

No. 20-631

In the Supreme Court of the United States

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

v.

MINERVA SURGICAL, INC., CROSS-RESPONDENT.

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

**REPLY IN SUPPORT OF CROSS-PETITION
FOR A WRIT OF CERTIORARI**

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INTRODUCTION

Both parties and the judge who authored the decision below all agree that the Federal Circuit's divergent assignor estoppel precedents warrant further review. Assignor estoppel is regularly applied in district court infringement litigation, but the Federal Circuit has found it categorically inapplicable in IPR proceedings before the Patent Office. Worse, the Federal Circuit now allows assignors to use the results of an IPR invalidity challenge to collaterally estop *assignees* in district court. That manifestly unfair result is not how the law should work.

There are three basic ways this Court could resolve this divergence: (1) reinstate assignor estoppel in IPR proceedings; (2) abolish the doctrine entirely, as *Minerva* urges; or (3) preserve the separate regimes but bar assignors and their privies from using IPR proceedings to circumvent assignor estoppel in district court. The parties agree that *Hologic's* cross-petition is a suitable vehicle for addressing either the second or third of those approaches.

Minerva opposes *Hologic's* cross-petition principally on the theory that it is not a suitable vehicle for the remaining approach—overruling the Federal Circuit's decision in *Arista Networks, Inc. v. Cisco Systems, Inc.*, 908 F.3d 792 (Fed. Cir. 2018), and reinstating assignor estoppel before the Patent Office. But contrary to *Minerva's* contention, *Hologic* did not waive this issue by declining to raise it at stages of the litigation where doing so would have been futile. And overruling *Arista* would undermine any equitable basis for allowing *Minerva* to rely on the IPR proceedings to collaterally estop *Hologic* in district court. *Hologic's* cross-petition is a suitable vehicle for considering all three solutions this Court might adopt.

Minerva focuses on its baseless vehicle argument to distract from its even weaker merits arguments. When Congress established IPRs in the America Invents Act, it presumptively incorporated settled common-law principles. This Court expressly described assignor estoppel as “well settled” almost a century ago. *Westinghouse Elec. & Mfg. Co. v. Formica Insulation Co.*, 266 U.S. 342, 349 (1924). And even if assignor estoppel did not apply in IPR proceedings, assignors should not be permitted to use collateral estoppel to circumvent assignor estoppel in *district court*. Both assignor and collateral estoppel are rooted in equity, and there is no equitable basis to condone such gamesmanship.

Hologic’s cross-petition should be granted.

I. This Case Is an Ideal Vehicle To Review the Application of Assignor Estoppel in District Court and IPR Proceedings

Hologic’s cross-petition presents an ideal vehicle to reconcile the Federal Circuit’s divergent precedents on assignor estoppel in district court and IPR proceedings.

1. Hologic’s challenge to the rule announced in *Arista* is not waived. “[A] litigant need not engage in futile gestures merely to avoid a claim of waiver.” *In re Micron Tech., Inc.*, 875 F.3d 1091, 1098 (Fed. Cir. 2017) (cleaned up). Here, it was futile for Hologic to challenge the *Arista* rule until the petition for rehearing en banc below, when Hologic raised the issue.

Minerva asserts that Hologic waived the issue by failing to assert an assignor estoppel defense in the IPR proceedings. Opp. 8. But Hologic explained that it was not raising assignor estoppel then because “of decisions concerning the inapplicability of such arguments before the [Patent Trial and Appeal] Board.” *Id.* (citation omitted). Even so, Hologic expressly “reserve[d] its rights should

the Board or any appellate court determine that such defense is available.” Opp. 3 (citation omitted).

Similarly, by the time the Board issued its IPR decision invalidating the ’183 Patent, the Federal Circuit had already decided *Arista*. Minerva faults Hologic for not asking the Federal Circuit panel to overrule *Arista*, Opp. 4, 8, but a later panel is “bound by the determinations of a prior panel.” *Deckers Corp. v. United States*, 752 F.3d 949, 959 (Fed. Cir. 2014). And Hologic did not seek to overturn *Arista* through rehearing en banc or certiorari at that time, *cf.* Opp. 4, 8, because the untenable collision between the divergent strands of the Federal Circuit’s assignor estoppel precedent had not yet occurred. It was not until the Federal Circuit’s decision in *this case* that it became apparent that *Arista* could be used to circumvent assignor estoppel in district court.

