

No. 20-440

IN THE

Supreme Court of the United States

MINERVA SURGICAL, INC.,

Petitioner,

—v.—

HOLOGIC, INC., CYTYC SURGICAL PRODUCTS, LLC,

Respondents.

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

**BRIEF FOR THE NEW YORK CITY BAR ASSOCIATION
AS *AMICUS CURIAE* IN SUPPORT OF NEITHER PARTY**

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I. QUESTION PRESENTED

In the Patent Act, Congress established that invalidity is a “defense[] in *any* action involving the validity or infringement of a patent.” 35 U.S.C. § 282(b) (emphasis added). There is no textual exception to this command. The Federal Circuit nonetheless applies a judge-made “equitable” exception to the statute’s unqualified language known as “assignor estoppel.” Assignor estoppel prevents an inventor who has assigned a patent from later contesting the patent's validity.

The question is whether a defendant in a patent infringement action who assigned the patent, or is in privity with an assignor of the patent, may have a defense of invalidity heard on the merits.

II. STATEMENT OF INTEREST OF AMICUS CURIAE

The New York City Bar Association (“Association”), through its Committee on Patents, submits this *amicus curiae* brief in response to the Court’s January 8, 2021 Order granting Minerva Surgical, Inc.’s (“Minerva” or “Petitioner”) petition for certiorari, to present its view on the question presented above. The Association files this brief in support of neither party in accordance with Rule 37 of the Supreme Court Rules. The parties to this appeal have consented to the filing of this *amicus* brief.¹

¹ Pursuant to Supreme Court Rule 37.6, counsel for the *amicus curiae* states that no counsel for a party authored this brief in

The Association is a private, non-profit organization of more than 25,000 members who are professionally involved in a broad range of law-related activities. Founded in 1870, the Association is one of the oldest bar associations in the United States. The Association seeks to promote reform of the law and to improve the administration of justice in support of a fair society and the public interest in our community, our nation, and throughout the world through its more than 150 standing and special committees. The Committee on Patents (“Patents Committee”) is a long-established standing committee of the Association, and its membership reflects a wide range of corporate, private practice and academic experience in patent law. The members of the Patents Committee are dedicated to promoting the Association’s objective of improving the administration of the patent laws.

III. SUMMARY OF ARGUMENT

In its current form, assignor estoppel attaches without question to any assigning entity, with inquiry made only into whether the putative patent challenger in federal court is sufficiently in privity with the original assignee so as to impute the estoppel to the litigant. This version of the doctrine is overbroad and should be limited, for several reasons.

First, as a background matter, an overbroad view of assignor estoppel in federal court exacerbates

whole or in part; and that no party or counsel for a party made a monetary contribution intended to fund the preparation or submission of this brief. No person other than *amicus curiae* or its counsel made a monetary contribution to this brief’s preparation or submission.

the inconsistent results caused by the inapplicability of the doctrine (under current Federal Circuit precedent) in practice before the USPTO's Patent Trial and Appeal Board (PTAB). This case on appeal presents one such instance of divergent results caused by application of the doctrine in only one of the two forums. It makes little sense for a litigant having a case-or-controversy sufficient to invoke federal court jurisdiction to be nonetheless barred by assignor estoppel, when that same litigant can challenge the same patent at the (statistically more favorable) PTAB even absent a justiciable dispute.

Second, the rationale for broad assignor estoppel has been significantly undermined by changes in patent laws, jurisprudence, and economic practices since the doctrine was first broadly set forth. Specifically, assignor estoppel was originally envisioned as applying to prevent injustice based on representations that were (expressly or impliedly) made by assigning inventors. Regardless of whether it was ever true that inventors made such representations, the 2012 America Invents Act (AIA) changed the required form inventor oath in such a way as to remove any requirement that the inventor attest to his or her belief in the novelty of the disclosed invention, which lessens the force of this representation-based rationale.

Similarly, while this Court in *Westinghouse Elec & Mfg. Co. v. Formica Insulation Co.* originally crafted the assignor estoppel doctrine by close analogy to estoppel by deed as to real property, 266 U.S. 342, 348-49 (1924), this real property-based view of patents has over time given way to one that views patents as “only a specific form of property

right – a public franchise.” *Oil States Energy Servs. v. Greene’s Energy Grp., LLC*, 138 S.Ct. 1365, 1375 (2018).

