UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington D.C. 20436

In the Matter of	)	
	)	**Inv. No. 337-TA-688**
CERTAIN HYBRID ELECTRIC VEHICLES AND COMPONENTS THEREOF	)	

COMMISSION OPINION

The Commission instituted this investigation on October 5, 2009, based on a complaint filed by Paice LLC ("Paice") of Bonita Springs, Florida, under section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. § 1337 ("section 337").[1] The complaint named as respondents Toyota Motor Corporation of Japan and two of its U.S. subsidiaries (collectively "Toyota"). The complaint alleges infringement by certain Toyota hybrid vehicles of claims of U.S. Patent No. 5,343,970 (issued Sept. 6, 1994) ("the '970 patent").

This investigation follows years of lawsuits between Paice and Toyota. In late 2005, a federal jury in the Eastern District of Texas found that certain Toyota hybrid vehicles infringed claims of the '970 patent and judgment was entered accordingly. *See Paice LLC v. Toyota Motor Corp.*, No. 2:04-CV-211-DF, 2006 WL 2,385,139, at *1, *3 (E.D. Tex. Aug. 16, 2006), *aff'd in part, vacated in part, and remanded by* 504 F.3d 1293 (Fed. Cir. 2007) ("*Paice I*"). The district judge, however, denied Paice's request for a permanent injunction, and instead awarded a prospective royalty until the '970 patent expires on September 6, 2011. The U.S. Court of Appeals for the Federal Circuit has affirmed all rulings in that case

[1] *See* Complaint of Paice LLC Under Section 337 of the Tariff Act of 1930, As Amended (Sept. 3, 2009) ("Complaint"); 74 *Fed. Reg.* 52258-59 (Oct. 9, 2009).

except for the exact amount of the forward-looking royalty, the calculation of which is presently on appeal.

Since the jury verdict in 2005, Toyota has introduced new automobiles with what is apparently a similar hybrid powertrain as the vehicles adjudicated in the Texas case. Paice has sought relief here as well as in the Eastern District of Texas with regard to these newer vehicles.[2]

In this investigation, Paice and Toyota contend that the *Paice I* Texas action must be afforded preclusive effect, though they disagree as to the operation and result of the preclusion. On November 25, 2009, Paice moved – on the basis of claim preclusion and/or issue preclusion – for summary determination that the accused automobiles infringe the '970 patent and that the '970 patent is valid and enforceable.[3] On December 21, 2009, the Commission's investigative attorney ("IA") filed a response in support of Paice's motion. On December 22, 2009, Toyota opposed Paice's motion and cross-moved for summary determination terminating the investigation on the basis of claim preclusion. On January 22, 2010, Paice and the IA filed oppositions to Toyota's cross motion. On February 1, 2010, Toyota lodged its reply, and on February 12, 2010, Paice and the IA lodged what were effectively surreplies.

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[2] While the first appeal to the Federal Circuit in *Paice I* was pending in 2007, Paice filed a second complaint in the Eastern District of Texas alleging that the Toyota Camry hybrid infringed the '970 patent. Complaint, *Paice LLC v. Toyota Motor Corp. et al.*, No. 2:07-cv-00180-DF (E.D. Tex. May 8, 2007) ("*Paice II*"). Paice later amended its complaint to include more accused vehicles – namely the Lexus GS450h and the Lexus LS600h – as well as to assert other patents. First Amended Complaint, *Paice LLC v. Toyota Motor Corp. et al.*, No. 2:07-cv-00180-DF (E.D. Tex. July 3, 2007). The accused products in that action overlap with the accused products in this investigation. The parties appear to agree that the accused products in *Paice I*, *Paice II*, and this investigation all operate in essentially the same way for purposes of the '970 patent. *See* Compl. ¶ 25. We take no position on the question whether or not the automobiles or their hybrid systems are, in fact, similar.

[3] Paice had previously pleaded claim preclusion and issue preclusion. Compl. ¶¶ 48-51.

