

No. 20-440

IN THE
Supreme Court of the United States Court

MINERVA SURGICAL, INC.,
Petitioner,

v.

HOLOGIC, INC., CYTYC SURGICAL PRODUCTS, LLC,
Respondents.

ON A WRIT OF CERTIORARI TO
THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

**BRIEF OF AMICUS CURIAE NEW YORK
INTELLECTUAL PROPERTY LAW ASSOCIATION
IN SUPPORT OF NEITHER PARTY**

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TABLE OF CONTENTS

	<u>Page</u>
TABLE OF AUTHORITIES.....	ii
INTEREST OF <i>AMICUS CURIAE</i>	1
SUMMARY OF THE ARGUMENT	3
ARGUMENT.....	5
I. The Equitable Principles of Assignor Estoppel Remain Vital Today	5
II. This Court’s Application of Assignor Estoppel is Grounded in Equity	8
III. The Federal Circuit’s Rigid Application of Assignor Estoppel Ignores Equity	11
CONCLUSION	13

TABLE OF AUTHORITIES

	Page(s)
Cases	
<i>Babcock v. Clarkson</i> , 63 F. 607 (1st Cir. 1894)	6
<i>Chambers v. Chrichley</i> , 33 Beav. 374 (1864)	6
<i>Curran v. Burdsall</i> , 20 F. 835 (N.D. Ill. 1883)	6
<i>Diamond Sci. Co., v. Ambico, Inc.</i> , 848 F.2d 1220 (Fed. Cir. 1988)	4, 11, 12, 13
<i>Faulks v. Kamp</i> , 3 F. 898 (S.D.N.Y. 1880)	6
<i>Lear, Inc. v. Adkins</i> , 395 U.S. 653 (1969)	10, 11
<i>Martin & Hill Cash-Carrier Co. v. Martin</i> , 67 F. 786 (1st Cir. 1895)	7
<i>Noonan v. Chester Park Athletic Club Co.</i> , 99 F. 90 (6th Cir. 1900)	6, 7
<i>Scott Paper Co. v. Marcalus Mfg. Co.</i> , 326 U.S. 249 (1945)	3, 8, 10, 11
<i>Westinghouse Elec. & Mfg. Co. v.</i> <i>Formica Insulation Co.</i> , 266 U.S. 342 (1924)	3, 8, 9, 10

Westinghouse Elec. & Mfg. Co. v.
Formica Insulation Co.,
288 F. 330 (6th Cir. 1923)..... 10

Woodward v. Boston Lasting Mach. Co.,
60 F. 283 (1st Cir. 1894) 7

INTEREST OF *AMICUS CURIAE*¹

The New York Intellectual Property Law Association (“NYIPLA”) is a bar association of attorneys who practice in the area of patent, copyright, trademark and other intellectual property (“IP”) law.² It is one of the largest regional IP bar associations in the United States. Its members include in-house counsel for businesses and other organizations, and attorneys in private practice who represent both IP owners and their adversaries (many of whom are also IP owners). Its members represent inventors, entrepreneurs, businesses, universities, and industry and trade associations. Many of its members are involved in research, patenting, financing and other commercial activity across industries.

The NYIPLA’s members and their clients regularly participate in patent litigation on behalf of both plaintiffs and defendants in federal court and in proceedings before the United States Patent and Trademark Office (“PTO”). The NYIPLA’s members and their clients actively engage in commercial transactions involving patents, representing both patent assignors and assignees, including patent

¹ Pursuant to Sup. Ct. R. 37.6, the NYIPLA and its counsel represent that they have authored the entirety of this brief, and that no person other than the *amicus curiae* or its counsel has made a monetary contribution to the preparation or submission of this brief.

² Pursuant to Sup. Ct. R. 37.3(a), both Petitioner and Respondents have each consented to the NYIPLA filing this *amicus curiae* brief in support of neither party’s position on the merits.

licensing matters. The NYIPLA thus brings an informed perspective to the issues presented.

