similarly situated parties whose intervention will cause one or more of these problems.\textsuperscript{130} Moreover, intervention otherwise desirable may be

\begin{footnotesize}
\begin{enumerate}
\item Cf. Zdanok v. Glidden Co., 327 F.2d 944, 956 (2d Cir.) cert. denied, 377 U.S. 934 (1964) (noting that, on an issue of contract construction, multiple claimants would have little or no advantage in setting up a series of actions).
\item One may question the likelihood that trial courts would be prepared to accept the possible multiple claimants as amici, especially where they would not be bound. But see, e.g., Crosby Steam Gage & Valve Co. v. Manning, Maxwell & Moore, Inc., 51 F. Supp. 972, 973 (D. Mass. 1943).
\item Commonwealth Edison suggests that potential intervenors with distinct damage claims must consider the possibility that intervention might be more costly than prosecution of a separate suit. Although intervenors' costs of trial probably may be less as to liability issues, there is no savings as to damage issues and the trial as a whole is made more expensive to the extent that intervention lengthens it. Finally, of course, any benefits of intervention for the court and the parties must be weighed against the potential for jury confusion on varied damages issues.
\item Courts themselves have been concerned about admitting intervenors where admitting them could entail allowing a large number of others. Utah v. United States, 394 U.S. 89, 95-96 (1969); United States v. Paramount Pictures, Inc., 333 F. Supp. 1100, 1101
\end{enumerate}
\end{footnotesize}
impractical because of the inconvenience of the forum. Thus, interven-
tion is desirable only when plaintiffs' theories of recovery and proofs
are substantially identical and when there is a forum convenient to all
parties.

Intervention is inherently attractive in that, ordinarily, it would
result in lower litigation expenses for an intervenor than would the
prosecution of a separate lawsuit.131 Further, joinder may promote ju-
dicial economy in those cases in which the intervenor otherwise would
bring a separate suit. These desirable features of intervention nonethe-
less must be considered, in any given case, in light of the problems just
discussed.

Does Offensive Use Materially Discourage Joinder?

The availability of offensive collateral estoppel is likely to discour-
age joinder only in the case where the common issue is a factual one.
Where questions of law are involved, the incentives for intervention
essentially are unaffected by the availability of offensive collateral es-
toppel. The doctrine of collateral estoppel does not increase or de-
crease the precedential effect of prior decisions. Although collateral
estoppel on issues of law theoretically might increase the binding effect
on the common defendant, the practical impact would be slight given
the low possibility of distinguishing a prior decision on an identical
issue.132

When questions of fact are involved, the decision whether to inter-

(S.D.N.Y. 1971). Accordingly, a reasonable would-be intervenor would worry lest the prin-
ciple on which he or she is allowed to intervene in turn may allow so many other intervenors
that litigation of his or her own interests becomes impractical.

131. The desirability of intervention for this reason should not be taken lightly. Chances are that the person who decides not to intervene is placed at a disadvantage vis-à-
vis the common party, because the non-intervenor's marginal cost of litigating his or her
action may well be greater than the marginal cost to the common party, who can spread his
or her costs as to the common issue across all the multiple parties' actions. Assuming equal
financial status, the non-intervenor is placed at a disadvantage for settlement negotiations
and for the litigation as a whole, because he or she will have to expend more resources to
conclude the litigation. Cf. F. JAMES & G. HAZARD, CIVIL PROCEDURE § 11.25, at 582 (2d
ed. 1977). A rational non-intervenor would need a belief of increased advantage in separate
litigation to do this. Cf. In re TransOcean Tender Offer Sec. Litigation, 455 F. Supp. 999,
1008 (N.D. Ill. 1978) ("[a]s a practical matter, an extremely small percentage of persons seek
exclusion from a class and to be represented by their own counsel," especially where the
individual claims are "small").

see note 23 supra. This increase in binding effect of litigation on legal issues does not un-
fairly disadvantage common parties. That the common party would be able to distinguish
legal precedent established in the first of a series of cases posing identical issues would be
extremely unlikely. Therefore, the common party, acting rationally, would have maximum
vene may well be influenced by the availability of offensive collateral estoppel. A judgment favorable to the common defendant is no more disadvantageous to succeeding plaintiffs when offensive collateral estoppel is available than when it is not, given that those plaintiffs are not formally bound by the prior decision. If the issue in the prior case is adjudged against the common defendant, however, offensive collateral estoppel gives subsequent plaintiffs a great benefit, namely, the ability to bind the previously unsuccessful common defendant as to the issues on which he or she was unsuccessful.

The prospective plaintiff nonetheless must balance this benefit against the cost of bringing a separate action. Joining an ongoing action is less expensive than prosecuting a separate claim. A rational prospective plaintiff thus will join in the prior plaintiff's action, if feasible, unless the prospective plaintiff's theory of recovery or strategy differ from the first plaintiff's in a way making joinder undesirable under the criteria just discussed.

Is a Wait-and-See Posture Feasible?

The wait-and-see argument assumes either that the statute of limitations will not run while the subsequent plaintiffs are waiting or that a court will stay actions until the first action is litigated. The first proposition, given the current delay in litigation, is dubious. Judges' concerns about judicial administration would seem to make the second proposition unlikely.

Does the Problem of the Patient Plaintiff Justify a Wholesale Refusal to Allow Offensive Use?

Assuming that the availability of offensive, unilateral use does en-
courage a wait-and-see posture, the practice requires a check on offensive, unilateral use only to the extent that the posture is unfair or an undue detriment to judicial economy. Wallflower plaintiffs do create an asymmetry of risk in that the common party stands to lose more in any given action than does his or her opponent. As already noted, however, the disadvantages of asymmetry are more apparent than real and are not in themselves so undesirable as to require mutuality. Further, the wallflower plaintiff cannot be said to be acting inequitably by deferring a battle with the common party when intervention would have created problems of its own.

Admittedly, a wait-and-see posture, to the extent it is possible, would increase the number of claims and thus appear to undermine judicial economy. The amount of the increase, however, is easy to exaggerate. First, if the prior plaintiff is unsuccessful, the risk averse wait-and-see plaintiff might settle or otherwise let the claim lapse—an efficient result. Second, if the prior plaintiff is successful, settlement, rather than more litigation, is the likely result. The amount of additional litigation that does occur is, by definition, litigation justified on the merits and may produce less strain on the judicial docket than that occasioned by joinder in the first litigation. Unless these prospective intervenors have essentially identical claims, strategies, and preferences of forum, their attempt to join will not promote judicial economy but will result in separate proceedings designed to avoid inconvenience and confusion.

The problem remains that offensive collateral estoppel marginally

139. See notes 91-93 & accompanying text supra.
141. See notes 127-31 & accompanying text supra. See Semmel, supra note 1, at 1479 (pointing to factors such as inconvenient forum, co-party with whom intervenor might not want to associate, juries' hesitancy to award too large a sum against one defendant in any one trial, convenience of clients or witnesses). See also In re TransOcean Tender Offer Sec. Litigation, 455 F. Supp 999 (N.D. Ill. 1978): "[T]here are many possible reasons—apart from 'waiting on the sidelines' to see what happens in a class action—why class members might elect to exclude themselves. To not apply collateral estoppel because the opt out plaintiffs might be 'waiting on the sidelines' would undermine the important policy reasons for applying collateral estoppel. Courts which have enforced the offensive use of collateral estoppel have not considered the motives of those plaintiffs who, though not joining in the first lawsuit, seek the benefit of the judgment in a subsequent lawsuit. This court will likewise not indulge in exploring the motives of the opt out plaintiffs who seek to assert collateral estoppel based on [a prior action]. . . . The overriding considerations are whether the defendants had a full and fair opportunity to litigate in the [prior] proceedings and whether judicial economy would be served by an application of collateral estoppel." Id. at 1008.
142. Vestal, supra note 89, at 56.
discourages intervention\textsuperscript{143} that might save judicial time.\textsuperscript{144} The Supreme Court in \textit{Parklane} has attempted to resolve this problem by stating that parties who have failed to join in an action, although they could have done so easily, cannot assert collateral estoppel against the common opponent who was unsuccessful in the prior action.\textsuperscript{145} As long as this criterion is narrowly construed to preclude estoppel only when joinder was truly easy, rather than merely feasible, such a rule should prove satisfactory. Prospective plaintiffs who had no real risk of confusion and no significant additional burden in intervention should be foreclosed under the "could easily have joined" rule. Although efficiency may well be served if the wait-and-see plaintiff can bind the common defendant (the costs involved in determining the wait-and-see plaintiff's rights may be minimized), if the prior plaintiff is unsuccessful, the succeeding plaintiffs' lawsuits may have to be tried completely. Thus, the balance of convenience favors encouraging intervention when it is easily available.\textsuperscript{146}

\begin{itemize}
\item \textsuperscript{143} Semmel, supra note 1; \textit{Collateral Estoppel by a Nonparty}, supra note 1.
\item \textsuperscript{145} In any event, it is probably naive to assume that the first of a series of multiple litigants has not been chosen by a group of potential litigants or does not have individual reasons for initiating the litigation. See cases cited at note 79 supra.
\item \textsuperscript{146} Even in the case of the wait-and-see plaintiff, "the requirement that the 'party against whom the estoppel is asserted had a full and fair opportunity to litigate is a most significant safeguard' for defendants." \textit{In re} Yarn Processing Patent Validity Litigation, 472 F. Supp. 174 (S.D. Fla. 1975).
\end{itemize}
The Analysis Restated

Collateral estoppel promotes judicial economy, prevents harassment, and, most importantly, aids in the ordering of extra-judicial relationships. There is no reason that collateral estoppel cannot be used unilaterally and offensively to serve those purposes if, in each case, the use is measured against the Parklane criteria and found satisfactory. The criticisms of the Bernhard rationale, to the extent the Parklane test does not incorporate them, are characterized by a number of questionable empirical assumptions and, by the fact that even if true, they are relevant to reform in the entire procedural system rather than to the marginal decision whether to allow unilateral offensive collateral estoppel.

