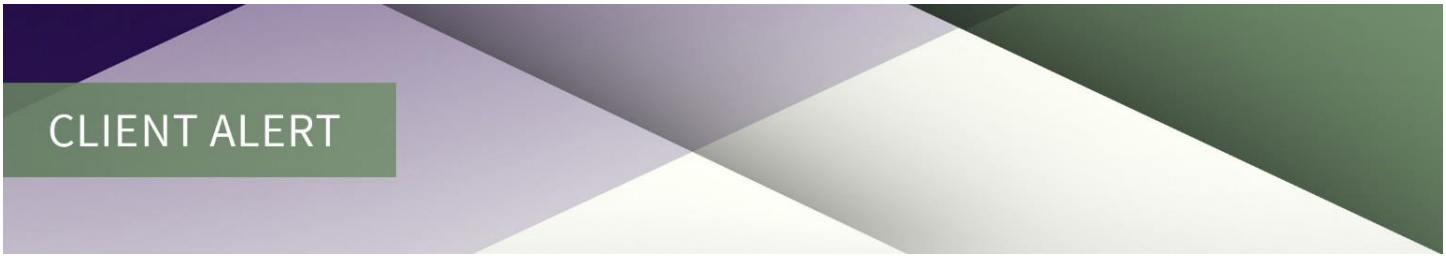

U.S. Supreme Court Upholds Assignor Estoppel Doctrine, But With Certain Limits

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AUTHORS

Heather M. Schneider | Devon W. Edwards | Francesca M. Campione

On Tuesday June 29, 2021 the Supreme Court of the United States issued its ruling in *Minerva Surgical, Inc. v. Hologic, Inc.*,[1] clarifying the doctrine of assignor estoppel, which under certain circumstances precludes an assignor of a patent from subsequently challenging the validity of that patent. Justice Kagan's opinion for a 5-4 majority upheld the continued viability of the doctrine, but limited its applicability to cases where the assignor has previously warranted, implicitly or explicitly, that the patent is valid, and highlighted some potential circumstances where the doctrine might not apply.[2]

Background

The Supreme Court first addressed assignor estoppel in 1924 in *Westinghouse Elec. & Mfg. Co.* v. *Formica Insulation Co*., where it approved what was then a "well settled" common law doctrine.[3] In that case, the Supreme Court said "if one lawfully conveys to another a patented right, fair dealing should prevent him from derogating from the title he has assigned."[4] The doctrine's application in *Minerva* was in some ways paradigmatic: Minerva's founder, Csaba Truckai, invented devices to treat abnormal uterine bleeding and subsequently assigned certain patent rights covering those devices to his then-current company, which was eventually acquired by Hologic.[5] Later, Truckai developed purportedly

1 *Minerva Surgical, Inc. v. Hologic, Inc.,* No. 20-440, 594 U.S. __, here (June 29, 2021) ("Slip op.").

2 *Id.* at 14−5.

3 *Westinghouse Elec. & Mfg. Co.* v. *Formica Insulation Co.*, 266 U. S. 342, 349 (1924).

4 *Id*. at 350.

5 Slip op. at 2−3.

improved uterine bleeding-prevention devices.[6] Hologic drafted and secured amended claims to the patent Truckai had previously assigned and subsequently sued Minerva for infringement.[7] With assignor estoppel potentially barring Minerva's invalidity defense, Minerva sought to overturn *Westinghouse*, arguing that (1) Congress had repudiated the decision in the 1952 Patent Act; (2) the Court's subsequent case law had implicitly overturned it; and (3) assignor estoppel helps to keep bad patents alive.[8]

The Majority Opinion

Justice Kagan's opinion reiterated that assignor estoppel "is well grounded in centuries-old fairness principles."[9] As the majority explained, the doctrine aims to preclude an "about-face," whereby a patentee first assures an assignee that the patent is valid in exchange for value, but subsequently "tries to argue—contrary to the (explicit or implicit) assurance given in assigning the patent—that the patent was never patentable, so the patent was never valid."[10] And, the majority held, the doctrine had not been overruled.