Hologic also did not waive its challenge to the *Arista* rule by failing to raise it before the district court or the Federal Circuit panel in this case. Minerva acknowledges that any such effort “would have been futile.” Opp. 9. When this case reached the stage of a petition for rehearing en banc and the Federal Circuit finally could have reconsidered *Arista*, Hologic asked the full court to do so.

Penalizing Hologic for waiting to make its *Arista* arguments until it was before a tribunal empowered to accept them would make no sense. Minerva asserts that “arguments raised for the first time in a petition for rehearing are forfeited,” Opp. 9, but the case it cites involved *panel* rehearing, *Pentax Corp. v. Robison*, 135 F.3d 760, 762 (Fed. Cir. 1998). The Federal Circuit has never held that, before seeking rehearing en banc, a party must challenge circuit precedent before a panel that is powerless to reconsider it.

Anyway, Minerva’s waiver arguments are a sideshow. “Once a federal claim is properly presented, a party can

make any argument in support of that claim.” *Yee v. City of Escondido, Cal.*, 503 U.S. 519, 534 (1992). Hologic has consistently argued that assignor estoppel bars Minerva from attacking the validity of the ’183 Patent. Hologic’s challenge to the *Arista* rule is an argument in support of that indisputably preserved claim.

2. Minerva next argues that, “[e]ven apart from waiver, ... *Arista* played no role in the outcome of this case.” Opp. 9. But the decision below belies that contention. *See* Pet. App. 14a-15a, 18a. *Arista* was an express part of the panel’s reasoning that Minerva “was able to challenge [the ’183 Patent] in an IPR proceeding” and “had the right to do so under the AIA and [the Federal Circuit]’s precedent.” Pet. App. 14a. And *Arista* is the centerpiece of Judge Stoll’s separate opinion, which describes *Arista* immediately after lamenting “the peculiar circumstances created in this case by [the Federal Circuit]’s precedent, which the panel is bound to follow.” Pet. App. 31a-32a.

Minerva asserts that the decision below rests solely on the brute *fact* of the prior IPR judgment, and thus Hologic “is actually asking this Court to re-open and reconsider the judgment in *that* case.” Opp. 10. Not so. Hologic is not asking the Court to reopen the IPR judgment, but rather to hold that Minerva may not circumvent assignor estoppel by using the IPR judgment to attack the validity of the ’183 Patent in *this* case. One way to do that, as Judge Stoll suggested, would be to “reevaluate [the Federal Circuit’s] interpretation of [the America Invents Act] as prohibiting the doctrine of assignor estoppel.” Pet. App. 32a. Contrary to Minerva’s suggestion, Judge Stoll was obviously advocating further review “in this case,” not some other case. Opp. 9.

At bottom, overruling *Arista* would undermine any basis for applying collateral estoppel here. As noted,

Hologic lacked a full “opportunity or incentive” to challenge *Arista* on appeal from the IPR proceedings, Restatement (Second) of Judgments § 28, because the Federal Circuit had not yet held that assignors and their privies may use the IPR process to circumvent assignor estoppel in district court. And if *Arista* were overruled, applying collateral estoppel would result in “inequitable administration of the laws”—other assignees would be protected from the tactic Minerva employed here, but, for no sensible reason, Hologic would not. *Id.*

While Minerva can argue that, even if *Arista* is overruled, collateral estoppel should *still* bar the application of assignor estoppel, that was not the basis of the decision below. This Court therefore could reject that argument, or simply overrule *Arista* and leave Minerva’s alternative argument for the Federal Circuit on remand. Either way, Minerva’s alternative argument is not a vehicle problem.

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

On the merits, Minerva’s attempt to defend *Arista*’s holding does not withstand scrutiny. *Arista* is inconsistent with the basic rule that Congress legislates against a common-law backdrop, and it encourages duplicative litigation and gamesmanship.

1. Minerva does not dispute 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) (cleaned up). Instead, Minerva contends that this presumption “does not hold” here because assignor estoppel is not a “settled common law principle.” Opp. 11. That is wrong.

For starters, even the Federal Circuit did not accept the argument Minerva now advances. Finding “some merit” to the view that assignor estoppel is well-settled, *Arista* “assum[ed]” that it was. 908 F.3d at 802. And for good reason. As *Arista* recognized, nearly a century ago “th[is] Court characterized assignor estoppel as ‘a rule *well settled* by 45 years of judicial consideration and conclusion’ in the district and circuit courts, reaching back as early as 1880.” 908 F.3d at 802 (quoting *Westinghouse*, 266 U.S. at 349) (emphasis added); see Opp. 18-19 (No. 20-440).