With specific reference to the problem of superficially inconsistent judgments, of which an example follows, offensive use of unilateral collateral estoppel should not be denied simply because of apparently inconsistent judgments. This is subject to certain qualifications. Assuming that the Parklane standards otherwise are satisfied, the non-party seeking the estoppel must show either that there is a difference between his or her contentions and those of the multiple parties in actions inconsistent with the result sought, or that to allow the common party to cite certain actions as inconsistent with the result sought is inequitable because of infirmities in those actions that the common party could have raised had the actions resulted in judgments adverse to him or her.

The Analysis Applied to an Ordinary Civil Case

In a relatively recent Oregon case the Oregon Supreme Court could have applied the analysis set out above to its advantage. The case involved an assertion of offensive unilateral collateral estoppel and a counter-argument that prior inconsistent judgments on the identical issue prevented the use of collateral estoppel.

The facts in *State Farm Fire & Casualty Co. v. Century Home Components, Inc.* seem as close to the classic multiple claimant hypothetical as any which fate is likely to provide. Plaintiffs' property was stored in a warehouse approximately sixty feet from defendant Century's shed and was connected to the shed by a wooden loading dock.


147. 275 Or. 97, 550 P.2d 1185 (1976).

148. See note 89 *supra*. 
Century customarily deposited sawdust into a box placed at the side of
its shed. One night, Century's janitor dumped a mixture of linseed
oil and dry sawdust into the box. The next morning, when no employ-
ees were on the premises, a fire started. The fire spread and caused
substantial damage to the warehouse, its contents, and Century's shed.
Over fifty actions were filed against Century to recover for losses from
the fire, alleging Century's negligence with respect to the origin and
spread of the fire. The cause of the fire and its point of origin were
contested by all parties.

The first of the cases resulted in a jury verdict for defendant Cen-
tury. On appeal, in *Pacific Northwest Bell Telephone Co. v. Century
Home Components, Inc.* (Pacific Northwest Bell I), the Supreme
Court of Oregon reversed, finding error in the lower court's failure to
compel production of a statement the plaintiff needed to impeach a
defense witness.

During the pendency of the appeal in *Pacific Northwest Bell I*, the
second case, *Sylwester v. Century Home Components, Inc.*, was tried.
The plaintiff in *Sylwester* apparently had two theories of negligence:
first, that the fire started in Century's skip box by spontaneous combus-
tion and that Century was negligent in creating a condition that would
cause spontaneous combustion; and second, that regardless of the cause
of the fire Century was negligent in failing to maintain its premises or
to prevent their use by others to avoid the risk of a fire which would
spread to the adjoining property. Plaintiff in *Sylwester* emphasized
spontaneous combustion of the contents of the box as the basis of lia-

Plaintiffs in the third case, *Hesse v. Century Home Components,
Inc.*, took a different tack from their unsuccessful predecessor in
*Sylwester*. The *Hesse* plaintiffs alleged both that Century negligently
to cause the fire and that Century negligently maintained its premises

149. 275 Or. at 101, 550 P.2d at 1187.
150.  Id.
151. The plaintiff apparently argued that defendants negligently maintained the property so as to create a risk of fire by spontaneous combustion.  Id. at 111, 550 P.2d at 1192.
152. 261 Or. 333, 491 P.2d 1023, modified, 261 Or. 333, 494 P.2d 884 (1972).
153. No. 92582 (Or. Cir. Court, Lane County). The only readily available source of
information about the *Sylwester* litigation is the *State Farm* opinion.
154. 275 Or. at 111-13, 550 P.2d at 1192-93.
155.  Id. at 111, 550 P.2d at 1193.
156.  Id. at 102, 550 P.2d at 1187.
158.  Id. at 55, 514 P.2d at 872. This allegation was later abandoned.  Id.
in the condition that resulted in the fire. The jury found for plaintiffs and Century appealed; the Supreme Court of Oregon affirmed.

The Pacific Northwest Bell I case thereafter was retried to the court without a jury. The trial court held, in Pacific Northwest Bell v. Century Home Components, Inc. (Pacific Northwest Bell II), that Century was liable on the theory that by storing the sawdust as it did it negligently created a risk of fire. On appeal, the Oregon Supreme Court affirmed.

After entries of final judgment in Sylwester, Hesse, and Pacific Northwest Bell II, the thirteen plaintiffs in State Farm filed amended and supplemental complaints conforming to the allegations in Hesse and Pacific Northwest Bell II and asserted that the prior judgments estopped Century from relitigating the question of liability. The trial court agreed. The Oregon Supreme Court reversed on the basis of the inconsistency it perceived between Century's victory in Sylwester and its losses in Hesse and Pacific Northwest Bell II. The court first noted that the Sylwester, Hesse, and Pacific Northwest Bell II suits each had included claims by the plaintiffs of negligence in storing the sawdust at all as well as in storing it in such a manner that if a fire started it would spread to the warehouse. Based on these similarities in the issues, the court viewed the disparity in the results of the three prior trials as preventing collateral estoppel effect.

The court in State Farm failed to note one logical basis for the difference in results between Sylwester, on the one hand, and Hesse and Pacific Northwest Bell II, on the other. Century presented evidence that some young boys had admitted smoking in another trash box near Century's building, that they were responsible for a fire in the other box on the same night as the fire in issue, that they were in Century's building the night of the fire, and that they slept that night on the lawn of one of their homes about two blocks from Century's shed.

159. Id.
160. Id.
162. Id.
163. 275 Or. at 102, 550 P.2d at 1187.
164. Id. at 111-13, 550 P.2d at 1192-93.
165. Id. at 114, 550 P.2d at 1194.
166. Cf. Vestal, supra note 89 (in determining preclusion, court's consideration should include analysis of the nature of the issues involved).
167. Hesse v. Century Home Components, Inc., 267 Or. at 59-60, 514 P.2d at 874. Although no reported opinion indicates that evidence that boys caused the fire was introduced in the Sylwester case, it is logical to assume that the defendant introduced this type of evidence, given the plaintiff's emphasis on spontaneous combustion.
Given the presence of this evidence, it seems likely that the *Hesse* and *Pacific Northwest Bell II* plaintiffs' choice of pleading had a decisive influence on the result. Once the claim against Century no longer rested on a theory of spontaneous combustion, as did the plaintiff's claim in *Sylwester*, evidence that the boys possibly started the fire was much less damaging to the plaintiffs' case. When the plaintiffs shifted the emphasis from the precise cause of the fire to whether Century was negligent in maintaining the skip box as it did, Century had to show not only that the boys caused the fire, but that they did so intentionally.\(^{168}\) This obstacle made Century's case substantially more difficult.\(^{169}\)

Plaintiffs' shift of emphasis not only mitigated the effect of defendant's evidence, but may have turned that evidence to plaintiffs' own advantage. That is, if Century knew or had reason to know, prior to the fire, of the boys' initial presence on its property and their starting the fire in the other trash box, Century arguably was negligent in failing to prevent their trespass, which created an increased hazard of fire on the premises.\(^ {170}\)

In any event, the question arises whether *Sylwester* should be treated as an inconsistent result for purposes of preventing collateral estoppel effect. Some $21,000 was at stake in *Sylwester* as compared to approximately $147,000 in *Pacific Northwest Bell II*.\(^ {171}\) Further, Century had procured, at considerable expense, additional experts to testify on its behalf in the larger litigation.\(^ {172}\) Thus, had the result reached in *Sylwester* been unfavorable to Century and asserted as the basis for collateral estoppel by the plaintiffs in *Pacific Northwest Bell II*, Century could have argued strongly that the prior trial did not provide a full and fair opportunity to litigate, or that under *Parklane*’s rubric the proposed use of collateral estoppel would be unjust in that the incentive to

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169. The opinions in *Pacific Northwest Bell II* imply there may have been additional evidence that the boys started the fire.

170. See generally *Arneil v. Schnitzer*, 173 Or. 179, 144 P.2d 707 (1944); *Aune v. Oregon Trunk Ry.*, 151 Or. 622, 51 P.2d 663 (1935). The difference in result between *Sylwester* and the subsequent cases also can be explained on the basis of jury confusion over the *Sylwester* plaintiff's emphasis on the contention that the fire started by spontaneous combustion. Emphasis on spontaneous combustion by plaintiff was damaging to plaintiff's case in light of the evidence of the boys' starting the fire. The emphasis in *Hesse* and *Pacific Northwest Bell II* on negligent use of the skip box avoided confusion of the two issues. See notes 83-88 & accompanying text supra.

171. 275 Or. at 114, 550 P.2d at 1194.

172. Id.
litigate was inadequate in *Sylwester*. Both the disparity in the amounts at issue and the additional evidence that Century offered in *Pacific Northwest Bell II* would indicate that Century’s arguments would have been difficult to ignore.

The Oregon Supreme Court should have applied collateral estoppel despite the superficial inconsistency between the judgments of liability in *Hesse* and *Pacific Northwest Bell II* and the judgment of nonliability in *Sylwester*. Because the plaintiffs in *Hesse* and *Pacific Northwest Bell II* emphasized Century’s negligence in permitting a fire to occur and dropped the potentially confusing theory of spontaneous combustion, they almost certainly presented their cases significantly more effectively than did the plaintiff in *Sylwester*. Moreover, the

173. Arguably, a court should closely examine prior results unfavorable to the multiple plaintiff in an action with less at issue than the current multiple plaintiff’s action against the common defendant, because it is less equitable to hold one of the claimants disadvantaged by one with whom he or she only shares the bond of an arguable misfortune than it is to hold the common defendant accountable for his or her own actions in prior litigation.