On March 3, 2010, the Administrative Law Judge ("ALJ") issued Order No. 6, which granted Paice's motion (as an Initial Determination, or "ID") and denied Toyota's cross-motion (as a non-ID order). With regard to the ID portion of Order No. 6 now before the Commission, the ALJ concluded that all of the factors necessary for claim preclusion had been met with regard to validity, enforceability and infringement. Order No. 6, at 7-15. The ALJ did not address issue preclusion, which he believed unnecessary to resolve in light of his ruling on claim preclusion. *Id.* at 12. With regard to the non-ID portion of the order – Toyota's cross-motion – the ALJ held that Toyota failed to present sufficient evidence for summary determination that claim preclusion bars Paice's complaint; Paice did not cross-move. *See* Order No. 6, at 17.

On March 11, 2010, Toyota petitioned for review of the ALJ's ID granting summary determination regarding infringement, validity and enforceability.[4] *See* 19 C.F.R. § 210.43. In its petition, Toyota makes three arguments against the ALJ's ruling. First, Toyota argues that because the accused products are different here than before (newer models or model-years of automobiles), the "claim" in suit is not the same claim as that decided by the district court in *Paice I* and cannot be precluded. Toyota Pet. 6-9. Second, Toyota suggests that claim preclusion cannot apply because the relief afforded by the Commission is different from the relief available in the district court. *Id.* at 9-11. Third, Toyota argues that claim preclusion "bars litigation of all issues relating to the claim, and cannot be applied on an issue-by-issue basis, as the ALJ has done." *Id.* at 11-12. On March 18, 2010, Paice and the

[4] Toyota Respondents' Petition for Review of the March 3, 2010 Initial Determination Granting Complainant's Motion for Summary Determination Regarding Infringement, Validity and Unenforceability (Mar. 11, 2010) ("Toyota Pet.").

IA filed oppositions to Toyota's petition.[5] Their arguments against Toyota's petition are substantially similar to one another and are discussed in Part II of this opinion.

Because the variant of claim preclusion successfully urged upon the ALJ by Paice and the IA constitutes legal error, we now reverse. *See* 19 C.F.R. § 210.43(b)(1)(ii) & (d)(2).

I

Claim preclusion precludes a claim. The only claim presented in this investigation is Paice's, *see generally* 19 C.F.R. § 210.14(e), and if the doctrine is to be applied at all in this investigation (upon which we take no position), it is to be applied against Paice. Based on this conclusion, Toyota's other arguments – which go to differences in relief between the Commission and the district court, and to differences in cars from one model or model-year to another – are not now ripe for the Commission's review.

A

Claim preclusion is a question of federal common law, and the federal courts, including the Federal Circuit, look to the Restatement (Second) of Judgments (1982) ("Restatement") to define the scope of the doctrine. *See, e.g.*, *Young Engineers, Inc. v. U.S. Int'l Trade Comm.*, 721 F.2d 1305, 1314 (Fed. Cir. 1983); *Mars Inc. v. Nippon Conlux Kabushiki-Kaisha*, 58 F.3d 616, 619 (Fed. Cir. 1995).

Section 17 of the Restatement lays out the overall framework for analysis of claim preclusion and issue preclusion. In particular, it spells out the doctrines of merger, bar, and issue preclusion, in subsections (1), (2), and (3) respectively:

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[5] Paice LLC's Opp'n to Resp'ts' Pet. for Review of the Initial Determination Granting Summ.Determination Regarding Infringement, Validity and Enforceability (Mar. 18, 2010) ("Paice Opp'n"); Office of Unfair Import Investigations' Resp. to Resp'ts' Pet. for Review of the March 3, 2010 Initial Determination Granting Complainant's Mot. for Summary Determination Regarding Infringement, Validity and Enforceability (Mar. 18, 2010) ("IA Opp'n").

§ 17. Effects of Former Adjudication – General Rules

> A valid and final personal judgment is conclusive between the parties, except on appeal or other direct review, to the following extent:
>
> (1) If the judgment is in favor of the plaintiff, the claim is extinguished and merged in the judgment and a new claim may arise on the judgment (see § 18);
>
> (2) If the judgment is in favor of the defendant, the claim is extinguished and the judgment bars a subsequent action on that claim (see § 19);
>
> (3) A judgment in favor of either the plaintiff or the defendant is conclusive, in a subsequent action between them on the same or a different claim, with respect to any issue actually litigated and determined if its determination was essential to that judgment (see § 27).

Restatement § 17.