Minerva points to a “fraught history” and prior questions about “the continued vitality of the doctrine.” Opp. 12 (quoting *Arista*, 908 F.3d at 802). But that gets things backwards. Common-law doctrines do not become unsettled because their scope is sporadically tested; in fact, the uniform *rejection* of such challenges cements a doctrine’s continued vitality in the common law. This Court in *Scott Paper Co. v. Marcalus Manufacturing Co.* thus *reaffirmed* “[t]he rule, as stated by this Court in [*Westinghouse*] ... ‘that an assignor of a patent rent is estopped to attack the utility, novelty or validity of a patented invention which he has assigned or granted.’” 326 U.S. 249, 251-52 (1945) (quoting *Westinghouse*, 266 U.S. at 349). The Federal Circuit, too, has repeatedly refused to abolish assignor estoppel. See Opp. 13-14 (No. 20-440) (collecting cases). Indeed, the fact that Minerva’s own petition asks this Court to abolish the doctrine confirms that it is settled law today.

Minerva barely defends *Arista*’s actual reasoning. *Arista* held that the America Invents Act 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. According to the Federal Circuit, that language “unambiguously

leaves no room for assignor estoppel in the IPR context” because it does not expressly prohibit assignors from *filing* IPR petitions. *Id.*

Minerva’s feeble defense of that analysis confirms it is indefensible. In a single paragraph, Minerva asserts without elaboration that “the text of the AIA is plain” and parrots the Federal Circuit’s conclusion that “‘a statutory purpose to the contrary is evident’ from the AIA’s text.” Opp. 11 (quoting *Arista*, 908 F.3d at 803). But simply saying that the text is “plain” does not make it so. Minerva never even tries to explain how a statutory provision authorizing the mere *filing* of IPR petitions could plausibly be read to eliminate substantive doctrines like assignor estoppel (but not other doctrines like collateral estoppel) that may foreclose relief on the merits. *See* Cross-Pet. 24-25. Minerva also ignores this Court’s precedents interpreting similarly general provisions against the background of the common law. *See id.* at 24. Nor does Minerva grapple with the constitutionally suspect approach of allowing a politically accountable agency to invalidate a patent and then barring Article III courts from holding otherwise. *See id.* at 25.

2. Minerva accepts that the Federal Circuit’s divergent assignor estoppel precedents will lead to “forum shopping, races to judgment, and duplicative litigation.” Opp. 13. Minerva urges this Court to “eliminate these problems” by granting its own petition. *Id.* But as detailed in Hologic’s brief in opposition, Minerva’s petition would not allow the Court to consider the application of assignor estoppel in both forums, and it is otherwise a poor vehicle because Minerva’s invalidity challenge to the ’348 Patent was rejected on the merits. Opp. 28-32 (No. 20-440). Hologic’s cross-petition does not suffer either flaw. *Id.*

Minerva asserts that Congress “fully intended” for defendants in infringement litigation to file IPR petitions. Opp. 13. Maybe so, but there is zero indication that Congress intended for *assignors* to do so for the purpose of circumventing assignor estoppel. And regardless of whether it is “nefarious” for *other* alleged infringers to pursue parallel IPR proceedings, *id.*, it is the height of gamesmanship for assignors to use IPR proceedings as an end-run around patents that they themselves assigned. Hologic’s cross-petition allows this Court to end that pernicious tactic.

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

Even if *Arista* was correctly decided, the court below erred in permitting Minerva to “circumvent” assignor estoppel by using the IPR judgment to collaterally estop Hologic. Pet. App. 14a. Minerva’s responses are a mix of misunderstanding, mischaracterization, and evasion.

1. First, Minerva asserts that stopping assignors from using the IPR workaround would “not solve the problem Hologic says warrants this Court’s review.” Opp. 14. Of course it would. Hologic’s cross-petition asks “whether an assignor of a patent may circumvent the doctrine of assignor estoppel” in district court through the IPR process. Cross-Pet. I. If this Court held that infringing assignors could not collaterally estop assignees with IPR judgments, that would preserve the integrity of assignor estoppel in district court. *Id.* at 17. It would also avoid the gamesmanship, forum shopping, and randomness that Minerva agrees will follow the decision below. Opp. 13.

