In the Supreme Court of the United States

HOLOGIC, INC. AND CYTYC SURGICAL PRODUCTS, LLC, CROSS-PETITIONERS,

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MINERVA SURGICAL, INC., CROSS-RESPONDENT.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

CROSS-PETITION FOR A WRIT OF CERTIORARI

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QUESTION PRESENTED

American courts have long relied on the doctrine of assignor estoppel "to prevent unfairness and injustice." Diamond Sci. Co. v. Ambico, Inc., 848 F.2d 1220, 1224 (Fed. Cir. 1988) (citation omitted). In its most basic form, the doctrine "prohibits an assignor of a patent, or one in privity with an assignor, from attacking the validity of that patent when he is sued for infringement by the assignee." MAG Aerospace Indus., Inc. v. B/E Aerospace, Inc., 816 F.3d 1374, 1379-80 (Fed. Cir. 2016). At the rule's heart lies a straightforward intuition: "an assignor should not be permitted to sell something and later to assert that what was sold is worthless, all to the detriment of the assignee." Diamond Sci., 848 F.2d at 1224.

Under the Patent Act and the America Invents Act, a party may challenge the validity of an issued patent not only in infringement litigation in district court, but also through administrative proceedings before the Patent Office. The Federal Circuit has held that the Patent Office's administrative finding of invalidity can give rise to collateral estoppel in infringement litigation in district court.

The question presented is whether an assignor of a patent may circumvent the doctrine of assignor estoppel by challenging the validity of the assigned patent in administrative proceedings before the Patent Office, and then using the Patent Office's finding of invalidity to collaterally estop the *assignee* from relying on the patent in infringement litigation in district court.

RULE 29.6 STATEMENT

Cross-petitioner Cytyc Surgical Products, LLC is a wholly owned subsidiary of cross-petitioner Hologic, Inc. The Vanguard Group, Inc. and T. Rowe Price Associates, Inc. each own more than ten percent of the stock of cross-petitioner Hologic, Inc.

RELATED PROCEEDINGS

This case is directly related to *Minerva Surgical*, *Inc. v. Hologic, Inc. et al.*, No. 20-440 (pet'n for cert. filed Sept. 30, 2020). Other proceedings that are not directly related to this case but involve the same parties are:

 $Minerva\ Surgical,\ Inc.\ v.\ Hologic,\ Inc.\ et\ al.,\ No.\ 1:18-cv-00217-JFB-SRF\ (D.\ Del.);$

 $Hologic,\ Inc.\ et\ al.\ v.\ Minerva\ Surgical,\ Inc.,\ No.\ 1:20-cv-00925-JFB-SRF\ (D.\ Del.).$

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CROSS-PETITION FOR CERTIORARI

INTRODUCTION

Cases like this one do not come around very often. It is rare for both parties to agree that there is "a very real split" in need of this Court's resolution. Pet. for Cert., *Minerva Surgical, Inc. v. Hologic, Inc.*, No. 20-440 ("Pet.") at 1. It is rarer still to find the author of the decision below likewise calling for further review "to clarify [the] odd and seemingly illogical regime" created by her own court's diverging precedents. Pet. App. 32a. But that is the case here. There can be no doubt that something has gone badly awry in this case, and only this Court can fix it.

For years, a conflict has been brewing within the Federal Circuit over how to apply the longstanding common-law doctrine of assignor estoppel in different forums. At its core, assignor estoppel "prevents a party who assigns a patent to another from later challenging the validity of the assigned patent." Mentor Graphics Corp. v. Quickturn Design Sys., Inc., 150 F.3d 1374, 1377 (Fed. Cir. 1998). District courts have applied that basic rule in infringement suits for well over a century, and this Court first endorsed the rule almost a hundred years ago. Westinghouse Elec. & Mfg. Co. v. Formica Insulation Co., 266 U.S. 342, 350 (1924). Recently, however, the Federal Circuit has held that this venerable doctrine does not apply in the context of inter partes review (IPR), an administrative process through which petitioners can challenge the validity of an issued patent before the Patent Office. See Arista Networks, Inc. v. Cisco Sys., Inc., 908 F.3d 792, 801-04 (Fed. Cir. 2018). That divergence has left "the Federal Circuit's approach to assignor estoppel at odds with itself," Pet. 1, ultimately leading to the collision in this case.

Cross-petitioner Hologic, Inc. sued cross-respondent Minerva Surgical, Inc. for infringing two of its patents, the '183 Patent and the '348 Patent. Minerva sought to defend itself by claiming that both patents were invalid. But Minerva's founder, president, and CEO was the one who had sold the patent portfolio to Hologic's predecessor in the first place. Both the district court and the Federal Circuit thus agreed that assignor estoppel barred Minerva from challenging the validity of the patents in district court.

Shortly after litigation began, however, Minerva launched a collateral attack on the validity of the two patents through the IPR process, where the Federal Circuit has held that assignor estoppel does not apply. The Patent Office declined to review the '348 Patent but ultimately held the '183 Patent invalid. When that administrative judgment became final, Minerva ran back to district court and argued that the Patent Office's ruling collaterally estopped *Hologic* from relying on the '183 Patent's validity in the infringement suit. The district court agreed with Minerva and estopped Hologic from relying on the '183 Patent, even as Minerva remained estopped from challenging the validity of the '348 Patent.

The Federal Circuit reluctantly affirmed. It acknowledged that Minerva had effectively "circumvent[ed]" assignor estoppel by filing an IPR petition and then leveraging the Patent Office's decision to collaterally estop Hologic back in district court. Pet. App. 14a. The court below further recognized the "seeming unfairness" of that situation and underscored the "predicament" in which Hologic found itself through no fault of its own. Pet. App. 14a, 15a. Judge Stoll, who wrote the majority opinion, lodged additional views to further lament the "unfairness" of such a "peculiar," "odd," and "seemingly illogical regime." Pet. App. 31a-32a (Stoll, J., additional views). Despite their qualms, however, Judge

Stoll and the panel considered themselves "bound" to affirm the inequitable result reached by the district court with respect to the '183 Patent. Pet. App. 2a.