174. See note 109 *supra*, citing cases supportive of this exception to collateral estoppel. The cases, which mention an exception to unilateral collateral estoppel where the common party’s incentive to litigate in the prior action was inadequate, are not based on reasoning that the trial process itself is inadequate or that the result of the prior action was incorrect. Cf. *State Farm Fire & Cas. Co. v. Century Home Components, Inc.*, 275 Or. 97, 114, 550 P.2d 1185, 1194 (1976) (declining to consider which of prior cases was better tried). If that were the basis of the exception, the cases would condemn collateral estoppel outright or at least would attempt to examine the correctness of the prior result, which the courts have not done. The basis of that exception therefore must be that there is reason to believe that the common party might not have litigated the prior action as effectively as he or she could have.

175. *Department of Transp. v. Jewett*, 28 Or. App. 521, 559 P.2d 1312 (1977) is a second case which may have failed to apply collateral estoppel correctly. In 1952 Oregon realigned a highway along the eastern boundary of the property of the four landowners. A landslide occurred in 1974, apparently falling on part of each of the four parcels. Some four months after the landslide, the State brought four condemnation actions seeking to appropriate the four parcels. In the first action to be tried, the landowners challenged the State’s valuation of their premises on an inverse condemnation theory, alleging that the State had caused the landslide by making hillside cuts in a landslide area when the highway was realigned. The jury returned a special verdict finding that the State had not caused the landslide. In the second action, the jury found the State had caused the slide.

In the third action, *Jewett*, the trial court granted, in part, the landowners’ motion for summary judgment, holding that the State was collaterally estopped by the result in the second action. The trial court’s decision was entered prior to the decision in *State Farm*. The Oregon Court of Appeals reversed, relying on *State Farm*. The court dismissed the Jewetts’ contentions that the first case should not prevent application of collateral estoppel because there was not as much at stake in that case as in the second case and because the issues in the two prior cases were not presented as fully. 28 Or. App. at 534, 559 P.2d at 1313-14. The court of appeals did not explore the Jewetts’ contentions more fully. Thus, even though the case may have been correctly resolved, it was not well reasoned.

176. See notes 168-70 & accompanying text *supra*. 


amount at issue in *Pacific Northwest Bell II* was several times larger than that at issue in *Sylwester*. For this reason, the plaintiff in *Sylwester* could not have afforded as vigorous a prosecution of the claim against Century as the plaintiffs in *Pacific Northwest Bell II*.177 The Oregon court thus had sufficient reason to believe that the contentions of Century's liability had not been as effectively presented in *Sylwester* as in the later cases. Therefore, the court should have put *Sylwester* aside, rather than relying on it as inconsistent and preventing estoppel of Century in *State Farm* on the basis of the *Hesse* and *Pacific Northwest Bell II* cases. An additional reason to refrain from treating *Sylwester* as inconsistent is that, had the case been decided adversely to Century, Century would have had a good chance of avoiding collateral estoppel based on *Sylwester*.

The remainder of this Article deals with unilateral collateral estoppel and inconsistency of prior judgments in patent law.

The Analysis Applied to Patent Validity Litigation

While mutuality generally has been in retreat since the time of *Bernhard*, its supporters long fought a successful rear guard action in the field of patent law, particularly in the area of patent validity.178 From 1936, when the Supreme Court reaffirmed the rule of mutuality in *Triplett v. Lowell*,179 until 1971, when the court modified *Triplett* in *Blonder-Tongue Laboratories, Inc. v. University of Illinois Foundation*,180 a patentee whose patent had been adjudged invalid nevertheless was free to relitigate patent infringement actions against parties who were strangers to that adjudication.181

*Triplett* permitted the patentee to relitigate in the absence of mutu-

177. See text accompanying notes 133-46 *supra.*

178. Letters patent, which grant the patentee the exclusive right to make, use, or sell the patent's subject matter for 17 years, are issued by the United States Patent and Trademark Office upon a finding that the substantive and procedural requirements of patentability are satisfied. See generally E. KITCH & H. PERLMAN, *LEGAL REGULATION OF THE COMPETITIVE PROCESS* 797 (2d ed. 1979). For unauthorized manufacture, use, or sale, the patent holder may bring a patent infringement suit for injunctive relief, damages, and, in extraordinary cases, attorneys' fees. 35 U.S.C. §§ 271, 281, 283-285 (1976). Perhaps because it has survived some degree of administrative scrutiny, a patent is presumed valid, meaning that the infringement suit defendant who challenges the validity of the plaintiff's patent must bear the burden of showing that the subject matter described in the patent and covering the allegedly infringing material fails to meet the requirements of patentability. 35 U.S.C. §. 282 (1976).


ality, reasoning that patent validity litigation warranted no exception to the then prevailing rule of mutuality of estoppel. Subsequently, however, policy reasons were advanced to justify retaining mutuality of estoppel in patent law while abandoning it elsewhere. These reasons are simply applications of the arguments of Bernhard’s critics to the unique procedural and substantive aspects of patent validity litigation, potentially making the arguments for mutuality particularly compelling. The Court in Blonder-Tongue recognized the special weight these arguments might receive in the context of patent law and attempted to accommodate them without going so far as to require mutuality generally, as did Triplet. Blonder-Tongue’s accommodation has been criticized, however, largely by arguments that reflect the misapprehensions of mutuality’s supporters.

This section briefly reviews the arguments for and against a strict requirement of mutuality in patent validity litigation, which roughly parallel the arguments discussed at a more general level in the earlier

182. In Triplet, the alleged infringer argued, in effect, that the patentee should be estopped from litigating patent claims because they had been adjudicated invalid in a prior infringement suit. The Court considered this a novel argument but one which it had implicitly rejected in previous cases. The Court also noted that relitigation of patents seemed to be the norm. See 419 F.2d at 641-43. Triplet did not make law, then, as much as it reaffirmed long-standing practice.

183. A frequently cited reason for continuing to require mutuality in patent cases was the perceived duty to follow Triplet and to honor the presumed tacit approval of Triplet by Congress. See, e.g., Nickerson v. Kutschera, 419 F.2d 983, 985 (3d Cir. 1969) (following Triplet in patent case even though same court did not require mutuality in the tort case of Bruszewski v. United States, 181 F.2d 419 (3d Cir. 1950)); Aghnides v. Holden, 226 F.2d 949, 951 (7th Cir. 1955) (concurring opinion) (disapproving Triplet but leaving any change to Congress). Nonetheless Triplet was no bar to courts disposed to treat its reaffirmation of mutuality as dicta overtaken by subsequent legal developments. See, e.g., Technograph Printed Circuits, Ltd. v. Packard Bell Elec. Corp., 290 F. Supp. 308, 317 (C.D. Cal. 1968); Nickerson v. Pep Boys—Manny, Moe & Jack, 247 F. Supp. 221 (D. Del. 1965).

184. 402 U.S. at 332-34.
185. Id. at 334.
186. Triplet did recognize one exception: collateral estoppel could be asserted by the customer of a manufacturer who had secured a judgment of invalidity or noninfringement against the patentee. This exception was necessary to avoid absurd results. It prevented the patentee, unable to enforce his or her invalid or noninfringed patent against the manufacturer, from harassing the customer who had purchased the manufacturer’s noninfringing goods. See, e.g., General Chem. Co. v. Standard Wholesale Phosphate & Acid Works, Inc., 101 F.2d 178 (4th Cir. 1939). See generally Evans & Robins, The Demise of Mutuality in Collateral Estoppel (The Second Round Patent Suit—The Nor-So-Instant-Replay), 24 Okla. L. Rev. 179, 196-98 (1971).

analysis of collateral estoppel. It then discusses possible offensive uses of unilateral collateral estoppel based on prior patent invalidity judgments. Finally, the section examines in detail a series of cases that provides an opportunity to demonstrate how inconsistent patent validity judgments should be evaluated after Blonder-Tongue and Parklane Hosiery.