Additionally, while patents were previously typically sought by individual inventors filing on their own behalf, the economic reality of today’s innovative environment is that most patent applications are filed by corporations that hold assignments from inventors under an obligation to assign. This distance between most inventors and the patent prosecution process further undermines the rationale for applying a broad estoppel against such assignors.

Moreover, public policy in favor of a dynamic innovation economy largely supports the ability to bring patent challenges by those best suited to do so, which should generally include litigants against whom the patents are asserted, regardless of their past ownership interest in the patents.

In light of these changes in patent law and economic circumstances over time, assignor estoppel should be limited to cases that specifically call for an estoppel. Consistent with the equitable nature of the doctrine, assignor estoppel should not apply as a bright line rule but should instead depend on the specific circumstances surrounding the patent assignment and any representations made therewith.

Several factors may be relevant to the analysis of whether estoppel should apply. These include whether the patent was assigned prior to issuance, whether specific and valuable consideration was

received for the assignment (as compared to, for example, an assignment made under an obligation to assign), whether the challenging assignor or its privy asserts newly discovered prior art or other extrinsic evidence or changes in the law affecting validity, whether the assignor exercised or had the ability to exercise control over the patent including the prosecution and scope of the patent, and privity between the assignor and the putative patent challenger. Broadly speaking, assignor estoppel should not apply absent specific representations made as to validity, where the parties' agreement limits the assignor's ability to challenge validity, or in other circumstances under which estoppel would be plainly justified.

IV. ARGUMENT

A. The Assignor Estoppel Doctrine Results In Inconsistent Patent Validity Outcomes Depending On Whether The Claims Are Adjudicated By The USPTO Or In The Federal Courts

1. The Application Of Assignor Estoppel In The Federal Courts

This Court defined the early parameters of the doctrine of assignor estoppel for the purpose of preventing a party who sells a patent from later trying to undermine the value of the patent by challenging its validity. *See Westinghouse Elec. & Mfg. Co.*, 266 U.S. at 349. This patent doctrine was crafted by analogy to the real property doctrine of estoppel by deed that prevented a seller of land from later challenging the validity of a deed previously

conveyed for a purchase price. *Id. at 349-350*. However, this Court also limited the doctrine in the patent context, holding that while an inventor who assigned the patent to an employer could not assert the invalidity of the patent as a whole, he or she was free to challenge the patent by using the state of the art to construe and narrow the claims of the patent, conceding their validity. *Id. at 351*.

In a subsequent case of a company suing an inventor assignor for infringement, this Court also limited the doctrine of assignor estoppel with respect to expired patents by holding that

the application of the doctrine of estoppel so as to foreclose the assignor of a patent from asserting the right to make use of the prior art invention of an expired patent, which anticipates that of the assigned patent, is inconsistent with the patent laws which dedicate to public use the invention of an expired patent.

Scott Paper Co. v. Marcalus Mfg. Co., 326 U.S. 249, 257 (1945).

In the years since this Court addressed the doctrine, the Federal Circuit (and lower courts following its lead) has taken a fairly expansive view of assignor estoppel, applying it as a bright line rule against all assignors, while inquiring only into the extent that the defendant in federal court is in “privity” with the original assignor such that the estoppel should be imputed to the defendant. This privity inquiry effectively expands the reach of the doctrine to all entities found to be sufficiently close to the original

assignee. See *Diamond Scientific Co. v. Ambico, Inc.*, 848 F.2d 1220, 1225 (Fed. Cir. 1988) (noting that in spite of “public policy encouraging people to challenge potentially invalid patents, there are still circumstances in which the equities of the contractual relationships between the parties should deprive one party (as well as others in privity with it) of the right to bring that challenge”); see also *Shamrock Technologies v. Medical Sterilization*, 903 F.2d 789, 793 (Fed. Cir. 1990). Of note, the Federal Circuit’s expansion of assignor estoppel has come even as the doctrine of licensee estoppel, a related but distinct doctrine, was abolished by this Court in *Lear v. Adkins*. See *Mentor Graphics Corp. v. EVE – USA*, 851 F.3d 1275, 1283 (Fed. Cir. 2017) (noting the “continued vitality of assignor estoppel” after *Lear, Inc. v. Adkins*, 395 U.S. 653 (1969)).