This Court should grant this cross-petition to straighten out the Federal Circuit's divergent precedents on the doctrine of assignor estoppel in different forums. Judge Stoll, Hologic, and Minerva all agree that this "dual-track system" is neither lawful nor sustainable. Pet. 14. It cannot be that Congress intended the doctrine to apply in different ways in district court and in IPR proceedings. Congress presumptively legislates against the background of the common law, and there is no reason to think that assignor estoppel should not apply in IPR proceedings. And even if the doctrine does not apply there, infringing assignors should not be allowed to circumvent assignor estoppel by using the results of IPR proceedings to collaterally estop assignees in district court.

Congress certainly never intended the consequences that will necessarily follow the Federal Circuit's ruling. Barring this Court's intervention, the decision below will eviscerate the assignor estoppel doctrine and encourage duplicative litigation, forum shopping, and other forms of gamesmanship. It will also serve as the starting gun for races between district courts and the Patent Office to see which forum can resolve parallel infringement lawsuits and IPR proceedings involving the same patents first.

Minerva and Hologic have both petitioned for this Court's review of the Federal Circuit's assignor estoppel holdings in this case. But Minerva's petition is clouded by fatal vehicle problems: it seeks review of only the Federal Circuit's ruling on the '348 Patent, which does not implicate the application of the assignor estoppel doctrine in IPR proceedings, and also raises a host of case-specific questions. Worse still, the Federal Circuit

has already affirmed the validity of the '348 Patent on the merits, meaning Minerva is asking for an advisory opinion. Hologic's cross-petition, by contrast, suffers from none of these defects and will enable this Court to analyze the doctrine of assignor estoppel's application in both district courts and IPR proceedings simultaneously. The cross-petition should be granted.

OPINIONS BELOW

The Federal Circuit's opinion is reported at 957 F.3d 1256 and reproduced in the appendix to Minerva's initial petition for a writ of certiorari at Pet. App. 1a-32a. The Federal Circuit's order denying cross-petitioners' petition for rehearing en banc and cross-respondent's petition for panel rehearing and for rehearing en banc is unreported and is reproduced at Pet. App. 79a-80a. The district court's memorandum and order refusing to apply assignor estoppel to the '183 Patent is unreported and is reproduced at Cross-Pet. App. 1a-23a.

JURISDICTION

The Federal Circuit entered judgment on April 22, 2020, Pet. App. 1a, and denied cross-petitioners' timely-filed petition for rehearing en banc and cross-respondent's timely-filed petition for panel rehearing and for rehearing en banc on July 22, 2020, Pet. App. 80a. Cross-respondent filed a petition for certiorari on September 30, 2020. By standing order dated March 19, 2020, this Court extended the deadline to file any petition for certiorari to 150 days from the date of the order denying a timely petition for rehearing—here, until December 21, 2020. This Court has jurisdiction over this cross-petition under 28 U.S.C. § 1254(1).

STATEMENT OF THE CASE¹

A. Factual Background

Csaba Truckai is the founder, President, and CEO of cross-respondent Minerva Surgical, Inc. Pet. App. 6a. Before founding Minerva, Truckai co-founded another company called NovaCept, Inc., which in the late 1990s invented a medical device called the NovaSure system. Pet. App. 5a. NovaSure revolutionized the medical procedure of endometrial ablation, in which the lining of the uterus is ablated, or destroyed, to treat menorrhagia, or abnormally heavy menstrual bleeding. Pet. App. 2a. Compared with earlier products, NovaSure made the procedure considerably safer, quicker, cheaper, and more convenient for patients. Hologic, Inc. v. Minerva Surgical, Inc., No. 1:15-cv-01031, 2016 WL 3143824, at *2 (D. Del. June 2, 2016). NovaSure also made it easier for physicians to detect perforations in the uterus, which can allow the hot fluids generated during ablation to escape and cause serious injury. Id.; Pet. App. 2a-3a.

Truckai filed two relevant patent applications covering the NovaSure system and assigned his interest in those applications to NovaCept. Pet. App. 5a. Truckai's broad assignment to NovaCept also included the rights to all continuation applications—that is, follow-on applications pursuing additional patent claims based on the same descriptions and priority dates as the original applications. *Id.*; *see* 35 U.S.C. § 120. Because the applications had not yet been granted as issued patents, Truckai knew that the scope of the patent claims might change during prosecution, as occurs routinely.

 $^{^{1}}$ A materially identical statement of the case is included in Hologic's brief in opposition in No. 20-440, filed simultaneously with this cross-petition.

2. In 2004, Truckai sold NovaCept and the NovaSure system to Cytyc Corporation for \$325 million. C.A. App. 30612. Truckai personally received approximately \$8 million from the deal. *Id.* As part of the transaction, NovaCept assigned all of its patent rights, including to continuation applications, to Cytyc. C.A. App. 36355. In 2007, cross-petitioner Hologic, Inc. acquired Cytyc. Pet. App. 5a-6a. Hologic subsequently invested approximately \$140 million in making NovaSure the leading treatment for menorrhagia. C.A. App. 30194-95.

In 2005 and 2015, the U.S. Patent and Trademark Office issued two patents covering the NovaSure system—U.S. Patent No. 6,872,183 (the '183 Patent) and U.S. Patent No. 9,095,348 (the '348 Patent). The two patents were based upon continuation applications claiming priority to the original applications that Truckai had assigned to NovaCept and that NovaCept had later assigned to Hologic's predecessor Cytyc. Pet. App. 6a.

3. Meanwhile, Truckai left NovaCept, and in 2008 he founded Minerva to develop and sell a new endometrial ablation system that would compete against Hologic. Id. Minerva's product deliberately copied core features of NovaSure—including features covered by the '183 and '348 Patents. Pet. App. 6a; C.A. App. 29004. Minerva assured the U.S. Food and Drug Administration that Minerva's device was "almost dead identical to NovaSure," and it was pitched to physicians as "look[ing] like NovaSure" and "specifically designed to virtually mimic the steps of the NovaSure procedure." C.A. App. 36416, 31468, 36715. Peer-reviewed literature showed that the success rates of the two systems were "[e]ssentially comparable." Transcript of Jury Trial at 513:13, Hologic, Inc. v. Minerva Surgical, Inc., No. 1:15cv-01031 (D. Del. July 17, 2018), ECF No. 508 [hereinafter July 17 Trial Transcript]. Indeed, the similarities between NovaSure and Minerva's system were so apparent that one of Minerva's Medical Advisory Board members warned management that he "envision[ed] major 'patent infringement' disputes for this device vs Novasure." C.A. App. 17637.