The NYIPLA's members and their respective clients have a strong interest in the issues in this case because their activities depend on fair dealing between patent assignors and assignees. At issue here is whether assignor estoppel should apply as a *per se* bar to any challenge by an assignor to the validity of a patent in court, regardless of the facts of the particular case. A *per se* bar to validity challenges, as opposed to equitable application of the doctrine, can result in unfairness to assignors, such as when the invention assigned is different from what is claimed in the patent that is later asserted and the assignor is barred from challenging the validity of the asserted patent in court. The NYIPLA and its members have a particularly strong interest in meaningful and flexible application of assignor estoppel on a case-by-case basis ensuring fairness to both patent assignors and assignees.³

³ The arguments made in this brief were approved by an absolute majority of the NYIPLA's officers and members of its Board of Directors, but do not necessarily reflect the views of a majority of the members of the Association, or of the law or corporate firms with which those members are associated. After reasonable investigation, the NYIPLA believes that no officer or director or member of the Amicus Briefs Committee who voted in favor of filing this brief, nor any attorney associated with any such officer, director or committee member in any law or corporate firm, represents a party to this litigation. Some officers, directors, committee members or associated attorneys may represent entities, including other *amici curiae*, which have an interest in other matters that may be affected by the outcome of this litigation.

SUMMARY OF THE ARGUMENT

Assignor estoppel is a judicially created, equitable doctrine that bars an assignor of a patent from later contesting the patent's validity. The doctrine has been "part of the fabric of our law throughout the life of this nation" and has been "enforced by English-speaking courts, in this country, in England, in Canada, and Australia." *Scott Paper Co. v. Marcalus Mfg. Co.*, 326 U.S. 249, 260 (1945) (Frankfurter, J., dissenting). It is premised on good faith and "fair dealing in commercial transactions," here between assignor and assignee, and prevents the seller of a patent from saying that what was sold is "worthless." *Id.* at 259.

As this Court has explained, however, it can be difficult to ascertain the scope of the conveyed patent rights. Indeed, it is necessary to examine the scope of that "which the assignor assigned" to reach a "just conclusion" as to the extent of any estoppel. *Westinghouse Elec. & Mfg. Co. v. Formica Insulation Co.*, 266 U.S. 342, 350-51 (1924) (holding that prior art may be used to construe and narrow the claims of the patent). The scope of the right conveyed in an assignment of an invention before a patent is filed or granted "is much less certainly defined than that of a granted patent, and the question of the extent of the estoppel against the assignor of such an inchoate right is more difficult to determine than in the case of a patent assigned after its granting." *Id.* at 352-53. As the Court explained, the claims that are pursued by the assignee and allowed "may ultimately include more than the assignor intended to claim." *Id.* at 353.

The Federal Circuit, by contrast, has applied assignor estoppel as a strict, bright-line rule. For

example, the court has applied estoppel and found it “irrelevant” that the patent application was pending at the time of the assignment and that the assignee “may have later amended the claims” such that they cover more than the assignor intended to claim or actually invented. *Diamond Sci. Co., v. Ambico, Inc.*, 848 F.2d 1220, 1226 (Fed. Cir. 1988).

Here, the Federal Circuit similarly found it irrelevant that the patent asserted by Hologic against Minerva issued from an application filed long after the assignment of the invention, and that the assignor, Mr. Truckai, had no involvement in the prosecution of Hologic’s patent application or with the claims that issued ten years after his assignment. App. 19a⁴

The court noted that Minerva argued “Hologic [was] deploying assignor estoppel to shield its unwarranted expansion of the patent’s scope from the invalidity arguments created by its own overreach” but found the argument unpersuasive since it applies assignor estoppel as a bar to all validity defenses in district court regardless of whether a patent application was pending at the time of the assignment and whether the claims were later amended by the assignee. App. 18a-19a. The court therefore never considered whether the claims obtained by Hologic were an overreach. And it did not address whether the issued claims correspond to what was actually conveyed by the assignor. Instead, it applied a *per se* bar to contesting validity, thereby precluding Minerva from arguing that the issued claims were invalid

⁴ The NYIPLA takes no position on whether assignor estoppel should apply based on the facts of this case. It only advocates that whether assignor estoppel applies should be determined on a case-by-case basis as a matter of equity.

under Section 112 and were not what the assignor actually described and invented. App. 20a.

