

Intellectual Property & Technology



JUNE 13, 2021 • NO. 1

Supreme Court Sets Limits for Assignor Estoppel

The Supreme Court's recent decision in *Minerva Surgical Inc. v. Hologic, Inc.* has drastically limited the doctrine of assignor estoppel, requiring patent practitioners to reconsider assignment and other contractual provisions when transferring patents.¹ Historically, assignor estoppel is a legal doctrine that prevents a party that assigned the rights to a patent from challenging its validity at a later date. In *Minerva Surgical*, the assignor, Minerva, challenged that doctrine under several theories, including that it was unjust to preclude it from challenging broader claims that were granted *after* it had assigned the rights in a patent application to the assignee, Hologic.² The Supreme Court's holding limiting the doctrine raises issues to consider regarding assignment practices.

The Court was not persuaded by several of Minerva's arguments that the Patent Act of 1952 abrogated the assignor estoppel doctrine or that its subsequent cases had abolished the doctrine.³ Though the Court maintained that the assignor estoppel doctrine is based on a fair principle, that of preventing an assignor from first selling a patent and then contending that the thing sold is worthless, it narrowed its scope, such that an assignor is not wholly prohibited from challenging validity.⁴ The Court identified three instances in which an assignor could still contest a patent's validity: (1) where "[a]n employee assigns to his employer patent rights in any future inventions he

develops during his employment;" (2) "when a later legal development renders irrelevant the warranty given at the time of assignment;" and (3) where an "assignee, once he is the owner of the [patent] application, may return to the PTO to enlarge[] the patent's claims."⁵

Based on the rationale that assignor estoppel is guided by the underlying principle of fair dealing, the Court held the third situation applied to the present case, finding that prior to being barred from challenging validity, Minerva was entitled to reconsideration of whether Hologic's asserted claims were materially broader than those that were pending when the patent application was assigned.⁶

Given these limitations on assignor estoppel, employers and others acquiring patent rights may wish to seek contractual obligations to minimize the risk that assignors can later attack their assigned patent rights. For example, assignees can attempt to have assignors contractually agree not to challenge the validity of any of the assigned patents or any patent maturing from any of the assigned patent applications or child applications.⁷ The enforceability of these types of provisions, however, have been questioned in court⁸ and the Patent Trial and Appeal Board ("PTAB") has also refused to enforce such provisions in *inter partes* reviews ("IPRs").⁹ Forum selection clauses can also be considered and have been found

enforceable, including against IPR proceedings.¹⁰ Employers and other assignees can also seek to have inventors and other assignors represent that the inventions described in a patent specification are accurate, possessed by the inventor as shown by the specification, and enabled by the specification.

The Court also stated when an employee assigns to his employer patent rights in any future inventions he develops during his employment, the assignment contains no representation as to the validity of the patent as the invention does not even exist yet. *Id.* at *15. However, an additional explicit assignment directed towards the invention and a broad claim set can be completed at the time of filing a new application. A confirmatory

assignment can also be executed after the patent is granted. However, whether a confirmatory assignment would be sufficient to create assignor estoppel for the granted claims is yet to be decided by the courts.

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1. *Minerva Surgical Inc. v. Hologic, Inc.*, No. 20-440, 594 U.S. ____, slip op. at 5 (June 29, 2021).
 2. *Id.* at 4.
 3. *Id.* at 10–11.
 4. *Id.* at 14–15.
 5. *Id.* at 15–16 (internal quotations and citations omitted).
 6. *Id.* at 16–17.
 7. See *Flex-Foot, Inc. v. CRP, Inc.*, 238 F.3d 1362, 1370 (Fed. Cir. 2001) (upholding a no-challenge clause in a license agreement). We note that prior to *Minerva*, assignor estoppel had not barred assignors from seeking *inter partes* review of assigned patents. *Husky Injection Molding Sys. Ltd. v. Athena Automation Ltd.*, 838 F.3d 1236, 1246 (Fed. Cir. 2016) (holding that the Board’s decision that assignor estoppel did not apply to IPR proceedings, thereby allowing institution, was not reviewable).
 8. See *Rates Tech., Inc. v. Speakeasy, Inc.*, 685 F.3d 163, 172-173 (2d Cir. 2012) (no-challenge term in settlement agreement was void for public policy reasons).
 9. See *Dot Hill Systems Corp. v. Crossroads Systems*, IPR2015-00822, slip op. at 8 (USPTO, PTAB September 7, 2015) (holding that the PTAB lacked an explicit statutory basis for considering a no-challenge clause and therefore did not enforce the clause).
 10. *Dodocase VR, Inc. v. MerchSource, LLC*, 767 F. App’x 930, 935 (Fed. Cir. 2019) (affirming a preliminary injunction barring PTAB proceedings in light of a forum selection clause); *Nomadix, Inc. v. Guest-Tek Interactive Entertainment Ltd.*, No. 2:19-cv-04980, 2020 WL 1032395, at *3 (C.D. Cal. January 23, 2020).