## ***Mag Aerospace*: Assignor Estoppel**

Yesterday in *Mag Aerospace Industries, Inc. v. B/E Aerospace, Inc.*, __ F.3d __ (Fed. Cir. Mr. 23, 2016)(Prost, C.J.), in the course of an affirmance of a noninfringement of a vacuumless toilet patent, the Court provided a tutorial on assignor estoppel, *Mag Aerospace,* slip op. at 9-11 (*attached*).

**Too Many Law Clerks (*con'd*)**: Given that the Court concluded that there was no infringement even if the suit was properly brought, precisely ***why*** was it necessary for the Court to provide a tutorial on assignor estoppel *unnecessary for the holding in this case*?

Regards,

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court's claim construction. J.A. 34. Thus, the second edge also does not meet the claimed limitation.

MAG also argues that the district court improperly revised its construction at summary judgment by requiring that the flange be a "flat horizontal piece" and that the "top of the support structure" be limited to a horizontally flat structure with uniform elevation. Those arguments are without merit. The district court said nothing about uniform elevation; instead, it merely concluded that the edges identified by MAG did not touch the top of the support structure. Similarly, although the district court referenced the lack of a flat horizontal piece, the court was not requiring that the flange be such a piece; instead, the court properly compared the slot in the ribs (the "second edge") to the construction of "out-turned flange" and found that the limitation was not met. The district court thus did not improperly revise its constructions at summary judgment and, instead, correctly concluded that B/E's toilets did not infringe the '942 patent.

Because the district court properly determined that there were no genuine issues of material fact as to noninfringement of any of the asserted patents, we affirm the district court's grant of summary judgment of noninfringement.

## II. ASSIGNOR ESTOPPEL

In addition to granting B/E's motion for summary judgment of noninfringement, the district court also granted MAG's motion for summary judgment of no invalidity. B/E cross-appeals from that ruling, contending that the district court improperly applied assignor estoppel to bar it from asserting that the patents-in-suit are invalid.

Assignor estoppel is an equitable remedy that prohibits an assignor of a patent, or one in privity with an assignor, from attacking the validity of that patent when

he is sued for infringement by the assignee. *Diamond Sci. Co. v. Ambico, Inc.*, 848 F.2d 1220, 1224 (Fed. Cir. 1988). "Privity, like the doctrine of assignor estoppel itself, is determined upon a balance of the equities." *Shamrock Techs., Inc. v. Med. Sterilization, Inc.*, 903 F.2d 789, 793 (Fed. Cir. 1990). As we previously said in *Shamrock Technologies*,

> If an inventor assigns his invention to his employer company A and leaves to join company B, whether company B is in privity and thus bound by the doctrine will depend on the equities dictated by the relationship between the inventor and company B in light of the act of infringement. The closer that relationship, the more the equities will favor applying the doctrine to company B.

*Id.* Here, one of the inventors of the patents-in-suit, Mark Pondelick, now works for B/E. Mr. Pondelick assigned the patents to his former employer, who in turn assigned them to MAG. The district court concluded that Mr. Pondelick was in privity with B/E and thus that assignor estoppel applies to bar B/E from attacking the validity of the patents. The district court did not clearly err in its determination.

The district court analyzed a number of factors identified in *Shamrock Technologies* to determine whether a finding of privity was appropriate: (1) the assignor's leadership role at the new employer; (2) the assignor's ownership stake in the defendant company; (3) whether the defendant company changed course from manufacturing non-infringing goods to infringing activity after the inventor was hired; (4) the assignor's role in the infringing activities; (5) whether the inventor was hired to start the infringing operations; (6) whether the decision to manufacture the infringing product was made partly by the inventor; (7) whether the defendant company began manufacturing the accused product shortly after hiring

the assignor; and (8) whether the inventor was in charge of the infringing operation. B/E argues that many of these factors support its position that assignor estoppel should not apply. For example, B/E notes that Mr. Pondelick joined B/E after the decision to develop the accused toilet was made and that there was never a plan to conduct infringing activities; in fact, the point of hiring Mr. Pondelick was to avoid infringement. B/E also points out that this case is unlike the others where privity was found because Mr. Pondelick has a negligible financial interest in B/E. Finally, B/E says that the district court should not have disregarded the fact that Mr. Pondelick was making good faith efforts to avoid infringement.

The district court acknowledged all of B/E's arguments but found on balance that assignor estoppel was appropriate. The district court's conclusion is not clearly erroneous. As the district court found, many of the *Shamrock* factors weigh in favor of finding privity. For example, the district court noted that B/E used Mr. Pondelick's knowledge to conduct the activities that are now alleged to be infringing; that he was hired specifically to develop the toilets that are accused of infringement; and that he was the Director of Engineering for B/E during his time as a consultant and later became Vice President and General Manager of B/E EcoSystems, the division that manufactured the accused toilets. Based on the extent of Mr. Pondelick's involvement in the alleged infringing activity and the fact that B/E "availed itself of [Mr. Pondelick's] knowledge and assistance" to conduct the alleged infringement, *Intel Corp. v. U.S. Int'l Trade Comm'n*, 946 F.2d 821, 839 (Fed. Cir. 1991), we cannot say that the district court abused its discretion in finding that assignor estoppel applies. We therefore affirm the district court's ruling that B/E is barred under the doctrine of assignor estoppel from arguing that the patents-in-suit are invalid.