No. 22-639

In the Supreme Court of the United States

ARTHREX, INC., PETITIONER

v.

SMITH & NEPHEW, INC.; ARTHROCARE CORP.; AND UNITED STATES OF AMERICA, RESPONDENTS

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

BRIEF IN OPPOSITION FOR THE PRIVATE RESPONDENTS

CHARLES T. STEENBURG
Counsel of Record
NATHAN R. SPEED
WOLF, GREENFIELD & SACKS, P.C.
600 Atlantic Avenue
Boston, MA 02210
(617) 646-8000
Charles.Steenburg@WolfGreenfield.com

MARK J. GORMAN
SMITH & NEPHEW, INC.
7135 Goodlett Farms Parkways
Cordova, TN 38016

Counsel for Respondents Smith & Nephew, Inc. and ArthroCare Corp.

QUESTION PRESENTED

This Court previously held that to comply with the Appointments Clause of the Constitution, the Director of the U.S. Patent & Trademark Office must retain discretionary authority to review decisions of the Patent Trial and Appeal Board. *United States v. Arthrex, Inc.*, 141 S. Ct. 1970 (2021). On remand, the Commissioner for Patents, acting under the delegated authority of the Director, denied petitioner's request for rehearing of the underlying merits decision. The question presented is:

Whether the Federal Vacancies Reform Act of 1998 invalidates the Commissioner's exercise of properly delegated authority?

RULE 29.6 STATEMENT

Respondents Smith & Nephew, Inc. and ArthroCare Corp. state that Smith & Nephew PLC is their parent corporation and no other publicly held corporation owns 10% or more of the stock of either.

TABLE OF CONTENTS

TABLE OF AUTHORITIES

Page(s)

Cases

Statutes

Executive Materials

Legislative Materials

Other Authorities

In the Supreme Court of the United States

NO. 22-639

ARTHREX, INC., PETITIONER

v.

SMITH & NEPHEW, INC.; ARTHROCARE CORP.; AND UNITED STATES OF AMERICA, RESPONDENTS

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

BRIEF IN OPPOSITION FOR THE PRIVATE RESPONDENTS

INTRODUCTION

On May 2, 2018, the Patent Trial and Appeal Board (PTAB) issued a final written decision finding that the pertinent claims of petitioner's patent are unpatentable as anticipated. Pet. App. 126a–168a. This Court subsequently determined that the Appointments Clause requires that the Director of the Patent and Trademark Office (PTO) retain discretionary authority to independently review PTAB decisions, and remanded the case to permit the "Acting Director" to exercise that discretion. *See United States v. Arthrex, Inc.*, 141 S. Ct. 1970, 1987 (2021). On remand, the Commissioner for Patents (exercising the power of the Director under a standing delegation) denied review of the underlying PTAB decision on the merits, and the Federal Circuit

affirmed. Petitioner "does not seek review" of those unpatentability determinations. Pet. 15 n.1.

Petitioner instead asks this Court to decide whether the Federal Vacancies Reform Act of 1998 (FVRA), 5 U.S.C. § 3345 et seq., precludes an inferior officer from exercising the properly delegated authority of an agency head when superior offices remain vacant. Three courts of appeals have considered this question, and all three have concluded that the provision at issue here—5 U.S.C. § 3348—imposes no such bar to the orderly functioning of government. The Department of Justice has adopted the same position since shortly after Congress passed the FVRA in 1998, and the Legislature has never amended the statute. Given that all three branches of the federal government share the same view of the statute, petitioner's suggestion that there is some crisis in the separation of powers is hyperbolic.

This case is an exceptionally poor vehicle for reviewing the FVRA question presented in the petition. The relevant patent claims have been adjudicated invalid by both the PTO and the Federal Circuit, and petitioner does not even allege error in that respect. Its sole contention is that the invalidity ruling should *also* have been reviewed personally by the incumbent Director, who was confirmed during the Federal Circuit appeal in this case. Given that the Director did not exercise her right to intervene in that proceeding to disavow the PTAB decision, it is inconceivable that requiring her to consider a rehearing petition would benefit petitioner in any way. At the same time, petitioner's position calls into question the validity of hundreds of thousands of other patents authorized by the Commissioner for Patents during the period in which the Director's office was vacant. Thus, while a ruling for petitioner would do

nothing to advance *its* interests, such a ruling could disrupt the settled expectations of hundreds of thousands of inventors.

In any event, the decision below is correct. The FVRA provision at issue voids agency action taken by inferior officers performing functions or duties that are committed by statute or regulation "only" to the agency head. 5 U.S.C. § 3348(a)(2), (d). By definition, functions and duties that are "delegable" are not the kind that may be performed "only" by the agency head. The Patent Act gives the Director broad authority to delegate her powers, and the Director properly delegated the authority at issue here to the Commissioner for Patents in the event of a vacancy in the offices of Director and Deputy Director. The Commissioner for Patents exercised that delegated authority in denying petitioner's request for rehearing. This course of events was entirely lawful and did not intrude on any legislative or executive prerogatives. On the contrary, it represents the ordinary state of affairs during a period of presidential transition, when senior offices may be vacant yet the routine work of the federal government must carry on.