The doctrines of merger and bar – subsections (1) and (2), above – together form the doctrine of claim preclusion. *See, e.g.*, *Taylor v. Sturgell*, 128 S. Ct. 2161, 2171 n.5 (2008). Of principal concern here is merger, as Paice prevailed in the district court (even if it did not like the quantum of relief afforded there).[6] The Restatement explains merger as follows: "When a valid and final personal judgment is rendered in favor of the plaintiff, the claim is generally *merged* in the judgment. This means that the claim, whether it was valid or not, is extinguished, and the judgment with new rights of enforcement thereof is substituted for the claim." Restatement § 17 cmt. a; *see also id.* § 18 & cmt. a. Thus, under the doctrine of merger, additional bases for relief are merged into the judgment awarded, and the plaintiff (here Paice) cannot seek further relief in a subsequent action (here, this investigation).

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[6] Even if Paice did not prevail, the doctrine of claim preclusion, were it to apply, would lead to the same result as discussed in the text. More specifically, if Toyota were deemed to have prevailed in the Texas suit, then the doctrine of "bar" is to be applied. Under that doctrine, a "valid and final personal judgment rendered in favor of the defendant bars another action by the plaintiff on the same claim." Restatement § 19.

Instead, the plaintiff may bring suit to enforce the judgment, or in the parlance of the Restatement, the plaintiff may bring a claim that "arise[s] on the judgment." *Id.* § 17.

Although the Restatement's recitation of merger provides this opportunity for a claim to "arise on the judgment," *Id.* § 17(1), Paice's claim before the Commission does not do so. Rather, the "arise on the judgment" language refers to executing the judgment or obtaining sanctions for violating the judgment. *Id.* § 18 cmt. c. Execution of the judgment is necessary, for example, where the defendant refuses to pay the judgment or where its assets are located in another state. *See generally, e.g.*, Linda J. Silberman *et al.*, Civil Procedure: Theory and Practice 802 (2d ed. 2006) ("[A] judgment from California cannot command direct enforcement in the courts of New York. Rather, the 'recognition' that New York is obliged to extend to that judgment is the willingness of its courts to issue another, local judgment on the California decree that will then be enforceable in New York."). We turn now to what constitutes a "claim."

B

Toyota has argued that claim preclusion applies to "all issues relating to the claim," Toyota Pet. 11, which, as we will discuss further below, is substantially correct. For clarity, however, it would be better to express Toyota's argument without use of the term "issues," which has the effect of risking confusion of claim preclusion with issue preclusion. Instead, as we will discuss, the only "claim" presented in this investigation is Paice's. Toyota in this investigation only advances defenses to Paice's claim,[7] and thus claim preclusion cannot be applied as a sword by Paice against Toyota.

Restatement section 24 explains the scope of a "claim" for purposes of preclusion.

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[7] *See Foster v. Hallco Mfg. Co.*, 947 F.2d 469, 479 (Fed. Cir. 1991) ("An assertion of invalidity of a patent by an alleged infringer is not a 'claim' but a defense to the patent owner's 'claim.'").

Critically, the "claim" is not a claim of a patent, and it is not a count of a complaint, such as when a plaintiff separately pleads a breach of contract and, say, a related tort of interference with contract. Rather, the Restatement explains as follows:

> § 24. Dimension of "Claim" for Purposes of Merger or Bar – General Rule Concerning "Splitting"
>
> > (1) When a valid and final judgment rendered in an action extinguishes the plaintiff's claim pursuant to the rules of merger or bar (see §§ 18, 19), *the claim extinguished includes all rights of the plaintiff to remedies against the defendant with respect to all or any part of the transaction, or series of connected transactions, out of which the action arose.*
> >
> > (2) What factual grouping constitutes a "transaction," and what groupings constitute a "series," are to be determined pragmatically, giving weight to such considerations as whether the facts are related in time, space, origin, or motivation, whether they form a convenient trial unit, and whether their treatment as a unit conforms to the parties' expectations or business understanding or usage.

Restatement § 24 (emphasis added). Thus, a series of transactions out of which the action arose can give rise to only one "claim" for purposes of claim preclusion. The comments to this section reiterate this conclusion, and define "claim" as "all the remedial rights of the plaintiff against the defendant growing out of the relevant transaction (or series of connected transactions)." *Id.* § 24 cmt. a. The comments further explain the breadth of a claim:

> The present trend is to see claim in factual terms and to make it coterminous with the transaction regardless of the number of substantive theories or variant forms of relief flowing from those theories . . . . The transaction is the basis of the litigative unit or entity which may not be split.
>
> . . . .
>
> That a number of different legal theories casting liability on an actor may apply to a given episode does not create multiple transactions and hence multiple claims. This remains true although the several legal theories depend on different shadings of the facts, or would emphasize different elements of the facts, or would call for different measures of liability or different kinds of relief.

