

No. 20-440

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In The  
**Supreme Court of the United States**

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MINERVA SURGICAL, INC.,

*Petitioner,*

v.

HOLOGIC, INC., et al.,

*Respondents.*

—◆—  
**On Petition For Writ Of Certiorari  
To The United States Court Of Appeals  
For The Federal Circuit**

—◆—  
**BRIEF AMICI CURIAE OF  
INTELLECTUAL PROPERTY PROFESSORS  
IN SUPPORT OF PETITIONER**

—◆—  
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**INTEREST OF *AMICI CURIAE***

*Amici curiae* are professors of intellectual property law at universities throughout the United States.<sup>1</sup> *Amici* have no personal interest in the outcome of this case, but a professional interest in seeing patent law develop in a way that efficiently encourages innovation. A list of *amici* is attached as Appendix A.

**SUMMARY OF ARGUMENT**

The current scope of the assignor estoppel doctrine is inconsistent with the decisions of the Supreme Court. The doctrine has expanded far beyond the metes and bounds of this Court's increasingly narrow precedent, including to cases lacking any bad faith during negotiations and to cases where not only the inventor herself but also her privies are precluded from challenging an invalid patent.

The unwarranted breadth of assignor estoppel harms important public policy interests in invalidating bad patents, ensuring free competition, and promoting efficient mobility of employees. It broadly

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<sup>1</sup> Counsel for both parties received notice of intent to file this brief at least 10 days before its due date. The parties have consented to the filing of this brief. No counsel for a party authored this brief in whole or in part, and no party or counsel for a party made a monetary contribution intended to fund its preparation or submission. No person other than the *amici* or their counsel made a monetary contribution to the preparation or submission of this brief.

precludes inventors and their privies from challenging the validity of patents, even though invalidating bad patents is widely recognized as an important public good and even though inventors and their privies are at times in the best position to challenge bad patents. Moreover, the doctrine precludes important validity challenges even in the absence of any indication of bad faith. The doctrine also restricts employee mobility in ways that harm innovation and economic growth, and it is particularly taxing on startups and the most innovative inventors.

This case provides the Court an opportunity to correct a series of Federal Circuit cases that have diverged greatly from Supreme Court precedent and patent policy. *Amici* take no position on which party should prevail in this case, but this Court should grant certiorari to eliminate the assignor estoppel doctrine altogether or to restore the doctrine to its narrow roots.

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## ARGUMENT

### **I. Assignor Estoppel Has Expanded Far Beyond Supreme Court Precedent.**

This Court drew tight boundaries around assignor estoppel when it first considered the doctrine and has steadily narrowed it with exceptions and unfavorable commentary in more recent cases. By contrast, the Federal Circuit has continued to expand assignor estoppel, creating a substantial conflict with Supreme Court precedent.

### **A. This Court Has Sharply Limited Assignor Estoppel.**

This Court has tightly limited assignor estoppel to, at most, a slim set of cases. Its decisions permit inventors to narrow or even invalidate ill-granted patents. They ground any remnants of the doctrine in policing potential bad faith in bargaining. *See Westinghouse Elec. & Mfg. Co. v. Formica Insulation Co.*, 266 U.S. 342, 350 (1924) (“fair dealing” prevented an assignor from “derogating the title he has assigned”); *see also Scott Paper Co. v. Marcalus Mfg. Co., Inc.*, 326 U.S. 249, 251 (1945) (assignor estoppel’s “basic principle is . . . one of good faith. . . .”); Mark A. Lemley, *Rethinking Assignor Estoppel*, 54 Hous. L. Rev. 513 (2016) (analyzing and summarizing precedent).

The Court first considered—and constrained—assignor estoppel in *Westinghouse*. There, it held that even if an assignor of patent rights was estopped from contesting the validity of the patents she sold, she may use prior art “to construe and narrow the claims of the patent, conceding their validity.” 266 U.S. at 351. Thus, while assignor estoppel at this early stage limited an assignor’s ability to challenge the validity of a patent per se, she could nonetheless use prior art to narrow a patent enough to succeed in arguing that she had not infringed. *Id.*

Subsequent cases continued to limit assignor estoppel. In *Scott Paper*, the Court further curtailed the scope of assignor estoppel by permitting an inventor to show that an expired patent covered his

allegedly infringing products and therefore that they could not infringe any valid patent. 326 U.S. at 254. As a matter of public policy, the Court held, assignor estoppel could not apply in cases “where the alleged infringing device is [technology from] an expired patent.” *Id.* at 258. The Court emphasized that patent law dedicates ideas in an expired patent to the public, and that after a patent’s expiration, the rights in an invention are no longer subject to private contract. *Id.* at 256-57. While *Scott Paper* dealt with expired patents, Justice Frankfurter noted that there was no difference between an expired patent as prior art and any other grounds for invalidity. *Id.* at 263 (Frankfurter, J., dissenting).