The Federal Circuit's rigid application of assignor estoppel is at odds with the fact that it is an equitable doctrine that, consistent with this Court's precedent, considers the specific facts to reach an equitable outcome for both assignees and assignors. The Court should clarify that whether estoppel applies or not should be determined based on the specific facts of a given case as a matter of equity, with analysis as to what was assigned and what claims are ultimately asserted against the assignor. Case-by-case determination as to whether estoppel applies, and to what extent, preserves fair dealing for the assignee and avoids the unfairness of a bright-line rule that precludes the assignor from challenging the validity of an asserted patent in cases where the issued claims are divorced from what was actually assigned.

For these reasons and those discussed below, the Court should overturn the Federal Circuit's *per se* application of assignor estoppel in favor of an equitable approach.

ARGUMENT

I. The Equitable Principles of Assignor Estoppel Remain Vital Today

Assignor estoppel is a deeply-rooted judicial doctrine, drawn from general equitable principles. As explained in an English Rolls Court decision issued over 150 years ago, a defendant, who sold his patent but continued to manufacture an infringing product, could not then allege that the "patent is not good" in

an infringement suit brought against him by the assignee: “But this is certain; that the defendant sold and assigned that patent to the plaintiffs as a valid one, and having done so, he cannot derogate from his own grant. It does not lie in his mouth to say that the patent is not good.” *Chambers v. Chrichley*, 33 Beav. 374 (1864).

The Southern District of New York in *Faulks v. Kamp*, citing *Chambers*, followed suit and held that a seller of a patent cannot later attempt to contest the patent’s validity. 3 F. 898, 901-02 (S.D.N.Y. 1880). It held that after sale of the patent, “in justice, [defendants] ought not to be heard to say that they had it not and did not sell it, and to be allowed to derogate from their own grant by setting up that it did not pass.” *Id.* at 901. The court stressed that “defendants shall not both sell and keep the same thing.” *Id.* at 902.

It was well settled by the close of the 19th century that an assignor cannot challenge the validity of a patent it sold or assigned. *Babcock v. Clarkson*, 63 F. 607, 608 (1st Cir. 1894) (holding the patentee was estopped from raising challenges of novelty, utility, patentable invention, anticipatory matter, and the state of the art against an assigned patent, except where the state of the art had a bearing on claim construction); *Noonan v. Chester Park Athletic Club Co.*, 99 F. 90, 91 (6th Cir. 1900) (“It seems to be well settled that the assignor of a patent is estopped from saying his patent is void for want of novelty or utility, or because anticipated by prior inventions.”).

The decisions were rooted in principles of fair dealing in commercial transactions. *See, e.g., Curran v. Burdsall*, 20 F. 835, 837 (N.D. Ill. 1883) (“[I]t would be grossly unjust and inequitable” to allow the

assignor to use a prior art patent to defeat the assignee's rights, "even if the older patent clearly anticipated" the patent assigned); *Woodward v. Boston Lasting Mach. Co.*, 60 F. 283, 284 (1st Cir. 1894) ("It is clearly inequitable for a patentee to sell or assign his patent, and then, in a suit against him for infringement by his assignee, to set up that the patent is void for want of invention.").

Assignor estoppel was also extended to those in privity with the assignor that helped facilitate the infringing acts. *Woodward*, 60 F. at 284-85 (holding estoppel applied to assignor and also manufacturing partners accused of infringement); *Noonan*, 99 F. at 91 ("[W]e shall, for purposes of this case, assume that the corporation is affected by the estoppel which prevents Thompson from denying the validity of the patents which he has assigned, and apply to it the same principles which would affect him if he were the sole defendant.").

One exception to the general rule of precluding the assignor's use of prior art emerged. Most courts permitted the introduction of prior art evidence for the purpose of narrowing the claims to prove non-infringement. *Noonan*, 99 F. at 91 ("[T]his estoppel, for manifest reasons, does not prevent him from denying infringement. To determine such an issue, it is admissible to show the state of the art involved, that the court may see what the thing was which was assigned, and thus determine the primary or secondary character of the patent assigned, and the extent to which the doctrine of equivalents may be invoked against an infringer."); *see also Martin & Hill Cash-Carrier Co. v. Martin*, 67 F. 786, 789-90 (1st Cir. 1895) (defendant did not infringe because the claims

were construed narrowly in light of the state of the art).

