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Supreme Court Upholds, but Narrows, Assignor Estoppel

The Supreme Court, in a 5-4 decision, reaffirmed the existence of and rejected calls to eliminate the patent doctrine of assignor estoppel in *Minerva Surgical, Inc. v. Hologic, Inc*. This doctrine generally prevents a patent owner or inventor from assigning a patent to someone and then later alleging that patent is invalid in litigation. The Court, however, substantially narrowed the doctrine, rejecting the Federal Circuit's overly expansive application in past cases. The doctrine now "applies when, but only when, the assignor's claim of invalidity contradicts explicit or implicit representations he made in assigning the patent."

Justice Kagan delivered the majority opinion, joined by Chief Justice Roberts and Justices Breyer, Sotomayor and Kavanaugh. Justice Kagan explained that assignor estoppel is well rooted in patent law, citing to the Court's 1924 decision in *Westinghouse Electric Manufacturing Co. v. Formica Insulation Co*. Justice Kagan rejected any attempt to "discard this century-old form of estoppel" but also rejected the Federal Circuit's formulistic application, in which an assignor—such as a past patent owner or inventor—is always estopped from challenging validity. This is because the doctrine "reaches only so far as the equitable principle long understood to lie at its core."

Justice Kagan explained that assignor estoppel is "well grounded in centuries-old fairness principles." And so that "equitable basis" defines the scope: "The doctrine applies only when an inventor says one thing (explicitly or implicitly) in assigning a patent and the opposite in litigating against the patent's owner." An inventor cannot assign a patent, explicitly or implicitly representing that the patent is valid, and then later take the opposite position. But Justice Kagan explained that where the assignor wouldn't be taking the opposite position, the doctrine doesn't apply. Thus, in some (and perhaps many) instances a past assignor can challenge validity in a subsequent lawsuit.

Justice Kagan provided three examples of when the doctrine of assignor estoppel likely would not apply. The first is in a common employment arrangement where an employee assigns to his employer all patent rights in any future inventions developed during the employment. In that case, there has been no implicit or explicit representation that a patent is valid, as the invention has not even come into existence yet. The second example is where there have been subsequent developments in the law. While the inventor may have represented the patent as being valid while assigning, it would be proper to challenge validity if the grounds were caused by changes in the law. And the third example is where a patent application (and not an issued patent) is assigned. If the eventually issued patent claims are the same as those in the application when assigned, then the doctrine would apply. But if the new owner makes material changes, assignor estoppel likely won't apply. That's because the assignor certainly did not make any implicit or explicit representations regarding claims not yet in existence that are materially broader.

Justice Barrett authored a dissenting opinion, in which Justices Thomas and Gorsuch joined. Contrary to the majority, Justice Barrett would have abandoned the doctrine of assignor estoppel. Justice Barrett explained that the Court in *Westinghouse* had interpreted the 1870 Patent Act to incorporate assignor estoppel. She, however, asserted that the doctrine was not carried over in the 1952 Patent Act, and thus Congress effectively abrogated *Westinghouse* and patent assignor estoppel.

Justice Alito filed a separate dissenting opinion, criticizing both Justice Kagan's majority opinion and Justice Barrett's dissent. He believed the Court should have decided whether to overrule the *Westinghouse* decision. Justice Alito indicated that he would have overruled *Westinghouse*, writing "[n]ot one word in the patent statutes supports assignor estoppel, and the majority does not claim otherwise." At the same time, Justice Alito disagreed with Justice Barrett's opinion that the 1952 Patent Act abrogated assignor estoppel. While *Westinghouse* was based on the 1870 Act, he did not believe any differences between the text of the two acts had any logical connection to assignor estoppel.

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