2. Assignor Estoppel Does Not Apply At The PTAB, Which May Lead To Inconsistent Results, As Happened Here

As explained above, the scope of assignor estoppel in federal court is broad. However, the Federal Circuit has affirmed the PTAB in holding that the doctrine of assignor estoppel does not apply to patent validity challenges at the PTAB. See *Arista Networks v. Cisco Systems*, 908 F.3d 792, 804 (Fed. Cir. 2018); *Aristocrat Technologies Inc. v. High 5 Games, LLC, f/k/a PTT LLC*, No. IPR2018-00529, Paper 65, 2019 WL 3424983 (P.T.A.B. July 29, 2019) (refusing to apply assignor estoppel even where the petitioner had initially raised the doctrine by invoking the PTAB’s discretionary ability to deny institution of a proceeding). This is a counterintuitive result, because it makes little sense for a litigant

having a case-or-controversy sufficient to invoke federal court jurisdiction to be nonetheless barred by assignor estoppel, when that same litigant can challenge the same patent at the PTAB in an IPR or *ex parte* reexamination even absent a justiciable dispute.

Such was the case here in *Minerva v. Hologic*, where the now-patent owner Hologic sued the assignor and alleged infringer Minerva in district court for unauthorized use of two patents that relate to procedures and devices for endometrial ablation which is a treatment for destroying the lining of the uterus in order to treat menorrhagial or abnormally heavy menstrual bleeding. See *Hologic, Inc. v. Minerva Surgical, Inc.*, 325 F.Supp.3d 507, 524-25 (D.Del. 2018) (U.S. Patent No. 6,872,183) (“the ’183 patent”) and U.S. Patent No. 9,095,348) (“the ’348 patent”). This dispute played out at the district court and at the PTAB with differing results that were dictated by whether assignor estoppel applied.

In the district court, the court found on summary judgment that assignor estoppel barred Minerva from challenging the validity of either asserted patent because the patents’ inventor, who was now the CEO of Minerva and in privity with Minerva, had previously assigned the patent rights to a company that in turn sold them to Hologic. See *Hologic, Inc. v. Minerva Surgical, Inc.*, 325 F.Supp.3d 507, 524-25 (D.Del. 2018). With Minerva thus barred from contesting validity in federal court, the district court granted summary judgment of *no invalidity* in Hologic’s favor on both patents, and also found both patents to be infringed. *Id.*

Meanwhile, the alleged infringer, Minerva, filed IPR petitions on both patents at the PTAB, which instituted review of the '183 patent (*Minerva Surgical, Inc. v. Hologic Inc.*, No. IPR2016-00868, 2017 WL 6404966 (P.T.A.B. Dec. 15, 2017), but denied review of the '348 patent (*Minerva Surgical, Inc. v. Hologic, Inc.*, No. IPR2016-00680, 2016 WL 5371860 (P.T.A.B. Sept 12, 2016)). As explained in Section IV.A, above, assignor estoppel was not a bar to the IPR challenge. On conclusion of the proceeding, the Board issued a final written decision that the '183 patent claims were *invalid* as obvious in view of the prior art of record. *Minerva Surgical, Inc. v. Hologic, Inc.*, No. IPR2016-00868, 2017 WL 6404966 (P.T.A.B. Dec. 15, 2017).

These divergent results were confirmed by the Federal Circuit on consolidated appeal. The CAFC panel decision affirmed the PTAB's decision that the claims of the asserted '183 patent were invalid, and also affirmed the district court finding of no invalidity with respect to the '348 patent, which the PTAB had declined to review. *Hologic, Inc. v. Minerva Surgical, Inc.*, 957 F.3d 1256, 1266, 1269 (Fed. Cir. 2020). The inconsistency created by the applicability of assignor estoppel in only one forum here (i.e., at the district court but not the PTAB) was not lost on Federal Circuit Judge Stoll, who authored the panel opinion and also penned an "additional views" section to address the "illogical regime in which an assignor cannot present any invalidity defenses in district court but can present a limited set of invalidity grounds in an IPR proceeding":

In *Arista*, we held that the judge-made doctrine of assignor estoppel does not apply in

the context of an inter partes review. In other words, an assignor who sold his patent rights may file a petition for IPR challenging the validity of that patent. *Arista Networks, Inc. v. Cisco Sys., Inc.*, 908 F.3d 792, 803–04 (Fed. Cir. 2018). At the same time, we continue to bar assignors from challenging in district court the validity of the patents they assigned. *See, e.g., Mentor Graphics Corp. v. EVE-USA, Inc.*, 851 F.3d 1275, 1280–83 (Fed. Cir. 2017). Our precedent thus 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.

