

2019-2054, 2019-2081

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*In the*  
**United States Court of Appeals**  
*for the*  
**Federal Circuit**

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HOLOGIC, INC.,  
CYTYC SURGICAL PRODUCTS, LLC,  
*Plaintiffs – Appellants*

v.

MINERVA SURGICAL, INC.,  
*Defendant – Cross-Appellant*

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*Appeals from the United States District Court for the District of Delaware,  
In Case No. 1:15-cv-01031 · Honorable Joseph F. Bataillon, Senior Judge*

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**BRIEF *AMICI CURIAE* OF 26 INTELLECTUAL  
PROPERTY PROFESSORS IN SUPPORT OF GRANTING  
THE PETITION FOR *EN BANC* REVIEW**

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## FORM 9. Certificate of Interest

Form 9  
Rev. 10/17

## UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

Hologic, Inc., Cytac Surgical Products, LLC v. Minerva Surgical, Inc.Case No. 2019-2054, 2019-2081

## CERTIFICATE OF INTEREST

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☐ (petitioner) ☐ (appellant) ☐ (respondent) ☐ (appellee) ☒ (amicus) ☐ (name of party)**Amici Curiae 26 Intellectual Property Professors**

certifies the following (use "None" if applicable; use extra sheets if necessary):

1. Full Name of Party Represented by me	2. Name of Real Party in interest (Please only include any real party in interest NOT identified in Question 3) represented by me is:	3. Parent corporations and publicly held companies that own 10% or more of stock in the party
See Attached (Appendix A)	None	None

4. The names of all law firms and the partners or associates that appeared for the party or amicus now represented by me in the trial court or agency or are expected to appear in this court **(and who have not or will not enter an appearance in this case)** are:

None

**FORM 9. Certificate of Interest**

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5. The title and number of any case known to counsel to be pending in this or any other court or agency that will directly affect or be directly affected by this court's decision in the pending appeal. *See* Fed. Cir. R. 47. 4(a)(5) and 47.5(b). (The parties should attach continuation pages as necessary).

None

6/5/2020

Date

/s/ Mark A. Lemley

Signature of counsel

Mark A. Lemley

Printed name of counsel

Please Note: All questions must be answered

cc: \_\_\_\_\_

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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.

## 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 the Supreme 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

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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.

competition, and promoting efficient mobility of employees. It broadly 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 full Court an opportunity to revisit its doctrine and to curtail it to conform with Supreme Court precedent and patent policy. Amici take no position on which party should prevail in this case, but this Court should grant en banc review in order to narrow the doctrine to conform to Supreme Court precedent and sound public policy.

## **ARGUMENT**

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

The Supreme 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. At the same time, this Court has continued to expand assignor estoppel, creating a substantial conflict with Supreme Court precedents.

**A. The Supreme Court Has Sharply Limited Assignor Estoppel.**

The Supreme 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).

The Court first considered—and constrained—assignor estoppel in *Westinghouse*. There, it held that an assignor 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 an expired patent covered his allegedly infringing products. 326 U.S. at 254. As a matter of public policy, assignor estoppel could not apply in cases “where the alleged infringing device is [technology from] an expired patent.” *Id.* at 258. This result flowed from the critical principle 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 so doing, the Court observed that the *Westinghouse* limitation on assignor estoppel was “radically inconsistent” with estoppel’s premises, *id.* at 665, signaling similarly fatal flaws with the rationale for assignor estoppel. 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.

Other public policy determinations were similarly compelling. *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.* Moreover, 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 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, who are required to assign their inventions without compensation before they have even invented them and therefore 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.

**B. The Current Scope of Assignor Estoppel Is Inconsistent with the Supreme Court's Narrow Approach.**

The Federal Circuit has consistently extended assignor estoppel since *Lear*. It did so again here.

For example, the doctrine now reaches well beyond the assignor to 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 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 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, this Court has applied assignor estoppel where the assignee amended the claims in a patent after assignment, 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 Court here also applied the doctrine to bar section 112 challenges to those broadened claims, something over which the inventor had no control.

## **II. The Panel Decision Perpetuates a Doctrine that Undermines Important Public Interests in Invalidating Bad Patents and Protecting Efficient Employee Mobility**

This Court should significantly limit the scope of the assignor estoppel doctrine to further the important public policy interests in invalidating bad patents, promoting free competition, and promoting efficient mobility of employees.

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 improperly reduces 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 invalidating 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 good. 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*. Further restricting

a defendant's ability to assert invalidity and contribute to this public good is particularly unwarranted absent a strong countervailing policy.

No such countervailing policy justifies the current doctrine of assignor estoppel. 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.

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 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 en banc review to narrow the doctrine in a way that avoids those harms.

### CONCLUSION

For the foregoing reasons, this Court should grant the petition for en banc review.

Dated: June 5, 2020

Respectfully submitted,

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## CERTIFICATE OF SERVICE

I hereby certify that on June 5, 2020, I electronically filed the foregoing Brief *Amici Curiae* with the Clerk of the Court for the United States Court of Appeals for the Federal Circuit by using the appellate CM/ECF system.

I certify that all participants in the case are registered CM/ECF users and that service will be accomplished by the appellate CM/ECF system.

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## CERTIFICATE OF COMPLIANCE

This brief complies with the type-volume limitation of Federal Circuit Rule 29(a)(4). This brief contains 2,376 words, excluding the parts of the brief exempted by Federal Rule of Appellate Procedure 32(f).

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