2. Preventing assignors from outflanking assignees in district court reflects fundamental principles of assignor estoppel. Minerva responds that an alleged

infringer can “normally” try to use an IPR judgment to collaterally estop a plaintiff in district court. Opp. 16 (citation omitted). But the question here is more specific—whether *an assignor* may assert the invalidity of a patent *it assigned* by invoking collateral estoppel, even though assignor estoppel “prevents an assignor from asserting that its own patent ... is invalid.” *Pandrol USA, LP v. Airboss Ry. Prod., Inc.*, 424 F.3d 1161, 1167 (Fed. Cir. 2005). The answer is “no”: If Minerva cannot directly assert the invalidity of the ’183 Patent in district court, it cannot accomplish the same result indirectly by adding an interim stop at the Patent Office. Either way, Minerva is *asserting* the invalidity of the ’183 Patent in district court, which is exactly what assignor estoppel bars.

Minerva seeks to evade this obvious point through a series of *non sequiturs*. First, it argues that courts can raise collateral estoppel *sua sponte*. Opp. 16-17. But “[r]es judicata and collateral estoppel are affirmative defenses that must be pleaded.” *Blonder-Tongue Labs., Inc. v. Univ. of Ill. Found.*, 402 U.S. 313, 350 (1971). And regardless, Minerva’s argument hardly helps it here, where the district court did *not* raise the point *sua sponte*. Cross-Pet. 8-9.

Next, Minerva argues that by invoking collateral estoppel before the district court, Minerva “was not asserting invalidity” but “merely point[ing] the [c]ourt to the judgment of invalidity entered elsewhere.” Opp. 18 (quotation marks omitted). That is sophistry: Minerva was asserting collateral estoppel *as to* the patent’s invalidity. Minerva cannot avoid the application of assignor estoppel through word games.

Finally, Minerva contends, in mock horror, that it would be “radical” and “bizarre” for Minerva to be estopped from using a finding of invalidity Minerva procured in another forum against Hologic. Opp. 21. But that

is precisely how assignor estoppel works—it estops an assignor from challenging the validity of a patent (regardless of the merits of its challenge) to promote the alienability of patents, encourage innovation, and ensure good faith and fair dealing. Opp. 23-24 (No. 20-440). By framing Hologic’s position in this way, Minerva merely underscores why assignor estoppel should have barred the IPR workaround.

3. Minerva repeatedly invokes “settled collateral estoppel law,” Opp. 18, but appears curiously unaware of what that law actually is. Minerva suggests that it did not need to “raise” or “assert” the IPR judgment in order to collaterally estop Hologic. *Id.* at 17. But again, this Court’s binding precedent holds that collateral estoppel is an “affirmative defense[] that must be pleaded.” *Blonder-Tongue*, 402 U.S. at 350. Minerva also seems confused about what effect the IPR judgment had in district court. Minerva mostly argues in terms of collateral estoppel, *see* Opp. 15-20, but sometimes invokes mootness, *see id.* at 17, or claims that Hologic lacked a cause of action, *see id.* Those are three different doctrines, and Minerva’s inability to distinguish between them underscores how muddled its understanding of collateral estoppel really is. In fact, multiple settled exceptions to collateral estoppel apply here—because Hologic could not raise assignor estoppel before the Patent Office, the two forums have different procedures and burdens of persuasion, and Hologic lacked an adequate opportunity for a full and fair adjudication in the first forum. Restatement (Second) of Judgments § 28 (1982).

This Court has emphasized that later courts “must decide in a principled way whether or not it is just and equitable to allow the plea of estoppel.” *Blonder-Tongue*, 402 U.S. at 334. Minerva (rightly) does not dispute collateral estoppel’s equitable roots, and thus has entirely failed to explain how *two* equitable doctrines could combine to

produce a result that “seem[ed] unfair[.]” even to the Federal Circuit. Pet. App. 14a.

4. Hologic’s position is not “drawn narrowly to serve Hologic’s ends in this case” alone, as Minerva contends. Opp. 14. Minerva not once denies that the decision below will effectively gut assignor estoppel doctrine going forward. *See* Cross-Pet. 18-21. Shutting down Minerva’s IPR workaround thus is not a matter of “Hologic’s convenience,” Opp. 14, but of preserving the vitality of this venerable common-law doctrine. Assignor estoppel serves the interests not just of assignees like Hologic, but also of innovators (by promoting the alienability of inventions) and of the patent system as a whole (by promoting innovation). Opp. 23-24 (No. 20-440).

CONCLUSION

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

Respectfully submitted.

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