

No. 19-1204

IN THE
Supreme Court of the United States

ARTHREX, INC.,

Petitioner,

v.

SMITH & NEPHEW, INC.; ARTHRO CARE 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

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QUESTIONS PRESENTED

Inter partes review under the Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011) (AIA), allows the Patent and Trademark Office “to reconsider and cancel patent claims that were wrongly issued.” *Oil States Energy Servs., LLC v. Greene’s Energy Grp., LLC*, 138 S. Ct. 1365, 1370 (2018).

The questions presented are:

1. Whether the court of appeals correctly held that inter partes review of a patent that issued three years after the AIA was enacted raises no retroactivity concerns under the Due Process Clause.
2. Whether petitioner forfeited any Appointments Clause challenge to the administrative adjudicators by not properly raising such a challenge in the court of appeals.

RULE 29.6 STATEMENT

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

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BRIEF IN OPPOSITION

Respondents Smith & Nephew, Inc., and Arthro-Care Corp. respectfully submit that the petition for a writ of certiorari should be denied.

STATEMENT

After petitioner initiated district court litigation alleging infringement of claims 10 and 11 of U.S. Patent No. 8,821,541, respondents petitioned for inter partes review (IPR) of those claims pursuant to the America Invents Act of 2011 (AIA). The Patent Trial and Appeal Board (PTAB or Board) ruled that the claims are unpatentable over the prior art. The Federal Circuit affirmed, ruling (as pertinent here) that “because the ’541 patent issued on September 2, 2014, almost three years *after* passage of the AIA,” application of the AIA’s IPR procedures “cannot be characterized as retroactive.” Pet. App. 18a–19a.

1. “For several decades,” the United States Patent and Trademark Office (USPTO) has “possessed the authority to reexamine—and perhaps cancel—a patent claim that it had previously allowed.” *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2137 (2016). This Court has recounted the history of those review mechanisms in several recent cases. *See Return Mail, Inc. v. U.S. Postal Serv.*, 139 S. Ct. 1853, 1859–61 (2019); *Oil States Energy Servs., LLC v. Greene’s Energy Grp., LLC*, 138 S. Ct. 1365, 1370–71 (2018); *SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348, 1353–54 (2018); *Cuozzo*, 136 S. Ct. at 2137–38.

In 1980, for example, Congress authorized ex parte reexamination. *See Act of Dec. 12, 1980* (1980 Act), Pub. L. No. 96-517, 94 Stat. 3015 (35 U.S.C.

§ 301 *et seq.*). Under that regime, the USPTO may inquire “whether a substantial new question of patentability” exists for any issued patent. 35 U.S.C. § 303(a). Such a patentability question must be based on prior art patents or printed publications, and can be raised by the USPTO itself or by a third party. *Id.* §§ 301(a), 302, 303(a). If the USPTO decides there is a substantial new question of patentability, it will “reexamine the patent and, if warranted, cancel the patent or some of its claims.” *Return Mail*, 139 S. Ct. at 1859.

Congress authorized the USPTO to apply the *ex parte* reexamination mechanism to any patent “in force as of th[e] [effective] date or issued thereafter.” 1980 Act § 8(b), 94 Stat. at 3027 (effective date of July 1, 1981). Patent owners subsequently raised Due Process and Takings Clause challenges to the application of *ex parte* reexamination to patents that issued before the 1980 Act was passed, but the Federal Circuit rejected those challenges. *See Joy Techs., Inc. v. Manbeck*, 959 F.2d 226, 228 (Fed. Cir.), *cert. denied*, 506 U.S. 829 (1992); *Patlex Corp. v. Mossinghoff*, 758 F.2d 594, 602–03 (Fed. Cir.), *modified on rehearing*, 771 F.2d 480 (Fed. Cir. 1985). *Ex parte* reexamination still exists today. *Oil States*, 138 S. Ct. at 1370.

In 1999, Congress amended the Patent Act to add a new procedure called “*inter partes* reexamination.” *See* American Inventors Protection Act, Pub. L. No. 106-113, §§ 4601–4608, 113 Stat. 1501A-567 to 1501A-572. *Inter partes* reexamination also allowed the USPTO to cancel claims of an issued patent, but it provided “third parties greater opportunities to participate in the [USPTO]’s reexamination proceedings as well as in any appeal of a [USPTO] decision.” *Cuozzo*, 136 S. Ct. at 2137.

In 2011, Congress enacted the AIA. Among other provisions, the AIA “modifies ‘inter partes reexamination,’ which it now calls ‘inter partes review.’” *Cuozzo*, 136 S. Ct. at 2137 (emphasis omitted). Congress understood the new inter partes review (IPR) procedure to be part of the “administrative ‘reexamination’ process” it first created in the 1980s to “serve as an effective and efficient alternative to often costly and protracted district court litigation.” H.R. Rep. No. 112-98, at 45, 2011 U.S.C.C.A.N. 67, 75 (2011). Given “problems and limitations” Congress perceived with the then-existing ex parte and inter partes reexamination processes, it envisioned inter partes review as “a quick, inexpensive, and reliable alternative to district court litigation to resolve questions of patent validity.” S. Rep. No. 110-259, at 20 (2008).