This case has been pending in one form or another since 2016; it is time it came to an end. Both the executive agency responsible for patents and the Article III court with exclusive jurisdiction over patent appeals have concluded that the relevant patent claims are invalid, and petitioner has offered this Court no reason to doubt that conclusion. There is no issue of national importance in this case, no meaningful relief that could even be afforded to petitioner, and no basis for exercising discretionary jurisdiction. The petition for a writ of certiorari should be denied.

STATEMENT

1. Following a presidential transition, there frequently will be a substantial number of vacancies in the leadership of Executive Branch agencies. The FVRA provides guidelines for how the President and his subordinates may, and may not, respond to such vacancies.

Section 3345 provides that the "functions and duties" of a vacant office may be performed, for a limited time, by (1) the first assistant to the office, (2) another officer nominated by the President and confirmed by the Senate, as directed by the President, or (3) an officer or employee within the relevant agency, as directed by the President. 5 U.S.C. § 3345(a). Section 3347 goes on to state that the FVRA provides "the exclusive means for temporarily authorizing an acting official to perform the functions and duties" of an office for which appointment by the President and confirmation by the Senate is required, subject to certain exceptions. *Id.* § 3347(a).

While Sections 3345 and 3347 broadly describe the means for carrying out the functions and duties of vacant offices, Section 3348 defines "function or duty" to mean any function or duty established by a statute or regulation that is "required by [such statute or regulation] to be performed by the applicable officer (*and only that officer*)." 5 U.S.C. § 3348(a)(2) (emphasis added). Any such "function or duty" undertaken by anyone other than the specified officer "shall have no force or effect." *Id.* § 3348(d)(1). Concomitantly, Section 3348 does not constrain agency action—including action taken pursuant to a delegation—that does not fit within the narrow definition of "function or duty."

2. Respondent Smith & Nephew, Inc. is a leading portfolio medical technology company and the parent corporation of respondent ArthroCare Corp. Among

many other life-saving and life-enhancing products, respondents market and sell suture anchors, which are devices that surgeons implant in bone to help secure soft tissue during surgeries.

Petitioner owns U.S. Patent No. 9,179,907 (the '907 patent), which claims particular suture anchors. In November 2015, petitioner filed suit against respondents in federal court, alleging infringement of the '907 patent. *See Arthrex, Inc.* v. *Smith & Nephew, Inc.*, No. 15-CV-1756 (E.D. Tex. filed Nov. 10, 2015). Respondents countered by filing an *inter partes* review (IPR) petition with the PTAB, requesting that the PTAB evaluate whether certain claims in the '907 patent asserted by petitioner against respondents were unpatentable.

In the federal court proceeding, a jury found that respondents had infringed certain claims of the '907 patent, all of which were included among the claims respondents had challenged in their IPR request. C.A. JA4713–14. Before the trial court could rule on post-trial motions, the parties reached a settlement in the federal lawsuit, which allowed respondents to continue to pursue the IPR proceeding. C.A. JA532–33.

The Director later instituted review on all of the claims respondents had challenged in the IPR request (save for two that petitioner had already disclaimed). C.A. JA216–36. Following a trial conducted by three administrative patent judges (APJs), the PTAB issued a final written decision finding all challenged claims unpatentable as anticipated pursuant to 35 U.S.C. § 102. Pet. App. 126a–168a.

Petitioner sought judicial review in the Federal Circuit, which vacated and remanded the PTAB's decision on the basis that the structure of the PTAB, as set forth

in the America Invents Act (AIA), violated the Appointments Clause. *See* Pet. App. 31a–62a. Specifically, the Federal Circuit held that "[t]he lack of any presidentially-appointed officer who [could] review, vacate, or correct decisions by the APJs combined with the limited removal power" meant that the APJs were "principal officers" who had not been appointed by the President with the advice and consent of the Senate. *Id.* at 51a. As a remedy, the Federal Circuit invalidated those statutory provisions partially insulating APJs from removal, vacated the PTAB's decision, and remanded for consideration by a new panel of APJs. *Id.* at 55a–62a.

This Court granted certiorari to review the constitutionality of the PTAB structure as set forth in the AIA. The Court's principal concern was that although the Director (a presidentially appointed and Senate-confirmed officer) could issue patents, three APJs (who are not appointed by the President or confirmed by the Senate) could undo that determination with no further oversight by the Director. *Arthrex*, 141 S. Ct. at 1985. To remedy that imbalance, the Court held 35 U.S.C. § 6(c)—which provides that only the PTAB could grant rehearing of final written decisions—"unenforceable as applied to the Director insofar as it prevents the Director from reviewing the decisions of the PTAB on his own." *Id.* at 1987. In other words, the Appointments Clause requires the Director to retain unilateral authority to review PTAB decisions. The Court remanded the case "to the *Acting* Director for him to decide whether to rehear the petition"—because the office of Director was vacant at the time of the Court's decision. *Ibid.* (emphasis added).