Unilateral Use of Patent Invalidity Judgments

In patent litigation, as in litigation generally, arguments that favor mutuality have amounted to a proposal that a requirement of mutuality be imposed as a safeguard against possible defects in a prior litigation. The appropriate response, as the Supreme Court indicated hesitantly in Blonder-Tongue, and more enthusiastically in Parklane, is not to make relitigation the rule, with mutuality the justification for an exception, but to make preclusion of relitigation the rule, with exceptions to the rule based only on discernible faults peculiar to the litigation on

188. See text accompanying notes 54-94 supra.

189. Although some of Blonder-Tongue's language is expansive, see, e.g., 402 U.S. at 328 ("[t]he broader question is whether it is any longer tenable to afford a litigant more than one full and fair opportunity for judicial resolution of the same issue"), Blonder-Tongue expressly declined to rule on the merits of the doctrine of mutuality generally. Id. at 327. Both the majority in Parklane, 439 U.S. at 327, and the dissent, id. at 347 & n.14 (Rehnquist, J., dissenting), noted Blonder-Tongue's possible limits, and several federal courts have attempted to preserve mutuality as to certain issues, despite Blonder-Tongue, on the questionable premise that Blonder-Tongue is confined to issues of patent validity. See, e.g., Divine v. Commissioner, 500 F.2d 1041, 1046-48 (2d Cir. 1974) (Internal Revenue Service not unilaterally estopped from relitigating income tax issue decided against it in a prior judgment); Grantham v. McGraw-Edison Co., 444 F.2d 210, 217 (7th Cir. 1971) (alternate holding) (patentee seeking to bring infringement suit not estopped under Blonder-Tongue on basis of prior judgment holding he lacked capacity to sue; Blonder-Tongue not intended to reject mutuality entirely); United States v. Anaconda Co., 445 F. Supp. 486, 495-96 (D.D.C. 1977) (Consumer Product Safety Commission is not unilaterally estopped from asserting jurisdiction over aluminum home wiring, despite prior judgment that Commission lacked jurisdiction); Ransburg Corp. v. Automatic Finishing Systems, Inc., 412 F. Supp. 1357, 1366 (E.D. Pa. 1976) (dictum) (applying unilateral collateral estoppel on behalf of infringement suit defendant would not be justified under Blonder-Tongue, which involved invalidity, not infringement). Cf. Kearney & Trecker Corp. v. Cincinnati Milacron, Inc., 403 F Supp. 1040, 1045, 1046 (S.D. Ohio 1973) aff'd, 562 F.2d 365 (6th Cir. 1977) (permitting unilateral assertion of collateral estoppel in principle but denying use in part because instant case involved patent unenforceability due to deliberate fraudulent procurement, not patent invalidity as in Blonder-Tongue).

190. The language in Parklane relating to the collateral estoppel aspect of that case is unqualified: "[W]hether a litigant who was not a party to an earlier judgment may nevertheless use that judgment 'offensively' to prevent a defendant from relitigating issues resolved in the prior proceeding." 439 U.S. at 326. Parklane, see notes 34-48 & accompanying text supra, together with Montana, see note 23 supra, seriously undermines those decisions, see note 189 supra, that have sought to limit Blonder-Tongue to its factual and legal setting.
which collateral estoppel is sought to be based. If serious faults are thought to inhere in our system of litigation, then the solution is not to sacrifice the benefits of collateral estoppel on an altar of mutuality; the solution is to address and remedy the inherent defects directly.

In patent validity litigation, the inherent defect most strongly supporting the argument for mutuality is the extraordinary likelihood of erroneous decision. The most frequently litigated issue—whether the patent's subject matter is nonobvious in light of the trade's prior art—has been characterized as perhaps the most difficult that a court decides. What is more, a great public interest has been asserted in the need to ensure that valid patents are upheld; if they are not, prospective inventors will be discouraged and innovation will suffer. Because of the special difficulty and public significance of the patent validity decision, courts and commentators have reasoned that the patentee who has lost once on the issue of patent validity should have the opportunity to vindicate that patent in subsequent litigation.


192. Harries v. Air King Prods. Co., 183 F.2d 158, 162 (2d Cir. 1950) (Hand, C.J.). But see Graham v. John Deere Co., 383 U.S. 1, 18 (1966) (difficulty of nonobviousness issue compared to those of negligence and scienter, which courts resolve daily). A patent on a "process, machine, manufacture, or composition of matter" is invalid unless its subject matter has the attributes of novelty, utility, and nonobviousness. 35 U.S.C. §§ 101-103 (1976). When determining whether a patent meets the test of nonobviousness, "the scope and content of the prior art are to be determined; differences between the prior art and the claim at issue are to be ascertained; and the level of ordinary skill in the pertinent art resolved." Graham v. John Deere Co., 383 U.S. 1, 17 (1966). This inquiry often requires a foray into technical matters in which the judge is untrained. "When all is said, we are called upon imaginatively to project this act of discovery against a hypostatized average practitioner, acquainted with all that has been published and all that has been publicly sold. If there be an issue more troublesome, or more apt for litigation than this, we are not aware of it." Harries v. Air King Prods. Co., 183 F.2d 158, 162 (2d Cir. 1950). Accord, Nyyssonen v. Bendix Corp., 342 F.2d 531, 532 (1st Cir.), cert. denied, 382 U.S. 847 (1965).


195. "It is just as important that a good patent be ultimately upheld as that a bad one be definitely stricken. At the same time it must be remembered that the issue of patent validity is often 'as fugitive, impalpable, wayward, and vague a phantom as exists in the whole paraphernalia of legal concepts. . . . ' The theory of unilateral estoppel would, however, bite sharply into the current process for sustaining good patents and rectifying erroneous holdings." Technograph Printed Circuits, Ltd. v. United States, 372 F.2d 969, 978 (Ct. Cl. 1967) (quoting Harries v. Air King Prods. Co., 183 F.2d 158, 162 (2d Cir. 1950)). See Agrashell, Inc. v. Bernard Sirotta Co., 281 F. Supp. 704, 708 (E.D.N.Y. 1968); Halpern, Blonder-Tongue: A Discussion and Analysis, 54 J. Pat. Off. Soc'y 5, 6, 12 (1972); Rollins, In Rem Invalidity: A Solution in Search of a Problem?, 52 J. Pat. Off. Soc'y 561, 570 (1970) (reliti-
In *Blonder-Tongue*, the Court rejected the argument that patent validity judgments should be open, without qualification, to relitigation against new parties. The Court reasoned that the possibility of erroneous judgments of invalidity was minimized by the patentee's opportunity to avoid collateral estoppel by showing the lack of a "fair opportunity procedurally, substantively, and evidentially to pursue his claim the first time."\(^\text{196}\)

The opportunity for showing substantive defects in the prior trial differentiates *Blonder-Tongue* from *Bernhard*, which confined the focus of the collateral estoppel inquiry to the procedural fairness of the first trial.\(^\text{197}\) The *Blonder-Tongue* test thus creates more uncertainty than would application of the test in *Bernhard*.\(^\text{198}\) This degree of uncertainty, however, does not approach that created by the patentee's ability to relitigate against any new party.\(^\text{199}\) *Blonder-Tongue* did not

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\(\text{196.}\) 402 U.S. at 333. The Court provided the following factors to consider: "In addition to the considerations of choice of forum and incentive to litigate mentioned above, certain other factors immediately emerge. For example, if the issue is nonobviousness, appropriate inquiries would be whether the first validity determination purported to employ the [proper] standards . . . ; 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; and whether without fault of his own the patentee was deprived of crucial evidence or witnesses in the first litigation. But as so often is the case, no one set of facts, no one collection of words or phrases, will provide an automatic formula for proper rulings on estoppel pleas. In the end, decision will necessarily rest on the trial courts' sense of justice and equity." *Id.* at 333-34.

\(\text{197.}\) "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?" *Id*. at 813, 122 P.2d at 895. Some subsequent courts have used a broader set of inquiries. *E.g.*, Berner v. British Commonwealth Pac. Airlines, Ltd., 346 F.2d 532, 540-41 (2d Cir.) cert. denied, 382 U.S. 983 (1965) (relitigation allowed for want of incentive to litigate the first time). Nevertheless, none seems to go as far as does *Blonder-Tongue* in permitting substantive review of the prior court's decision.*See* e.g., Technograph Printed Circuits, Ltd. v. Martin-Marietta Corp., 340 F. Supp. 423, 425-28 (D. Md. 1972), *aff'd*, 474 F.2d 798 (4th Cir.), *cert. denied*, 414 U.S. 880 (1973), which applied the factors set forth in *Blonder-Tongue* and allowed assertion of collateral estoppel against a patentee only after a thorough quasi-appellate review of the prior court's decision.


\(\text{199.}\) The inquiries permitted by *Blonder-Tongue* actually are quite narrow. They contemplate that the second court ask only whether the prior court "wholly" failed to grasp the technical subject matter and whether the court "purported" to apply the appropriate standards for nonobviousness. New evidence may justify relitigation only if the patentee can
represent an effort to remove uncertainty of decision altogether; as with collateral estoppel generally, Blonder-Tongue sought simply to remove uncertainty to the maximum extent possible, while avoiding manifest unfairness to the common party. In so doing, Blonder-Tongue achieves its primary goal: encouraging reliance on adjudications of patent invalidity by those contemplating investment in economic activities that would likely infringe the patent were it valid.

This interest in promoting private planning in reliance on judicial decisions underlies both Blonder-Tongue and collateral estoppel generally. Blonder-Tongue may be criticized from the standpoint that it precludes only a few trials or that it actually may undermine judicial economy by encouraging more vigorous litigation at the initial trial and a higher frequency of appeals from the decisions rendered therein. This criticism, if valid, does not condemn the decision. Blonder-

show it is "crucial" and that he or she was deprived of it without fault in the first litigation. 402 U.S. at 333. Blonder-Tongue does state that there is no "automatic formula for proper rulings on estoppel pleas. In the end, decision will necessarily rest on the trial courts' sense of justice and equity." Id. at 334. But courts have been reluctant to apply this language to permit relitigation, preferring instead to rely on the traditional "full and fair" factors discussed at text accompanying notes 109-19 supra. See Kaiser Indus. Corp. v. Jones & Laughlin Steel Corp., 515 F.2d 964, 978-79 (3rd Cir.), cert. denied, 423 U.S. 876 (1976); Note, After Blonder-Tongue: Back to the Laboratory to Find a Patent Validation System Even a Court Could Trust, 16 WM. & MARY L. REV. 295, 317 (1974).


201. See, e.g., Rollins, In Rem Validity: A Solution in Search of a Problem?, 52 J. PAT. OFF. SOC'Y 561, 568-71 (1970) (in period studied, only 2.7% of patents were relitigated annually, and only 20% of the total number of patents litigated were involved in more than one suit).