First, the Court rejected that the Patent Act of 1952 abrogated assignor estoppel by providing that "'invalidity' of the patent 'shall be a defense in any action involving' infringement."[11] As an initial matter, similar language was present in the 1897 Patent Act governing *Westinghouse*, so there was no significant change in the law.[12] Moreover, adopting Minerva's view would foreclose "a whole host of common-law preclusion doctrines—not just assignor estoppel, but equitable estoppel, collateral estoppel, res judicata, and law of the case."[13]

Likewise, the Court did not agree that two post-*Westinghouse* decisions, *Scott Paper Co. v. Marcalus Mfg. Co.*[14] and *Lear, Inc. v. Adkins*[15] had repudiated the doctrine. Rather, the majority opinion held that those cases had upheld the "'basic principle' animating assignor estoppel," and "left *Westinghouse* right about where they found it—as a bounded doctrine designed to prevent an inventor from first selling a patent and then contending that the thing sold is worthless."[16]

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6 *Id.* at 3.

7 *Id.*

8 *Id*. at 9.

9 *Id.* at 5.

10 *Id.*

11 *Id.* at 10 (quoting 35 U.S.C. § 282(b)).

12 *Id.*

13 *Id.*

14 326 U.S. 249 (1945).

15 395 U.S. 653 (1969).

16 Slip op. at 10 −12.

Finally, the Court rejected Minerva's argument "that contemporary patent policy—specifically, the need to weed out bad patents—supports overthrowing assignor estoppel."[17] Without relying on *stare decisis*, the majority relied on the fundamental fairness principles underlying the doctrine: "[b]y saying one thing and then saying another, the assignor wants to profit doubly—by gaining both the price of assigning the patent and the continued right to use the invention it covers," a "course of conduct" that struck the court "as unfair dealing."[18]

However, the majority carved out several limitations on assignor estoppel: because the principle is rooted in fairness, it only applies to preclude a "contradiction"—"when the assignor has made neither explicit nor implicit representations in conflict with an invalidity defense," there is no unfairness, and no basis for assignor estoppel.[19] The Court outlined three possible instances where assignor estoppel might not apply: first, in employment relationships, where an employee may have made a blanket assignment of all inventions before being able to make any warranties regarding the validity of any particular patent; second, when an intervening change of law moots a warranty given at the time of assignment; and third, where there is a post-assignment change in the patent claims, such that what is now claimed is not the same invention as what was assigned.[20] It was on this last basis that the Court remanded to the Federal Circuit, asking it to address whether Hologic's new claims were "materially broader than the ones Truckai assigned" before determining whether assignor estoppel applied.[21]

Dissents

Justice Barrett authored the primary dissent, which was joined by Justices Thomas and Gorsuch. Her dissent contended that Congress had in fact effectively abrogated assignor estoppel when it amended the Patent Act, since it had failed to ratify assignor estoppel.[22] Moreover, the dissent reasoned, *Westinghouse* had relied on an analogy of patent rights to that of real property, but the 1952 Patent Act instead held that patents are akin to *personal* property.[23] And, finally, Justice Barrett argued that the Supreme Court's prior decisions in *Scott Paper* and *Lear* had "gutted the doctrine of assignor estoppel."[24]

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17 *Id.* at 13.

18 *Id.* at 13−14.

19 *Id.* at 14−15.

20 *Id.* at 15−16.

21 *Id.* at 16.

22 *Minerva Surgical, Inc. v. Hologic, Inc.,* No. 20-440, 594 U.S. __, Dissent of Barrett, J., here (June 29, 2021) ("Barrett Dissent.") at 2-3.

23 *Id.* at 9.

24 *Id.* at 11.

Writing separately, Justice Alito criticized both the majority opinion and Justice Barrett's dissent, contending that both opinions had failed to consider *stare decisis*—namely, whether *Westinghouse* should be overruled. As such, Justice Alito "would dismiss the writ as improvidently granted."[25]

Conclusions

The Court's decision in *Minerva* may have many implications. Employers may want to bear in mind the Court's limitations on assignor estoppel, and should consider whether their policies and practices for assignment of intellectual property rights meet the standards set forth in the majority opinion. Companies may also want to execute additional assignments with explicit representations and warranties when a patent issues, if the inventor is still available. Likewise, companies considering transactions involving intellectual property rights may need to reevaluate their patent-related diligence practices, to ensure that assignments are effective and will preclude later validity challenges from the assignors.

If you have any questions regarding this client alert, please contact the following attorneys or the Willkie attorney with whom you regularly work.

Heather M. Schneider
212 728 8685
hschneider@willkie.com

Devon W. Edwards
212 728 8650
dedwards@willkie.com

Francesca M. Campione
212 728 3427
fcampione@willkie.com

[25] *Minerva Surgical, Inc. v. Hologic, Inc.,* No. 20-440, 594 U.S. __, Dissent of Alito, J., at 2, 5 here (June 29, 2021).