Hologic, 957 F.3d at 1274-75 (Stoll, J., additional views).

As *amicus curiae* in this appeal, the Association submits that this illogical situation must be remedied, and the first step to that end should be the significant limitation of the assignor estoppel doctrine in district court proceedings.

B. The Rationale For Broad Assignor Estoppel Has Been Undermined By Changes In The Patent Laws And Jurisprudence, Economic Realities, and Public Policy

1. Estoppel Is No Longer Justified By Representations Typically Made By Inventors

The rationale underpinning a broad application of estoppel against assigning inventors seems to have arisen from the representations (explicit or implied) made by the inventor by filing an application with the Patent Office. *See Westinghouse*, 266 U.S. at 353 (“it is proper to limit the estoppel available for an assignee after patent as against his assignor by reference to the state of the art”). In *Diamond Scientific*, the Federal Circuit explained its view that estoppel should apply against an inventor on account of the inventor’s oath—required by the Patent Office as part of the application—containing an express representation as to the patent’s validity:

When the inventor-assignor has signed the Oath, Power of Attorney and Petition, *which attests to his belief in the validity of the patents*, and has assigned the patent rights to another for valuable consideration, he should be estopped from defending patent infringement claims by proving that what he assigned was worthless.

848 F.2d at 1226 (emphasis added). This, however, appears to have been an overstatement at the time, and in any event is certainly not true today.

Specifically, prior to the 2012 *America Invents Act*, a patent inventor was required to swear that he or she was the “original *and first*” inventor. 37 C.F.R. § 1.63(a)(4) (pre-AIA, implemented via 48 F.R. 2711 (1983)) (emphasis added); *see* pre-AIA USPTO Form PTO/SB/01 (containing this language). While this may have conveyed the inventor’s belief in the *novelty* of the disclosed invention, i.e., that he or she was the *first* to invent it, it did not facially cover other aspects of the validity of the patent disclosure such as adequate enablement, written description, non-obviousness, or (as was relevant at the time) best mode. In any event, the passage of the AIA in 2012 specifically relaxed the inventor oath statements by dispensing with the novelty representation that the inventor was “the first” inventor, and requiring that he or she only attest to being the “original” inventor. *Compare* 37 C.F.R. § 1.63(a)(4) (pre-AIA) with 37 C.F.R. § 1.63(a)(3) (Aug. 14, 2012). Thus, today, an inventor represents little with respect to the validity of disclosed subject matter, and it makes little sense for assignor estoppel to apply in the absence of specific representations.

2. Changes In Economic Practices And The Circumstances Under Which Patents Are Procured Also Support Limiting the Doctrine

Limiting the reach of assignor estoppel is also supported by the practical realities of present day patenting – as the importance of patent protection has increased in the last few decades to facilitate supply chains controlled by rights holders, companies and universities regularly and as a matter of course

collect the intellectual property of their personnel through invention disclosures that are acted upon by counsel and shepherded through the Patent Office, often with little further input from the inventors. The legislative history of the AIA contains a prescient discussion of these changes over time:

The U.S. patent system, when first adopted in 1790, contemplated that individual inventors would file their own patent applications, or would have a patent practitioner do so on their behalf. It has become increasingly common for patent applications to be assigned to corporate entities, most commonly the employer of the inventor. In fact, many employment contracts require employees to assign their inventions to their employer.

H. Rep. No. 112-98, at 43 (2011). Thus, the practical reality of patent procurement today is quite different from that in 1988 at the time of *Diamond Scientific*, and certainly as compared to 1924 at the time of *Westinghouse*. See John R. Allison & Mark A. Lemley, *The Growing Complexity of the United States Patent System*, 82 B.U. L. Rev. 77, 97 (2002) (study showing that approximately 85% of the patents issued between 1996–98 were assigned by inventors to corporations; an increase from 79% during the period between 1976–78)). This further limits the rationale for applying estoppel against assigning inventors absent circumstances in which specific representations of validity have been expressly made or can be imputed through other unmistakable indicia.

