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What Is The Future Of The Doctrine Of Assignor Estoppel In Patent Validity Challenges?

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On January 8, 2021, the Supreme Court granted a petition for a writ of certiorari filed by Minerva Surgical, Inc. on September 30, 2020.[1] The question presented 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."[2] The doctrine of assignor estoppel is an equitable doctrine that prevents a party (or other entities in privity) who assigned a patent to another from later challenging the validity of the assigned patent in district court.[3] Minerva seeks abolition of the doctrine, with the end game of challenging the validity of two patents owned by Hologic.

The inventor of the asserted Hologic patents is Minerva's founder and president, who previously sold a company and assigned patent rights that were eventually acquired by Hologic.[4] In 2015, Hologic sued Minerva for infringing two of the assigned patents.[5] In the district court, Minerva argued that the asserted patents were invalid, and filed parallel inter partes review petitions seeking to challenge the validity of the asserted patents.[6] The PTAB granted the review on one of the asserted patents, and issued a final written decision holding the challenged claims unpatentable.[7] The IPR petition was denied for the second asserted patent.[8]

Hologic moved for summary judgment that Minerva is barred from challenging the validity of the asserted patents in the district court under the doctrine of assignor estoppel.[9] The court granted summary judgment, estopping Minerva from challenging the validity of the asserted patents in the district court proceeding.[10] The court also granted summary judgment of infringement of the asserted claims of the patents.[11] The case proceeded to trial on the issue of willful infringement, and a jury awarded damages to Hologic.[12] The case was appealed to the Federal Circuit by both parties.[13]

The two asserted patents presented different assignor estoppel issues. For one of the asserted patents (i.e., the patent for which the IPR petition was granted), the Federal Circuit considered whether the district court erred in holding that assignor estoppel does not bar the assignor from relying on a PTAB final written decision invalidating the asserted patent claims in an IPR proceeding.[14] The Federal Circuit concluded that the plain language of the statute, 35 U.S.C. § 311(a), was unambiguous, and "an assignor, who is no longer the owner of a patent, may file an IPR petition as to that patent,"[15] consistent with its decision in *Arista Networks, Inc. v. Cisco Sys., Inc.*[16]

For the second patent (i.e., the patent for which the IPR petition was denied), the Federal Circuit reviewed the district court's summary judgment order holding that assignor estoppel bars the assignor from challenging the invalidity of the assigned second patent in district court.[17] The Federal Circuit upheld the district court's holding that the doctrine of assignor estoppel prevented Minerva from challenging the validity of the asserted patents in district court.[18]

In its writ petition, Minerva argued that "[a]ssignor estoppel has no more of a place in district court litigation than it does in inter partes reviews. In addition to being contrary to the Patent Act's text, it undermines the patent law's crucial public purposes."[19] Minerva further argued that assignor estoppel "singles out a class of individuals — inventors, who are likely well positioned to expose a patent's flaws or highlight the way an assignee has asserted a patent beyond its legitimate scope — and bars them from challenging validity,"[20] urging the Supreme Court "to declare that assignor estoppel is dead."[21]

Currently, the judicially-created doctrine of assignor estoppel remains a defense to invalidity in district court, yet, assignor estoppel does not preclude an alleged infringer from challenging the validity of asserted patents in an IPR proceeding, making apparent the loophole in the PTAB rules which effectively allows assignors to challenge the validity of its assigned patents. This discrepancy is addressed in additional views by Judge Stoll which "highlight and question the peculiar circumstances created in this case by this court's precedent" holding that "the judge-made doctrine of assignor estoppel does not apply in the context of an inter partes review."[22] Judge Stoll writes that "[o]ur 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."[23]

The potential outcome of this case and survival of the long-standing doctrine of assignor estoppel in district court proceedings is unclear. We anticipate the Supreme Court will hear oral arguments in the next few months and issue a decision by the end of June. Please contact the authors with any questions and stay tuned for updates regarding this important topic.

Footnotes

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[1] *Hologic, Inc. v. Minerva Surgical, Inc.*, 957 F.3d 1256 (Fed. Cir. 2020), *cert. granted*, No. 20-440, 2021 WL 77248 (U.S. Jan. 8, 2021).

[2] *See* Petition for Writ of Certiorari at *i, *Minerva Surgical, Inc. v. Hologic, Inc.*, No. 20-440, 2020 WL 5947901 (U.S. Sept. 30, 2020).

[3] *See* 957 F.3d at 1260.

[4] *See id.* at 1261–62.

[5] *Id.* at 1262.

[6] *Id.*

[7] *Id.*

[8] *Id.*

[9] *Id.*

[10] *Id.* at 1262–63.

[11] *Id.* at 1263.

[12] *Id.* at 1263.

[13] *Id.* at 1264.

[14] *Id.* at 1260.

[15] *Id.* at 1266 (citation omitted). A cross-petition for a writ of certiorari filed by Hologic Inc. In its cross-petition, , which the Supreme Court considered but took no action on, Hologic argued that assignor estoppel should be expanded so that it not only bars invalidity challenges in district court, but also at the PTAB, saying that "this 'dual-track system' is neither lawful nor sustainable." *See* Cross-Petition for Writ of Certiorari at *2-3, *Hologic, Inc. v. Minerva Surgical, Inc.*, No. 20-631, 2020 WL 6699932 (U.S. Nov. 1, 2020).

[16] 908 F.3d 792, 804 (Fed. Cir. 2018).

[17] *Id.*

[18] *Id.*

[19] *See* Petition for Writ of Certiorari, *supra* note 2, at *2.

[20] *Id.*

[21] *Id.* at *4.

[22] 957 F.3d at 1274 (citing *Arista Networks, Inc. v. Cisco Sys., Inc.*, 908 F.3d 792, 803–04 (Fed. Cir. 2018)).

[23] *Id.*