Any person may request that the USPTO reconsider claims of an issued patent through the inter partes review process. 35 U.S.C. § 311(a). To do so, the challenger must file with the USPTO a petition that identifies the grounds on which the challenger believes the issued claims are not novel or would have been obvious under sections 102 or 103 of the Patent Act in light of “prior art consisting of patents and printed publications.” *Id.* § 311(b). These are the same grounds of unpatentability that a challenger could have raised in an ex parte or inter partes reexamination. *See id.* §§ 301, 311 (2006 ed.).

If the Director of the USPTO finds a “reasonable likelihood” that the challenged claims are unpatentable, he may at his discretion institute a review proceeding. 35 U.S.C. § 314(a). The proceeding is conducted before the Board, which generally acts in panels comprised of three Administrative Patent Judges (APJs). During such a proceeding, the challenger and

patent owner may conduct limited discovery, submit briefs, introduce evidence, and attend an oral hearing. *Id.* § 316(a)(5), (8), (10), (13). The patent owner may file a motion to amend the patent to include new substitute claims. *Id.* § 316(a)(9). The party challenging an issued claim has the burden to prove the claim is unpatentable by a preponderance of the evidence, the same standard applied during inter partes reexamination. *Compare id.* § 316(e), with *In re Swanson*, 540 F.3d 1368, 1377 (Fed. Cir. 2008).

“A[ny] party dissatisfied with the final written decision” of the Board “may appeal the decision” to the Federal Circuit. 35 U.S.C. § 319. Once judicial review concludes, the USPTO will “issue and publish a certificate canceling any claim of the patent finally determined to be unpatentable, confirming any claim of the patent determined to be patentable, and incorporating in the patent by operation of the certificate any new or amended claim determined to be patentable.” *Id.* § 318(b).

Congress expressly authorized the USPTO to apply the AIA’s inter partes review procedures “to any patent issued before, on, or after” the AIA’s September 16, 2012 effective date. *See* § 6(c)(2)(A), 125 Stat. at 304.

2. Petitioner filed a patent application in September 2006, and the USPTO issued the ’541 patent in September 2014 (C.A. JA790)—three years after Congress enacted the AIA. At the time this patent issued, inter partes review was available to challenge it and all other issued patents; indeed, petitioner had availed itself of the inter partes review mechanism during prosecution of the ’541 patent, having filed three petitions for inter partes review in September 2013 against patents that had issued before the AIA

was passed. *Arthrex, Inc. v. Bonutti Skeletal Innovations, LLC*, IPR2013-00631, IPR2013-00632, IPR2013-00633 (PTAB filed Sept. 27, 2013).

The eight years of patent prosecution were largely attributable to petitioner's consistent attempt to procure claims on "inventions" that were already known or would have been obvious. *See, e.g.*, C.A. JA872–81 (rejecting originally filed claims as anticipated and/or obvious). During this period, petitioner re-wrote its claims eight times, and each time the USPTO rejected the claims in light of the prior art. *See id.* at 870, 902, 947, 1001, 1058, 1099, 1279.

In October 2013, the USPTO issued a final office action finding all of the then-pending claims unpatentable. C.A. JA1099. Then, in January 2014, petitioner filed a request for continued examination to re-open prosecution of its application. Ex. 1102 at 311, *Smith & Nephew, Inc. v. Arthrex, Inc.*, IPR2016-00918 (PTAB filed Apr. 19, 2016). Petitioner also requested "prioritized examination" of the application under new procedures the AIA made available to a limited number of applicants. *Id.* at 468.

The USPTO granted petitioner's request to use the AIA's new prioritized examination procedure, Ex. 1102 at 471, but again found the claims unpatentable, *id.*; C.A. JA1279. It was not until May 2014—more than two years after the AIA passed, five months after petitioner availed itself of the AIA's new prioritized examination procedures, and nine months after it began using inter partes review for its own purposes—that petitioner finally amended its claims in a manner that resulted in allowance. C.A. JA1423–42, 1460–71, 1513–19, 1523, 1527–30.

The '541 patent originally issued with 11 claims, but petitioner statutorily disclaimed claims 1–9 after respondents challenged those claims in a separate IPR proceeding. *See Arthrex, Inc. v. Smith & Nephew, Inc.*, 880 F.3d 1345 (Fed. Cir. 2018). The two remaining claims—10 and 11—are directed to a suture anchor, which is a medical implant used to re-attach soft tissue to bone. Pet. App. 2a–5a.

3. Petitioner sued respondents in the U.S. District Court for the Eastern District of Texas. *See Arthrex, Inc. v. Smith & Nephew, Inc.*, No. 15-cv-1047 (E.D. Tex. filed June 17, 2015). The jury found that respondents infringed claims 10 and 11 of the '541 patent. C.A. JA4521. But before respondents could challenge the jury's verdict in post-trial motions or on appeal, the parties reached a settlement with the express understanding that inter partes review of claims 10 and 11 of the '541 patent could be pursued. Joint Appendix 532–33 at 52:20–53:3, *Arthrex, Inc. v. Smith & Nephew, Inc.*, 941 F.3d 1320 (Fed. Cir. 2019) (No. 2018-2140) (acknowledgment by Arthrex's counsel).