3. This Court Has Moved Away From A Real Property-Based View of Patents

While this Court in its early jurisprudence had viewed the assignor estoppel doctrine as the patent law equivalent of the real property law doctrine of estoppel by deed, *see Westinghouse*, 266 U.S. at 348-49, this view has been undermined by a subsequent jurisprudential shift (or perhaps clarification) to viewing a patent as “only a specific form of property right – a public franchise.” *Oil States Energy Servs. v. Greene’s Energy Grp., LLC*, 138 S.Ct. 1365, 1375 (2018); *id.* at 1373 (“the decision to *grant* a patent is a matter involving public rights – specifically, the grant of a public franchise”); *cf.* 35 U.S.C. § 261 (“Subject to the provisions of this title, patents shall have the attributes of personal property.”).

In keeping with the opinion in *Oil States* and the evolving view on patents, determining the validity of a patent should be a relevant service in establishing the meets and bounds of the public right. Of note, even in cases where infringement is no longer in question, this Court has indicated that the question of patent validity is of significant importance. *See Cardinal Chemical Co. v. Morton Int’l*, 508 U.S. 83 (1993) (disapproving of the Federal Circuit’s practice of routinely vacating judgment of validity as it results in the re-litigation of various matters.); *Sinclair & Carroll Co. v. Interchemical Corp.*, 325 U.S. 327 (1945) (recognizing “the better practice by inquiring fully into the validity of this patent” even where non-infringement was found); *Pope Mfg. Co v. Gormully*, 144 U.S. 224 (1892) (“It is as important to the public that competition should not be repressed by worthless patents, as that the patentee of a really valuable

invention should be protected in his monopoly.”). The real property analogy has become strained over time, and today offers diminished justification for an assignor estoppel doctrine as broad as that set forth in *Westinghouse*.

4. Public Policy In The Interests Of Innovation, Competition, And Startup Technologies Is Best Served By Limiting The Assignor Estoppel Doctrine

While the doctrine of assignor estoppel may have taken on its modern day breadth in part to “prevent fairness and injustice” and “to prevent one [from] benefiting from his own wrong,” *Diamond Scientific*, 848 F.2d at 1224, it has done so at the expense of the countervailing public policy of ensuring the vitality of the patent system through sufficiently challenging patents that may be susceptible to invalidity attacks, while also potentially harming industry participants (such as startups) that are not rights holders.

If this broad view of estoppel continues without refinement, it could undercut these public interests and allow otherwise unchallenged and potentially invalid patents to remain in force, and potentially negatively impact economic growth. The harm would seem to disproportionately impact smaller companies and innovators, whose key personnel may have previously assigned patents in the same field. Such companies often lack the resources to challenge or otherwise defend against the allegations of large companies. Assignor estoppel can create, essentially, a non-compete agreement

between assignors and their former employers, universities, and other rights holders.

For example, given the Federal Circuit's broad applicability of privity, small companies are far more likely to be found in privity with assignors, since there are, by necessity, fewer locations, fewer positions, and fewer ways to prevent the assignor's influence from acting in concert with the alleged infringing activity. *See* Lemley, 54 Hous. L. Rev. at 537. In addition, smaller companies are less likely to be able to afford the significant costs required to otherwise challenge a patent's validity through PTAB proceedings, such as an IPR, in which assignor estoppel does not apply. *See Arista Networks v. Cisco Sys.*, 908 F.3d 792 (Fed. Cir. 2018) (assignor estoppel does not apply in the IPR context). The assignor estoppel doctrine in its current form effectively serves to prevent a scientist who developed a patented technology in a university and assigned his patents from later working (in any significant capacity) at a startup company in the same field of that patented technology. This suboptimal economic outcome should not be allowed without specific circumstances that justify an estoppel.

C. Assignor Estoppel Doctrine Should Be Limited Through Application Of A Multifactor Test In Federal Court

The Court should not use a bright line rule but rather should adopt a revised standard and multifactor test for determining whether to apply the assignor estoppel doctrine. This would be in keeping with the equitable nature of the doctrine, and also go some ways towards righting the inconsistency

created by the doctrine's inapplicability at the USPTO.