Id. § 24 cmts. a & c.[8]

Therefore, the fact that Paice can bring suit in the district court for infringement, 35 U.S.C. § 281, and/or can seek relief from the Commission by virtue of infringement, 19 U.S.C. § 1337(b)(1), does not mean that there are two claims. That there can be a single claim that spans across a federal civil action and a Commission investigation merely recognizes that it is the factual transaction that defines the scope of a claim for purposes of claim preclusion.

This broad transactional definition of "claim" does not necessarily mean that Paice's complaint in this investigation is precluded. To resolve that question, we would need to assess, among other things, whether the claims in *Paice I* and this investigation are different because different automobiles are accused of infringement. *See* Restatement § 24 cmt. d; *see also Acumed LLC v. Stryker Corp.*, 525 F.3d 1319, 1324 (Fed. Cir. 2008) (explaining that "claim preclusion does *not* apply unless the accused device in the action before the court is 'essentially the same' as the accused device in a prior action between the parties") (emphasis in original). We would also need to determine whether an exception to claim preclusion applies, such as when a "plaintiff was unable to rely on a certain theory of the case or to seek a certain remedy or form of relief in the first action." Restatement § 26(1)(c); *see* Order No. 6 at 12. Analysis of this and other exceptions in Restatement section 26 are beyond the scope of the Commission's present consideration.

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[8] The caselaw makes clear that the transactional scope of a claim means that claim preclusion extinguishes not only the patentee's claim of infringement, but also the defenses thereto and the accused infringer's declaratory claims regarding those defenses. *Foster*, 947 F.2d at 479. Paice and the IA argued below that *Hallco Manufacturing Co. v. Foster*, 256 F.3d 1290 (Fed. Cir. 1991) supported application of claim preclusion against assertions of invalidity. What was precluded in that case, however, was the declaratory claim brought by the accused infringer. *Id.* at 1291. The case expressly notes that the patentee's claim for infringement was extinguished as well. *Id.* at 1297.

For present purposes, it is sufficient to note that if this investigation is part of the same "claim" as the district court action, and if no exception to claim preclusion applies, then this investigation is precluded altogether. If this investigation is not part of the same "claim" as the district court action, or if an exception to claim preclusion exists, then claim preclusion does not apply at all.

Here, the Commission operates against the backdrop of the ALJ's allowance of Paice's claim to proceed. Given that the ALJ has found that claim preclusion does not bar Paice from seeking relief from the Commission, the ALJ erred as a matter of law by barring, on the basis of claim preclusion, only the relitigation of certain issues.

II

Having set out the affirmative case for what claim preclusion permits, we turn to the arguments raised in the oppositions to Toyota's petition.

A

Paice and the IA argue that references in the Restatement to "parts" of a claim refute Toyota's contention that claim preclusion operates against Paice's claim as a whole. Paice Opp'n 12-3; IA Opp'n 13-14; *see* Restatement § 26(1) ("When any of the following circumstances exists, the general rule of § 24 does not apply to extinguish the claim, and part or all of the claim subsists as a possible basis for a second action by the plaintiff against the defendant . . . ."). To them, when the Restatement refers to "part" of a claim, that must mean part of this investigation, such as individual questions of liability (validity, infringement, enforceability and so forth). Paice Opp'n 13-14; IA Opp'n 14.

Their argument neglects the breadth of the term "claim" for preclusion purposes. As we have discussed, claim preclusion may operate against a single claim spanning multiple

actions, in which a Tariff Act theory of relief can be part of the same claim as a Patent Act theory of relief raised in an earlier action. This breadth enables a claim to be cleaved into several theories of relief across several actions. The Restatement is quite clear that each "part" of a claim for its purposes is each theory of relief maintained on the same series of transactions, and not, as Paice and the IA believe, any issue of any action. Restatement § 26 cmt. c (discussing "the entire claim including any theories of recovery or demands for relief that might have been available"). Any interpretation to the contrary is irreconcilable with claim preclusion's operation to extinguish a claim. *See* Restatement § 17(1) ("the claim is extinguished"). It is notable that neither Paice nor the IA have offered any caselaw applying claim preclusion in the manner they recommend.