203. While Blonder-Tongue may encourage more vigorous litigation and appeals once litigation has begun, it undoubtedly precludes relitigation. It also discourages initial litigation, since it increases the risk of loss to the patentee. See Note, After Blonder-Tongue: Back to the Laboratory to Find a Patent Validation System Even a Court Could Trust, 16 WM. & MARY L. REV. 295, 321 (1974). Blonder-Tongue may save additional judicial time by encouraging class action suits by the patentee. The patentee cannot assert a prior judgment of patent validity against a new infringer, e.g., Boutell v. Volk, 449 F.2d 673, 678 (10th Cir. 1971), yet, because of Blonder-Tongue, he or she takes the risk, in any patent validity litigation, that that new infringer will be able to use an adverse judgment against him or her. The
Tongue did not aim to clear court calendars, but rather to promote predictability of judicial decisions. Judicial economy is a salutary but incidental benefit.204 The strongest criticism of Blonder-Tongue, however, has not been that it fails to promote judicial economy but that it permits the application of collateral estoppel against a patentee whose patent has been invalidated by a court that applied an improperly strict standard of patent validity. According to this criticism, Blonder-Tongue's provision for some substantive review is inadequate to ensure against a patentee being treated unfairly by courts with an allegedly anti-patent bias.205 Because standards of patent validity differ so widely from one circuit court of appeals to the next, this argument runs, relitigation is needed as a safeguard against improvident judgments of invalidity.206

This argument may be addressed at several levels. First, one may challenge its basic assumption that some courts are "anti-patent" and that the result of a given patent validity litigation therefore depends on the circuit in which it is brought.207 A second response to the argument is that, even absent collateral estoppel, a patentee who has lost once on patentee therefore has little to lose and much to gain by joining the new infringer as a defendant in a class action. See Comment, Class Actions in Suits for Patent Infringement in Light of Blonder-Tongue Laboratories, Inc. v. University of Illinois Foundation, 13 B.C. INDUS. & COM. L. REV. 1473 (1972); Comment, Blonder-Tongue Bites Back: Collateral Estoppel in Patent Litigation—A New Look, 18 VILL. L. REV. 207, 234-42 (1972).


205. See authorities cited note 195 supra.

206. See authorities cited note 195 supra. "[A]s a result of Blonder-Tongue, no opportunity will be presented to correct . . . improvident determinations because even incorrect decisions may be pleaded as collateral estoppel." Comment, Blonder-Tongue Bites Back: Collateral Estoppel in Patent Litigation—A New Look, 18 VILL. L. REV. 207, 228-29 (1972). It is true that an incidental benefit of permitting relitigation was that the inconsistencies created thereby could occasion Supreme Court review. But this obviously is no justification for requiring mutuality. First, permitting relitigation as a roundabout approach to the perceived problem of inconsistent patent validity standards does not guarantee that the Court will review patent validity cases, for the Court has denied certiorari in such cases. See Lieberman & Nelson, In Rem Validity—A Two-Sided Coin, 53 J. PAT. OFF. SOC’Y 9, 25 (1970). Second, the Court has reviewed patent cases without requiring a conflict between the circuits on a specific patent, see id., and there is no compelling reason why it could not do so again if it observed that inconsistent rules of patent validity were being applied. Thus, here, as elsewhere, mutuality is no solution to procedural problems; the remedy can be applied directly.

207. The assumption that courts are anti-patent stems from the high percentage (50-60%) of patents sued on being held invalid. See, e.g., Gausewitz, Brief in Support of Proposed Amendments to Section 103, Title 35, Patents, U.S. Code, 51 J. PAT. OFF. SOC’Y 290, 291-92 (1969). One might expect a relatively high percentage of litigated patents to be ruled invalid, however, assuming that only patents of doubtful validity are likely to be litigated. Moreover, the high percentage of invalidity rulings may reflect not that some judicial standards of patentability are too high but that the standard under which the Patent and Trade
the issue of patent validity is at a practical and legal disadvantage in a subsequent litigation. Subsequent challengers to patent validity would have ready access to the previous challenger’s winning case, and courts applying the comity doctrine would accord “great weight” to the prior decision of invalidity.\textsuperscript{208} Third, it is doubtful that the proposed solution—relitigation against any new party the patentee chooses to pursue—is germane to achieving a correct result. As the Supreme Court stated in \textit{Blonder-Tongue}: “[A]ssuming a patent case so difficult as to promote a frank admission of judicial uncertainty, one might ask what reason there is to expect that a second district judge or court of appeals would be able to decide the issue more accurately.”\textsuperscript{209}

Further, assuming that continued relitigation could somehow ensure a correct result, the benefit could not justify the unquestionably high cost of absolute certainty. As noted in \textit{Blonder-Tongue}, Triplett’s rule of unfettered relitigation enabled the holder of an invalidated patent to stifle competition or exact royalty payments from manufacturers unwilling or unable to sustain the extraordinarily large expense of defending a patent infringement action.\textsuperscript{210} Moreover, under Triplett, those who challenge a patent only to have it upheld as valid would be at an unfair disadvantage in competing with those who had secured a judgment of patent invalidity.\textsuperscript{211}

The benefit offered to justify the expense of relitigation is scant. Admittedly, a rule which permits relitigation despite the absence of any manifest error or defect in the prior proceeding may result in some

\textit{mark Office issues patents is too low. \textit{See, e.g.}, Sears, Tinkering with the Invention Standard: No Solution to Problems of Patent Quality, 59 MINN. L. REV. 965, 965 (1975).}


\textit{209.} 402 U.S. at 331-32.

\textit{210.} \textit{Id.} at 338.

\textit{211.} \textit{Id.} at 346.
rulings of patent validity which would have been impossible to reach had the alleged infringer been able to assert unilateral collateral estoppel. Even assuming that these patents should have been ruled valid, there is little indication that the number of such patents is large or that the effect on the patent system will be substantial.\(^{212}\)

Hence, concerns about a hostile or incompetent patent judiciary and a lack of uniform standards of patentability are best focused on proposals for procedural reform or on renewed efforts by the Supreme Court to review standards of patent validity.\(^{213}\) To the extent these reforms are truly needed, unilateral collateral estoppel admittedly may help in some cases to perpetuate a "bad result." To impose a requirement of mutuality as a solution to this problem, however, would be a case of burning the house to roast the pig.

**Offensive Use of Patent Invalidity Judgments**

Although *Blonder-Tongue* expressly declined to consider the propriety of offensive use of unilateral collateral estoppel,\(^{214}\) *Parklane* endorsed offensive use except where (1) the plaintiff could have easily joined the earlier action; (2) the defendant had insufficient incentive to litigate the first action; (3) the defendant in the second action had procedural opportunities that could readily cause a different result; or (4) the judgment relied on is inconsistent with a judgment in defendant's favor.\(^{215}\)

*Parklane* thus enhances the likelihood of three varieties of offensive use of prior patent invalidity judgments, none of which is now generally realized. The first example of such offensive use would be in a declaratory judgment action brought by a potential infringer against a patentee whose patent previously was ruled invalid.\(^{216}\) The second would be a royalty refund action brought by a patent licensee.\(^{217}\) The


\(^{214}\) 402 U.S. at 330.

\(^{215}\) 439 U.S. at 331-32.


\(^{217}\) It has been held that a patent licensee has no obligation to pay royalties once the
third and most dramatic would be a treble damage antitrust claim brought against a patentee who would be liable for monopolization but for his or her patent.\(^{218}\) Although one of Parklane's exceptions to offensive use may be implicated in any given case, no inherent aspects of patent litigation would appear to prevent these offensive applications of unilateral collateral estoppel.

Parklane's "could have easily joined" exception, as suggested, should be construed narrowly.\(^{219}\) It should have no application at all when the prior action is a patent infringement action, for intervention on the side of the patent challenger necessarily subjects the intervenor to liability. The same can be said when the prior action is an action for

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\(^{218}\) See notes 143-45 & accompanying text supra.

\(^{219}\) See notes 143-45 & accompanying text supra.
a declaratory judgment of invalidity, for the intervenor would be subject to a counterclaim for infringement.

The patentee's incentive to litigate should not differ significantly from an infringement or declaratory judgment action to a subsequent royalty refund or declaratory judgment action. The incentive to litigate may be more substantial, however, in a treble damage antitrust action. Nevertheless, significantly higher stakes in subsequent actions do not mean that incentive to litigate vigorously necessarily was lacking in the first. If the figure at stake in the first action was high enough to submit the patent's validity to judicial decision, then the patentee-antitrust defendant in the subsequent action should be required to demonstrate what would have been done differently had the stakes been even higher. And the new strategy, unavailable because of lack of incentive in the first action, must be shown to have been capable of changing the result in that action.220

The third Parklane exception applies where there are procedural opportunities available in the second action that were absent in the first. Lack of procedural opportunities can hardly be a problem if the first action was an infringement action brought by the patentee.221 In such a case the patentee would have had the choice of forum, within the restrictions placed by venue requirements.222 A patentee may be able to show the initial forum was inconvenient, however, if the first action was a declaratory judgment action with the patentee as a defendant. If so, the patentee should still be required to show that the lack of choice of forum could "readily [have] cause[d] a different result."223 For example, the location of the forum may have made production of persuasive evidence too expensive. Allegations that the

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220. Courts have consistently rejected the patentee's argument that he or she lacked incentive to litigate. E.g., Carter-Wallace, Inc. v. United States, 496 F.2d 535 (Ct. Cl. 1974).