As currently applied, assignor estoppel attaches to any assigning entity. Courts make no substantial inquiry into the circumstances of the assignment to inform whether the doctrine *should* be applied. *See Semiconductor Energy Lab. Co, Ltd. v. Nagata*, 706 F.3d 1365, 1369 (Fed. Cir. 2013). Instead, to the extent any inquiry is made, Federal Circuit law has broadened the scope of the estoppel, where privity sufficient to invoke the doctrine is often found where any substantial relationship exists or existed between the assignor and defendant. *See e.g., Shamrock Techs., Inc.*, 903 F.2d at 794 (“Those in privity with the assignor partake of that balance [of the equities]; hence, extension of the estoppel to those in privity is justified.”); *Diamond Scientific Co.*, 848 F.2d at 1222 (“This estoppel bars only the assignor (and those in privity with the assignor), leaving everyone else free to try to invalidate the patent.”); *Mentor Graphics Corp. v. Quickturn Design Sys., Inc.*, 150 F.3d 1374 (Fed. Cir. 1996) (extending assignor estoppel from corporate parent to subsidiary); Mark A. Lemley, *Rethinking Assignor Estoppel*, 54 Hous. L. Rev. 513, 520 (2016) (discussing examples of Federal Circuit extensions of privity doctrine and accompanying extension of assignor estoppel).

In order to remedy this situation, this Court should limit the doctrine consistent with its previous precedents, *see, e.g., Edward Katzinger Co. v. Chicago Metallic Mfg. Co.*, 329 U.S. 394, 400-01 (1947) (“In thus emphasizing the necessity of protecting our competitive economy by keeping open

the way for interested persons to challenge the validity of patents which might be shown to be invalid, the Court was but stating an often expressed policy that 'It is the public interest which is dominant in the patent system' (citations omitted); *Scott Paper Co.*, 326 U.S. at 258 ("The assignor has a complete defense to an action for infringement where the alleged infringing device is that of an expired patent"), to take into account all relevant circumstances under which the assignment was made that may justify an estoppel. A true balancing of the equities requires the consideration of the specific circumstances of the patent assignment and related conduct, which is not done in current practice. *Cf. Q.G. Prods., Inc. v. Short, Inc.*, 992 F.2d 1211, 1212 (Fed. Cir. 1993) (doctrine should be applied only where "the equities demand application of [assignor] estoppel).

1. Patents Assigned Pre-Issuance, Absent Specific Representations Or Warranties As To Validity

Assignor estoppel has historically applied regardless of whether a patent was assigned post- or pre-issuance. *See Westinghouse*, 266 U.S. at 352-53 ("The case before us, however, concerns assignment of an invention and an inchoate right to a patent therefor before the granting of it... ."); *Diamond Scientific*, 848 F.2d at 1224 (confirming that assignor estoppel applies against "one who has assigned the rights to a patent (or patent application)"). However, changes in the patent system since these decisions and the practical realities of inventor assignments today have eroded whatever rationale may have existed for applying the doctrine against a patent

that was assigned at the time that the meets and bounds of the patent's claims had not yet been fixed by its allowance and issuance. Moreover, when employees are initially hired, they may be required to assign 'inventions' before patent applications are drafted; at that time, the patent rights are even more inchoate. Thus, given the limited representations that assigning inventors are required to make, and the inchoate nature of the exclusive rights being assigned when a patent is but an application (as contrasted with an issued patent conveyed with its statutorily mandated presumption of validity, 35 U.S.C. § 282), estoppel should not apply to patents assigned as applications, absent some specific representation made as to validity.

2. The Assignors Did Not Receive Any Additional Valuable Consideration For Their Assignment

Assignor estoppel is premised on the receipt of valuable consideration for the patent assignment(s). *Diamond Scientific*, 848 F.2d at 1226 ("When the inventor-assignor ... has assigned the patent rights to another for valuable consideration, he should be estopped from defending patent infringement claims by proving that what he assigned was worthless."). However, in various cases, courts have determined, broadly, that almost any consideration is "valuable" and thus have essentially eliminated this requirement. *See, e.g., Carroll Touch, Inc. v. Electro Mechanical Sys., Inc.*, 15 F.3d 1573, 1580 (Fed. Cir. 1993) (assignment consisting of "One Dollar (\$1.00) to us in hand paid and other valuable considerations [sic]" sufficient to invoke assignor estoppel); *Synopsys, Inc. v. Magma Design Automation, Inc.*,

No. C-04-3923 MMC, 2007 WL 420181 (N.D. Cal. Feb. 6, 2007) (employment and its accompanying salary sufficient consideration for assignor estoppel); *cf. Mentor Graphics Corp. v. Quickturn Design Sys.*, 150 F.3d 1374, 1378 (Fed. Cir. 1998) (finding “more than \$200,000 in cash and stock” for the subject patent and related applications is “appreciable value” for the purpose of assignor estoppel).