Respondents filed a petition for inter partes review of those two claims in April 2016. C.A. JA183–250. The Director instituted review against both claims. *Id.* at 99. After conducting a trial in which more than 100 exhibits were submitted, including multiple expert declarations, and considering briefing and argument from both parties, the Board issued a final written decision finding both claims unpatentable. Specifically, the Board held (a) claim 10 would have been obvious in light of two distinct combinations of prior art references, and (b) claim 11 was anticipated by a single reference and also would have

been obvious in view of the prior art. Petitioner subsequently requested rehearing of the Board's decision, but its request was denied. C.A. JA82–92.

At no point during the administrative proceeding did petitioner argue that inter partes review violated any constitutional provision, including the Fifth Amendment or the Appointments Clause. In fact, while the review was pending, petitioner sought to initiate inter partes review against a patent respondent ArthroCare owned. *Arthrex, Inc. v. ArthroCare Corp.*, IPR2016-01877 (PTAB filed Sept. 22, 2016).

4. On appeal, the Federal Circuit first affirmed the Board's determination that both claims are unpatentable, ruling that "the Board's findings have substantial evidence support" and "its claim constructions are correct." Pet. App. 2a. Petitioner does not challenge that ruling in this Court.

a. Petitioner argued for the first time in the Federal Circuit that subjecting the '541 patent to inter partes review violated constraints on "retroactive" legislation enforceable through the Due Process Clause. C.A. Dkt. 20 at 3, 25, 62–65 (opening brief); C.A. Dkt. 50 at 23–29 (reply brief). Petitioner never mentioned the Takings Clause (or, for that matter, any other constitutional provision) in its Federal Circuit briefing. Although petitioner had not raised this constitutional challenge before the Board, the Federal Circuit exercised its discretion to consider whether inter partes review "is unconstitutional when applied retroactively to pre-AIA patents." Pet. App. 18a–19a.

The court of appeals concluded that it "need not reach the merits of the [retroactivity] issue * * * because the '541 patent issued on September 2, 2014, almost three years *after* passage of the AIA and almost

two years after the first IPR proceedings began.” Pet. App. 18a–19a. “That [petitioner] filed its patent application[] prior to passage of the AIA is immaterial,” the court explained, as “the legal regime governing a particular patent depend[s] on the law as it stood at the emanation of the patent, together with such changes as have since been made.” *Id.* at 19a (third alteration in original) (quoting *Eldred v. Ashcroft*, 537 U.S. 186, 203 (2003)). Because the AIA was enacted before the ’541 patent issued, “application of [inter partes review] to [petitioner’s] patent cannot be characterized as retroactive.” *Ibid.*

The Federal Circuit went on to explain that even if petitioner’s patent had *hypothetically* “issued prior to the passage of the AIA,” application of inter partes review to it would have been proper for “similar” reasons as in another case, Pet. App. 19a, in which the Federal Circuit had held that inter partes review of patents issued prior to the AIA’s passage did not violate the Takings Clause, *see Celgene Corp. v. Peter*, 931 F.3d 1342, 1358–62 (Fed. Cir. 2019). Although the court recognized that petitioner’s objection was based on the Due Process Clause, *see* Pet. App. 18a n.2, it observed, as had *Celgene*, that the Federal Circuit’s *Patlex* decision—which had rejected a due process challenge to the ex parte reexamination procedure—“control[s] the outcome’ of similar challenges to” inter partes review, *id.* at 19a (quoting *Celgene*, 931 F.3d at 1358 & n.13 (citing *Patlex*, 758 F.2d at 603, 605)).

In a petition for rehearing, petitioner argued that the panel should not have rejected its argument that application of inter partes review in this case “violate[d] Arthrex’s due process rights.” C.A. Dkt. 70 at 3–10. The petition also emphasized that “*Celgene*

does not address the issues raised by *Arthrex*.” *Id.* at 8. The Federal Circuit denied rehearing without comment. Pet. App. 102a.

b. Contemporaneously with this appeal involving the ’541 patent, the Federal Circuit also had before it another appeal involving the same parties but a different patent (U.S. Patent No. 9,179,907).

While briefing was ongoing in this appeal, petitioner argued in the ’907 patent appeal that APJs are principal Officers under the Appointments Clause but are not appointed in accordance with that Clause. *See* Br. for Appellant (Dkt. 18) at 59–66, *Arthrex, Inc. v. Smith & Nephew, Inc.*, No. 2018-2140 (Fed. Cir. filed Oct. 19, 2018). In this ’541 patent appeal, however, petitioner never raised any issue under the Appointments Clause. Specifically, petitioner made no constitutional challenge to the appointment of APJs in its opening brief (C.A. Dkt. 20), in its reply brief (C.A. Dkt. 50), or at oral argument (<http://oralarguments.cafc.uscourts.gov/default.aspx?fl=2018-1584.mp3> (all Internet sites last visited June 9, 2020)). Accordingly, when the Federal Circuit affirmed the Board’s final written decision in this case, it did not address the Appointments Clause because petitioner had not raised any such challenge in this case. *See* Pet. App. 1a–20a.

Although the Federal Circuit had focused intently on the Appointments Clause issue at oral argument in the ’907 patent appeal, the rehearing petition in this ’541 patent appeal—filed just one week later, and signed by the same lawyer who had argued the ’907 patent appeal—did not raise any argument under the Appointments Clause. *See* C.A. Dkt. 70.