Minerva and Hologic at one point discussed the possibility of Hologic acquiring Minerva and the rights to its new device, but no deal was ever reached. *Hologic*, 2016 WL 3143824, at *10.

B. Proceedings Below

1. In November 2015, Hologic sued Minerva, alleging that Minerva's ablation system infringed certain claims of the '183 and '348 Patents. Pet. App. 6a.

Just four months later, Minerva filed two petitions with the Patent Trial and Appeal Board (PTAB) requesting inter partes review (IPR) of the claims of the '348 Patent that Minerva's ablation system infringed. C.A. App. 8288, 8310. One month after that, Minerva filed a third IPR petition seeking review of the asserted claims of the '183 Patent. C.A. App. 19111. In all three petitions, Truckai's new company (Minerva) argued that some of the patent rights Truckai's old company (Nova-Cept) had assigned to Hologic's predecessor were invalid and worthless in light of certain prior art. Pet. App. 6a. The PTAB denied review of the '348 Patent, finding no reasonable likelihood that any of the asserted patent claims were invalid. Id. But the PTAB instituted review of the '183 Patent. Id.

On December 15, 2017, the PTAB issued a final written decision finding that the asserted claims of the '183 Patent were invalid. Pet. App. 6a-7a. On April 19, 2019, the Federal Circuit affirmed. *Hologic, Inc. v. Minerva Surgical, Inc.*, 764 F. App'x 873, 881 (Fed. Cir. 2019).

2. In the meantime, back in district court, Hologic and Minerva cross-moved for summary judgment on the issues of infringement, assignor estoppel, and invalidity.

On infringement, the district court had previously rejected Minerva's overly narrow claim constructions, denying Minerva's contention that a broad construction was inconsistent with the specification. C.A. App. 5 n.6. Applying its construction, the court concluded that "Minerva's accused product infringes the asserted claims of the patents." Pet. App. 71a.

The district court further held that assignor estoppel barred Minerva from challenging the validity of the '183 and '348 Patents. Minerva "d[id] not seriously dispute th[e] facts" establishing "privity between Truckai and Minerva." Pet. App. 58a. And the court rejected Minerva's contention that assignor estoppel does not apply to invalidity defenses based on the written description and enablement requirements imposed by 35 U.S.C. § 112, as opposed to the novelty and nonobviousness requirements imposed by Sections 102 and 103. The court also rejected Minerva's contention that Hologic's supposedly "overly broad claims" tipped the equities in Minerva's favor. Id. The court agreed with Hologic "that more than 19 years after Mr. Truckai executed his initial patent assignment—Minerva and Truckai [were] attempt[ing] to destroy the value of what Truckai sold to Hologic so that Minerva c[ould] directly compete with Hologic using patented technology he already sold to Hologic." Pet. App. 55a. "Considering the balance of equities and the relationship of Minerva and Truckai," the court concluded, "assignor estoppel applies." Pet. App. 58a.

In addition to applying assignor estoppel, the district court also held, in the alternative, that "even if Minerva were not estopped," Minerva's invalidity argu-

ments failed on the merits. Pet. App. 62a. "No reasonable jury," the court concluded, "could find that Minerva ha[d] met its burden of proving by clear and convincing evidence that the claimed [elements] are not properly described or enabled," as Section 112 requires. Pet. App. 63a.

The district court then held a trial on certain of Minerva's state-law counterclaims, as well as on damages and willful infringement. During trial, Minerva argued that Hologic had intentionally broadened the '348 Patent's claims to cover Minerva's device after learning about Minerva's technology pursuant to a non-disclosure agreement. C.A. App. 2220. The jury disagreed, finding that Hologic had not misused Minerva's confidential information. C.A. App. 98. The jury also awarded Hologic almost \$4.8 million in damages for Minerva's infringement of Hologic's patents. Pet. App. 8a.

After the verdict, Hologic moved for additional damages under both patents and for a permanent injunction against further infringement of the '183 Patent. Pet. App. 8a-9a.²

On May 2, 2019, the district court granted certain additional damages for the '348 Patent, but denied additional damages and an injunction for the '183 Patent. Cross-Pet. App. 7a, 20a-21a. The court's sole basis for denying relief for the '183 Patent was the Federal Circuit's decision, issued less than two weeks earlier, affirming the PTAB's IPR decision finding the '183 Patent invalid. Cross-Pet. App. 7a, 20a. While the district court concluded that the Federal Circuit's intervening decision effectively nullified the district court's earlier assignor estoppel ruling as to the '183 Patent, it did not disturb

² By that point, the '348 Patent had expired. Pet. App. 8a.

the assignor estoppel ruling as to the '348 Patent, on which the PTAB had denied review. Cross-Pet. App. 7a.

- 3. Hologic and Minerva cross-appealed to the Federal Circuit. As relevant here, Hologic challenged the district court's holding allowing Minerva to circumvent assignor estoppel by using the IPR proceedings to attack the validity of the '183 Patent. Minerva challenged the district court's twin holdings (1) that assignor estoppel barred Minerva from disputing the validity of the '348 Patent and (2) that the '348 Patent was valid regardless. On all three issues, the Federal Circuit affirmed.
- a. The panel first addressed the district court's refusal to apply assignor estoppel to the '183 Patent. Ordinarily, the panel agreed, "an assignor should not be permitted to sell something and later to assert that what was sold is worthless, all to the detriment of the assignee." Pet. App. 12a (citation omitted). But here, the panel was "bound" by Federal Circuit precedent holding that "the doctrine of assignor estoppel does not bar an assignor from filing a petition for IPR." Pet. App. 2a, 14a (citing Arista Networks, Inc. v. Cisco Sys., Inc., 908 F.3d 792, 804 (Fed. Cir. 2018)). So although Minerva was "estopped from challenging the validity of the '183 patent claims in district court," it was "able to challenge their validity in an IPR proceeding and, hence, circumvent the assignor estoppel doctrine." Pet. App. 14a. The panel then concluded that the assignor estoppel doctrine did "not preclude Minerva from relying on" the PTAB's IPR decision "to argue that the '183 patent claims are void ab initio." Id.

The panel was quick to acknowledge "the seeming unfairness to Hologic in this situation," and it "underst[oo]d Hologic's predicament." Pet. App. 14a, 15a. But bound by "precedent and the limits it places on the assignor estoppel doctrine," the panel concluded that the

Federal Circuit's affirmance of the PTAB's IPR decision was "dispositive of the validity of the '183 patent claims" in district court, even though "assignor estoppel [would] bar[] Minerva from challenging the patent's validity in this district court case." Pet. App. 14a-15a.