3. The Federal Circuit implemented this Court's mandate by permitting petitioner to "request Director

rehearing of the final written decision" invalidating petitioner's patent claims. C.A. Dkt. 144, at 2. Petitioner promptly filed such a request, which was referred to the Commissioner for Patents (Andrew Hirshfeld)—the highest-ranking official in the PTO at the time, because the offices of Director and Deputy Director were both vacant. Pet. App. 30a.

a. A preexisting order of the PTO provides that, in the event the offices of the Director and Deputy Director are both vacant, the Commissioner for Patents may exercise the authority of the agency. C.A. Dkt. 166 Ex. F. In the final hours leading up to President Biden's January 20, 2021 inauguration, the Director and Deputy Director both resigned. *See* Hailey Konnath, *USPTO Deputy Director Laura Peter Resigns, Following Iancu*, Law360 (Jan. 20, 2021), https://www.law360.com/articles/1347011/uspto-deputy-director-laura-peter-resigns-following-iancu. But the PTO continued to face a docket of patent applications and IPR proceedings, and Commissioner Hirshfeld accordingly exercised delegated authority over such matters in the interim.

Commissioner Hirshfeld denied petitioner's rehearing request on October 15, 2021. Pet. App. 29a–30a.[1] Thirteen days later, President Biden nominated Katherine Vidal as Director—fewer than 300 days after the former Director had resigned on January 19, 2021. Director Vidal was subsequently confirmed and sworn into

---

[1] Commissioner Hirshfeld exercised delegated authority to grant rehearing requests in several other proceedings during this period. *See, e.g.*, *Ascend Performance Materials Operations LLC* v. *Samsung SDI Co.*, IPR2020-00349, Paper No. 57 (Nov. 1, 2021); *Proppant Express Invs., LLC* v. *Oren Techs.*, IPR2018-00733, Paper No. 95 (Nov. 18, 2021); *Apple Inc.* v. *Personalized Media Commc'ns, LLC*, IPR2016-00754, Paper No. 50 (Mar. 3, 2022).

office on April 13, 2022, more than six weeks before the Federal Circuit's decision on review. *See* 168 Cong. Rec. S1987 (Apr. 5, 2022).

b. Following denial of its request for rehearing, petitioner again sought judicial review in the Federal Circuit. Petitioner argued that Commissioner Hirshfeld's actions violated the Appointments Clause and constitutional separation of powers, as well as the FVRA. C.A. Dkt. 158. Petitioner also challenged the invalidation of its patent claims on the merits, arguing that the PTAB's decision was unsupported by substantial evidence. *Ibid.*

The Federal Circuit concluded that petitioner's argument under the Appointments Clause was foreclosed by this Court's decision in *United States* v. *Eaton*, 169 U.S. 331 (1898). Pet. App. 5a–10a. In addition, the court rejected petitioner's separation of powers challenge on the ground that there was no question the President could have removed Commissioner Hirshfeld without cause "from his role as the Director's temporary stand-in" and named his own Acting Director. *Id.* at 19a–20a. Petitioner has now abandoned both of these theories.

The Federal Circuit also rejected petitioner's limited challenge under the FVRA—the sole issue presented in the pending petition. The court held that because Section 3348 "unambiguous[ly]" invalidates agency action only to the extent the "function or duty" being challenged is one that can "be performed by the applicable officer (and only that officer)," that provision does not apply to "delegable functions and duties." *Id.* at 10a–11a. Although the court acknowledged that the universe of agency actions affected by Section 3348 might be "vanishingly small," the court rejected the notion that policy concerns could "justify departing from the plain

language of the statute." *Id.* at 13a–14a. The court further observed that adopting petitioner's position could "call the validity of [more than 668,000] patents" issued by Commissioner Hirshfeld and previous stand-ins before him (following previous transitions) "into question," as well as "cast doubt on all the IPR decisions the PTO issued during the Commissioner's tenure performing the Director's delegable functions." *Id.* at 14a.

The Patent Act gives the Director "a general power to delegate 'such of the powers vested in the PTO as the Director may determine.'" *Id.* at 16a (alteration omitted) (quoting 35 U.S.C. § 3(b)(3)(B)). The Federal Circuit concluded that the authority of the Director to review decisions of the PTAB—as required by this Court in *Arthrex*—was within the delegable powers of the Director. *Id.* at 16a–18a. The same power, the Federal Circuit concluded, could be exercised by Commissioner Hirshfeld without running afoul of Section 3348. *Id.* at 16a. Accordingly, the court held that "the Commissioner's order denying [petitioner's] rehearing request on the Director's behalf did not violate the FVRA." *Id.* at 18a.

