Patent Law Alert: Supreme Court Upholds Assignor Estoppel Doctrine But Narrows Its Scope

Author(s): Charles R. Macedo, David P. Goldberg, Devin Garrity,

On June 29, 2021, in *Minerva Surgical, Inc. v. Hologic, Inc.*, the U.S. Supreme Court upheld the doctrine of assignor estoppel (which prevents inventors from challenging the validity of patents that they have assigned to third parties) as a defense in patent infringement cases, but limited the doctrine to apply only when the assignor's claim of invalidity in an infringement suit contradicts "explicit or implicit representations" made in assigning patent rights. *Minerva Surgical, Inc. v. Hologic, Inc.*, No. 20–440, 594 U.S. ___, at 1 (June 29, 2021).

Justice Kagan, who wrote the opinion for the majority, was joined by Chief Justice Roberts and Justices Breyer, Sotomayor and Kavanaugh in the 5-4 majority opinion. Justice Barrett filed a dissenting opinion, joined by Justices Thomas and Gorsuch and Justice Alito wrote a separate dissenting opinion as well.

Background

In the late 1990s Csaba Truckai invented a device to treat abnormal uterine bleeding. Truckai filed a patent application including claims covering the "moisture-permeable applicator" head of the device, and subsequently assigned the application, along with any future continuation applications, to his company Novacept, Inc. The patent application was later issued as a registration by the Patent and Trademark Office (PTO).

In 2004, Hologic, Inc. acquired Novacept along with its patent portfolio and patent applications. Later in 2008, Truckai left Novacept, and started a new company, Minerva Surgical, Inc., where he would develop a new device with an applicator head that was "moisture impermeable." Truckai's company filed, and was granted, a patent covering this device. Around this time, Hologic filed a continuation application claiming priority to the original application, and including claims broadly covering applicator heads in general. This continuation application was granted by the PTO, and the patent issued in 2015.

Almost immediately, Hologic sued Minerva for patent infringement. In its defense, Minerva asserted that the 2015 continuation patent was invalid because the new, broad claim covering applicator heads did not match the written description of the original patent, which addressed only moisture-permeable applicator heads. In response, Hologic invoked the doctrine of assignor estoppel.

Assignor estoppel is a judicially created equitable doctrine which dates back to 18th-century England that bars the assignor of a patent from contesting the patent's validity at a later time. The doctrine essentially prevents the seller of a patent from later arguing that what was sold was "worthless." *Scott Paper Co. v. Marcalus Mfg. Co.*, 326 U.S. 249, 259 (1945). The Supreme Court first considered the doctrine in *Westinghouse*, where it stated that although the doctrine has limits, it is grounded in sound principles of fair dealing and equity. *Westinghouse Elec. & Mfg. Co. v. Formica Insulation Co.*, 266 U.S. 342, 3501-51 (1924).

As is relevant here, Hologic argued that because Truckai had assigned the original patent application, both he and Minerva were precluded from asserting an invalidity defense. The District Court agreed that assignor estoppel barred Minerva's invalidity defense. The Federal Circuit affirmed, applying assignor estoppel as a strict, bright-line rule, adding that it was irrelevant that the asserted patent issued from an application filed long after the assignment of the original invention. The Supreme Court then granted certiorari to consider the validity of assignor estoppel as a defense.

Majority Opinion

At the Supreme Court, Minerva set forth three arguments: (1) that assignor estoppel should be deemed abandoned based on the language of Section 282(b) of the Patent Act of 1952; (2) that two post-*Westinghouse* decisions have already set assignor estoppel aside; and (3) that contemporary patent policy supports the elimination of assignor estoppel.

The Court rejected Minerva's first argument that assignor estoppel should be deemed abandoned based on the plain language of Section 282(b) of the Patent Act of 1952, which states in part that the "[i]nvalidity" of a patent "shall be [a] defense[] in *any* action involving" infringement. 35 U.S.C. § 282(b) (emphasis added).