The panel then turned to the district court's holding that assignor estoppel precluded Minerva from challenging the validity of the '348 Patent. The panel "conclude[d] that the district court did not abuse its discretion in applying assignor estoppel here." Pet. App. 17a. To begin with, the panel "decline[d] Minerva's invitation to abandon the doctrine of assignor estoppel entirely." The panel acknowledged this Court's decision in Lear, Inc. v. Adkins, 395 U.S. 653 (1969), which abolished the doctrine of licensee estoppel. Pet. App. 17a. But Federal Circuit precedent cogently distinguishes licensees from assignors. Pet. App. 12a (citing *Diamond*) Sci. Co. v. Ambico, Inc., 848 F.2d 1220, 1224 (Fed. Cir. 1988)). Assignor estoppel thus retains a vital role in the "prevention of unfairness and injustice." Pet. App. 13a (quotation marks omitted).

The panel then "agree[d] with the district court that the equities weigh in favor of [assignor estoppel's] application in this case." Pet. App. 18a. "Minerva disputed none of the pertinent facts below or on appeal." *Id.* And while Minerva "emphasize[d] that Hologic, not Mr. Truckai, prosecuted [the relevant] claim ... of the '348 patent," the panel was "unpersuad[ed]." Pet. App. 19a. Truckai "executed a broad assignment of his patent rights," including the right to continuation applications, knowing full well that the patent claims could "later [be] amended ... in the application process (a very common occurrence in patent prosecutions), with or without the inventor's assistance." *Id.* (citation, quotation marks, and brackets omitted). So while Minerva was free to "introduce evidence of prior art to narrow the scope of" the

patent claims, the prosecution history of the '348 Patent did not require the district court to balance the equities in Minerva's favor. Pet. App. 20a (citation omitted).

Finally, the panel agreed with the district court that, assignor estoppel aside, Minerva's challenge to the validity of the '348 Patent failed on the merits. The panel thus "affirm[ed]" not only "the district court's ... summary judgment that assignor estoppel bars Minerva from challenging the validity of the asserted '348 patent claim," but *also* "the district court's summary judgment of no invalidity." Pet. App. 30a-31a.

- b. Judge Stoll, who authored the panel decision, wrote separately "to highlight and question the peculiar circumstances created in this case by [the Federal Circuit]'s precedent." Pet. App. 31a (Stoll, J., additional views). That precedent produced "an odd situation where an assignor can circumvent the doctrine of assignor estoppel by attacking the validity of a patent claim in the Patent Office, but cannot do the same in district court." *Id.* She called on the full court "to clarify this odd and seemingly illogical regime" and to "consider en banc the doctrine of assignor estoppel as it applies both in district court and in the Patent Office." Pet. App. 32a.
- 4. Hologic petitioned for rehearing en banc, and Minerva cross-petitioned for panel rehearing or rehearing en banc. Hologic sought review of the panel's refusal to apply assignor estoppel to the '183 Patent, highlighting the divergence in the Federal Circuit's assignor estoppel precedent between district court and IPR proceedings. Hologic Pet. for Reh'g 3. Minerva sought review of the panel's application of assignor estoppel to the '348 Patent, as well as a fact-bound claim construction issue. Minerva Pet. for Reh'g 2-3. After the Federal Circuit called for a response, Hologic pointed out that any further review of the application of assignor estoppel to the

'348 Patent would constitute an impermissible advisory opinion, because the panel had already affirmed the district court's alternative holding that Minerva's invalidity arguments failed on the merits. Hologic Resp. at 6.

On July 22, 2020, the Federal Circuit denied both rehearing petitions. Pet. App. 80a.

REASONS THE CROSS-PETITION SHOULD BE GRANTED

The Court should grant this cross-petition for three basic reasons.

First, this cross-petition allows the Court to reconcile a serious divergence in the Federal Circuit's precedents that all parties agree constitutes "a compelling reason for this Court's review." Pet. 28. For well over a century, district courts have applied the doctrine of assignor estoppel to bar infringing assignors from contesting the validity of the patents they previously assigned. But the court below ruled that assignors can "circumvent" the assignor estoppel doctrine through the simple expedient of challenging an assigned patent's validity through administrative proceedings and then using the outcome there to outflank the assignee in district court. Pet. App. 14a. As Hologic, Minerva, and the author of the decision below all agree, that sets up an "odd and seemingly illogical regime," Pet. App. 32a (Stoll, J., additional views), that has left "the Federal Circuit's approach to assignor estoppel at odds with itself," Pet. 1. Only this Court can abate the consequences and resolve the confusion.

Second, the decision below is doubly wrong. To begin with, contrary to the Federal Circuit's conclusion, Congress did not abrogate assignor estoppel in IPR proceedings. Congress is presumed to legislate against the backdrop of common-law principles, and nothing in the America Invents Act purports to abrogate this

longstanding common-law doctrine. By allowing the Patent Office to ignore assignor estoppel in IPR proceedings, the Federal Circuit has misapplied basic principles of statutory interpretation.

Compounding the problem, the Federal Circuit also wrongly allowed Minerva to use the results of the IPR proceedings to collaterally estop *Hologic* from relying on the assigned patent's validity back in district court. That is flatly contrary to assignor estoppel's basic purpose, which is to prevent assignors from attacking an assigned patent's validity, regardless of the procedural mechanism for doing so. The Federal Circuit's decision also misunderstands the equitable underpinnings of collateral estoppel. When lower courts apply a pair of equitable doctrines to produce a result so inequitable that even the decision below describes it as "unfair[]," Pet. App. 14a, this Court's intervention is plainly needed.

Third, this cross-petition is an ideal vehicle for the Court to consider these issues. The decision below addresses the issues head-on, and the pertinent facts are undisputed. The central problem in the Federal Circuit's precedents, moreover, is the conflict between how assignor estoppel is applied in district court and not applied in the Patent Office. By focusing on the '183 Patent, which was the subject of an IPR proceeding, this cross-petition permits the Court to analyze in one case how the doctrine should apply in both forums. Minerva's petition, by contrast, considers the doctrine's application in only one forum, since Minerva focuses on the '348 Patent, which the Patent Office declined to review. Minerva's petition also is cluttered with case-specific issues, and seeks to second-guess the validity of a patent already upheld by the district court and the Federal Circuit on independent and adequate grounds. This Court should deny Minerva's petition and grant Hologic's cross-petition instead.