Finally, the Federal Circuit addressed petitioner's challenge on the merits to the PTAB's decision that the challenged patent claims were invalid. *Id.* at 20a–27a. The court carefully evaluated the expert testimony and determined that substantial evidence supported the PTAB's factual finding that the claims were anticipated. *Id.* at 27a. Accordingly, the court affirmed the PTAB's decision in its entirety. *Id.* at 28a.[2]

---

[2] At argument, one judge observed that "in thirty years of patent law," he had "never" encountered a patent prosecution strategy as brazen as petitioner's. C.A. Oral Arg. at 27:41–27:47.

REASONS FOR DENYING THE PETITION

Petitioner fails to offer any persuasive argument for this Court to exercise its discretionary jurisdiction.

First, there is no conflict of appellate authority regarding the scope of the FVRA—all three courts of appeals to consider the question presented here have resolved it the same way, *against* petitioner. Moreover, the decision below does not present the constitutional crisis petitioner hypothesizes. Since 1999, the Department of Justice has consistently advanced the interpretation of the FVRA adopted by the Federal Circuit below, and no court of appeals has yet rejected it. Congress, presumably aware of that interpretation, has left the statute unchanged.

Second, this case presents a poor vehicle for addressing the applicability of the FVRA. The PTAB determined that the patent claims at issue were unpatentable, Commissioner Hirshfeld denied discretionary review, and the Federal Circuit affirmed the PTAB's decision as supported by substantial evidence. Although she had the statutory authority to do so, Director Vidal did not seek to intervene in the Federal Circuit proceeding to "disavow" the PTAB's decision. All of this means that even if petitioner could obtain a remand back to the Director, all it would get is a formal denial of its request for review. Meanwhile, a ruling for petitioner could threaten the validity of hundreds of thousands of patents authorized by Commissioner Hirshfeld and issued by the PTO while the office of Director was vacant.

Third, the decision below is correct. Section 3348 is clear that it prohibits only the exercise of *nondelegable* functions and duties of executive officers—i.e., those reserved by statute or regulation to specific officials. The Patent Act expressly permits the Director to delegate

her authority to inferior officers, and the authority to review decisions of the PTAB falls within the scope of such delegated authority. Petitioner's invocation of the FVRA's purpose and intent cannot overcome the plain text and structure of the statute, which establish that the FVRA does not affect the exercise of properly delegated authority necessary to the ordinary functioning of government following presidential transitions.

I. The Question Presented Does Not Warrant Review

The question presented implicates no conflict among the courts of appeals and does not raise the separation-of-powers concerns that petitioner claims. There is no question of exceptional importance warranting this Court's review.

A. There Is No Circuit Split

Three federal courts of appeals—including the Federal Circuit—have examined the question presented, and each has concluded that the FVRA does not nullify actions like those taken here.

In *Schaghticoke Tribal Nation* v. *Kempthorne*, 587 F.3d 132 (2d Cir. 2009), the Second Circuit upheld against a challenge under the FVRA agency action taken by an inferior officer pursuant to his delegated authority, holding that because the statute permitted delegation of power to an "authorized representative" of the agency head, the challenged action did not fall within the "functions or duties" performable *only* by an appointed officer within the meaning of Section 3348(a)(2). *Id.* at 135.

Likewise, in *Kajmowicz* v. *Whitaker*, 42 F.4th 138 (3d Cir. 2022), the Third Circuit held that "[t]he statutory language is unambiguous," and that Section 3348 "does not apply to delegable functions and duties." *Id.* at 148

(alteration and quotation marks omitted). Because the statutes at issue contained "no express nor implicit restrictions on the Attorney General's ability to subdelegate his rulemaking authority to subordinates," the challenged agency action was not invalid under the FVRA. *Id.* at 150.

The decision below is entirely consistent with *Schaghticoke* and *Kajmowicz*. *See* Pet. App. 10a–18a. And the Federal Circuit has adhered to this approach in subsequent decisions. *See, e.g.*, *CyWee Grp. Ltd.* v. *Google LLC*, 59 F.4th 1263, 1266–67 (Fed. Cir. 2023); *Fall Line Patents, LLC* v. *Unified Patents, LLC*, 2022 WL 17747862, at *1–2 (Fed. Cir. Dec. 19, 2022), *petition for cert. filed* (U.S. Mar. 20, 2023) (No. 22-925). The courts of appeals are thus uniform in their approach to the FVRA, each holding that agency action taken pursuant to lawfully delegated authority is not invalid under Section 3348.

Tacitly conceding the absence of a circuit split, petitioner invokes a handful of district court decisions purporting to apply the FVRA even where the duties and functions being carried out are delegable. Pet. 23–25. Such disagreements at the district-court level do not provide a basis for this Court's review. *See* Stephen M. Shapiro et al., *Supreme Court Practice* § 4.8 (11th ed. 2019) ("The Supreme Court will not grant certiorari to review a decision of a federal court of appeals merely because it is in direct conflict on a point of federal law with a decision rendered by a district court . . . ."). That is particularly so when those district court decisions conflict with the uniform precedent of the federal courts of appeals and depart from the plain text of the statute.[3]

[3] Petitioner observes that this Court granted certiorari in a prior case involving the FVRA even though there was no circuit split. Pet.

