

## The Shifting Landscape of Patent Assignments



**Within the last year, there have been several cases impacting assignment rights that practitioners need to be aware of. In light of these cases, parties to a patent transaction should carefully negotiate terms addressing potential subsequent validity challenges by an assignor.**

**By James J. DeCarlo and Jordan Lewis | [October 1, 2021](#) | [New Jersey Law Journal](#)**

Patent ownership rights in the U.S. originate with the patent's inventors. For an entity other than the inventors to obtain those rights, it is critical to ensure that inventors have effectively assigned the rights in the invention to the entity. This also applies when a company is acquiring a patent that was previously assigned to another company. Within the last year, there have been several cases impacting assignment rights that practitioners need to be aware of.

On June 29, 2021, in *Hologic v. Minerva Surgical*, 141 S.Ct. 1068, the Supreme Court ruled on a case addressing assignor estoppel. Assignor estoppel is a doctrine that broadly holds that a party that has assigned a patent cannot later challenge the validity of that patent's claims. In *Hologic*, an assignee added an allegedly broader claim during prosecution of an acquired patent application. The court held that assignor estoppel would not apply to claims during post-assignment prosecution if such claims are materially broader than those present in the assigned patent application. The court remanded the case to

the United States Court of Appeals for the Federal Circuit (“CAFC”) to determine whether the added claims were materially broader than those originally assigned. If so assignor estoppel should not apply.

In August of 2021, the CAFC found that several aspects of a university’s bylaws did not effectuate a present automatic assignment between a former University of Michigan employee and the university. *See* CAFC No. 2020-1715, -1716. In a case involving Omni MedSci, Inc. (“Omni”), the former employee acquired several patents and subsequently assigned the patent rights to Omni. Omni later alleged infringement of the assigned patents by a third party. At issue was whether the University of Michigan owned the asserted patents according to the University Bylaws, which stated that patents acquired by university staff and supported by university funds “shall be” the property of the university, instead of Omni, who acquired the patents subsequent to the employment of the inventor. *Id.* The CAFC held that the use of the phrase “shall be property” reflects only a promise of a potential further assignment. The CAFC also held that the university’s requirement that a separate assignment form be executed was not language of confirmation, but rather contained distinct and ambiguous language from the alleged present assignment. Accordingly, in the absence of a present binding agreement that related to the patents at hand, the CAFC agreed with the decision of the district court that there was no assignment.

In April of 2021, the CAFC upheld a determination by the lower court that found that assignment provisions in an employment agreement that refer to intellectual property (“IP”) and rights to that IP were temporally limited to the term of employment, and thus a later acquirer of certain IP related to the employee’s prior work had no rights in ideas that form part of a conception that is later patented. In *Bio-Rad Laboratories v. ITC*, 996 F.3d 1302, in refuting an alleged infringer’s argument that it shared co-ownership rights in the patents asserted against it, the CAFC stated that “the assignment provisions are limited temporally,” thus capturing only IP created during the term of employment. *Id.* The CAFC stated that “[t]he most straightforward interpretation is that the assignment duty is limited to subject matter that itself could be protected as intellectual property before the termination of employment” *Id.* The CAFC made a distinction between this case and a prior decision where co-ownership was established and involved different contractual language, in which a visiting researcher agreed to transfer “right, title, and interest” in the ideas and inventions conceived or made “as a consequence” of his work at the former workplace. *Id.* That language at issue in the prior case was found to be a significant difference, as was the lack of a time limit in the contract. As a result, the CAFC held that there could have been no assignment of post-employment inventions, and thus no co-ownership in the asserted patents, upholding the lower court.

In November of 2020, in *Whitewater West Industries v. Alleshouse*, 981 F.3d 1045, the CAFC held that an assignment agreement executed by a former employee that filed a set of provisional patent applications on personal inventions for his own venture within two months of leaving his former employer was void. In that case, the former employer then sued the former employee, arguing that the employment contract included rights over post-employment inventions. The CAFC held that assignment provisions of an employment agreement governed by California law could not be read to reach indefinitely into the future so as to be “a broad restraining effect” because it would prevent the employee from effectively working in the field for any other company. *Id.*

In light of the cases above, parties to a patent transaction should carefully negotiate terms addressing potential subsequent validity challenges by an assignor. First, inventions assigned under intellectual property assignment rights in employment agreements may be particularly vulnerable to attacks under the narrowed doctrine of assignor estoppel. Also, companies considering continuations and amendments of acquired patent families, especially those that substantially extend the scope of the original granted claims, should be aware that such amendments may negate explicit and implicit assurances from an inventor with respect to the acquired families, thus opening the door to assignor estoppel. If possible, companies should

consider obtaining a new assignment consistently, or modify their assignment forms to take into account all that is disclosed and that might be claimed in the assigned application(s).

Moreover, companies should examine changes that patents may have undergone after execution of such assignment rights, with the understanding that such changes might preclude application of the assignor estoppel doctrine, when considering acquiring an open patent family or pending applications; and companies should note that “shall be the property” language reflects a promise of potential future assignment, and a requirement of a separate executed form that contains language of confirmation may be required. Thus, companies should consider obtaining a new assignment for every filing, even for continuations and divisionals, or should consider initially filing very broad claims as the claim scope at the time of the assignment is now an important factor in determining the scope of assignment.

In conclusion, companies should be diligent with assignments of patent rights, especially considering the latest challenges introduced by recent case law.

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