I. The Divergent Treatment of Assignor Estoppel in District Court and Administrative Proceedings Is an Issue of Exceptional Importance

This Court should grant review to resolve what all parties to this case agree is "a very real split of authority regarding assignor estoppel." Pet. 1. In recent years, two strands of the Federal Circuit's case law on assignor estoppel have increasingly diverged. The result is a doctrinal rift, culminating in the indefensible holding in this case: assignors are estopped from challenging a patent's validity in district court, but may nevertheless challenge the same patent's validity through the IPR process and then use the administrative finding of invalidity to estop the assignee from asserting the patent's validity in district court. That outcome makes no sense, and if left undisturbed it will have far-reaching and deleterious consequences.

A. The Federal Circuit's Treatment of Assignor Estoppel Is Internally Inconsistent and Illogical

The Federal Circuit's divergent precedents have produced an assignor estoppel jurisprudence that is at odds with itself.

1. Much of the disjointedness around assignor estoppel stems from the fact that the Federal Circuit has developed the doctrine simultaneously in two different contexts—one way in district courts and another way in the Patent Office.

In district court, the Federal Circuit has "emphasized the continued vitality of the doctrine of assignor estoppel," applying it regularly when the equities warrant. *Mentor Graphics Corp. v. EVE-USA, Inc.*, 851 F.3d 1275, 1283 (Fed. Cir. 2017); see, e.g., MAG Aerospace, 816 F.3d at 1380-81; Pandrol USA, LP v. Airboss Ry. Prods., Inc., 424 F.3d 1161, 1167 (Fed. Cir. 2005). On occasion, infringing assignors like Minerva have encour-

aged the Federal Circuit to abolish the doctrine. Each time, the Federal Circuit has refused, oftentimes highlighting the doctrine's deep roots in the common law and this Court's endorsement of the doctrine almost a century ago. See, e.g., Pet. App. 17a; EVE-USA, 851 F.3d at 1283; Mentor Graphics Corp. v. EVE-USA, Inc., 870 F.3d 1298, 1304-06 (Fed. Cir. 2017) (Moore, J., concurring in the denial of rehearing en banc); Diamond Sci. Co. v. Ambico, Inc., 848 F.2d 1220, 1224 (Fed. Cir. 1988). Even Minerva has acknowledged "[t]he doctrine's persistence in the Federal Circuit." Pet. 1.

In the Patent Office, however, the Federal Circuit recently held in Arista Networks, Inc. v. Cisco Systems, *Inc.*, 908 F.3d 792 (Fed. Cir. 2018), that there is "no room for assignor estoppel in the IPR context." Id. at 803. In that case, the Patent Office held that assignor estoppel did not apply in the IPR process and invalidated some of a patent's claims. See id. On appeal, the assignee argued that "assignor estoppel is a well-established common-law doctrine that should be presumed to apply absent a statutory indication to the contrary." Id. at 802. The Federal Circuit acknowledged that there was "merit to [that] argument," and agreed that "where a commonlaw principle is well established, the courts may take it as given that Congress has legislated with an expectation that the principle will apply except when a statutory purpose to the contrary is evident." Id. (quoting Astoria Fed. Sav. & Loan Ass'n v. Solimino, 501 U.S. 104, 108 (1991)) (cleaned up). But the Federal Circuit nonetheless claimed to find a clear and unambiguous "statutory purpose to the contrary" in a provision of the America Invents Act stating that "a person who is not the owner of a patent may file with the Office a petition to institute an inter partes review of the patent." Id. at 803 (quoting 35 U.S.C. § 311(a)). Based on that language, the Federal Circuit held that assignor estoppel does not apply in IPR proceedings. *Id*.

As the Federal Circuit readily acknowledged, *Arista* set up a "discrepancy between forums." *Id.* at 804. Assignor estoppel bars assignors from challenging the validity of an assigned patent in district court, but they can still file an IPR petition challenging the validity of that same patent in the Patent Office. *Id.* at 804.

2. If the two forums were sealed off from each other, the discrepancy in assignor estoppel's application might matter little. But when the outcome in one forum can affect the other, serious problems result. Here, the two forums can interact because the Federal Circuit has held that a final judgment in the IPR context has an "issuepreclusive effect on any pending or co-pending actions involving the patent," including an infringement action pending in district court. XY, LLC v. Trans Ova Genetics, 890 F.3d 1282, 1294 (Fed. Cir. 2018). The Federal Circuit also has held that "assignor estoppel does not preclude the estopped party from arguing that the patentee is itself collaterally estopped from asserting a patent found invalid in a prior proceeding." Graphics, 150 F.3d at 1379. It was thus only a matter of time before the Federal Circuit's divergent, forumspecific approaches to assignor estoppel collided.

Minerva took advantage of the forum discrepancy in this case. Even as it tried to litigate the validity of the relevant patents in the infringement litigation in district court, Minerva simultaneously filed IPR petitions to invalidate those same patents before the Patent Office. The Patent Office denied Minerva's IPR petition as to the '348 Patent, but it reviewed and ultimately invalidated the asserted claims of the '183 Patent. Minerva then "circumvent[ed] the assignor estoppel doctrine" by using the Patent Office's invalidation to collaterally estop Ho-

logic from relying on the '183 Patent's validity in the infringement suit back in district court. Pet. App. 14a.

Judge Stoll took stock of the problem. The Federal Circuit's dual-track precedent "presents an odd situation where an assignor can circumvent the doctrine of assignor estoppel by attacking the validity of a patent claim in the Patent Office, but cannot do the same in district court." Pet. App. 31a (Stoll, J., additional views). That outcome is "peculiar," "odd," and "seemingly illogical," Judge Stoll explained, not least because of the doctrine's universal rationale of avoiding unfairness. Pet. App. 31a-32a. "Do the principles underlying assignor estoppel—unfairness in allowing one who profited from the sale of the patent to attack it—apply in district court but not in Patent Office proceedings?" *Id*.

Judge Stoll called for further review "to consider ... the doctrine of assignor estoppel as it applies both in district court and in the Patent Office." Pet. App. 32a. Minerva and Hologic agree that it is now up to this Court to resolve the "conflict" in the Federal Circuit's precedents. Pet. 28.