B. There Is No Constitutional Crisis

Unable to identify a split of appellate authority in need of resolution, petitioner urges that review is warranted to address an issue of "existential importance." Pet. 27. That is incorrect.

The FVRA was passed in 1998 and has never been amended. Petitioner acknowledges that the interpretation advanced by the Department of Justice in the court of appeals is consistent with the position it announced over 20 years ago and from which it has never wavered. Pet. 20; *see also Guidance on Application of Fed. Vacancies Reform Act of 1998*, 23 Op. O.L.C. 60, 72 (1999). And the first appellate court decision offering the prevailing construction of the FVRA was issued more than a decade ago. *See Schaghticoke*, 587 F.3d 132. The Nation has experienced four presidential transitions since the FVRA was enacted, with the accompanying vacancies in senior offices and the necessary exercise of delegated authority by career officials to keep the government running.

Congress has never taken action to amend the FVRA to further limit the exercise of delegated authority by executive officials in general, or to impose any "specific limitation" on the Director's authority to delegate power to subordinates in this particular agency. To the extent petitioners believe there is a "loophole" in the law, it is for Congress—not this Court—to address. *Touby* v.

26–27 (citing *NLRB* v. *SW Gen., Inc.*, 580 U.S. 288 (2017)). That hardly provides a basis to grant certiorari in *this* case—in *SW General*, the lower court decision on review had *vacated* the challenged agency action as unlawfully taken, thus calling into question all other agency actions taken by that individual. *See SW Gen.*, 580 U.S. at 298. Here, the Federal Circuit confirmed that Commissioner Hirshfeld acted lawfully, raising no comparable specter.

United States, 500 U.S. 160, 169 (1991) (recognizing Congress's power to impose "specific limitation[s]" as to an agency head's "delegation authority"). Indeed, Congress passed the America Invents Act in 2011 and had a prime opportunity to narrow (or eliminate) the delegable functions of the Director, yet chose not to do so. *See* America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011). Petitioner's hand-wringing averment that the decision below contravenes the intent of Congress in enacting the FVRA is contradicted by legislative inaction in light of a consistent interpretation by both the Department of Justice and federal appellate courts. Pet. 4; *see also Zuni Pub. Sch. Dist. No. 89* v. *Dep't of Educ.*, 550 U.S. 81, 90–91 (2007) (noting legislative inaction as evidence of statutory meaning).

Moreover, contrary to petitioner's protestations, this case does not involve "delegations to circumvent the FVRA's limits." Pet. 22. The parade of horribles petitioner trots out includes instances in which Presidents sought to install agency heads being considered or already rejected by the Senate (Pet. 22–23; *see also NLRB* v. *SW Gen., Inc.*, 580 U.S. 288, 295 (2017)); the person exercising the duties and functions of an officer would have been ineligible for appointment as an acting officer under the FVRA (Pet. 23–24; *see also L.M.-M.* v. *Cuccinelli*, 442 F. Supp. 3d 1, 25–29 (D.D.C. 2020)); or an unconfirmed individual acted as director beyond the temporal limitations set forth in the FVRA (Pet. 16, 22–24; *see also Bullock* v. *U.S. Bureau of Land Mgmt.*, 489 F. Supp. 3d 1112, 1129 (D. Mont. 2020)). As petitioner's own *amicus* confirms, the cases invoked by petitioner illustrate that Section 3348's enforcement mechanism is designed "to encourage compliance with the time limits

and appointment restrictions of the act," with the intention "that if a purported acting officer stayed in office past the deadline or lacked the required qualifications, that officer's actions could be challenged in court and invalidated." Thomas Berry, *Closing the Vacancies Act's Biggest Loophole*, Cato Institute Briefing Paper No. 131, at 2 (Jan. 25, 2022).

No such circumstances are present here. Commissioner Hirshfeld was never proposed to (much less rejected by) the Senate as a permanent Director; he was at all times qualified to serve as Acting Director under the FVRA had the President so elected, *see* 5 U.S.C. § 3345(a)(3); and Director Vidal was nominated before the 300-day limit for acting officers following a presidential transition expired, *see* 5 U.S.C. § 3349a. Moreover, the delegation of authority here was done pursuant to a longstanding order of the PTO, *see* C.A. Dkt. 166 Ex. F, which preexisted the vacancy (and Administration) at issue here and is substantially similar to a delegation order first issued in 2002 (Pet. 9)—it was not a reactionary measure to frustrate congressional resistance to an agency nominee. There has been no circumvention of the limits embodied in the FVRA—petitioner's only objection is that the President *himself* "never personally appointed Commissioner Hirshfeld as Acting Director" (Pet. 28), although there is no question he could have removed Commissioner Hirshfeld at any time from his temporary role if the President chose. Pet. App. 19a. The PTO stayed well within the guardrails imposed by the Constitution and the FVRA.

