

Keywords: Assignor estoppel, Patent Act, Assignment

General: The doctrine of assignor estoppel is still valid. However, the doctrine has its limits on when it is applicable.

Minerva Surgical, Inc. v. Hologic, Inc.

594 U.S. ____ (2021) Supreme Court No. 20-440

June 29, 2021

I. Facts

The appeal arises from a ruling by the Federal Circuit. Respondent, Hologic, Inc., sought to invoke the doctrine of assignor estoppel to preclude an invalidity defense against its patent by the Appellant, Minerva. Minerva argued that the doctrine of assignor estoppel conflicts with the Patent Act, that the doctrine relies on precedent that has since been overturned, and, accordingly, that the doctrine should be eliminated.

In the late 1990s, Csaba Truckai invented a device to treat abnormal uterine bleeding. The device, known as the NovaSure System, uses an applicator head to destroy targeted cells in the uterine lining. To avoid unintended burning or ablation (tissue removal), the head is “moisture permeable,” meaning that it conducts fluid out of the uterine cavity during treatment. Truckai filed a patent application which was later assigned, along with any future continuation applications, to his company, Novacept, Inc. Novacept, Inc. and its assets were sold. Thereafter, the patent rights in NovaSure System were resold to the respondent Hologic, Inc. in 2007 (who currently selling the device throughout the United States). In 2008, Truckai founded Minerva Surgical Inc., where he developed and filed a patent application for a supposedly improved device that treated abnormal uterine bleeding. The device, while still using an applicator head to remove cells, relies on a different way to avoid unwanted ablation and is “moisture impermeable,” meaning it does not remove any fluid during treatment. Aware of Truckai’s activities, Hologic filed a continuation application, seeking to add claims which included a claim encompassing applicator heads generally, without regard to whether they are moisture permeable. The altered patent was issued in 2015.

Subsequently, Hologic sued Minerva for patent infringement, and Minerva answered with defenses of non-infringement and invalidity of the patent based on the new claims not being supported by the written description. In response, Hologic invoked the doctrine of assignor estoppel. Hologic argued, because Truckai had assigned the original patent application, Truckai and Minerva could not impeach the patent’s validity. The district court agreed that assignor

estoppel barred Minerva’s invalidity defense and also ruled that Minerva had infringed Hologic’s patent. The Court of Appeals for the Federal Circuit affirmed with respect to assignor estoppel, barring the invalidity defense. The Federal Circuit also rejected Minerva’s argument that because Hologic broadened the claims after Truckai’s assignment, it would be unfair to block Truckai or Minerva from challenging the breadth of those claims. Minerva filed a petition for certiorari for the Supreme Court to abandon or narrow the doctrine of assignor estoppel. The Supreme Court granted certiorari.

II. Issue

Is the doctrine of assignor estoppel still valid?

III. Discussion

Yes. The Court rejected Minerva’s contention that assignor estoppel should be abandoned. The Court noted that assignor estoppel is well grounded in centuries-old fairness principles. However, the court also decided that assignor estoppel applies only when the assignor’s claim of invalidity contradicts explicit or implicit representations he made when assigning the patent.

The doctrine of assignor estoppel got its start in late 18th-century England and crossed the Atlantic about a hundred years later. The Supreme Court first considered—and unanimously approved—assignor estoppel in 1924, in *Westinghouse v. Formica*. The Court held that in view of forty-five years of judicial consideration and conclusion by lower courts, assignor estoppel was such a well settled rule that, in the Court’s view, it should not be lightly disturbed. Assignor estoppel is grounded in a principle of fairness. The Court in *Westinghouse* held that “[i]f one lawfully conveys to another a patented right, fair dealing should prevent him from derogating from the title he has assigned.” *Westinghouse Elec. & Mfg. Co. v. Formica Insulation Co.*, 266 U.S. 342, 350 (1924). After endorsing assignor estoppel, the Court made clear that the doctrine has limits. While the assignor cannot claim invalidity of the patent in an infringement suit, he can argue about how to construe the patent’s claims. That is, the assignor may not use prior art in an infringement case “to destroy the patent,” because he is “estopped to do this.” *Id.*, at 351. However, he can use prior art to “construe and narrow the claims of the patent, conceding their validity.” *Id.*, at 350-351. The Court in *Westinghouse* also saw a possible distinction between assignment of a granted patent and a patent application. In a patent application, the inventor, “swor[e] to” a particular “specification.” *Id.*, at 352. But the exact rights at issue were at that point “inchoate”—not “certainly defined.” *Ibid.* Accordingly, the Court in *Westinghouse* did not decide this issue.

Turning to the present case, the Court reviewed the two arguments brought by Minerva. The main argument was that assignor estoppel should be eliminated. Minerva lodged three argument points in support. The first two offer different reasons for why the doctrine was already defunct: because Congress repudiated it in the Patent Act of 1952 and because, even if not already defunct, the Court’s post-*Westinghouse* cases leave no room for the doctrine to continue. The third argument was a present-day policy claim: that assignor estoppel imposes too high a

barrier to invalidity challenges and, so, keeps bad patents alive. As a back-up contention to the main argument, Minerva argued that assignor estoppel should be constrained.