B. The Decision Below Will Have Far-Reaching Consequences

If this Court does not intervene, the decision below will substantially dismantle assignor estoppel and incentivize gamesmanship in litigation.

1. As even the Federal Circuit recognized, while the decision below formally preserves assignor estoppel's existence in district court, it will substantially gut the doctrine's application in many cases. In the future, there will be little to stop assignors from using the results of an administrative proceeding before a politically accountable agency to preclude Article III district courts from applying a classic common-law doctrine. If assign-

or estoppel is to be largely tossed aside in this manner, this Court should be the one to say so.

To circumvent assignor estoppel, assignors need only follow Minerva's lead. Shortly after being sued for infringement, the assignor can immediately rush to file an IPR petition (or some other administrative proceeding³) challenging the validity of the very patent that it is estopped from challenging in district court. If the assignor succeeds in convincing the Patent Office to find the patent invalid, then the assignor can rush back to district court and use the Patent Office's finding to collaterally estop the assignee from continuing to rely on the patent.

Such gamesmanship is no idle concern. Scholars and practitioners alike have realized that "[t]he existence of administrative revocation proceedings may effectively provide inventors with an end-run around the doctrine of assignor estoppel." Mark A. Lemley, Rethinking Assignor Estoppel, 54 Hous. L. Rev. 513, 533 (2016); see, e.g., Eliot D. Williams, Federal Circuit Reaffirms Vitality of the Assignor Estoppel Doctrine—Further Emphasizing the Importance of the PTAB, 28 Intell. Prop. & Tech. L.J. 13, 15 (2016) ("IPRs provide patent challengers a path to assert invalidity, even when faced with an assignor estoppel issue."); Mark J. Feldstein et al., How IPRs Became Key Tools in Patent Disputes, Fed. Law., May/June 2019, at 46 ("[K]ey avenues of attacks on a patent's validity that could not be pursued in a district

 $^{^3}$ Besides IPRs, there are other administrative ways to invalidate an issued patent. Under the panel's decision, all of them potentially provide loopholes for opportunistic assignors like Minerva to try to circumvent assignor estoppel. *See, e.g.*, 35 U.S.C. § 321 (postgrant review); *id.* § 302 (*ex parte* reexamination); America Invents Act, Pub. L. No. 112-29, § 18, 125 Stat. 284, 329-31 (2011) (covered business method review).

court action [due to assignor estoppel] may proceed in an IPR.").

Litigants, moreover, are increasingly employing "double-pronged attacks"—by one estimate, "roughly 90 percent" of IPR petitions are filed against a patent that is already involved in litigation before a district court or the International Trade Commission. *Id.* at 45. And assignees are being warned to adopt "additional contractual safeguards in the acquisition process," even though there is only so much that can be done contractually. David R. Bauer & Gregory R. Baden, *Patent Buyers Beware—Former Owner of a Patent Can Challenge Its Validity in an* Inter Partes *Review*, 29 Intell. Prop. & Tech. L.J. 3, 4 (2017).

The Federal Circuit recognized all of this. It was "mindful of the seeming unfairness to Hologic" and sympathetic to "Hologic's predicament." Pet. App. 14a-15a. But the court below felt that it had no alternative course of action to suggest; there was nothing that Hologic can do or should have done. In fact, the court expressly acknowledged that its ruling allowed Minerva to "circumvent the assignor estoppel doctrine." Pet. App. 14a. If Minerva can do that, so can many other infringing assignors.

2. The problem is not limited to the damage done to the assignor estoppel doctrine. The Federal Circuit's dual-track system wastes court and party resources by ensuring that assignee-assignor infringement disputes are litigated across multiple forums instead of being centralized in one. It also sets off a race between assignees in district courts and assignors in the Patent Office to see who can outdraw the other by getting a final decision first. See Williams, supra, at 15 (encouraging assignors "to file the IPR as soon as possible, to minimize the possibility that the district court action results in an en-

forceable final judgment before the IPR process is complete"). That race to judgment in turn leads to forum shopping, as parties will attempt to steer infringement litigation to courts that will enter the most favorable scheduling orders. Even Minerva—which won the race to judgment below—acknowledges that as a consequence of the panel's decision, "[w]hether a patent lives or dies will ... turn on factors wholly unrelated to the merits, such as which forum moves more quickly." Pet. 28.

Only this Court can prevent such mischief and repair the law governing assignor estoppel.

II. The Federal Circuit's Approach To Assignor Estoppel Is Wrong

The Federal Circuit has twice erred in allowing assignors to circumvent assignor estoppel through the simple expedient of IPR review. First, discarding assignor estoppel in administrative proceedings before the Patent Office misapplies a basic rule of statutory interpretation—that Congress legislates against a commonlaw baseline and does not abrogate the common law accidentally or through generalized language. Second, allowing assignors to use the results of administrative IPR proceedings to outflank assignees in district court misapplies two equitable doctrines—assignor estoppel and collateral estoppel—while also raising serious constitutional concerns under the separation of powers.

A. The America Invents Act Did Not Abrogate Assignor Estoppel in IPR Proceedings

1. One of the most fundamental principles of statutory interpretation is that "Congress is understood to legislate against a background of common-law adjudicatory principles." *Astoria*, 501 U.S. at 108. But in *Arista*, the Federal Circuit departed from that core presumption and held that Congress impliedly repealed the doctrine of assignor estoppel in the America Invents Act. 908

F.3d at 802-04. That was wrong, and the mistake has twisted the Federal Circuit's assignor estoppel jurisprudence ever since.

This Court has repeatedly held that "where a common-law principle is well established, ... the courts may take it as given that Congress has legislated with an expectation that the principle will apply except when a statutory purpose to the contrary is evident." Impression Prods., Inc. v. Lexmark Int'l, Inc., 137 S. Ct. 1523, 1536 (2017) (citation omitted); see A. Scalia & B. Garner, Reading Law 318 (2012) ("[S]tatutes will not be interpreted as changing the common law unless they effect the change with clarity," which "ordinarily" requires more than "implied change"). In recent years, this Court has regularly applied that presumption, including in patent cases. See, e.g., Impression Prods., 137 S. Ct. at 1536 (common-law doctrine of patent exhaustion "remains an unwritten limit on the scope of the patentee's monopoly"); B & B Hardware, Inc. v. Hargis Indus., *Inc.*, 575 U.S. 138, 148-51 (2015) (preclusive effect of TTAB rulings); Kirtsaeng v. John Wiley & Sons, Inc., 568 U.S. 519, 538 (2013) (copyright exhaustion).