Paice and the IA also argue that a reference in the comments of the Restatement suggesting that certain "phases" of litigation can be subject to claim preclusion means that piecemeal application of claim preclusion is permitted. Paice Opp'n 13; IA Opp'n 14. The Restatement comment reads as follows: "it is unfair to preclude [the plaintiff] from a second action in which he can present those phases of the claim which he was disabled from presenting in the first." Restatement § 26 cmt. c. Relying on this term "phase," the IA argues that claim preclusion should bar litigation of liability here, but not remedy; remedy is a separate "phase" of Commission proceedings from liability. IA Opp'n 14.

The Restatement comment is on its face irrelevant to the question presented, as it discusses operation of claim preclusion as against the plaintiff's (*i.e.*, complainant's) claim, and does not speak to barriers on a non-claimant's (*i.e.*, respondent's) arguments. Moreover, Paice and the IA misunderstand what is meant by "phase," largely for the same reasons

discussed above for "parts."[9] While the meaning of the word "phase" in this Restatement comment may be somewhat unclear on first reading, the use of the term seems to be the result of a purposeful choice to avoid the term "claim," which the Restatement has defined to include all grounds for relief, spanning multiple actions, from the same series of transactions. The Restatement cannot, for example, refer to a federal-law *claim* and to a separate state-law *claim* (or to a Tariff Act *claim* and a separate Patent Act *claim*), as each pair of theories of relief has been defined to constitute a single claim for claim preclusion purposes.[10] Thus, "phases" refers, essentially, to different actions in which different theories of relief are advanced. A plaintiff who withholds a federal antitrust theory in a state-law complaint seeking only state-law relief may or may not be precluded from subsequently seeking relief on the federal ground in federal court. Restatement § 26 illus. 2 (providing this antitrust example). The first phase is the proceeding in which the first (state-law) theory is adjudged, the second phase occurs when the second (federal-law) theory is adjudged. Because there is only one claim across the actions, the claimant litigates phases of its claim in a second action; the phases that may be permitted in a second action are the theories for relief not permitted in the first, and those theories are litigated in their entirety (subject to issue preclusion).

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[9] Commission proceedings have, to some degree, phases involving violations and relief. Of course, most district court actions do not (juries typically return a single verdict that determines liability and awards damages). To the extent that civil litigation has phases, those phases – including pleading, discovery, pretrial motion, trial, and post-trial motion – plainly are irrelevant for purposes of consideration of preclusion; preclusion does not operate to skip fewer than all of these phases.

[10] As confusing as the word "phase" may be, we are not aware of any better alternative. A "cause of action" is defined to be coextensive with the Restatement's broad definition of "claim," *i.e.*, using a transactional test. *See, e.g.*, 18 Charles Alan Wright *et al.*, Federal Practice & Procedure § 4407, at 157 (2d ed. 2002); *Acumed LLC v. Stryker Corp.*, 525 F.3d 1319, 1323 n.2 (Fed. Cir. 2008). The second action may include only some overlap with the transactions of the first action, for which reason claim preclusion cannot discuss allowance or disallowance of the "action"; if preclusion applies, only the overlapping portion of the second action will be barred.

The IA's opposition raises certain policy arguments against the relitigation of issues already adjudged in the Texas action. IA Opp'n 14. Issue preclusion, however, is meant to address inefficiencies or unfairness caused by relitigation of issues, 18 Wright *et al.*, *supra* note 10, § 4416, at 393, and issue preclusion may bar Toyota from challenging the infringement and validity of the '970 patent. The core value of claim preclusion, on the other hand, is repose.[11] By way of example, the leading treatise explains thusly:

> The deepest interests underlying the conclusive effect of prior adjudication draw from the purpose to provide a means of finally ending private disputes. The central role of adversary litigation in our society is to provide binding answers. We want to free people from the uncertain prospect of litigation, with all its costs to the emotional peace and ordering of future affairs. Repose is the most important product of res judicata.

Id. § 4403, at 26-27, 29.[12]

B

Paice, but not the IA, offers what it deems binding Federal Circuit authority for its arguments. Paice Opp'n 12-13. These cases, however, fail to support Paice's opposition.