In *Lear, Inc. v. Adkins*, 395 U.S. 653, 666 (1969), the Court endorsed Justice Frankfurter’s reasoning, citing his dissent in concluding that, in the context of the analogous doctrine of licensee estoppel, “[t]he *Scott* exception had undermined the very basis of the ‘general rule’”. *Id.* *Lear* repudiated the licensee estoppel doctrine, which had prohibited a licensee from raising validity challenges. Instead, *Lear* allowed licensees to challenge validity in *all* cases.

In choosing to eliminate rather than narrow licensee estoppel, the Court pointed to similarly fatal flaws with the rationale for assignor estoppel. *Id.* at 665. In addition to echoing *Scott*’s logic that the public interest in accessing technology in the public domain trumps estoppel, the *Lear* opinion concluded that “the spirit of contract law, which seeks to balance the claims of promisor and promisee in accord with the

requirements of good faith,” did not justify licensee estoppel. *Id.* at 670.

The Court also found the doctrine of licensee estoppel inconsistent with public policy. *Lear* reasoned that a patent “simply represents a legal conclusion reached by the Patent Office.” *Id.* Given that “reasonable men [could] differ widely” as to a patent’s validity, it was “not unfair” that a patentee might have to defend the patent when a licensee placed it at issue. *Id.* In any event, the public interest in “full and free competition” outweighed the interests of the licensor, especially when a licensee might be the only one with sufficient financial stake to challenge an invalid patent. *Id.* at 670-71. *Lear* established that the public interest outweighed the rationale for estoppel, particularly when parties bargain in good faith.

These same principles apply as well to an assignor-turned-defendant. While it might be equitable in a narrow set of cases to prevent an inventor from directly deceiving the buyer of a patent about its validity, that is not the way most validity issues arise in today’s business and innovation environment. An inventor will generally have no special knowledge as to whether her invention is patentable subject matter, for example, whether the claims her lawyers may later write are indefinite, or whether her disclosure is sufficient to satisfy the written description requirement. See Timothy Holbrook & Mark D. Janis, *Patent Law’s Audience*, 97 Minn. L. Rev. 72, 86-88 (2012).

Assignor estoppel is particularly inequitable as applied to many employees today. Employees are generally required to assign their inventions without compensation when they join the firm, before they have even invented them. They cannot possibly know whether claims that are not yet written to cover inventions that have not yet been conceived will eventually comply with patent validity doctrines. Those inventors are not promising or selling anything in bad faith. But they are prevented from using their own inventions even if the patents their employers later acquire on those inventions are invalid.

**B. The Current Scope of Assignor Estoppel Is Inconsistent With this Court's Narrow Approach.**

While *Lear* suggested the rationale for assignor estoppel was dubious at best, the Federal Circuit has not only maintained the doctrine, it has consistently extended assignor estoppel since *Lear*. It did so again here.

For example, under Federal Circuit precedent the doctrine now reaches well beyond the assignor to bar validity challenges by a wide range of parties in privity with assignors. *See, e.g., MAG Aerospace Indus., Inc. v. B/E Aerospace, Inc.*, 816 F.3d 1374, 1380 (Fed. Cir. 2016) (affirming trial court's finding of privity between inventor and company that had developed product before hiring him); *Mentor Graphics Corp. v. Quickturn Design Sys., Inc.*, 150 F.3d 1374, 1379 (Fed. Cir. 1998)

(extending estoppel from corporate parent to subsidiary when assignment took place prior to parent's purchase of subsidiary). This expansion of privity estops firms from challenging validity even if they use evidence obtained after assignment, or even if they can point to their own technology developed in house as prior art.

Similarly, the Federal Circuit doctrine now extends beyond cases where an inventor knowingly and voluntarily transfers a patent. *See, e.g., Carroll Touch, Inc. v. Electro Mech. Sys., Inc.*, 15 F.3d 1573, 1580 (Fed. Cir. 1993) (inventor did not realize he was transferring patent); *see also Shamrock Techs., Inc. v. Med. Sterilization, Inc.*, 903 F.2d 789, 794 (Fed. Cir. 1990) (inventor feared being fired if he did not file application). The Federal Circuit doctrine also is not limited to cases where an inventor or assignor misrepresents a patent's validity, or indeed makes any representation or warranty at all about the patent.

Indeed, the Federal Circuit has applied assignor estoppel where the assignee amended the claims in a patent after assignment to cover things the inventor never intended, a circumstance in which the assignor clearly had no control over or ability to misrepresent the ultimate validity of the patent or scope of the claims. *Diamond Sci. Co. v. Ambico, Inc.*, 848 F.2d 1220, 1226 (Fed. Cir. 1988). That is what happened here. And the Federal Circuit here also applied the doctrine not just to prior art challenges, but to bar arguments that those broadened claims went beyond the scope of the

original invention, something over which the inventor had no control.