221. A patent also may be found invalid in an administrative proceeding, where the safeguards afforded the patentee may substantially differ from those enjoyed in a court. Nevertheless, those differences alone should not preclude collateral estoppel. Rather, they should be examined in light of the proceeding's facts to determine whether they could readily have caused a different result. North Carolina v. Chas. Päzer & Co., 537 F.2d 67, 73-74 (4th Cir.), cert. denied, 429 U.S. 870 (1976), took too rigid an approach in declining to apply offensive collateral estoppel on the basis of a prior Federal Trade Commission adjudication. The court noted the differences between Federal Trade Commission proceedings and standards and those of a court, but did not explain, in the light of the facts of the case, how these procedural differences were likely to have affected the outcome.

222. See 28 U.S.C. § 1400(b) (1976). Cases applying Blonder-Tongue against the patentee who has lost in a prior infringement suit have routinely cited choice of forum in that suit as a factor in the decision that the patentee had a fair chance to litigate. See, e.g., Wahl v. Vibranetics, Inc., 474 F.2d 971, 976 (6th Cir.), cert. denied, 414 U.S. 859 (1973).

particular forum was hostile or "anti-patent," however, should not be a significant factor in this determination. Any problem with erroneous patentability standards should be handled case-by-case, within Blonder-Tongue's provision for some substantive review.

A similar case-by-case approach should apply to Parklane's fourth exception, which might preclude collateral estoppel in instances where inconsistent judgments have occurred. Any analysis of that exception as it relates to patents can only be undertaken in light of Blonder-Tongue. The next section takes up that analysis in detail, after first concluding that Blonder-Tongue does not require a court either to ignore inconsistent judgments or to treat them as universally sufficient justification for relitigation.

Inconsistent Judgments of Patent Validity: A Question Left Open in Blonder-Tongue

The nature of patent litigation makes any patent infringement suit the first in a potential series of suits with one issue in common: the patent's validity. The possibility of inconsistent judgments on this issue is substantial even after Blonder-Tongue. A ruling of patent validity has no collateral estoppel effect against a subsequent alleged infringer; a ruling of patent invalidity may be avoided by the patentee if he or she can show a lack of full and fair opportunity to litigate under Blonder-Tongue's broad "full and fair" test. Although Blonder-Tongue might be read expansively to cover the situation where prior inconsistent judgments have occurred,\textsuperscript{224} neither the facts of that case nor its rea-

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\item[224.] The scope of Blonder-Tongue's endorsement of unilateral collateral estoppel is in some doubt as to prior inconsistent judgments. Much of the language in Blonder-Tongue is general and not expressly limited to an instance in which the only prior judgment concerning patent validity was a judgment of invalidity. The Court noted: "Thus, we conclude that Triplette should be overruled to the extent it forecloses a plea of estoppel by one facing charge of infringement of a patent that has once been declared invalid," 402 U.S. at 350 (emphasis added). On the other hand, Blonder-Tongue contained language that arguably does relate to factors such as prior inconsistent judgments: "No one set of facts, no one collection of words or phrases, will provide an automatic formula for proper rulings on estoppel pleas. In the end, decision will necessarily rest on the trial courts' sense of justice and equity." \textit{Id.} at 333-34. See Comment, \textit{Plaintiff in a Patent Infringement Case is Estopped From Claiming Patent's Validity Despite Previous Decision Upholding its Validity When an Intervening Decision Has Declared the Patent Invalid}, 49 N.Y.U.L. Rev. 343, 347 (1974) (language quoted indicates application of collateral estoppel may be unfair even after a full and fair litigation). \textit{Accord}, Kearney & Trecker Corp. v. Cincinnati Milacron, Inc., 403 F. Supp. 1040, 1045 (S.D. Ohio 1975), \textit{aff'd}, 562 F.2d 365 (6th Cir. 1977). \textit{But see} Blumcraft of Pittsburgh v. Kawneer Co., 482 F.2d 542, 547 (5th Cir. 1973) (trial court's "sense of justice and equity" should extend no further than an examination of whether potentially estopped party had a full and fair opportunity to litigate).
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solving the problems that prior inconsistent judgments may pose. *Blonder-Tongue* was heard pursuant to a writ of certiorari to the Seventh Circuit, which had ruled a patent valid notwithstanding the Eighth Circuit’s ruling, in a prior suit, that the patent was invalid.225 Thus, the question presented in *Blonder-Tongue* was not whether collateral estoppel was appropriate after inconsistent judgments, but whether it would have been proper to assert collateral estoppel as a defense in the action below in light of the prior judgment of invalidity.226 The Court held that an assertion of collateral estoppel would have been proper and remanded the case to permit the defendant to amend its pleadings and to allow the district court to consider whether collateral estoppel would be appropriate under the circumstances.227

Nevertheless, the Fifth Circuit Court of Appeals, in *Blumcraft of

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225. The University of Illinois Foundation, the holder of a patent for a color television antenna, brought an infringement suit in Southern District of Iowa against an antenna manufacturer. After trial, the district court ruled the patent invalid under 35 U.S.C. § 103, on the ground it would have been obvious to one skilled in the art. University of Ill. Foundation v. Winegard Co., 271 F. Supp. 412, 419 (S.D. Iowa 1967), aff’d, 402 F.2d 125 (8th Cir. 1968), cert. denied, 394 U.S. 917 (1969). Prior to the ruling of patent invalidity in *Winegard*, the Foundation filed suit in the Northern District of Illinois against a customer of Blonder-Tongue Laboratories, Inc., alleging infringement of the same color television antenna. Blonder-Tongue intervened to defend its customer, asserting as one of its defenses that the patent was invalid. *Winegard* was decided before judgment was had, but Blonder-Tongue did not assert that the *Winegard* decision estopped the Foundation from relitigating patent validity, presumably because a patentee’s ability to relitigate under *Triplette* seemed clear. After trial, the court, in an unreported decision, ruled the patent valid and infringed, the *Winegard* decision notwithstanding. The Seventh Circuit affirmed in relevant part, University of Ill. Foundation v. Blonder-Tongue Laboratories, Inc., 422 F.2d 769 (7th Cir. 1970), and Blonder-Tongue successfully sought certiorari. 400 U.S. 864 (1970). The immediate occasion for review appeared to be the conflicting determination between the Seventh and Eighth Circuits. The Supreme Court never addressed this conflict, however; rather, it invited the parties to discuss whether an alleged infringer, such as Blonder-Tongue, should be permitted to invoke against a patent holder-plaintiff a prior finding of patent invalidity. 402 U.S. at 317, 320 n.6.


The Pennsylvania court in *Pittsburgh v. Kawneer,* 228 relied on *Blonder-Tongue* to estop a patentee from relitigating a patent that had been declared valid and then invalid in two separate adjudications. The court reasoned that although this inconsistency threw the correctness of the prior judgment of invalidity into doubt, "correctness" was immaterial, since *Blonder-Tongue* did not predicate application of collateral estoppel on whether the prior adjudication asserted as the basis for estoppel was correct, but rather on whether the adjudication was one in which the patentee had a full and fair opportunity to litigate.229 The court stated that the only issue left to the district court's discretion was whether the patentee in the action in which the patent was held invalid had a full and fair opportunity to litigate.230

Although acknowledging possible difficulties that its decision might create, the Fifth Circuit court believed *Blonder-Tongue* required it to ignore prior judgments of validity.231 The court relied on three aspects of *Blonder-Tongue* in reaching this conclusion. First, because *Blonder-Tongue* was decided on appeal from a judgment of validity by the Seventh Circuit which was inconsistent with a judgment of invalidity by the Eighth Circuit, *Blonder-Tongue* was direct authority for invoking collateral estoppel even where inconsistent judgments have occurred.232 Second, given that the reason for allowing relitigation after inconsistent judgments is that inconsistency undermines confidence in the "correctness" of the prior decision, *Blonder-Tongue* justified collateral estoppel in that it rejected "correctness" of the prior decision as the touchstone of collateral estoppel.233 Finally, because *Blonder-Tongue* required that estoppel be applied after an initial judgment of invalidity, even though subsequent suits might result in judgments of validity, the result should be no different if the judgment of validity came first.234

The Fifth Circuit's analysis notwithstanding, *Blonder-Tongue* did

228. 482 F.2d 542 (5th Cir. 1973).
229. Id. at 546.
230. Id. at 547.
231. Id. at 548 & n.12. According to the Fifth Circuit, even a series of prior judgments of validity would not justify relitigation but would simply warn the court to examine very carefully the decision holding the patent invalid to see if the proper legal standards had been correctly applied. Id.
232. Id.
233. Id.
234. Id. at 549. The court made this argument based on its perception that the *Blonder-Tongue* Court intended a "knockout blow" at multiplicity of patent litigation. Given that it made no arguments based on judicial economy or the function of the patent system, the *Kawneer* court seemed merely to reiterate its conclusion that the *Blonder-Tongue* rationale
not speak directly to the problem of prior inconsistent judgments. Admittedly, the Eighth Circuit ruled the patent in issue in *Blonder-Tongue* invalid and the Seventh Circuit later ruled it valid. For the Supreme Court to reverse the Seventh Circuit, however, is merely for the Court to say the Seventh Circuit erred in refusing to permit the assertion of collateral estoppel. To read into *Blonder-Tongue* as much as the Fifth Circuit attempted in this regard is tantamount to saying that the Supreme Court, by reversing the Fifth Circuit court, intended to cover cases of prior inconsistent verdicts because the judicial economy rationale requires that the Seventh Circuit case not be relitigated. Such an argument places excessive stress on the judicial economy rationale for unilateral collateral estoppel.\(^{235}\)

On the other hand, neither did *Blonder-Tongue* preclude all consideration of judgments of patent validity by applying collateral estoppel after one judgment of invalidity despite the possibility of contrary judgments in subsequent cases. The objection to invoking collateral estoppel in the wake of prior inconsistent judgments is not that one decision is correct and one is not. Rather, the objection is that courts of equal authority have reached opposite results in cases that are indistinguishable. Therefore, the judicial system as a whole cannot be said to have reached a decision on the issue involved. If such a situation arises, then collateral estoppel effect should be denied.