Paice relies substantially on the Federal Circuit's decision in *Young Engineers, Inc. v. U.S. International Trade Commission*, 721 F.2d 1305 (Fed. Cir. 1983). Paice characterizes *Young Engineers* as adopting "a 'pragmatic approach' . . . such that claim preclusion bars relitigation of any 'phase' of the ITC investigation that a party was not 'disabled from presenting in the first action.'" Paice Opp'n 12-13 (quoting *Young Engineers*, 721 F.2d at

[11] We do not mean to suggest that it is inappropriate for a Commission investigation to follow a district court judgment, upon which we take no position here; despite concerns of repose, claim preclusion has limits and exceptions.

[12] *See also, e.g.*, Linda J. Silberman *et al.*, Civil Procedure: Theory and Practice 806 (2d ed. 2006) ("Relitigation frustrates any sense of repose in the parties. Litigants should be entitled to feel that they have put a litigated claim behind them and plan their affairs accordingly. Such repose is provided by claim preclusion."); *Foster*, 947 F.2d at 475-76 ("The principles of law denominated '*res judicata*' embody the public policy of putting an end to litigation.").

1315). This selective quotation from *Young Engineers* misrepresents that case's holding, and we have already disposed of Paice's erroneous interpretation of "phase."

Young Engineers examined whether the judgment of a district court had preclusive effect on a subsequent section 337 investigation. The Federal Circuit lacked precedential authority for applying preclusion to an administrative adjudication where remedies may differ from those available in a civil action. *Young Engineers*, 721 F.2d at 1315. In light of the lack of such authority, the court urged a "pragmatic approach" that would apply the settled principles of preclusion to the agency context. *Id.* Based on such pragmatism, the Federal Circuit found that "where the 'infringement claim' which is the basis for the § 1337 investigation is a claim which would be barred by a prior judgment if asserted in a second infringement suit, that infringement claim may also be barred in a § 1337 proceeding." 721 F.2d at 1316. That is an uncontroversial holding that reiterates the basic function of claim preclusion to prevent a succession of lawsuits on a common claim; the case does not support a policy of encouraging serial filings by preventing a defendant from mounting a defense in subsequent actions. *Young Engineers* cannot reasonably be read to depart, rather dramatically, from settled understandings of preclusion.

Paice also misreads *Farrel Corp. v. U.S. International Trade Commission*, 949 F.2d 1147 (Fed. Cir. 1992). *See* Paice Opp'n 12. In *Farrel*, the Federal Circuit held as follows: "[T]he defense of *res judicata* did not prevent the Commission from reaching a final determination of violation, but simply excused it from reopening an already fully and fairly litigated fact issue." *Farrel*, 949 F.2d at 1154. Taken out of context, this quotation might suggest that claim preclusion should operate on an issue-by-issue basis. But *Farrel* is plainly discussing issue preclusion, not claim preclusion. The court's reference to *res judicata*

means "claim preclusion or issue preclusion," the definition afforded the term by the Restatement. Restatement ch.3 intro. note at 131; *Young Engineers*, 721 F.2d at 1314 (noting that the "term 'res judicata' is here used in a broad sense as including all three of these concepts": merger, bar, and issue preclusion); *see also Hallco*, 256 F.3d at 1294 ("It is now widely recognized that the judicially enforced notion of litigation repose, called broadly *res judicata*, has two distinct branches, one referred to as issue preclusion . . . and the other as claim preclusion.").[13] Thus, when *Farrel* discusses application of *res judicata* on an issue-by-issue basis, it means issue preclusion, and its brief discussion of *res judicata* is irrelevant to the claim preclusion matter here.[14]

The third and final case upon which Paice relies is *KSM Fastening Systems, Inc. v. H.A. Jones Co.*, 776 F.2d 1522 (Fed. Cir. 1985). Paice cites that decision in support of the proposition that in "addition to ITC investigations, it is well settled that contempt proceedings have different remedies from the prior infringement action." Paice Opp'n 13. Notably, that case, like *Farrel* and *Young Engineers*, uses the term *res judicata* to include issue preclusion. *KSM*, 776 F.2d at 1532. Therefore, its discussions of "what issues were settled by the original suit and what issues would have to be tried" relate to issue preclusion, not claim preclusion. *Id.*

Moreover, *KSM*'s discussion of preclusion came in the context of contempt proceedings. Contempt proceedings are not like ITC investigations. A contempt proceeding enforces the underlying judgment; an ITC investigation does not. *See id.* at 1531 & n.6. As

[13] *Cf. Migra v. Warren City School Bd. of Educ.*, 465 U.S. 75, 77 n.1 (1984) (noting the confusion caused by use of the term *res judicata* and using the "preclusion" terminology instead); 18 Wright *et al*, *supra* note 10, § 4402, at 9-12 (same).