On October 31, 2019, the Federal Circuit held in the '907 patent appeal that APJs were not properly appointed under the Appointments Clause. *Arthrex, Inc. v. Smith & Nephew, Inc.*, 941 F.3d 1320, 1325 (Fed. Cir. 2019). In this '541 patent appeal, petitioner then submitted a Rule 28(j) notice of supplemental authority regarding that decision. C.A. Dkt. 72. That Rule 28(j) letter was petitioner's first—and only—mention of the Appointments Clause in this case from its inception through the denial of rehearing a week later. Pet. App. 102a.

REASONS FOR DENYING THE PETITION

The first question presented is whether “retroactive” application of the AIA’s inter partes review procedure is unconstitutional. But because petitioner’s patent issued years after the AIA was enacted, there is no issue of retroactivity in this case. Nor is there any reason to consolidate this petition with, or hold this petition for, *Celgene Corp. v. Peter*, No. 19-1074: The challenge in that case concerns a patent that issued before the AIA passed and rests exclusively on the Takings Clause, whereas here petitioner’s sole constitutional objection was under the Due Process Clause.

The second question presented is whether an Appointments Clause challenge can be forfeited by failure to timely preserve it. This Court has already answered that question in the affirmative, and the courts of appeals unanimously agree that mentioning an issue only in a Rule 28(j) letter (as petitioner did) is not sufficient to preserve it.

I. THE RETROACTIVITY QUESTION DOES NOT WARRANT REVIEW.

This Court recently rejected two constitutional challenges—under Article III and the Seventh Amendment—to the AIA’s inter partes review procedures. *Oil States Energy Servs., LLC v. Greene’s Energy Grp., LLC*, 138 S. Ct. 1365 (2018). At the conclusion of its opinion, the Court noted that the petitioner in that case “d[id] not challenge the retroactive application of inter partes review, even though that procedure was not in place when its patent issued.” *Id.* at 1379.

A. This Case Does Not Involve The “Retroactive” Application Of The AIA.

Petitioner’s principal contention is that this case presents the retroactivity question that this Court “left open” in *Oil States*. Pet. 13. That is wrong: Because the AIA’s IPR procedure was effective long before the ’541 patent issued, there is no issue of statutory “retroactivity” presented here.

1. The pertinent chronology is both simple and undisputed: The AIA was enacted in 2011, the inter partes review procedures became effective (as to all patents) in 2012, petitioner’s patent issued in 2014, and inter partes review of that patent commenced in 2016 and concluded in 2017. As the court below correctly recognized, application of the AIA’s review procedures “cannot be characterized as retroactive” because the ’541 patent issued “almost three years *after* passage of the AIA and almost two years after the first IPR proceedings began.” Pet. App. 18a–19a.

The decision of the court of appeals is correct. It has long been understood that the legal regime governing a patent “depend[s] on the law as it stood at

the emanation of the patent, together with such changes as have been since made.” *McClurg v. Kingsland*, 42 U.S. (1 How.) 202, 206 (1843); accord *Eldred v. Ashcroft*, 537 U.S. 186, 203 (2003). That is why this Court in *Oil States* focused on the legal regime in place “when [the] patent issued.” 138 S. Ct. at 1379.

Indeed, every case identified by petitioner as raising some variant of “[t]he retroactivity issue” (Pet. 15) reserved in *Oil States* involved a patent that issued before the AIA’s enactment in 2011. See *Genentech, Inc. v. Hospira, Inc.*, 946 F.3d 1333, 1343 (Fed. Cir. 2020) (“patent issued prior to passage of the AIA”); *OSI Pharm., LLC v. Apotex Inc.*, 939 F.3d 1375, 1378 (Fed. Cir. 2019) (“OSI’s ’221 patent issued on May 31, 2005”); *Enzo Life Scis., Inc. v. Becton, Dickinson & Co.*, 780 F. App’x 903, 911 (Fed. Cir. 2019) (unpublished) (patent “issued on June 20, 2006, which is before the enactment of the AIA in 2011”); *Collabo Innovations, Inc. v. Sony Corp.*, 778 F. App’x 954, 960–61 (Fed. Cir. 2019) (unpublished) (addressing “challenge to IPR as applied to patents issued prior to passage of the America Invents Act”).

Whether or not such patentees have a valid “retroactivity” challenge—*i.e.*, the question actually “left open” in *Oil States*—is of no moment to petitioner, since its own patent issued long after the AIA was enacted. As this Court has explained, a “statute does not operate ‘retrospectively’ merely because it is applied in a case arising from conduct antedating the statute’s enactment, or upsets expectations based in prior law. Rather, the court must ask whether the new provision attaches new legal consequences to events *completed* before its enactment.” *Landgraf v. USI Film Prods.*, 511 U.S. 244, 269–70 (1994) (emphasis added; citation and footnote omitted). The events at issue here were

not “completed” until the ’541 patent issued, after the AIA was enacted; thus there is no retroactivity.

2. Petitioner has no answer to the court of appeals’ commonsense conclusion that the application of the AIA to a post-AIA patent presents no issue of retroactivity. *See* Pet. 23–24. Instead, petitioner argues that application of inter partes review impairs “rights” it “possessed *when [it] acted.*” Pet. 23 (quoting *Landgraf*, 511 U.S. at 280). But the “act” petitioner references—its decision to file a patent application in 2006—garnered no “rights” under the Patent Act until the patent issued in 2014.