The foregoing suggests not that the Fifth Circuit court necessarily reached the wrong result in *Kawneer*, but that it should have examined the prior adjudications to see if their inconsistency in result could be explained on the basis of differences in the way the two adjudications were conducted. In the alternative, the court should have examined whether the patentee should have been estopped from asserting as inconsistent the prior favorable adjudication, inasmuch as he would have been able to avoid the collateral estoppel effect of an opposite result in that adjudication.

**Inconsistent Judgment Analysis Applied to a Patent Case: The Tale of Blumcraft of Pittsburgh**

An examination of the cases leading up to *Kawneer* indicates that the Fifth Circuit court could have used the proposed analysis to substitute a more satisfactory rationale for its otherwise harsh reasoning. In each of the cases preceding *Kawneer*, Blumcraft of Pittsburgh sought

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\(^{235}\) See notes 52-60 & accompanying text *supra.*
injunctive and monetary relief for infringement of its patented ornamental handrail design. In each case the defendant maintained the patent was invalid because the improvement was obvious to one skilled in the art.

The saga began in 1966, in Blumcraft of Pittsburgh v. United States (Blumcraft I). The trial commissioner of the Court of Claims to whom the case was referred concluded that the patent was valid and that the United States had infringed it. The United States and Blumcraft then agreed that the United States would not take exception to any of the trial commissioner’s findings of fact and conclusions of law, in return for a stipulation limiting the amount of damages Blumcraft could recover. The Court of Claims then granted Blumcraft’s motion to enter judgment and to adopt the opinion of the trial commissioner.

236. See Blumcraft of Pittsburgh v. United States, 372 F.2d 1014 (Ct. Cl. 1967). For a brief discussion of infringement suits see note 178 supra.

237. The most frequently litigated patentability requirement is nonobviousness of subject matter. See, e.g., 3 R. White, Patent Litigation: Procedure & Tactics § 6.03(2), at 6-30 (1978). A patent is invalid because obvious “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.” 35 U.S.C. § 103 (1976). See Graham v. John Deere Co., 383 U.S. 1, 12-19 (1966). There are other substantive requirements of patentability. A patent on a “process, machine, manufacture, or composition of matter” must be “new and useful,” 35 U.S.C. § 101 (1976), whereas a patent on a design, such as was involved in the Blumcraft cases, must be “new, original and ornamental.” 35 U.S.C. § 171 (1976).

238. 151 U.S.P.Q. (BNA) 107 (Ct. Cl. 1966). Suit was brought under 28 U.S.C. § 1498 (1976), which authorizes a patentee to recover “reasonable and entire compensation” for the United States government’s unauthorized use of a patented invention. Although the United States was the only defendant in the 1966 Blumcraft case, the United States was not the only entity whose interests were implicated. One of the manufacturers of the allegedly infringing railings was Kawneer Company, which Blumcraft later sued in a separate action. Blumcraft of Pittsburgh v. Kawneer Co., 482 F.2d 542 (5th Cir. 1973). Another manufacturer, Architectural Art Manufacturing, assisted the United States in its defense; Blumcraft later sued it, too. Blumcraft of Pittsburgh v. Architectural Art Mfg., Inc., 337 F. Supp. 853, 858 (D. Kan. 1972).


241. This form of settlement, as opposed to an extra-judicial settlement, was more advantageous to Blumcraft because of the persuasive or binding effect an adjudication might have on other parties. A judgment of patent validity was conceivably entitled to the benefit of the doctrine of controlling decision, see Vestal, Relitigation by Federal Agencies: Conflict, Concurrence and Synthesis of Judicial Policies, 55 N.C.L. Rev. 123, 130-66 (1977), or the doctrine of comity, see, e.g., Illinois Tool Works, Inc. v. Foster Grant Co., 547 F.2d 1300, 1303 (7th Cir. 1976); Ritchie v. Lewis-Browning Mfg. Co., 196 F.2d 434, 436-37 (5th Cir.
In Blumcraft v. Citizens & Southern National Bank (Blumeraft II), Blumcraft brought another infringement action, this time against Citizens & Southern National Bank, in whose building allegedly infringing rails had been placed. The district court in Blumcraft II thought the Court of Claims decision “persuasive,” but reached its own independent determination that Blumcraft’s design patent was valid. The bank appealed the court’s holdings of validity and infringement and the Court of Appeals for the Fourth Circuit reversed, on the basis that the design patent was obvious.

Blumcraft then brought a third suit, Blumcraft of Pittsburgh v. Kawneer Co., in the Northern District of Georgia to enforce its design patent against Kawneer Company and several other defendants. Defendants moved for summary judgment, asserting that the Fourth Circuit decision in Blumeraft II should be given collateral estoppel effect to bar Blumcraft from relitigating the validity of its patent. Because the defendants would not have been bound by a Fourth Circuit decision in Blumcraft’s favor, this assertion was an argument for unilateral use of collateral estoppel. The district court decided that although it would have ruled in defendant’s favor were the case one of first impression, it must deny the summary judgment motion in light of the then current word of the Supreme Court in Triplett.

With one case won, one case lost, and one case pending, Blumcraft brought a fourth infringement suit, Blumcraft of Pittsburgh v. Architectural Art Manufacturing, Inc. (Architectural Art), in the District of

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243. Id. at 456. Citizens and Southern’s defense was controlled by Architectural Art, the maker of the allegedly infringing rails. Because the trial court held the patent valid, it did not rule on Blumcraft’s contention that the issue of patent validity was res judicata based on Blumcraft I. Id. A subsequent court held res judicata did not apply because the defendant in that case merely assisted the United States’ defense in Blumcraft I; it did not control it. Blumcraft of Pittsburgh v. Architectural Art Mfg., Inc., 337 F. Supp. 853, 858 (D. Kan. 1972).


246. Id. at 1400. The court noted that there were strong policy reasons against following Triplett, but also noted that Congress had been reluctant to overturn the decision.

247. 337 F. Supp. 853 (D. Kan. 1972). This case might seem to pose a problem seldom seen in the context of unilateral use of collateral estoppel—a defendant who was assuming a wait-and-see posture. Architectural Art controlled the defendant’s litigation on the Blumcraft patents in the Blumcraft II case, but was not a party. Blumcraft of Pittsburgh v. Citi-
Kansas. In the meantime, the Supreme Court had decided Blonder-Tongue, overruling Triplett. The Architectural Art court read Blonder-Tongue to require that only the invalidity judgment of Blumcraft II be considered. The court held that Blonder-Tongue applied only to judgments of invalidity and that the judgment in Blumcraft I of validity was not relevant to whether collateral estoppel could be asserted by Architectural Art. 248 After determining that the Fourth Circuit's judgment of invalidity in Blumcraft II occurred after a full and fair opportunity for Blumcraft to litigate, the court held that the decision in Blumcraft II estopped Blumcraft from relitigating patent validity. 249 On appeal from summary judgment for defendants, the Tenth Circuit Court of Appeals summarily affirmed. 250

Meanwhile, in Georgia, the defendants in the Kawneer case had moved for reconsideration of the denial of their motion for summary judgment in light of the Supreme Court decision in Blonder-Tongue. The court once more denied the motion, reasoning that although collateral estoppel would otherwise be applicable, the prior judgments were inconsistent, making collateral estoppel inequitable.251 Defendants in Kawneer renewed their motion for reconsideration after the lower court decision in Architectural Art. 252 In rejecting defendants' request, the Kawneer court interpreted Blonder-Tongue to require consideration of equities beyond those relating to the fullness and fairness of the patentee's opportunity to litigate in the action in which the patent was held invalid and reasoned that the controlling equitable factor in Kawneer was the occurrence of prior inconsistent judgments.253


248. 337 F. Supp. at 858.
249. Id. at 858-59.
251. Blumcraft of Pittsburgh v. Kawneer Co., 341 F. Supp. 1018, 1021 (N.D. Ga. 1971). The court limited its holding to the facts before it: one prior ruling of validity and one prior ruling of invalidity. It did not hold that one judgment of validity necessarily would justify an indefinite number of litigations. The court conceded there would be some point, which it could not specify, at which the number of judgments of invalidity subsequent to a single judgment of validity would justify application of collateral estoppel.
252. Id. at 1024.
253. Id. at 1021-24.
The court rejected defendants' argument that the Blumcraft I judgment of validity should not prevent collateral estoppel based on the Fourth Circuit court's judgment of invalidity. The defendants had advanced this argument on two grounds: first, the Court of Claims did not have before it "three important prior art references . . . heavily relied upon" by the Fourth Circuit court;254 and second, the United States had bargained away its right to appeal the trial commissioner's opinion to the Court of Claims in return for a limitation of the government's liability.255 The court considered the differences in evidence before the Court of Claims and the Fourth Circuit Court of Appeals, but concluded they were not material.256 The court chose not to consider the effect of the compromise in the Court of Claims case because it believed a precedent for detailed examination of prior judgments of validity "would result in an expenditure of judicial time and at best result in a mere second guess of the prior decision."257

Finally, after the Tenth Circuit Court of Appeals affirmed the use of collateral estoppel in Architectural Art, the Kawneer district court reluctantly relied on the holding in Architectural Art and applied collateral estoppel against Blumcraft.258 On appeal, the Fifth Circuit Court of Appeals affirmed on the basis of the rigid application of Blonder-Tongue criticized previously in this section.259

Both the Tenth and Fifth Circuit courts were much too rigid in their consideration of collateral estoppel. Once Blonder-Tongue was decided, the courts should have engaged in the particularized inquiries that proper analysis required and of which they were fully capable. The Blumcraft I judgment of validity by the Court of Claims should not have been regarded as inconsistent with the judgment of invalidity in Blumcraft II by the Fourth Circuit Court of Appeals. Blumcraft I was not a litigation; it was an entry of judgment as to liability that the government had agreed not to oppose in return for Blumcraft's agreement to limit damages.260 Thus, the government either did not have a

254. Id. at 1022.
255. Id.
256. Id. at 1022-23.
257. Id. at 1023-24. "Blonder-Tongue . . . does not dictate an investigation by this court into such a factor of a prior holding of validity." Id.
260. There is little indication that these circumstances of the stipulation in Blumcraft I were raised in Architectural Art. When the trial court in Kawneer was reconsidering the motion for summary judgment for the second time, Blumcraft argued that the stipulation in Blumcraft I related solely to the procedure to be followed in the accounting. 341 F. Supp. at
sufficient incentive to litigate fully, did not litigate the issue at all, or the judgment in Blumcraft I should have been treated as a compromise verdict.