Among the most "established and familiar" background principles are "the rules of preclusion"—i.e., estoppel. Astoria, 501 U.S. at 108. These rules date back to the earliest days of the republic. See, e.g., Hopkins v. Lee, 19 U.S. 109, 113 (1821). Assignor estoppel in particular has "been part of the fabric of our law throughout the life of this nation," "undeviatingly enforced by English-speaking courts in this country." Scott Paper Co. v. Marcalus Mfg. Co., 326 U.S. 249, 260 (1945) (Frankfurter, J., dissenting). American courts have been applying it for more than 150 years. See 6 Moy's Walker on Patents § 17:35 (4th ed. 2017) (suggesting patent estoppel emerged "at least as early as 1856"); Amber L. Hatfield, Note, Life After Death for Assignor Estoppel: Per Se

Application to Protect Incentives to Innovate, 68 Tex. L. Rev. 251, 259-60, 259 n.59 (1989) (citing the doctrine's establishment in Great Britain in 1789 and first appearance in the United States in 1855). This Court first endorsed the doctrine almost a century ago. Westinghouse Elec. & Mfg. Co. v. Formica Insulation Co., 266 U.S. 342, 350 (1924). Estoppel rules, including assignor estoppel, thus form an integral part of the common law against which Congress is presumed to legislate.

Congress therefore presumptively intended the common-law doctrine of assignor estoppel to apply when it created the IPR process through the American Invents Act. And there is nothing in that statute to rebut that presumption. Nothing in the Act's text "speak[s] directly" to the question of assignor estoppel, and certainly nothing directly repudiates the doctrine. *United States v. Texas*, 507 U.S. 529, 534 (1993).

Nor does anything in the America Invents Act evince a "statutory purpose" to abrogate assignor estoppel in IPR proceedings. *Impression Prods.*, 137 S. Ct. at 1536 (citation omitted). Such a statutory purpose can be demonstrated through inconsistencies between the statute and the common-law doctrine, in the form of either superfluities or direct conflicts. *See Astoria*, 501 U.S. at 110, 111-12. But assignor estoppel is fully compatible with IPR proceedings, and would not render any aspect of them superfluous.

2. Arista erred in holding otherwise. The Federal Circuit did not dispute that assignor estoppel is a well-established common-law doctrine, nor that statutes should be read against the background of the common law; indeed, it acknowledged that there was "merit to [that] argument." Arista, 908 F.3d at 802. But the court nonetheless concluded that Congress had unambiguously abrogated assignor estoppel by providing that "a person

who is not the owner of a patent may file with the Office a petition to institute an inter partes review of the patent." 35 U.S.C. § 311(a); see Arista, 908 F.3d at 803. In the Federal Circuit's view, that quoted language "unambiguously leaves no room for assignor estoppel in the IPR context" because it does not expressly prohibit assignors from filing IPR petitions. Id.

That was obvious error. General language about who may institute IPR proceedings does not "speak[] directly" to assignor estoppel, Texas, 507 U.S. or 534, or evince "a statutory purpose" to abrogate it, Isbrandtsen Co. v. Johnson, 343 U.S. 779, 783 (1952). If it did, the presumption against changes to the common law would do no work. This Court has regularly interpreted similarly general provisions against the background of the common law. See, e.g., Briscoe v. LaHue, 460 U.S. 325, 330 (1983) (explaining that "the all-encompassing language of [42 U.S.C.] § 1983, referring to '[e]very person' ... is not to be taken literally" in the context of "common-law principles" (citation omitted)); Tenney v. Brandhove, 341 U.S. 367, 376 (1951) (holding that in allowing liability against "[e]very person" under certain conditions, Congress had not "overturn[ed]" or "impinge[d]" on the common-law privilege of free legislative speech and debate).

In any event, the Federal Circuit's reasoning confuses two separate questions: who may file, and what legal standards govern the merits. Even if infringing assignors like Minerva may *file* an IPR petition, nothing in the America Invents Act indicates that Congress intended to prevent the PTAB from applying substantive doctrines like assignor estoppel to foreclose relief on the merits. *Compare* 35 U.S.C. § 311(a) (who may file), *with id.* § 316(e) ("petitioner shall have the burden of proving a proposition of unpatentability" on the merits). The

Federal Circuit's discovery of a "statutory purpose" to abrogate assignor estoppel thus fails on multiple levels.

Finally, Arista's interpretation raises constitutional concerns. Several Justices of this Court have expressed serious doubts about the constitutionality of aspects of the scheme at issue. Some have questioned whether administrative preclusion—that is, the doctrine that the decisions of administrative bodies like the Patent Office can have preclusive effect in Article III courts—"was widely accepted at common law" and thus a background assumption against which Congress legislates. B&B Hardware, 575 U.S. at 167 (Thomas, J., joined by Scalia, J., dissenting). Others have argued that the entire IPR procedure is an unconstitutional violation of and infringement on Article III. See Oil States Energy Servs., LLC v. Greene's Energy Grp., LLC, 138 S. Ct. 1365, 1380 (2018) (Gorsuch, J., joined by Roberts, C.J., dissenting). Here, the Federal Circuit has combined the most constitutionally suspect features of both: allowing an administrative agency, run by a political appointee, not only to invalidate a patent but also to preclude an Article III court from holding otherwise. If bureaucrats in the Patent Office are going to oust district courts from applying a venerable common-law doctrine, at the very least they should do so with the imprimatur of this Court—not as the result of a doctrinal muddle in the Federal Circuit.

B. The Federal Circuit Erred in Allowing Assignors to Use IPR Proceedings to Circumvent Assignor Estoppel in District Court

1. Independently, the Federal Circuit erred in allowing Minerva to use the outcome of the IPR proceedings to collaterally estop Hologic in district court. Courts do not automatically apply collateral estoppel; instead, it must first be asserted by a party. See Blonder-Tonque Labs., Inc. v. Univ. of Ill. Found., 402 U.S. 313,

350 (1971) ("Res judicata and collateral estoppel are affirmative defenses that must be pleaded."). But the doctrine of assignor estoppel is designed precisely to "prevent[] an assignor from asserting that its own patent ... is invalid." Pandrol USA, 424 F.3d at 1167 (emphasis added); see id. (relying on the doctrine to exclude testimony). In trying to assert collateral estoppel, Minerva was asserting the invalidity of the patent rights it assigned. So, under the assignor estoppel doctrine, Minerva should have been barred from bringing the Patent Office's decision into district court.