An *issued* patent is a property right. *McCormick Harvesting Mach. Co. v. C. Aultman & Co.*, 169 U.S. 606, 609 (1898) (“[A granted patent] has become the property of the patentee”); *see also Oil States*, 138 S. Ct. at 1375 (“Patents convey only a specific form of property right—a public franchise”). A patent *application*, by contrast, confers no rights on the applicant because the applicant’s asserted “invention” may not be new and useful or may otherwise fail to satisfy the requirements for patentability.

Petitioner asserts (with no support) that it “relied on prior law when it chose to apply for a patent and disclose how to make and use its invention.” Pet. 23. But the claims at issue were added by amendment *after* the AIA was enacted—and at that time petitioner could not have been “relying” on the pre-AIA regime. In any event, petitioner is not complaining that the AIA changed anything with respect to the disclosure regime. Petitioner’s sole challenge is to the AIA’s inter partes review procedure, which applies only to *issued* patents. Because petitioner’s patent issued after the AIA was enacted, its pre-AIA conduct is irrele-

vant. And there can be no due process objection to applying inter partes review to patents, like petitioner's, that issued after the AIA was enacted.

Petitioner faults the Federal Circuit for relying on *Eldred v. Ashcroft*, 537 U.S. 186 (2003), for the proposition that the law in effect at the time of a patent's issuance governs the patent. Pet. 23–24. According to petitioner, *Eldred* does not control because it dealt with an expansion of patent rights, “not one that *diminished* patent rights.” Pet. 24. But expanded or diminished, petitioner had *no* “patent rights” until the patent issued, which was after the AIA's enactment. The property granted at that time was properly subject to potential review under the AIA procedures.

Petitioner also cites (at 23) *Martin v. Hadix*, 527 U.S. 343 (1999), but that case only points up the correctness of the decision below. In *Martin*, the Court construed a section of the Prison Litigation Reform Act of 1995 (PLRA) that imposed new fee limits on attorneys who litigate prisoner suits. *Id.* at 347. The Court concluded the relevant section should not be construed to apply retroactively to reduce the compensation of attorneys who already litigated suits prior to the PLRA's passage because “[t]o give effect to the PLRA's fee limitations, after the fact, would ‘attac[h] new legal consequences’ to completed conduct.” *Id.* at 358 (second alteration in original) (quoting *Landgraf*, 511 at 270). Here, in contrast, the relevant conduct, *i.e.*, the prosecution of the '541 patent, was not “complete” until the patent issued *after* the AIA's enactment.

As this Court recently explained, “Congress authorized inter partes review to encourage further scrutiny of *already issued patents*.” *Thryv, Inc. v. Click-to-Call Techs., LP*, 140 S. Ct. 1367, 1374 n.7

(2020) (emphasis added; citation omitted). While “[p]atents are property,” the Court continued, “[t]he second look Congress put in place is assigned to the very same bureaucracy that granted the patent in the first place.” *Ibid.* There is nothing retroactive, much less unconstitutional, about such review in the circumstances of this case.

3. In order even to reach petitioner’s contention that “retroactive” application of the AIA’s inter partes review mechanism transgresses the Due Process Clause, this Court would need to reconsider its long-standing precedent holding that the law governing a patent is the law in place when the patent issued. But even if the constitutional question were guided by the application date rather than the issuance date, as petitioner urges, the outcome would be the same.

There is no question in this case of congressional intent: By its terms, the inter partes review procedures apply “to any patent issued before, on, or after” the AIA’s September 16, 2012 effective date. *See* § 6(c)(2)(A), 125 Stat. at 304. This legislative directive must be given effect unless it violates a constitutional prohibition. *Landgraf*, 511 U.S. at 267 (“Absent a violation of one of those specific provisions, the potential unfairness of retroactive civil legislation is not a sufficient reason for a court to fail to give a statute its intended scope”). As the court of appeals correctly explained, application of inter partes review even to pre-AIA patents does not violate the Due Process Clause. Pet. App. 19a–20a.

Petitioner devotes just one paragraph to the Federal Circuit’s alternative holding, arguing only that the differences between pre-AIA and post-AIA administrative review are sufficient to render the latter un-

constitutional. Pet. 24–25. In fact, the procedures under the AIA and the regime it replaced have much in common. Both regimes (1) permit cancellation only on the same substantive grounds, *compare* 35 U.S.C. § 311(b) (inter partes review), *with id.* §§ 301, 311 (2006 ed.) (inter partes reexamination); (2) permit the institution of proceedings in similar circumstances, *compare id.* § 314 (“reasonable likelihood” of success on one claim), *id.* § 325 (but review based on “previous[] arguments” subject to discretionary denial), *with id.* § 303 (2006 ed.) (“substantial new” question of patentability); (3) permit responses to arguments made by the patent owner, *compare id.* § 316(13), *with id.* § 314(a)–(b) (2006 ed.); and (4) require the moving party to prove unpatentability by a preponderance of the evidence, *compare id.* § 316(e), *with In re Swanson*, 540 F.3d 1368, 1377 (Fed. Cir. 2008).

To be sure, the procedures are not identical. But this Court has recognized that, due to “diminished reliance interests in matters of procedure,” “[c]hanges in procedural rules may often be applied in suits arising before their enactment without raising concerns about retroactivity.” *Landgraf*, 511 U.S. at 275. Because the AIA alters only the procedures—not any substantive standard—by which an issued patent is reconsidered, it does not run afoul of any due process constraints on retroactive legislation.

