

# Federal Circuit Flushes Appeal Relating to Infringement of Airline Toilet Patents; Waives-Off Challenge to Finding of Assignor Estoppel

Article By:

William A. Meunier

Nicholas W. Armington

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On March 23, 2016, the Federal Circuit in [\*MAG Aerospace Indus., Inc. v. B/E Aerospace, Inc.\*](#), Nos. 2015-1370, -1426, upheld a decision concerning U.S. patents directed to vacuum toilets found on commercial aircraft. In its opinion, the Federal Circuit provided guidance on when assignor estoppel may prevent an accused infringer from challenging a patent's validity and enforceability.

MAG Aerospace Industries, LLC ("MAG") had sued B/E Aerospace ("B/E") alleging infringement of patents for "technology that facilitates maintenance and service of vacuum toilets and minimizes vehicles downtime through the use of toilet components that are 'line replaceable units.'" The inventor of the patents at issue, who currently works for B/E, had assigned the patents-in-suit to his previous employer, who had in turn assigned them to MAG. Based on these facts, the United States District Court for the Central District of California granted summary judgment that the inventor was in privity with B/E and that assignor estoppel thus barred B/E from attacking the validity of the patents. The district court also granted B/E's motion for summary judgment of non-infringement on all patents.

MAG appealed the summary judgment finding, and B/E appealed the finding of assignor estoppel. After addressing (and affirming) the district court's non-infringement judgment, the Federal Circuit provided a helpful summary and analysis of the doctrine of "assignor estoppel," ultimately upholding the district court's application of assignor estoppel to B/E's invalidity defenses.

The Federal Circuit first explained that "[a]ssignor 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," and further that "[p]rivity, like the doctrine of assignor estoppel itself, is determined upon a balance of the equities."

Next, the Federal Circuit explained that the district court's application of the following factors from [\*Shamrock Techs., Inc. v. Med. Sterilization, Inc.\*](#), 903 F.2d 789 (Fed. Cir. 1990), to determine privity was not clearly erroneous:

- the assignor's leadership role at the new employer;
- the assignor's ownership stake in the defendant company;
- whether the defendant company changed course from manufacturing non-infringing goods to infringing activity after the inventor was hired;
- the assignor's role in the infringing activities;
- whether the inventor was hired to start the infringing operations;
- whether the decision to manufacture the infringing product was made partly by the inventor;
- whether the defendant company began manufacturing the accused product shortly after hiring the assignor; and
- whether the inventor was in charge of the infringing operation.

Notwithstanding B/E's argument that the inventor had a negligible financial interest in B/E, the district court found that many of the *Shamrock* factors weighed in favor of finding privity, including that B/E used the inventor's knowledge to conduct the activities that were alleged to be infringing; that the inventor was hired specifically to develop the toilets that are accused of infringing; and that the inventor was Director of Engineering for B/E during his time as a consultant and later became Vice President and General Manager of the B/E division that manufactured the accused toilets.

The Federal Circuit agreed that many of the *Shamrock* factors weighed in favor of a finding of privity, and thus determined that the district court did not clearly err in its privity determination. The Federal Circuit's treatment of the district court's analysis provides helpful guidance in evaluating the potential reach of assignor estoppel.

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