## **II. Federal Circuit Doctrine Undermines Important Public Interests in Invalidating Bad Patents and Protecting Efficient Employee Mobility**

Eliminating invalid patents benefits the public because inventors can then use technology that rightfully is in the public domain without fear of being sued. Assignor estoppel weakens this public benefit by preventing inventors and their privies from challenging a patent's validity. "Both [the Federal Circuit] and the Supreme Court have recognized that there is a significant public policy interest in removing invalid patents from the public arena." *SmithKline Beecham Corp. v. Apotex Corp.*, 403 F.3d 1331, 1354 (Fed. Cir. 2005). See Joseph Farrell & Robert P. Merges, *Incentives to Challenge and Defend Patents: Why Litigation Won't Reliably Fix Patent Office Errors and Why Administrative Patent Review Might Help*, 19 Berkeley Tech. L.J. 943, 951-52 (2004); Roger Allen Ford, *Patent Invalidity Versus Noninfringement*, 99 Cornell L. Rev. 71, 110 (2013) ("a successful invalidity defense is a public good"); Joseph Scott Miller, *Building a Better Bounty: Litigation-Stage Rewards for Defeating Patents*, 19 Berkeley Tech. L.J. 667, 685-91 (2004). Indeed, the economic deadweight loss due to invalid patents has been estimated at around \$25.5 billion per year. T. Randolph Beard et al., *Quantifying the Cost of*

*Substandard Patents: Some Preliminary Evidence*, 12 Yale J.L. & Tech. 240, 268 (2010).

In striking down an agreement not to challenge a patent's validity, the Supreme Court reasoned that "[a]llowing *even a single company* to restrict its use of an expired or invalid patent . . . 'would deprive . . . the consuming public of the advantage to be derived' from free exploitation of the discovery." *Kimble v. Marvel Entm't, LLC*, 135 S. Ct. 2401, 2407 (2015) (emphasis added) (quoting *Scott Paper*, 326 U.S. at 256). *Kimble* held that permitting a patentee to restrict use of technology claimed by an expired or invalid patent would "impermissibly undermine the patent laws." *Id.* Similarly, *Lear* repudiated licensee estoppel because "the strong federal policy favoring free competition in ideas which do not merit patent protection," 395 U.S. at 656, outweighed any utility licensee estoppel provided. *Id.* at 663-64.

Invalidating bad patents is a public benefit. But defendants already naturally raise invalidity defenses less often than is socially desirable. Ford, *supra*, at 110-11 (noting defendants naturally under-assert invalidity in part because they do not fully capture the benefits of invalidating bad patents); Farrell & Merges, *supra*.

Assignor estoppel prevents the inventor and her privies from challenging the inventor's patents. Yet these parties are at times in the *best position* to challenge the patent. See Lemley, *supra*, at 536. The current reach of the doctrine even prevents these

parties from challenging the scope of the claims, no matter how broad and how far removed they are from the inventor's contribution. *Id.* And it does so whether or not the inventor had any say in the scope or even the filing of the patent. That broad reading of the doctrine serves no valid purpose. It can't be justified by history. And it interferes with the policy goal of ensuring that only valid patents limit competition.

Assignor estoppel also interferes with efficient employee mobility and harms innovation. If an inventor starts a new company or changes employers, she will be unable to practice her prior inventions even if the patents covering them are invalid. *See id.* at 537; *see also* Lara J. Hodgson, *Assignor Estoppel: Fairness at What Price?*, 20 Santa Clara Computer & High Tech. L.J. 797, 827-30 (2004). This effectively creates a 20-year unbargained-for partial noncompete prohibition that disproportionately burdens startups and the most productive and innovative inventors. Lemley, *supra*, at 537-40; Orly Lobel, *The New Cognitive Property: Human Capital Law and the Reach of Intellectual Property*, 93 Tex. L. Rev. 789, 817-20 (2015) ("assignor estoppel penalizes a former employee and thus creates a powerful disincentive for competitors to hire an employee who has experience in the field. Essentially, anyone who already has human capital in the hiring company's field becomes a liability for the new company.").

Noncompete agreements are rightly disfavored in the law because economic evidence indicates such agreements harm innovation and economic growth. *Id.*

at 538. Most states limit noncompete agreements in time and geographic scope. Other states flat out reject them. Peter S. Menell et al., *Intellectual Property in the New Technological Age* 87, 95-97 (2019 edition). Importantly, no state permits something like the unbargained-for, 20-year partial noncompete that is effectively afforded by assignor estoppel. Lemley, *supra*, at 538.

The current broad scope of assignor estoppel “particularly privileges invalid patents” and inhibits those in the best position to provide a public good from doing so, *id.* at 536. It is unwarranted as a matter of patent law and harmful as a matter of policy. This Court should grant certiorari to eliminate the doctrine or narrow it in a way that avoids those harms.

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## CONCLUSION

For the foregoing reasons, this Court should grant the petition for certiorari.

Respectfully submitted,

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