II. This Case Is a Poor Vehicle

Even were the question presented otherwise worthy of consideration in appropriate circumstances, this case is a poor vehicle to resolve the applicability of Section

3348's narrow prohibition. That is because petitioner would obtain no meaningful relief from this Court, yet a ruling in petitioner's favor could have devastating consequences for hundreds of thousands of other inventors.

In 2018, the PTAB concluded that the patent claims relevant to the dispute between petitioner and respondents are invalid. *See* Pet. App. 126a–168a. When this case first came before this Court, the Federal Circuit had declined to review the substance of the PTAB's decision in light of the constitutional issues it identified. Now, however, the Federal Circuit *has* weighed in, determining after a thorough review that petitioner's objections to the PTAB's fact-bound decision were without merit. *See* Pet. App. 20a–27a. Even if the Federal Circuit's decision were vacated on the procedural ground petitioner now urges, the court's substantive analysis of the PTAB decision (and, ultimately, the patent's invalidity) still would carry "precedential weight," *Action All. of Senior Citizens of Greater Phila.* v. *Sullivan*, 930 F.2d 77, 83 (D.C. Cir. 1991), and would "stand[] as the most comprehensive source of guidance available on the patent law questions at issue in this case," *Christianson v. Colt Indus. Operating Corp.*, 870 F.2d 1292, 1298 (7th Cir. 1989) (reaching same result as Federal Circuit on merits of patent law issues following this Court's decision vacating Federal Circuit's judgment on jurisdictional grounds). And of course, Commissioner Hirshfeld—the Commissioner *for Patents*—declined to overturn the PTAB's decision. Moreover, the patent claims at issue expired almost two years ago.

Petitioner's request for relief is thus premised on the castle-in-the-air hope that Director Vidal will exercise her discretionary authority to unilaterally review the PTAB decision *and* determine that the PTAB's decision

was wrong, that Commissioner Hirshfeld's denial of review was wrong, and that the Federal Circuit's affirmance of the PTAB's decision was wrong. Such an illusory prospect of relief is not ground for review in this Court. Indeed, if Director Vidal really believed there were colorable grounds to rehear the PTAB decision, she has had ample opportunity to say so. This Court has recognized that once a party seeks judicial review of a PTAB decision, "the Director can intervene before the court to defend or disavow the [PTAB's] decision." *Arthrex*, 141 S. Ct. at 1977 (citing 35 U.S.C. § 143). Director Vidal has not done so nor indicated any intent to do so—even though the United States (including attorneys from the PTO) intervened in the proceedings below to defend Commissioner Hirshfeld's exercise of delegated authority. *See* C.A. Dkt. 37; C.A. Dkt. 162.

Not only do Director Vidal's actions to date suggest that further review is unlikely to alter the ultimate result, they also call into question what relief this Court could even offer petitioner. This Court made clear in *Arthrex* that "the Director need not review every decision of the PTAB," and that instead what matters "is that the Director have the discretion to review decisions rendered by APJs." 141 S. Ct. at 1988. But Director Vidal has had such discretion since her appointment in April 2022, and could have exercised it at any time to intervene in support of petitioner. It is thus incorrect for petitioner to say it "did not get the remedy the Court directed" in its prior decision (Pet. 3)—it simply has not gotten the *result* it wanted. If all petitioner wants is a *formal* declaration by Director Vidal rejecting petitioner's rehearing application, rather than the implicit rejection Director Vidal has already delivered through her continued silence (and through the United States'

affirmative defense of Commissioner Hirshfeld's action), that is no reason to invoke this Court's jurisdiction.

In light of the absence of any real possibility for meaningful relief to petitioner, review here would be particularly inappropriate because of the devastating effect a ruling could have on the hundreds of thousands of patents Commissioner Hirshfeld and other commissioners before him have issued. The Federal Circuit aptly observed that "[c]onstruing the FVRA to apply to delegable duties would call the validity of" patents issued by the PTO on the authority of Commissioner Hirshfeld "into question." Pet. App. 14a. That is because no patent may issue without a valid signature from the Director or another officer validly exercising the Director's authority. *See Marsh* v. *Nichols, Shepherd & Co.*, 128 U.S. 605, 616 (1888). Thus, if Commissioner Hirshfeld's denial of petitioner's request for review was invalid under Section 3348, then presumably so too was his approval of hundreds of thousands of patents during the period that the offices of Director and Deputy Director were vacant.

Petitioner conceded at oral argument below that the "consequence of [its] view" of the FVRA was "that [Commissioner] Hirshfeld was without authority to sign off on 420,000 patents" issued during the vacancy in the office of the Director, although it suggested that the *de facto* officer doctrine might protect some of those patents from nullification. C.A. Oral Arg. at 1:23:05–1:23:35. The fate of hundreds of thousands of patents should not turn on their individual owners' ability to persuasively argue for application of such a narrow doctrine. That

petitioner is compelled to argue otherwise is itself evidence that certiorari is inappropriate here.[4]

III. The Decision Below Is Correct

Finally, review is unwarranted also because the Federal Circuit's decision was correct.