Bringing the Patent Office's administrative decision into district court is especially improper when the infringing assignor is the one who initiated the administrative proceeding in the first place. For purposes of assignor estoppel, there is no difference between Minerva (1) asserting invalidity directly in district court and (2) asserting invalidity in IPR proceedings and then using a final IPR ruling to establish invalidity in district court. Either way, Minerva is asserting the invalidity of its assigned patent rights in district court; the only difference is that the IPR process takes a few more steps. Even if the America Invents Act allows assignors to file IPR petitions challenging the validity of patents they themselves assigned, it certainly does not guarantee that they will be able to leverage a Patent Office finding of invalidity to defeat an assignee's infringement claims in separate litigation. Congress surely did not mean to gut a longstanding common-law doctrine in district court through the roundabout method of creating an administrative process that does not even mention the doctrine.

2. Furthermore, the decision below does not comport with the equitable roots of collateral estoppel. This Court has emphasized that "[d]etermining whether a patentee has had a full and fair chance to litigate the validity of his patent in an earlier case is of necessity not a

simple matter," and that much depends "on the trial courts' sense of justice and equity." *Blonder-Tongue*, 402 U.S. at 334. "[T]he court in the second litigation must decide in a principled way whether or not it is just and equitable to allow the plea of estoppel in the case before it." *Id.* But rather than exercising "the broad discretion to determine when [collateral estoppel] should be applied," *Parklane Hosiery Co. v. Shore*, 439 U.S. 322, 331 (1979), the lower courts in this case did not even consider the question. That contravenes core principles of collateral estoppel.

This case thus involves not just one estoppel doctrine but two, both of which are rooted in principles of equity. When a lower court applies two equitable doctrines to produce a result the court found "seeming[ly] unfair[]," Pet. App. 14a, and that the decision's author found "peculiar," "odd," and "seemingly illogical," Pet. App. 31a-32a (Stoll, J., additional views), something has gone badly awry, and this Court's review is needed.

III. This Cross-Petition Is an Ideal Vehicle

Hologic's cross-petition is an ideal vehicle for this Court to harmonize the Federal Circuit's conflicting assignor estoppel precedents. It also would allow the Court to quell any lingering doubts about the doctrine's continued existence. Minerva's petition, by contrast, is a far inferior vehicle for both issues.

1. Hologic and Minerva agree on one thing: "[r]esolving th[e] conflict" in the Federal Circuit's assignor estoppel precedents "is a compelling reason for this Court's review" in this case. Pet. 28. There is no wrinkle in the facts or procedural history that would impede the full Court's ability to decide this important question. The decision below squarely addresses the issue, with the decision's author writing separately to decry what her court's precedents had wrought. Both the

Federal Circuit and the district court found that Minerva had not seriously disputed "that Minerva is in privity with Mr. Truckai" or any of the other "pertinent facts." Pet. App. 18a; see Pet. App. 58a (similar). Minerva apparently agrees that this case is an appropriate vehicle to resolve this question. See Pet. 27-28.

This case is an especially good vehicle because it allows this Court to consider "the doctrine of assignor estoppel as it applies both in district court and in the Patent Office." Pet. App. 31a (Stoll, J., additional views) (emphasis added). One of the primary reasons this case's "peculiar circumstances" and "odd situation," id., arose in the first place is because Federal Circuit panels have developed the assignor estoppel doctrine independently in two different contexts. Because this case concerns a collision between the district court and IPR contexts, it will help ensure that the doctrine's right and left hands will finally end up writing on the same page.

The two patents in this case also highlight the strange divergence in the Federal Circuit's precedents particularly clearly. As to the '348 Patent, which the PTAB declined to review, the Federal Circuit and the district court applied ordinary assignor estoppel principles to bar Minerva from challenging the patent's validity in district court. But as to the '183 Patent, which Minerva persuaded the PTAB to find invalid, the lower courts ultimately held that assignor estoppel was inapplicable. Even worse, they allowed Minerva to use the Patent Office's IPR determination to collaterally estop Hologic from relying on the '183 Patent in the infringement litigation—even though the district court had already determined that Minerva's device infringed that patent. A starker illustration of the problem is difficult to imagine.

2. In resolving the Federal Circuit's conflicting case law, this Court also can lay to rest any doubts about assignor estoppel's continued existence. The question presented in this cross-petition fairly encompasses whether assignor estoppel should be abrogated altogether, in *all* proceedings before district courts and the Patent Office. Because Minerva has made clear that it intends to advocate that position, the Court will have that perspective briefed in full.

To be clear, Hologic's cross-petition is limited to the Federal Circuit's refusal to apply assignor estoppel to the '183 Patent. It does not in any way implicate the Federal Circuit's decision as to the '348 Patent, which is adequately supported not only by the application of assignor estoppel but also independently by the Federal Circuit's separate determination that the district court correctly rejected Minerva's invalidity arguments on the merits. Pet. App. 30a-31a. The result is that, if this Court were to grant Hologic's cross-petition and abrogate assignor estoppel entirely, the Court's judgment would affirm the decision below, albeit on alternative grounds.

3. Minerva's petition is a far inferior vehicle. As explained in Hologic's brief in opposition, by focusing on the '348 Patent, which the PTAB declined to review through IPR, Minerva's petition implicates the inconsistency between district court and IPR proceedings at best only obliquely. Br. in Opp. 31. Minerva's petition also raises case-specific arguments that are unworthy of review and would embroil the Court in fact-bound disputes. *Id.* at 24-28. And again, the Federal Circuit's judgment as to the '348 Patent is independently and adequately supported by the court's rejection of Minerva's invalidity arguments on the merits—a fatal vehicle problem that alone compels denial of Minerva's petition. *Id.* at 28-29.

The Court should resist any temptation to split the difference by granting both petitions. Beyond all the other problems with Minerva's petition, that course would result in a sprawling set of cross-briefs that would distract from the central question raised by the Federal Circuit's divergent precedents. The Court should deny Minerva's petition and grant Hologic's cross-petition.

CONCLUSION

The Court should grant the cross-petition for a writ of certiorari.

Respectfully submitted.

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