

A man sued a company in a state court in State A. The man claimed that the company negligently manufactured the man's lawn mower and that this defect caused the man serious injuries. The company admitted that it negligently manufactured the lawn mower but alleged that the man was contributorily negligent, which serves as a complete bar to recovery in State A. The jury returned a verdict in favor of the man, and the court entered judgment.

Two months later, a woman brought a federal diversity action in State B asserting the same claim against the same company. The woman moved for summary judgment, arguing that the prior state-court judgment established the company's negligence under the rules of preclusion.

Is the federal court likely to grant the woman's motion for summary judgment?

- A. No, because the parties are different and the company's negligence was not actually litigated.
- B. No, because the prior judgment was entered by a state court.
- C. Yes, because claim preclusion (*res judicata*) establishes the company's negligence.
- D. Yes, because the jury determined that the company negligently manufactured the lawn mower.

Explanation:

The rules of preclusion mitigate the expense of multiple lawsuits, conserve judicial resources, and minimize the possibility of inconsistent judgments. **Claim preclusion** achieves these goals by barring *identical parties* from relitigating identical claims after the entry of a valid final judgment on the merits. Here, the parties in each action are *different* because the man sued the company in the first action and the woman has sued the company in the second action. As a result, claim preclusion does not apply **(Choice C)**.

In contrast, **issue preclusion** bars the relitigation of issues that were **actually litigated**, determined, and essential to a valid final judgment in a prior lawsuit. An issue is actually litigated when it is **submitted to the trier of fact** for determination—**not merely** stipulated, conceded, or **admitted**. Here, the company *admitted* that it negligently manufactured the lawn mower in the first action, so issue preclusion cannot be asserted in the second action. Therefore, the woman's motion for summary judgment will likely be denied.

(Choice B) The fact that the prior judgment was entered by a state court is irrelevant. That is because *all* courts must give full faith and credit to state court judgments.

(Choice D) Because the company admitted to its negligence, that issue was not submitted to the jury for determination. Instead, the court would have instructed the jury that the only issue for it to decide was whether the man was contributorily negligent.

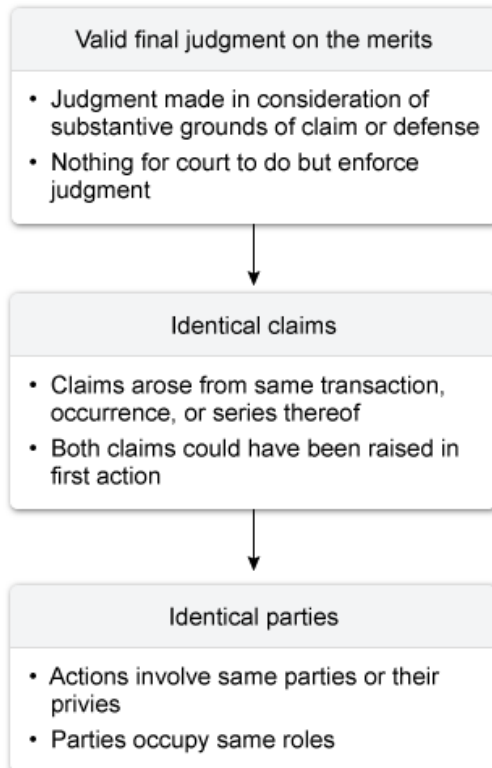
Educational objective:

Claim preclusion (ie, *res judicata*) precludes identical parties from relitigating identical *claims* after the entry of a valid final judgment on the merits. Issue preclusion (ie, collateral estoppel) precludes the relitigation of *issues* that were actually litigated, determined, and essential to a valid final judgment.

References

- Restatement (Second) of Judgments § 17 (Am. Law Inst. 1982) (defining claim preclusion).
- Restatement (Second) of Judgments § 27 (Am. Law Inst. 1982) (defining issue preclusion).

Claim preclusion (ie, res judicata)



v.

Issue preclusion (ie, collateral estoppel)