The plain text of the FVRA and the Patent Act resolves the question presented against petitioner, as the Federal Circuit recognized. Petitioner sought relief solely pursuant to Section 3348 of the FVRA, which renders void the performance of any "function or duty" taken in breach of the other sections of the FVRA. 5 U.S.C. § 3348(d)(1). Section 3348 defines "function or duty" to include only those responsibilities that are required by statute or regulation "to be performed by the applicable officer *(and only that officer).*" *Id.* § 3348(a)(2) (emphasis added). The Patent Act gives the Director the power to "delegate to [officers and employees of the PTO] such of the powers vested in the Office as the Director may determine." 35 U.S.C. § 3(b)(3)(B). Nothing in the Patent Act excepts the Director's review powers from the scope of delegable duties (*cf. Touby*, 500 U.S. at 169 (interpreting delegation provision broadly

[4] One *amicus* opines that a ruling in favor of petitioner would not invalidate these patents because the AIA permits the Director to delegate the powers of the "Office," but not the powers of the Director herself, with patent authorization apparently falling into the former category and appellate review of PTAB decisions into the latter. Katznelson Br. 16–17. The *amicus* cites no legal support for this distinction and it makes no sense—35 U.S.C. § 153 requires the "Director" (not her "Office") to sign patents, and in any event, drawing an artificial distinction between the "Office" and the "Director" would obscure "on whom the blame" for agency action "ought really to fall," which is the very problem addressed by this Court in *Arthrex*. 141 S. Ct. at 1982 (quotation marks omitted).

absent "a specific limitation on that delegation authority")), and this Court's decision in *Arthrex* recognizes that this power is not exclusive to the Director (*Arthrex*, 141 S. Ct. at 1987 (remanding for consideration by "Acting Director")).

The power to review PTAB decisions has not been reserved by statute or regulation "only" to the Director. Rather, the PTO's organic act permits the Director to delegate authority (35 U.S.C. § 3(b)(3)(B)), and the agency's pre-existing order properly delegates that authority to the Commissioner for Patents in the event of a vacancy in the offices of both the Director and the Deputy Director (C.A. Dkt. 166 Ex. F). Review of PTAB decisions is not reserved exclusively to the Director (or any other particular official), either in the Patent Act or in the PTO's regulations. Accordingly, Commissioner Hirshfeld's denial of petitioner's request for review was a lawful exercise of the delegated (and delegable) powers of the Director and not subject to invalidation under Section 3348.[5]

The FVRA refers to functions or duties that are required by statute or regulation "to be performed by the applicable officer (and only that officer)." 5 U.S.C. § 3348(a)(2). Petitioner suggests that this formulation "excludes functions that Congress vests in multiple officers," but "does not exclude functions that Congress requires one specific officer to perform, merely because that officer can enlist others." Pet. 29. In other words, petitioner's view is that a function is exclusive if Congress specifies a particular officer (or office) to perform

[5] Because petitioner argued below only for vacatur on the basis of Section 3348 (C.A. Dkt. 158, at 18–19, 23), the speculation by its *amicus* that other remedies might be available for actions taken in contravention of the FVRA is not at issue here (Cato Br. 12–15).

it, *even if* the agency's organic statute permits the specified officer to delegate the function. That reading is inconsistent with the plain text of the provision at issue: If a function can be delegated, then it is not required to be performed "only" by the agency head. *See Kajmowicz*, 42 F.4th at 149 ("[I]f a statute tasks an officer with certain responsibilities yet permits him to subdelegate them, then it does not require that officer (and *only that officer*) to exercise that authority" (alteration and quotation marks omitted)). Moreover, petitioner's interpretation is squarely contradicted by the legislative history, which indicates that "[t]he functions or duties of the office that can be performed only by the head of the executive agency are therefore defined as the *non-delegable* functions or duties of the officer." S. Rep. No. 105-250, at 18 (1998) (emphasis added).

Curiously, petitioner admits that "[n]o one disputes that . . . subordinates can continue to perform delegated functions even if the agency head's office becomes vacant," arguing that the problem here is that the delegation of authority occurs *only* in the event of a vacancy and delegates *all* of the functions of the agency head. Pet. 30. But there is no textual basis for drawing this distinction—either a delegation of authority during a vacancy is permitted under Section 3348 or it is not, and petitioner's subjective judgment as to which delegations strike it as pernicious and which do not is not a reliable or workable litmus test for application of the statute.