The origins of assignor estoppel in protecting fair dealing for the assignee are no less vital today. But not all cases involve a clear derogation of rights or assert that what was sold is worthless. As the decisions of this Court that followed these cases illustrate, a difficulty in applying the doctrine is that what is conveyed by the assignor may not be the same as what is later asserted against the assignor. It is therefore critical to determine whether estoppel applies on a case-by-case basis, balancing fair dealing for the assignee with fairness to the assignor.

II. This Court’s Application of Assignor Estoppel is Grounded in Equity

The Court addressed assignor estoppel in two cases, *Formica*, and *Scott Paper*. In both decisions, the Court did not apply assignor estoppel. *Formica* is particularly instructive.

Formica “concerns assignment of an invention and an inchoate right to a patent therefor before the granting of it” which was prosecuted by the assignee and ripened into a patent after the assignment. 266 U.S. at 352. As the Court explained, “[i]t is apparent that the scope of the right conveyed in such an assignment is much less certainly defined than that of a granted patent, and the question of the extent of the estoppel against the assignor of such an inchoate right is more difficult to determine than in the case of a patent assigned after its granting.” *Id.* at 352-53. Further, the Court held when an assignment is made before patent grant, and the claims are drafted and pursued by the assignee, the granted claims “may

ultimately include more than the assignor intended to claim,” and may “justify the view that the range of relevant and competent evidence in fixing the limits of the subsequent estoppel should be more liberal than in the case of an assignment of a granted patent.” *Id.* at 353.

The patent at issue in *Formica* concerned processes for making insulating materials. The inventor and assignor, a Westinghouse employee, invented a two-step process for making such materials, using first pressure and heat, followed by cooling and baking. Other than this two-step process, the asserted patent added “nothing new.” *Id.* at 354. In accordance with his employment agreement, the inventor assigned his patent application describing the two-step process to Westinghouse for a dollar. He later left Westinghouse to join what became Formica Insulation Co., and made insulating materials using a prior art one-step process.

Westinghouse continued to prosecute the patent application, which issued as a patent five years after filing. Without the knowledge or involvement of the inventor, Westinghouse added two claims for a process of making insulating materials using pressure and heat. Unlike the other claims that issued and the two-step process invention, these two claims did not require a two-step process. Westinghouse then sued Formica for infringement of these two single-step process claims.

The district court dismissed the case based on laches. The Sixth Circuit disagreed with the district court on laches but concluded that, on the facts of the case, no estoppel arose as to the two asserted claims and found the claims invalid. The court stated that “[t]he record does not support the inference that [the

assignor] either expressly or impliedly represented to the Westinghouse Company [the assignee] that he was the inventor of the process defined in these two claims, and hence the claim of estoppel must fail.” *Westinghouse Elec. & Mfg. Co. v. Formica Insulation Co.*, 288 F. 330, 334 (6th Cir. 1923).

The Court affirmed the decree. While emphasizing the importance of assignor estoppel in ensuring good faith in assignments and fair dealing, it held, on the facts of the case, that “the state of the art must limit” the claims and that estoppel “does not extend to a single step process.” 266 U.S. at 355.

In *Scott Paper*, the Court similarly took a fact-specific approach. There, the assignor practiced an expired prior art patent. The Court held that an assignor has “a complete defense to an action for infringement where the alleged infringing device is that of an expired patent,” and that this defense obviated the need to consider assignor estoppel. 326 U.S. at 258.

In *Lear, Inc. v. Adkins*, 395 U.S. 653 (1969), the Court abrogated licensee estoppel (which prevented a licensee from challenging the validity of the licensed patent), but in discussing the history of estoppel, revisited *Formica* and *Scott Paper*. The Court in *Lear* noted that the distinction created in *Scott Paper* between assignors that practice expired patents as opposed to other prior art made little sense: “If patent policy forbids estoppel when the old owner attempts to show that he did no more than copy an expired patent, why should not the old owner also be permitted to show that the invention lacked novelty because it could be found in a technical journal or because it was obvious to one knowledgeable in the art?” *Id.* at 666. The Court stated that there “were no satisfactory

answers to these questions” and that the *Scott Paper* “exception had undermined the very basis of the ‘general rule.’” *Id.* Although the *Lear* Court questioned the viability of assignor estoppel, it left the doctrine untouched.