These circumstances do not necessarily relate to the “correctness” of Blumcraft I or to the corresponding “correctness” of the contradictory result reached in the Fourth Circuit, but bear directly on whether there were present in Blumcraft I those components necessary to vigorous presentation of the case for invalidity. The lack of those components is one reason Blumcraft I should not be regarded as establishing an inconsistency with the result in Blumcraft II, where such components were present.

A second reason for refusing to find such an inconsistency is that had the Blumcraft I judgment been against Blumcraft, Blumcraft could have avoided collateral estoppel based on that judgment by arguing that its incentive to litigate was dissipated by the settlement. A judgment in Blumcraft’s favor where the United States had a similar lack of incentive to litigate should not prevent collateral estoppel based on Blumcraft II. Otherwise, a patentee would merely have to find an alleged infringer with little at stake and little incentive to litigate, overwhelm him or her, and subsequently avoid collateral estoppel no matter how many times the patent was later held invalid.

1022. The text does not deal with whether the settlement actually was raised, however, both for the sake of clarity and because those circumstances should have been raised.

261. See notes 109-18 & accompanying text supra.

262. The agreement between Blumcraft and the United States amounted to a consent judgment, which is an agreement to settle a dispute and have judgment entered in a contemplated or pending action. See James, Consent Judgments as Collateral Estoppel, 108 U. Pa. L. Rev. 173, 175 (1959) (arguing consent judgments should not be given collateral estoppel effect). See generally RESTATEMENT OF JUDGMENTS § 68, Comment d (1942); RESTATEMENT (SECOND) OF JUDGMENTS § 68, Comment e, at 7 (Tent. Draft No. 4, 1977) (collateral estoppel effect not given to issues not actually litigated, because parties may have lacked opportunity or incentive to present best case, and to encourage compromise).

263. See note 77 supra. See RESTATEMENT (SECOND) OF JUDGMENTS § 88(5), Comment g, at 166 (Tent. Draft No. 3, 1976) (collateral estoppel is inappropriate if circumstances indicate prior judgment was based on compromise verdict or was otherwise ambivalent).

264. Thus, an examination limited to whether prior inconsistent judgments were arrived at where the components of sound decision were present need not result in a “mere second guess” as the district court in Kawneer had feared. See note 216 & accompanying text supra.

265. See Blumcraft of Pittsburgh v. Kawneer Co., 482 F.2d 542, 547 (5th Cir. 1973) (Blumcraft had full and fair opportunity to litigate in Blumcraft II); accord, Blumcraft of Pittsburgh v. Architectural Art Mfg., Inc., 337 F. Supp. 853, 858 (D. Kan.), aff’d, 459 F.2d 482 (10th Cir. 1972).

266. See notes 171-74 & accompanying text supra.

267. See notes 52-60 & accompanying text supra.

268. “If the Supreme Court [in Blonder-Tongue] intended for estoppel to apply only after the patent is held invalid the first time it is involved in litigation, then the road is clear.
The question remaining about the applicability of unilateral collateral estoppel is whether the analysis advocated here would consume so much time as to be impractical. In addressing this problem as it relates to both patent litigation and more common civil litigation, one relevant inquiry must focus on the multiple party's inadequate incentive to litigate in the prior action. Courts have been deciding this issue for some time now, with respect to the common party, and exhibit no particular inability to do so.\textsuperscript{269} If a party asserting collateral estoppel on the basis of one case seeks to draw distinctions on separate grounds between that case and a number of other cases with inconsistent results, the court may decide not to consider the separate distinctions for each case. The standard should be administered on a case-by-case basis. Only under such circumstances can a trial court decide whether the difficulty of the inquiry is warranted by the benefits that collateral estoppel might confer.

Inquiring into differences between the legal theories asserted in prior cases does not differ from questions which courts already decide. The possibility of confusion of legal theories is something courts already consider in deciding whether an absentee raising one theory can intervene in an action where a co-plaintiff has raised another.\textsuperscript{270}

Distinguishing between inconsistent judgments on the basis of the evidence presented in them also is well within judicial competence. The proposed test—whether the difference in evidence creates "a substantial possibility of a differing result"\textsuperscript{271}—closely resembles the test courts now use in deciding whether a new trial is warranted by newly discovered evidence.\textsuperscript{272} The two standards admittedly are different. The less exacting standard of "substantial possibility" would apply to distinguish an earlier finding. The more exacting standard, whether the new evidence is likely to change the result,\textsuperscript{273} applies where the effect of the new and different evidence is being considered in deciding whether

\textsuperscript{269} See notes 109-19 & accompanying text supra.
\textsuperscript{270} See notes 127-30 & accompanying text supra.
\textsuperscript{271} See note 95 & accompanying text supra.
\textsuperscript{272} 11 C. \textsc{Wright} \& A. \textsc{Miller}, \textit{Federal Practice \& Procedure: Civil} § 2808 (1973).
\textsuperscript{273} \textit{E.g.}, Kodekey Elec., Inc. v. Mechanex Corp., 486 F.2d 449, 458 (10th Cir. 1973); 11 C. \textsc{Wright} \& A. \textsc{Miller}, \textit{Federal Practice \& Procedure: Civil} § 2808 (1973).
to grant a new trial. The central point, however, is that the type of inquiry is one in which courts have engaged for some time.  

**Conclusion**

Collateral estoppel has long been considered an aid to judicial economy and a means of preventing harassment of private parties based on claims that they have litigated previously. One more function, its most crucial, has largely been overlooked: collateral estoppel is of substantial utility in the ordering of extra-judicial relations.

Arguments against the offensive use of unilateral collateral estoppel are of two types. One is concerned with the sufficiency of a prior decision as the basis for a unilateral use; the other goes to unfairness or diseconomy in allowing offensive use. While the question whether the party asserting unilateral collateral estoppel was a party to the prior action has absolutely no bearing on whether that prior action is a sufficient basis for an estoppel, the sufficiency of the prior decision is a hurdle that nevertheless must be cleared for any application of collateral estoppel.

A prior adjudication is sufficient for the application of collateral estoppel if it is not manifestly unsound. Whenever an adjudication displays indicia of unsoundness, such as insufficient incentive for the common party to litigate fully in the prior adjudication, practical or procedural impediments which denied the common party a full and fair opportunity to litigate, or an error in the prior litigation which cannot fairly be charged to the common party, a court should not apply collateral estoppel based on that litigation. Similarly, where there are prior adjudications of the same issue involving the same party which are truly inconsistent, rather than displaying merely superficially inconsistent results, then neither should be the basis for an application of collateral estoppel.

The unilateral offensive use of collateral estoppel does not create a problem of judicial diseconomy, or of unfairness, which would require courts to adhere to mutuality in every case. There are a number of reasons for an absentee to refrain from joining, which are also, from the standpoint of judicial administration, reasons to limit joinder. A rule which would apply unilateral collateral estoppel offensively unless

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274. The proposed inquiry into differences between prior inconsistent judgments would also be similar to the inquiry now undertaken when a court examines the comity effect to be given a prior decision on the same point in another circuit. See cases cited note 241 supra.
the party asserting it had no practical, strategic, or legal reason not to join strikes a fair balance between the competing objectives.

Unilateral offensive use only formalizes the practical effect of a prior action on subsequent actions, hardly a practice which creates unfairness that did not already exist. Moreover, when one takes into account the "could easily have joined" standard in *Parklane*, the absentee will not receive undue benefit. Rather, the absentee would receive a benefit from an action in which he or she arguably should not be expected to join.

Courts are quite capable of administering the flexible rules which correct application of collateral estoppel requires. In jurisdictions which allow offensive unilateral collateral estoppel, flexible standards such as the full-and-fair opportunity to litigate test are already being applied. The *State Farm* and *Kawneer* courts, while shying away from flexible standards, had at their command methods by which they could have engaged in an analysis that was flexible, yet not so open-ended as to frustrate judicial economy or to make the applicability of collateral estoppel sufficiently uncertain to disturb extra-judicial relations. Nor do the tests which this Article suggests require any analysis which is not identical, or very similar, to that in which courts frequently engage.

In sum, the criticisms of the *Bernhard* doctrine and of offensive use of unilateral collateral estoppel have resulted in unduly rigid analysis by both supporters of and detractors from unilateral use. The flexible approach championed by the *Parklane* Court can more fully serve the ends of collateral estoppel while presenting no unjust disadvantage to the parties estopped.