Rather than focusing on the text, petitioner spends much of its time advancing the contention that the Federal Circuit's interpretation undermines the purpose and intent of the statute. Pet. 17–22. As the Federal Circuit correctly recognized, however, concerns about purpose and intent cannot "justify departing from the

plain language of the statute." Pet. App. 14a (citing *N.C. Dep't of Transp.* v. *Crest St. Cmty. Council, Inc.*, 479 U.S. 6, 14 (1986)). But to the extent legislative intent matters, it weighs decisively against petitioner. The Federal Circuit pointed to legislative history indicating that Section 3348 was amended from its original draft form as part of a compromise to ensure that "[d]elegable functions of the office could still be performed by other officers or employees" in the event of a vacancy. Pet. App. 13a (quoting S. Rep. No. 105-250, at 18). The language relied upon by the Federal Circuit was thus a conscious compromise to avoid "an unintended shutdown of the Federal agency within which the vacancy exists due to administrative paralysis." Pet. App. 13a (quoting S. Rep. No. 105-250, at 30–31). Reviewing requests for rehearing of PTAB decisions—of which there are hundreds each year—is precisely the kind of administrative function properly delegated to ensure the continued functioning of government.

Petitioner invokes "the statute's broader structure," arguing that the Federal Circuit's decision "drains all practical force." Pet. 30–31. But Congress well knows how to make agency powers non-delegable. *See*, *e.g.*, 7 U.S.C. § 389. Moreover, petitioner ignores that if an agency head's duties are delegable, it is only because *Congress* made them delegable—as it expressly did in the Patent Act. Thus, the very branch of government whose intent purportedly is being thwarted by the broad delegation of powers is the same branch that made (and continues to make) those powers delegable in the first place.

As for Section 3347(b)—which clarifies that statutory provisions "providing general authority to the head of

an Executive agency . . . to delegate duties" do not qualify for Section 3347(a)(1)'s exemption from the FVRA—petitioner does not dispute that Section 3347(b) is inapplicable here, where there has been no delegation to the "head of an Executive agency." Pet. 31 n.4. To the extent petitioner believes such a delegation would run afoul of Section 3347(b), that issue should be addressed in a case that actually raises the question. This is not that case.[6]

At the end of the day, petitioner's principal objection to the extant FVRA regime rests on the Federal Circuit's observation that the plain language and structure of the statute mean that Section 3348 will invalidate only a "vanishingly small" number of delegated actions. Of course, the FVRA is itself a legislative intrusion into the sphere of executive authority, and therefore it makes sense that the statute is narrow. Moreover, Congress can adjust this balance (or attempt to) in either of two ways: By limiting delegations in general, or by specifying actions that may be taken "only" by specific officials in particular agencies. With respect to the powers of the PTO Director, Congress has done neither. That is the end of the inquiry.

Near the end of its petition, petitioner half-heartedly suggests that certiorari may be warranted to address whether review and denial of petitions for rehearing is in fact a delegable function, or must instead be carried out exclusively by the Director. Pet. 31–33. Petitioner

---

[6] One of petitioner's *amici* contends that delegations of non-exclusive powers are lawful if dispersed among a number of designees, but are unlawful if made to a single officer. *See* Cato Br. 5. This distinction has no basis in the text of the statute, and in any event, petitioner has never advanced this novel interpretation and therefore has waived it.

makes no effort to explain why that issue is worthy of further review, and it is not: The question of whether Commissioner Hirshfeld was exercising delegated or exclusive authority of the Director is a fact-specific, agency-specific issue of no consequence outside the narrow confines of this case. If anything, the fact that petitioner intends to seek reversal on grounds unique to the particular circumstances present here (and that are unlikely to recur even in this limited context given that Director Vidal has now been confirmed) that could moot the statutory issue petitioner raises is but further evidence that certiorari here is inappropriate.

In any event, the Federal Circuit's decision in this respect is correct. Petitioner does not even attempt to square its argument with the Patent Act, which gives the Director power to delegate "such of the powers vested in the [PTO] as the Director may determine." 35 U.S.C. § 3(b)(3)(B). Reviewing determinations of the PTAB regarding patentability is functionally no different from overseeing examination of pending patent applications, which is a power properly delegated to Commissioner Hirshfeld. Indeed, the problem this Court identified in *Arthrex* was that the statute could be read to require "the Director to undo his prior patentability determination when a PTAB panel of unaccountable APJs later disagrees with it." 141 S. Ct. at 1985. The powers of initial issuance and review are thus complementary; if the first can be delegated, then so must the second. Review of PTAB decisions—whether granted by statute or by this Court's prior decision—surely is a "power[] vested in the [PTO]" and thus delegable under the Patent Act, as the Federal Circuit correctly concluded. In fact, this Court already contemplated that

the Director herself might not need to rule on petitioner's request for review, remanding the first time for review by the "Acting Director" at a time the office of Director was vacant. *Arthrex*, 141 S. Ct. at 1987.

CONCLUSION

The petition for a writ of certiorari should be denied.

Respectfully submitted.

CHARLES T. STEENBURG
Counsel of Record
NATHAN R. SPEED
WOLF, GREENFIELD & SACKS, P.C.
600 Atlantic Avenue
Boston, MA 02210
(617) 646-8000
Charles.Steenburg@WolfGreenfield.com

MARK J. GORMAN
SMITH & NEPHEW, INC.
7135 Goodlett Farms Parkways
Cordova, TN 38016

Counsel for Respondents
Smith & Nephew, Inc. and ArthroCare Corp.

APRIL 2023