The Court reasoned that this argument was untenable because similar language was in place when the *Westinghouse* case was decided, analogous reasoning would foreclose a whole panoply of common law preclusion doctrines (including equitable estoppel, collateral estoppel, *res judicata*, and law of the case) and conflict with other Supreme Court precedent, and that it would subvert Congressional intent. *See Astoria Fed. Sav. & Loan Ass'n v. Solimino*, 501 U.S. 104, 108 (1991) (holding that Congress "legislate[s] against a background of common-law adjudicatory principles" and expects those principles to "apply except when a statutory purpose to the contrary is evident").

The Court also rejected Minerva's second argument that its decisions in *Scott Paper Co. v. Marcalus Mfg. Co.,* 326 U.S. 249 (1945),and *Lear, Inc. v. Adkins*, 395 U.S. 653 (1969),eliminated the basis for assignor estoppel. These decisions, the Court clarified, simply "police the doctrine's boundaries." *Minerva*, slip op. at 11.

The Court rejected Minerva's policy argument as well, stating that the prevention of unfair dealing outweighs the public interest in weeding out bad patents.

Although the Court did not accept Minerva's arguments, the Court did not affirm the Federal Circuit's bright-line application of the doctrine either. Noting that the doctrine "comes with limits," the Court explained that the doctrine "should apply only when its underlying principle of fair dealing comes into play." *Id*. at 14. For instance, when an assignor warrants that a patent is valid, his later denial of validity breaches norms of equitable dealing. However, when the assignor has made neither explicit nor implicit representations in conflict with an invalidity defense, then there is no issue of unfairness. *Id.* at 17. This holding narrows bright-line applications by lower courts of the assignor estoppel doctrine. For example, the post-assignment amendment of patent claims may remove the rationale for applying assignor estoppel. In this case, if Hologic's asserted claim is materially broader than the claims that Truckai assigned, then Truckai could not have warranted its validity in his assignment.

The Court vacated the judgment of the Federal Circuit and remanded the case for further proceedings.

Barrett Dissent

Justice Barrett dissented, reasoning that, contrary to the majority's discussion, the *Westinghouse* doctrine was actually not well-settled at all. In fact, she alleged, "the doctrine of assignor estoppel was in a confused state by 1952". *Minerva*, 594 U.S. ___, at 12 (June 29, 2021) (Barrett, J., dissenting). Justice Barrett further commented that the Patent Act of 1952 does not mention or incorporate the

equitable doctrine of assignor estoppel, and therefore *Westinghouse* cannot apply. Her dissent was joined by Justices Thomas and Gorsuch.

Alito Dissent

Justice Alito, in a separate dissent, stated that the question presented in the case could not be decided without first determining whether *Westinghouse* should be overruled. Because "not one word in the patent statutes supports assignor estoppel," he stated that the majority's holding should not stand. *Minerva*, 594 U.S. ___, at 1 (June 29, 2021) (Alito, J., dissenting).

Conclusion

In *Minerva*, the Court upheld the validity of the doctrine of assignor estoppel, but clarified that the doctrine only applies when "the assignor's claim of invalidity contradicts explicit or implicit representations he made in assigning the patent." *Minerva*, slip op. at 1.

We will continue to monitor this decision's impact on patent litigation and to report on new developments regarding the doctrine of assignor estoppel. In the meantime, feel free to contact us to learn more about how this decision may affect you.

Charles R. Macedo is a partner, and David P. Goldberg, Chandler E. Sturm and Devin Garrity are associates, at Amster, Rothstein & Ebenstein LLP. Their practices specialize in intellectual property issues, including litigating patent, trademark, copyright and other intellectual property disputes. The authors can be reached at cmacedo@arelaw.com , dgoldberg@arelaw.com, csturm@arelaw.com and dgarrity@arelaw.com.

Charles R. Macedo, David P. Goldberg, and Chandler E. Sturm of Amster, Rothstein & Ebenstein LLP were counsel on an amicus brief submitted on the merits at the Supreme Court in this case on behalf of the New York Intellectual Property Law Association. The brief advocated for a case-by-case approach (which was ultimately adopted by the Court) in the determination as to whether, and to what extent, assignor estoppel applies. The brief did not take a position on whether assignor estoppel should apply based on the facts of this case.