Moreover, when it comes to assignments arising out of an employee’s contractual obligation to assign, employee-inventors typically have little ability to negotiate the invention assignment clauses in their employment contracts, nor do they often get a chance to renegotiate these terms in light of their inventorship successes. *See* Lara J. Hodgson, *Assignor Estoppel: Fairness at What Price?*, 20 Santa Clara Comput. & High Tech. L.J. 797, 828 (2004). This undermines the notion that all inventors receive “valuable consideration” specific to the assignment of their inventions.

This Court, in order to reassert the principles upon which it relied at the inception of the assignor estoppel doctrine in *Westinghouse*, and *Scott Paper Co. v. Marculus Mfg. Co.*, should clarify the need for additional consideration, beyond the mere facts of employment, in order for assignor estoppel to apply. *See Westinghouse*, 266 U.S. at 349 (likening a patent assignment to the sale of real property); *Scott Paper Co.*, 326 U.S. at 251; *see also* Hodgson, 20 Santa Clara Comput. & High Tech. L.J. at 804-05. In crafting this inquiry, care should be taken to not second guess bargains that were previously made, nor create an unworkable standard by creating a limitless inquiry into the power dynamics between

assignors and assignees at the time of contract. Rather, an appropriate position is that, in light of the typical circumstances surrounding employee inventor assignments, a salary and typical employee benefits alone should not be sufficient consideration, but that some additional consideration of substantial value is necessary, specific to the assigned patent(s), in order to trigger estoppel.

3. The Prior Art Now Asserted By The Assignor Was Not Considered During Prosecution Or Known To The Assignor At The Time Of Assignment

Although various justifications for applying the doctrine have been advanced, two appear to be the primary reasons for application: 1) to prevent unfairness and injustice; 2) to prevent one benefitting from his own wrong. *See Diamond Sci. Co.*, 848 F.2d at 1224 (citing Hal D. Cooper, *Estoppel to Challenge Patent Validity: The Case of Private Good Faith vs. Public Policy*, 18 Case W. Res. L. Rev. 1122 (1967)). Neither of these reasons are supported by applying the doctrine of assignor estoppel to prevent the introduction of prior art of which the inventor/assignor was not aware at the time they made an assignment.

First, with respect to unfairness and injustice, it does an arguably greater injustice to the patent system and the public as a whole to prevent the invalidation of “weak patents” simply because the challenge comes from the original inventor or their assignee(s). Recently, this Court has emphasized the public’s “paramount interest in seeing that patent monopolies . . . are kept within their legitimate

scope.” *Cuozzo Speed Techs., LLC v. Lee*, 136 S.Ct. 2131, 2135 (2016) (quoting *Precision Mfg. Co. v. Automotive Maintenance Machinery Co.*, 324 U.S. 806, 816 (1945); see also *Oil States Energy Servs., LLC v. Greene’s Energy Grp.*, 138 S.Ct. 1365, 1375 (2018)). In situations where an inventor or assignor discovers new art of which they were previously unaware, it makes little sense to prevent the court from considering this prior art simply because the party challenging the patent had some involvement in the invention or once held title to some portion of the patent grant.

Second, refusing to invoke assignor estoppel based on prior art presented by an inventor or past owner, especially where they can state in good faith that they were not aware of it at the time of assignment, does not allow them to benefit from their own wrong, because there would have been no “wrong” in assigning a patent which was believed at the time to be valid. See Cooper, 18 Case W. Res. L. Rev. at 1130-31. This squares with the notion that the inventor is “in best possession of the facts and therefore can assess whether or not she has in fact done something worthy of a patent.” Lemley, 54 Hous. L. Rev. at 530. Inventors themselves are also under no obligation to perform their own *search* of the prior art during patent prosecution, and only required to disclose to the Patent Office any prior art that they *know* of. See 37 C.F.R. § 1.56 (“Each individual associated with the filing and prosecution of a patent application has a duty of candor and good faith in dealing with the Office, which includes a duty to disclose to the Office all information known to that individual to be material to patentability.”).