The Court’s precedent reflects not only the public policy interest in fair dealing in transactions, but also the importance of considering what was actually assigned, and the public policy interest in being able to practice what is already in the public domain, such as by selling a product that practices an expired patent. These interests can be balanced through determination on the facts of each case as to whether estoppel should apply as a matter of equity. Such a case-by-case approach obviates the incongruities created by *Scott Paper* and noted in *Lear*. It eliminates any distinction in terms of the particular art that is practiced, whether an expired patent or a technical article. If estoppel does not apply, any art may be used to challenge validity. If it applies, then no art may be used.

III. The Federal Circuit’s Rigid Application of Assignor Estoppel Ignores Equity

The Federal Circuit has applied assignor estoppel as a *per se* rule, without considering what was conveyed by the assignor and what is being asserted by the assignee. Its mechanical and one-sided approach to assignor estoppel is inconsistent with the Court’s precedent and the fact that assignor estoppel is an equitable doctrine.

In *Diamond*, the first case where the Federal Circuit considered assignor estoppel after *Lear*, it held that the “the primary consideration in [] applying the

doctrine is the measure of unfairness and injustice that would be suffered by the *assignee* if the assignor were allowed to raise defenses of patent invalidity.” 848 F.2d. at 1225 (emphasis added). But this cannot be the main consideration if the “analysis *must* be concerned mainly with the balance of equities between the parties.” *Id.* (emphasis added). The facts and fairness to both the assignee and assignor must be the main consideration.

Diamond, contrary to *Formica*, ignored facts that could tip the balance in favor of the assignor. It discounted as “irrelevant” that at the time of the assignment the “patent applications were still pending” and whether the assignee “later amended the claims in the application process” without the assignor’s assistance. *Id.* at 1226. The court stated that such considerations did “not give appellants’ arguments against estoppel any greater force” since patents rights were assigned before patent grant “irrespective of the particular *language* in the claims describing the inventions when the patents were ultimately granted.” *Id.* (emphasis in original). The court stated that it need not consider the scope of what was actually conveyed or any limits on estoppel since the guidance in *Formica* was a mere suggestion. *Id.* The Federal Circuit applied assignor estoppel in *Diamond* and in every case that followed.

In this case, just as in *Diamond*, the Federal Circuit did not consider the facts as to what was conveyed and invented as compared with what was pursued without the assignor’s involvement and issued. The court found it sufficient that the assignor executed a broad assignment, which encompassed the later issued patent.

Although the court noted that Minerva argued that “Hologic is deploying assignor estoppel to shield its unwarranted expansion of the patent’s scope from the invalidity arguments created by its own overreach,” it found Minerva’s argument “unpersuasive.” App. 18a-19a. Just as in *Diamond*, the court found it “irrelevant” whether it was “Hologic, not [the assignor, that] prosecuted claim 1 of the ’348 patent” or whether “[t]he continuation application from which the ’348 patent issued was filed in 2013,” which was nearly a decade after the assignment. App. 19a. The court also found it irrelevant whether “Hologic broadened the claims during prosecution” long after the assignment. *Id.*

The Federal Circuit’s failure to consider these facts is out of step with the Court’s precedent and basic fairness. This Court should clarify that what was conveyed and what claims are ultimately asserted against the assignor must be assessed in determining whether or not estoppel should be applied and to what extent. Whether estoppel is applied has to be based on the facts of the case and a true balancing of the equities, rather than the Federal Circuit’s steadfast application of the doctrine as a *per se* rule. There should be no estoppel based on an invention that was never made or conveyed by the assignor.

CONCLUSION

For the foregoing reasons, the Court should overturn the Federal Circuit’s *per se* application of assignor estoppel in favor of an equitable approach.

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