[14] We also note that the court in *Farrel* recognized that its discussion of *res judicata* was dicta, as there was no existing judgment in that case upon which to rely for preclusion. *Farrel*, 949 F.2d at 1154 ("[N]o arbitral award had yet been made in this case against which *res judicata* could have applied.").

noted earlier, using the Restatement's vernacular, the contempt proceeding is "an action upon the judgment," which the Restatement specifically exempts from the scope of claim preclusion. Restatement § 18(1); *id.* cmt. c ("Similarly, when a plaintiff has obtained a judgment other than one for the payment of money – . . . the plaintiff may seek enforcement of the judgment by proceedings in the nature of execution or by application for contempt or other sanctions . . . ."); *id.* § 17(1) & cmt. a; *see also, e.g.*, 18 Wright *et al.*, *supra* note 10, § 4406, at 143 ("[C]oncepts of claim preclusion do not apply directly to efforts to secure supplemental relief in the original action or to efforts to secure direct relief from the judgment in the original action."). Accordingly, *KSM* fails to support Paice's theory of one-way operation of claim preclusion against the non-claimant Toyota.

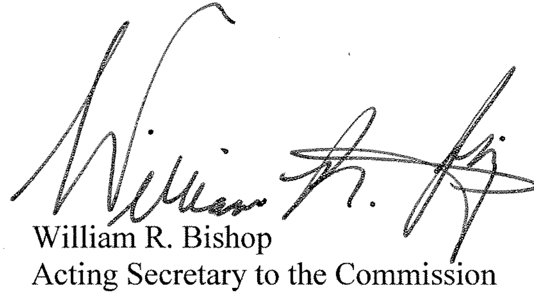
* * *

So long as Paice is permitted to seek relief before the Commission, claim preclusion does not come into play as against Toyota. Therefore, the Commission has determined to review and reverse the ID as contrary to law. 19 C.F.R. § 210.43(b)(ii) & (d)(2). The ID is remanded to the ALJ to determine whether and to what extent arguments regarding infringement and validity are barred by the doctrine of issue preclusion, *see* Restatement (Second) of Judgments §§ 17(3), 27, 28 (1982), as raised in Paice's November 25, 2009 motion and the responses thereto.[15] The Commission takes no position on this question of issue preclusion, or on Toyota's claim preclusion cross-motion.[16]

[15] Paice did not seek summary determination on the applicability of issue preclusion to arguments regarding enforceability. Paice LLC's Mot. for Summ. Determination Regarding Infringement, Validity and Enforceability 17 (Nov. 25, 2009).

[16] The ALJ's decision in Order No. 6 on Toyota's cross-motion is not before the Commission. *See* 19 C.F.R. §§ 210.42(c), 210.43, 210.44.

By order of the Commission.



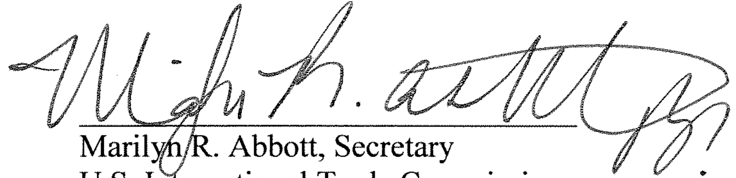
William R. Bishop
Acting Secretary to the Commission

Issued: April 2, 2010

CERTAIN HYBRID ELECTRIC VEHICLES AND COMPONENTS THEREOF **337-TA-688**

CERTIFICATE OF SERVICE

I, Marilyn R. Abbott, hereby certify that the attached **COMMISSION OPINION** has been served by hand upon the Commission Investigative Attorney, Erin D. E. Joffre, Esq., and the following parties as indicated, on April 2, 2010.



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