Regarding the first point of the main argument, the Court did not agree that the Patent Act of 1952 abrogated assignor estoppel. Minerva relied on the statutory language that “[i]nvalidity” of the patent “shall be [a] defense[] in any action involving” infringement. 35 U.S.C. § 282(b). While Minerva argued that such language leaves no room for assignor estoppel, the Court held that similar language was already in the patent statute when *Westinghouse* was decided. See Patent Act of 1897, ch. 391, §2, 29 Stat. 692 (“In any action for infringement the defendant may plead” invalidity). Moreover, the Court noted that the reading suggested by Minerva would foreclose applying in patent cases a whole host of common-law preclusion doctrines—not just assignor estoppel, but equitable estoppel, collateral estoppel, *res judicata*, and law of the case. The Court further reasoned that such change must be done by the Congress. The Court found that assignor estoppel was, by 1952, a background principle of patent adjudication, and Congress gave no indication of wanting to terminate it or disturb its development. Nor has Congress done so since that time.

The Court also rejected Minerva’s second point. Minerva argued that *Scott Paper Co. v. Marcalus Mfg. Co.* and *Lear, Inc. v. Adkins*, eliminated assignor estoppel. However, the Court held that these two cases retained assignor estoppel; all they did was police the doctrine’s boundaries. The Court in *Scott Paper* denied a request to abolish the *Westinghouse* rule. The Court restated the “basic principle” animating assignor estoppel, describing it as “one of good faith, that one who has sold his invention may not, to the detriment of the purchaser, deny the existence of that which he has sold.” *Scott Paper Co. v. Marcalus Mfg. Co.* 326 U.S. 249, 251 (1945). The Court in *Scott Paper* only declined to apply the doctrine in the specific case, where estoppel would have prevented the assignor from making a device on which the patent had expired—a device, in other words, that had already entered the public domain. The Court reasoned that doing so would carry the doctrine too far, reasoning that the public’s interest in using an already-public invention outweighs the “interest in private good faith.” *Id.* at 256-257. The Court in *Lear* considered and toppled licensee estoppel which barred a patent licensee from contesting the validity of the patent on a device he was paying to use. Minerva argued that as goes one patent estoppel rule, so goes another. But the Court found that *Lear* did not purport to decide the fate of the separate assignor estoppel doctrine. On the contrary, the Court in *Lear* stated that the patent holder’s “equities” in the assignment context “were far more compelling than those presented in the typical licensing arrangement.” *Lear, Inc. v. Adkins*, 395 U.S. 653, 664 (1969). The Court found that the three decisions, *Westinghouse*, *Scott Paper*, and *Lear*, together showed not the doctrinal evisceration Minerva claims but only the kind of doctrinal evolution typical of common-law rules.

Finally, the Court rejected Minerva’s claim that contemporary patent policy—specifically, the need to weed out bad patents—supports overthrowing assignor estoppel. The Court noted that the core of assignor estoppel is justified on the fairness grounds that courts applying the doctrine have always given. The Court argued that assignor estoppel, like many estoppel rules, reflects a demand for consistency in dealing with others and when a person sells his patent rights, he makes an (at least) implicit representation to the buyer that the patent at issue

is valid—that it will actually give the buyer his sought-for monopoly. The Court found that in raising an invalidity defense, the assignor disavows that implied warranty and he does so in service of regaining access to the invention he has just sold.

Regarding Minerva’s back-up contention, the Court held that its endorsement of assignor estoppel comes with limits. The Court held that when the assignor has made neither explicit nor implicit representations in conflict with an invalidity defense, then there is no unfairness in its assertion. One example is when the assignment occurs before an inventor can possibly make a warranty of validity as to specific patent claims. For example, when an employee assigns to his employer patent rights in any future inventions he develops during his employment, the employer then decides which, if any, of those inventions to patent. The invention itself has not come into being, and the employee cannot guarantee validity. A second example is when a later legal development renders irrelevant the warranty given at the time of assignment. When the governing law changes, making a valid patent invalid, the inventor may claim that the patent is invalid in light of that change in law. Finally, the Court noted that a change in patent claims can remove the rationale for applying assignor estoppel. Situations occur whereby an assignee may return to the PTO and enlarge the patent’s claims which may go beyond what the assignor intended to claim as patentable. Assuming that the new claims are materially broader than the old claims, the assignor did not warrant to the new claims’ validity. And if he made no such representation, then he can challenge the new claims in litigation: Because there is no inconsistency in his positions, there is no estoppel.

IV. Dissents

Justice Barrett, joined by Justice Thomas and Justice Gorsuch, dissented regarding the validity of assignor estoppel, arguing that it was far from well settled judicially by the time Congress reenacted the Patent Act of 1952 and that the assignment provision of the 1952 Act contains a significant sentence that the 1870 Act did not: “Subject to the provisions of this title, patents shall have the attributes of personal property.” Patent Act of 1952, §261, 66 Stat. 810. *Westinghouse* grounded its approval of assignor estoppel in the idea that patents are like real property.

Justice Alito dissented separately and pointed out that neither the majority nor the dissent address whether *Westinghouse*, which recognized assignor estoppel, should be overruled. He argued that the writ should not have been granted because the question that the petition in the case presents cannot be decided unless the Court decides whether *Westinghouse* should be overruled.

V. Conclusion

The Court affirmed the validity of assignor estoppel but remanded the case to the Federal Circuit to address whether Hologic’s new claim is materially broader than the ones Truckai assigned.