More broadly, the analysis of potential grounds for patent invalidity has evolved since the doctrine of assignor estoppel was first created. For example, this Court's decision in *Alice Corp. Pty. v. CLS Bank International*, 134 S.Ct. 2347 (2014) revamped subject matter eligibility and led to a drastic rise in validity challenges under § 101. *See generally*, Vincent J. Allen & Samie S. Leigh, *Early Patent Eligibility Challenges After Alice*, 86 Advocate (Texas) 13 (2019). The refinement of other bases for invalidity, for example under § 112, also favor allowing assignors (and those in privity with them) to bring such challenges. Preventing assignors from presenting newly-acquired information which is relevant to patentability of an already issued patent that is now being litigated in district court conflicts with the goals of a strong patent system.

4. The Assignor Was Not Actively Involved In Prosecution Of The Subject Patent

This factor takes into consideration the complexity inherent in patent prosecution as well as the realistic role of inventors during patent prosecution.

If the inventor was actively involved in prosecution, for example, by reviewing USPTO rejections and formulating responses thereto, then they are far more likely to be familiar with all the different possible invalidity arguments related to them, which may cut in favor of estoppel. On the other hand, if the inventor was not actively involved in prosecution, they are far less likely to be familiar with the law-specific questions which accompany determinations of invalidity. *Id.* Such a situation is

much more likely in the modern corporate context, in which a single inventor might not be actively involved in prosecution of a patent application which they have automatically assigned to their employer, as explained for example in the House Report discussing the inventor oath changes wrought by the AIA. *See* H. Rep. No. 112-98, at 43 (2011).

Moreover, patent validity challenges have evolved and changed significantly since the doctrine of assignor estoppel was created. Considering the complicated issues of subject matter eligibility, indefiniteness, written description, and other concepts, an inventor cannot be expected to understand these concepts without prior experience. *See* Lemley, 54 Hous. L. Rev. at 530-31. Later parties (i.e., a corporation in privity with the assignor who is being sued by the patent owner) should not be estopped from asserting invalidity contentions when the assignor was not even aware of their existence at the time of prosecution or assignment. This reasoning comports with similar logic around the inclusion of new prior art. So long as the assignor acts in good faith, there should be no estoppel-based restriction of the assignor mounting a validity challenge in federal court.

5. Privity Between Assignor And Defendant

Since in practice assignor estoppel is applied in every circumstance where the assignor is now the defendant (despite the purported “balancing of the equities” that must occur), the primary issue which has led to expansion of the doctrine is imputing assignor estoppel onto parties in privity with the

assignor. The Federal Circuit uses the following factors to determine privity in this regard:

1. The assignor's leadership role at the new employer;
2. The assignor's ownership stake in the defendant company;
3. Whether the defendant company changed course from manufacturing non-infringing goods to infringing activity after the inventor was hired;
4. The assignor's role in the infringing activities;
5. Whether the inventor was hired to start the infringing operations;
6. Whether the decision to manufacture the infringing product was made partly by the inventor;
7. Whether the defendant company began manufacturing the accused product shortly after hiring the assignor; and
8. Whether the inventor was in charge of the infringing operation.

MAG Aerospace Industries v. B/E Aerospace, 816 F.3d 1374, 1380 (Fed. Cir. 2016). However, while privity is purportedly determined by a balance of the equities, industry commentators contend that the Federal Circuit has “cast a wide privity net” and finds privity in *most* circumstances where there is a

relationship between the defendant and the assignor. Lemley, 54 Hous. L. Rev. at 520-22.

While privity is plainly relevant, it should not be the only factual inquiry of nuance on which assignor estoppel is based. Rather, as an equitable doctrine, assignor estoppel should consider *all* relevant factors, consistent with the Federal Circuit's statement in *Shamrock* that "[t]he closer that relationship, the more the equities will favor applying the doctrine." *Shamrock*, 903 F.3d at 793. The analysis should be conditioned such that estoppel is found sparingly and moored in clear words or deeds attributable to the original assignor and justifiably imputed to those in very close economic proximity.

V. CONCLUSION

For the reasons set forth above, the Court should limit the application of the assignor estoppel doctrine in order to promote consistent results in federal court and administrative decisions regarding patent validity. To achieve this consistency, the Court should adopt a revised standard and multifactor test for determining whether to adopt the assignor estoppel doctrine. Ultimately, application of the doctrine should be applied by balancing the equities of both parties, a principle that has been eroded by the Federal Circuit's application of the doctrine in this case. Assignor estoppel should not inhibit innovation and the creation of new technological applications by unjustifiably preventing inventors and past owners from using their know-how to grow new companies undeterred by patents that could be shown to be invalid.

Respectfully submitted,

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