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SCOTUS looks likely to limit the assignor estoppel doctrine

The US Supreme Court looks set to make changes to the rules around assignor validity challenges in Minerva Surgical v Hologic, but yesterday's proceedings suggest that reform, not abolition, is the probable outcome

The US Supreme Court review of the doctrine of assignor estoppel – whose oral arguments were **heard yesterday** – could have major ramifications for inventors and patent buyers. Potentially making it harder for patentees to enforce their rights in litigation, the abolition or revision of the rule could also complicate IP deal-making.

While the course of yesterday's arguments suggests that the court may not completely throw out the doctrine, it is unlikely that the justices took up the petition to leave assignor estoppel untouched; and most observers expect to see substantial changes when a decision is handed down later this year.

The doctrine at issue in ***Minerva Surgical v Hologic*** prevents the assignor of a patent to another owner from later challenging the validity of that patent in court proceedings. Under current caselaw, this applies even when not-yet-issued rights are assigned and their claims are subsequently altered in prosecution by the new owner.

The dispute in question centres on US patent 9,095,348 filed by Csaba Truckai, former co-owner of NovaCept. The patent, relating to procedures and devices for endometrial ablation, was assigned to NovaCept by Truckai in 2001. In 2004, NovaCept was acquired for $325 million by Cytyc Corporation, which in turn was bought by Hologic in 2007. In 2008, Truckai left NovaCept and founded Minerva, which developed its own endometrial ablation system.

Facing an infringement suit by Hologic in 2015, Minerva argued in federal district court proceedings that this right was invalid for lack of enablement and adequate written description. But Hologic obtained a summary judgment that this challenge was barred by the doctrine of assignor estoppel, because Truckai was in privity with Minerva. This decision was **upheld** by the Federal Circuit last April.

In its **petition** for writ of certiorari filed in September 2020, Minerva argued that the doctrine of assignor estoppel runs counter to the Patent Act's wording that invalidity is a defence "in any action involving the validity or infringement of a patent" – a command without any textual exceptions. While the doctrine has been enforced strictly by the Federal Circuit for district court proceedings, it has recently found that the rule does not apply to PTAB proceedings, Minerva pointed out, adding that allowing bad patents to be challenged serves the purposes of patent policy.

Hologic **contends** that the Supreme Court endorsed assignor estoppel in its 1924 ***Westinghouse Electric & Manufacturing v Formica Insulation*** decision and argues that Congress has implicitly accepted the doctrine by failing to expressly reject it in the 1952 Patent Act. There is no split in authority as to whether the doctrine should be abrogated.

If the Supreme Court overturns the doctrine, comments **Alex Menchaca** of McAndrews, Held & Malloy: "The affected patent rights would be less valuable. Once a buying company had purchased a patent, it would be open to challenge not only by the general public, but by the seller of the patent, who is more likely to be interested in that particular technology area and would have a bigger stake in trying to remove the patent."

The impact of such a move would be limited by the fact that estoppel does not currently apply at the PTAB, qualifies **Charles Steenburg** of Wolf Greenfield. But, he states: "It is true that it is not always possible to files post grant reviews, and also that *inter partes* reviews are limited to certain types of invalidity theories – not including the specific 'written description' challenge Minerva wanted to make in court."

The abolition of the doctrine would "see the parties in patent transactions having to rely a lot more on contractual provisions to try to preclude an assignor from making a challenge," says **John Morrow** of Womble Bond Dickinson. Contracts may have to contain more robust no contest provisions and stronger representations and warranties from the assignor about the validity of the patents, he comments, although these may still fail to provide the same level of protection as under the current rules. It could also see a decline in litigations against assignors, Morrow thinks.

The Supreme Court is likely to make a change, says Menchaca: "The only reason the Supreme Court would have accepted this petition is to tinker with assignor estoppel."

But the court may choose to narrow rather than abolish the doctrine. This is not only suggested as an option by Minerva, but by a range of parties which have submitted amicus briefs, such as **the New York Intellectual Property Law Association** and **the US government**. The doctrine may be amended by allowing for Section 112 arguments, such as those made by Minerva, by permitting validity challenges where the patent claims are significantly broader than those originally assigned, and/or requiring reliance on representations of validity.

In **yesterday's hearing**, the arguments for completely doing away with the doctrine were met with tough questioning from justices Breyer, Thomas, Alito, Kagan and Kavanaugh. Thomas pointed out that other, undisputed principles like collateral estoppel do not appear in the Patent Act, while Breyer pointed to the weight of precedent in favour of assignor estoppel – a concern apparently shared by Alito.

So, a limitation – rather than abolition - of assignor estoppel seems the most probable outcome. But in the *Minerva* dispute, that could be enough to change the outcome for the assignor.

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