B. There Is No Reason To Consolidate This Case With *Celgene*.

Petitioner insists that this case and the pending petition in *Celgene* present “the same question” and therefore should be consolidated. Pet. 25. That is not correct: *Celgene* in fact presents an entirely different question.

1. The question presented in *Celgene* is whether “retroactive application of *inter partes* review to patents issued before passage of the America Invents Act violates the Takings Clause of the Fifth Amendment.” Pet. for Cert. at i, *Celgene Corp. v. Peter*, No. 19-1074 (U.S. filed Feb. 26, 2020) (second emphasis added). Petitioner’s patent, which issued after the AIA was enacted, is not within the scope of that question.

Moreover, the *Celgene* petition focuses exclusively on the Takings Clause, which is a challenge that petitioner here did not preserve. In the Federal Circuit, petitioner narrowly focused its constitutional challenge on the “due process concerns raised by the Supreme Court [in] *Oil States*.” C.A. Dkt. 20 at 25 (opening brief); *see also* C.A. Dkt. 50 at 23–29 (reply brief) (arguing why retroactive application of the AIA does not “satisf[y] due process”); C.A. Dkt. 70 at 3 (rehearing petition) (“There are two parts to this challenge: whether application of the America Invents Act (‘AIA’) to the ’541 Patent is retroactive, and if so, whether the retroactivity violates Arthrex’s due process rights”). In fact, petitioner explicitly sought to distance itself from *Celgene* in the Federal Circuit: “*Celgene* does not address the issues raised by Arthrex.” C.A. Dkt. 70 at 8.

Petitioner suggests (at 26) that the Court may wish to review “different permutations” of the same legal issue. But this case involves a wholly distinct legal question, not a factual permutation of the legal question presented in *Celgene*. The category of patents like petitioner’s—which was applied for before the AIA but received after its enactment—implicates neither *Oil States*’ retroactivity reservation nor the

Celgene question presented. Under more than a century of this Court's precedents, the category has no legal significance at all.

For this reason, petitioner's speculation regarding the number of post-AIA patents that issued from pre-AIA applications (Pet. 16 & n.1) is irrelevant. The relevant question is how many owners or licensees of such patents have asserted that application of the AIA's inter partes review procedures to their post-AIA patents is unconstitutionally "retroactive"; unsurprisingly, petitioner is unable to cite any other case in which such a contention has been advanced. Moreover, this case does not involve merely a pre-AIA application; it *also* involves claims that were added by amendment only after the AIA was enacted. This case thus appears to be unique; and as such it provides a poor vehicle for resolving any constitutional issue—whether under the Due Process Clause or the Takings Clause.

2. Nor should the Court hold this case for *Celgene*. Of course, if the *Celgene* petition is denied, then this petition should also be denied. Even if the *Celgene* petition were granted, however, a ruling in *Celgene* on the constitutionality of applying inter partes review to pre-AIA patents would not have any bearing on the post-AIA patent at issue here. And regardless, because *Celgene* involves a challenge under the Takings Clause and petitioner has waived any such challenge here, petitioner would not be able to benefit from any ruling in *Celgene*. Accordingly, this petition should be denied regardless of the disposition of the petition in *Celgene*.

II. THE FORFEITURE QUESTION DOES NOT WARRANT REVIEW.

In a *different* appeal involving these same parties, the Federal Circuit ruled that APJs are principal Officers under the Appointments Clause. *See Arthrex, Inc. v. Smith & Nephew, Inc.*, 941 F.3d 1320, 1325 (Fed. Cir. 2019). Both Arthrex and Smith & Nephew intend to petition this Court to review that decision. (The United States, as intervenor, has also publicly indicated that the Solicitor General is considering seeking this Court’s review. *See* Unopposed Mot. to Stay the Mandate (Dkt. 116) at 1, *Arthrex, Inc. v. Smith & Nephew, Inc.*, No. 2018-2140 (Fed. Cir. filed Mar. 26, 2020).)

But this petition need not be held for that case (or any other presenting the Appointments Clause issue) because—as every circuit would conclude—petitioner forfeited any Appointments Clause challenge in this case. Indeed, even though petitioner had both constructive and actual knowledge of the challenge (and was simultaneously pursuing it in a separate appeal), it waited until after this appeal had been decided to mention it in this case, and then only in a Rule 28(j) letter. The second question presented—“[w]hether a court may refuse to consider a constitutional claim on forfeiture grounds,” Pet. 29—does not remotely warrant this Court’s review.

1. Petitioner complains that the Federal Circuit “refused to apply” its Appointments Clause ruling here, “evidently because Arthrex had not argued the issue in its *opening brief*.” Pet. 27 (emphasis added). Of course, failure to raise the Appointments Clause in its opening brief on appeal would alone have been sufficient to forfeit the issue. *See Republic of Argentina v. NML Capital, Ltd.*, 573 U.S. 134, 140 n.2 (2014)

(“We will not revive a forfeited argument simply because the petitioner gestures toward it in its reply brief”).

Petitioner leaves out of its petition, however, that it did not merely fail to raise the Appointments Clause issue in its opening brief. It *also* failed to do so in its reply brief, at oral argument, and even in its petition for rehearing. Despite simultaneously pressing the issue in the '907 patent appeal, petitioner deliberately chose not to mention the Appointments Clause *at all* in this appeal until it filed a Rule 28(j) letter while its rehearing petition was pending. C.A. Dkt. 72.

