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Supreme Court will limit assignor estoppel, not get rid of it, attorneys say

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(April 26, 2021) - The U.S. Supreme Court appears to endorse neither side in the battle over whether the doctrine of assignor estoppel should apply to patent cases, according to some attorneys not involved in the dispute.

Minerva Surgical Inc. v. Hologic Inc. et al., No. 20-440, *oral argument held*, (U.S. Apr. 21, 2021).

The justices held oral argument April 21 to see if the doctrine, which prohibits inventors from trying to invalidate patents they invented, should stop Minerva Surgical Inc. from challenging a patent that relates to endometrial ablation, a procedure for reducing menstrual flow.

Minerva's dispute is with Hologic Inc. and Cytyc Surgical Products LLC, which had accused Minerva of patent infringement. One of Minerva's founders is listed as an inventor of the "moisture transport system" patent the company was accused of infringing.

Mark Remus, an attorney at Brinks Gilson & Lione, said it seems unlikely the court will abolish assignor estoppel.

"However, I think it is equally unlikely that the court will impose a strict and unforgiving rule that prevents all assignors from challenging the validity of a patent they assigned," he said.

"Instead, the court will likely maintain assignor estoppel in some form and require courts to consider equitable factors when deciding whether assignor estoppel should apply to a particular fact situation."

Assignor estoppel since 1924

Minerva asked the Supreme Court in September to decide how to apply the doctrine to its case. In January, the high court agreed to consider the issue. *Minerva Surgical Inc. v. Hologic Inc.*, No. 20-440, *cert. granted*, (U.S. Jan. 8, 2021).

"Exposing bad patents is vital patent law policy," Robert N. Hochman of Sidley Austin LLP said during the oral argument, arguing on behalf of Minerva. "Allowing assignors to do so carries no meaningful costs."

Matthew M. Wolf of Arnold & Porter Kaye Scholer LLP, who argued for the respondents, said the Supreme Court held in *Westinghouse Electric & Manufacturing Co. v. Formica Insulation Co.*, 266 U.S. 342 (1924), that assignor estoppel was "manifestly intended by Congress."

"If the costs and benefits of assignor estoppel are to be reweighed, it should be Congress handling the scales," Wolf said.

Morgan L. Ratner, representing the U.S. government as amicus curiae supporting neither party, said "assignor estoppel can still play an important role, but only if it's limited."

"This court approved it in 1924, and Congress hasn't seen fit to eliminate it over all that time," she said.

Government seen as only 'winner'

Nathan Kelley, an attorney from Perkins Coie, said the government appeared to be the only "winner."

"It's hard to see how the court either blesses or condemns assignor estoppel altogether," he said. "The more likely outcome is a reformulation of the test along the lines suggested by the government. Such a decision could ease the ability of engineers and scientists to move among employers without carrying assignor estoppel baggage."

The test the government proposed considers whether the value of an invention was transferred before a patent for that invention was ever issued. Assignor estoppel would not bar employees from challenging a patent just because they agreed upfront that their discoveries belong to their company, Ratner explained.

Nicholas Matich of McKool Smith said several of the justices seemed to find the government's "middle ground" to be appealing, while others were more skeptical.

"Justice [Neil] Gorsuch's questions suggested he might eliminate the doctrine entirely and Justice [Sonia] Sotomayor also expressed some skepticism, but there did not appear to be a majority willing to go that far," he said.

Teague Donahey of Holland & Hart expects a divided court. "There will be some who want to leave any tinkering with the doctrine to Congress," he said. "But the majority appears likely to uphold assignor estoppel in some form."

Justice Stephen Breyer said he had trouble finding middle ground. "I can understand abolishing it. I can understand keeping it. But limiting it, I'm finding trouble in finding the right way to do that," he said.

He denounced the idea of "attacking your own patent," but later in the oral argument recognized ways to allow some invalidity challenges without conflicting with precedent.

The Supreme Court is scheduled to issue its opinion by July.

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