In these circumstances, it is clear that petitioner made a deliberate decision not to raise the Appointments Clause issue in this appeal until long after the panel had rendered its decision, and the Federal Circuit clearly acted within its discretion in not reaching the issue for the first time in denying a rehearing petition that, itself, did not even raise the issue.

a. “No procedural principle is more familiar to this Court than that a constitutional right, or a right of any other sort, ‘may be forfeited * * * by the failure to make timely assertion of the right before a tribunal having jurisdiction to determine it.’” *United States v. Olano*, 507 U.S. 725, 731 (1993) (citation omitted). Petitioner, like all appellants, chose what issues to raise (and which to forgo) in its briefs. Basic principles of preservation and forfeiture require courts to both respect that choice—by deciding the issues presented—and enforce it—by declining to decide “forfeited” issues, regardless of their merits. *NML Capital*, 573 U.S. at 140 n.2.

These established rules are fully applicable in the context of challenges under the Appointments Clause.

“Appointments Clause claims * * * have no special entitlement to review.” *Freytag v. Comm’r*, 501 U.S. 868, 893 (1991) (Scalia, J., concurring in part and concurring in the judgment). A litigant may be “entitled to relief” under the Clause only if it “makes a timely challenge to the constitutional validity of the appointment.” *Lucia v. SEC*, 138 S. Ct. 2044, 2055 (2018) (citation omitted). And whether such a challenge is timely turns on “ordinary principles of waiver and forfeiture.” *Jones Bros., Inc. v. Sec’y of Labor*, 898 F.3d 669, 678 (6th Cir. 2018).

Petitioner mentioned the Appointments Clause issue *only* in a Rule 28(j) letter. *See* Pet. 13. That alone is sufficient reason for the court of appeals (and this Court) to conclude that the issue was forfeited. “The proper function of Rule 28(j) letters, after all, is to advise the court of ‘new authorities’ a party has learned of after oral argument, not to interject a long available but previously unmentioned issue for decision.” *Niemi v. Lasshofer*, 728 F.3d 1252, 1262 (10th Cir. 2013) (Gorsuch, J.) (citing Fed. R. App. P. 28(j)). Allowing parties to use Rule 28(j) letters “to introduce any sort of new issue after briefing is complete” “risks leaving opponents with no opportunity * * * for a proper response,” “risks an improvident opinion from th[e] court by tasking [it] with the job of issuing an opinion without the full benefits of the adversarial process,” and “invites an unsavory degree of tactical sandbagging by litigants in future cases.” *Ibid.*

The courts of appeals uniformly agree that “a letter submitted pursuant to rule 28(j) *cannot* raise a new issue.” *United States v. LaPierre*, 998 F.2d 1460, 1466 n.5 (9th Cir. 1993); *see United States v. Nason*, 9 F.3d 155, 163 (1st Cir. 1993), *cert. denied*, 510 U.S. 1207 (1994); *Sompo Japan Ins. Co. of Am. v. Norfolk*

S. Ry. Co., 762 F.3d 165, 175 n.18 (2d Cir. 2014); *United States v. Khorozian*, 333 F.3d 498, 506 n.7 (3d Cir.), *cert. denied*, 540 U.S. 968 (2003); *United States v. Ashford*, 718 F.3d 377, 381 (4th Cir. 2013); *Block v. Tanenhaus*, 815 F.3d 218, 221 n.3 (5th Cir. 2016); *In re Lewis*, 398 F.3d 735, 748 n.9 (6th Cir. 2005); *United States v. Dyer*, 892 F.3d 910, 913 n.1 (7th Cir. 2018); *Valdez v. Mercy Hosp.*, 961 F.2d 1401, 1404 (8th Cir. 1992); *Hill v. Kemp*, 478 F.3d 1236, 1250–51 (10th Cir. 2007), *cert. denied*, 552 U.S. 1096 (2008); *United States v. Silvestri*, 409 F.3d 1311, 1338 n.18 (11th Cir.), *cert. denied*, 546 U.S. 1048 (2005); *Worldwide Moving & Storage, Inc. v. District of Columbia*, 445 F.3d 422, 427 n.7 (D.C. Cir. 2006); *Desper Prods., Inc. v. QSound Labs, Inc.*, 157 F.3d 1325, 1335 (Fed. Cir. 1998) (“Rule 28(j), however, permits a party to bring supplemental authorities to the court’s attention, not supplemental argument”).

b. Petitioner does not acknowledge the principle that mentioning an issue only in a Rule 28(j) letter is insufficient to raise it, nor does petitioner cite *any* authority for the contrary proposition. Instead, it asserts that ordinary forfeiture principles “do[] not apply where there is an intervening change of law while the appeal is pending.” Pet. 30–31. Petitioner cites no authority for that proposition, and all applicable authority is to the contrary.

Before the Federal Circuit decided the ’907 patent appeal, no precedential decision had ever previously decided the propriety of APJ appointments; indeed, the only precedential Federal Circuit decision to even allude to the issue held that the challenger had “failed to timely raise” its Appointments Clause challenge. *In re DBC*, 545 F.3d 1373, 1378–80 (Fed. Cir. 2008). In another such case, this Court *denied certiorari*

where (as here) the challenger had failed to present an Appointments Clause challenge before the decision was rendered. *Smartflash LLC v. Samsung Elecs. Am., Inc.*, No. 18-189 (cert. denied Oct. 1, 2018). The same result is warranted here.

The courts of appeals that have considered the issue agree that ordinary preservation rules apply to Appointments Clause challenges even when there is an intervening Appointments Clause decision. *See Island Creek Coal Co. v. Wilkerson*, 910 F.3d 254, 256 (6th Cir. 2018) (despite intervening *Lucia* decision, petitioner “forfeited its Appointments Clause challenge” by “not rais[ing] the issue * * * in its opening brief”); *NLRB v. RELCO Locomotives, Inc.*, 734 F.3d 764, 795 (8th Cir. 2013) (despite intervening *Noel Canning* decision, petitioner forfeited “appointments clause challenge” that “was not made in [its] opening briefs and was raised only in a Rule 28(j) letter”); *Kabani & Co. v. SEC*, 733 F. App’x 918, 919 (9th Cir. 2018) (unpublished) (despite intervening *Lucia* decision, “petitioners forfeited their Appointments Clause claim by failing to raise it in their briefs”), *cert. denied*, 139 S. Ct. 2013 (2019); *see also Turner Bros., Inc. v. Conley*, 757 F. App’x 697, 700 (10th Cir. 2018) (unpublished) (despite intervening *Lucia* decision, petitioner forfeited Appointments Clause challenge by “not rais[ing] the issue until after it filed its brief with th[e] court”).

c. Petitioner suggests that its “failure to raise the claim in an opening brief reflects not a lack of diligence, but merely a want of clairvoyance.” Pet. 31 (quoting *Joseph v. United States*, 135 S. Ct. 705, 706 (2014) (Kagan, J., dissenting from denial of certiorari)). The facts of this case, however, demonstrate that petitioner lacked diligence, not clairvoyance.

At the same time as briefing was ongoing in this appeal, petitioner itself chose to present the Appointments Clause challenge in a separate appeal from the PTAB between the same parties and stemming from the same underlying district court litigation. In other words, petitioner was the appellant in two co-pending Federal Circuit appeals with overlapping briefing schedules—yet it strategically *chose* to present the Appointments Clause challenge in the '907 patent appeal but not in this '541 patent appeal. Petitioner presumably had strategic and tactical reasons for presenting different constitutional arguments in the two appeals; it must be held to the consequence of its own decision.

Moreover, the Appointments Clause challenge had been laid out in a publicly available academic article no later than January 2018—before petitioner even noticed its appeal in this case. See Gary Lawson, *Appointments and Illegal Adjudication: The AIA Through a Constitutional Lens*, Geo. Mason L. Rev. (forthcoming), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3105511. Several litigants raised Appointments Clause challenges in PTAB proceedings shortly thereafter. See, e.g., Ex. 67 at 44–45, *St. Jude Med., LLC v. Snyders Heart Valve LLC*, IPR2018-00107 (PTAB filed Feb. 6, 2018); Ex. 26 at 59–60, *Unified Patents Inc. v. Sound View Innovations, LLC*, IPR2018-00096 (PTAB filed Feb. 1, 2018). Other litigants raised similar challenges in the Federal Circuit, see, e.g., Br. for Appellant (Dkt. 22), *Polaris Innovations Ltd. v. Kingston Tech. Co.*, No. 2018-1768 (Fed. Cir. filed July 10, 2018), and in this Court, see Pet. for Cert., *Smartflash LLC v. Samsung Elecs. Am., Inc.*, No. 18-189 (U.S. filed Aug. 9, 2018).

Commentators at the time noted these developments, all of which occurred before briefing in this case was completed in December 2018. *See Constitutionality of PTAB Judge Appointments Challenged in Polaris IPR Appeal*, Foley & Lardner LLP (Aug. 3, 2018), <https://www.foley.com/en/insights/publications/2018/08/constitutionality-of-ptab-judge-appointments-chall>; Rebecca Lindhorst & Jason D. Eisenberg, *Do You Want an Inferior Judge?: Why PTAB Judges May Be Unconstitutional*, Sterne Kessler Goldstein & Fox, PLLC (July 2018), <https://www.sternekeessler.com/news-insights/publications/do-you-want-inferior-judge-why-ptab-judges-may-be-unconstitutional-and>; Ryan Davis, *Are PTAB Judges Unconstitutional? A Closer Look*, Law360 (Sept. 5, 2018) <https://www.law360.com/articles/1080125>.

This is not, therefore, a case about “clairvoyance.” This is a case about holding a litigant to its deliberate decision not to make an argument in this appeal that it was simultaneously pressing in a co-pending appeal, and that was well known in any event. Petitioner deliberately chose not to bring an Appointments Clause challenge in this appeal, even as it was pursuing such a challenge in another appeal between the same parties. This Court is unlikely to see a clearer case of forfeiture.

2. Petitioner notes that “[t]his Court has reviewed structural constitutional challenges to an adjudicator’s authority despite a failure to preserve the argument.” Pet. 31–32.

But the exceptional cases cited by petitioner hold only that an appellate court *may* excuse a litigant’s failure to preserve an Appointments Clause challenge. *Nguyen v. United States*, 539 U.S. 69, 74, 78–79 (2003); *Freytag*, 501 U.S. at 879; *Glidden Co. v.*

Zdanok, 370 U.S. 530, 535–36 (1962). They say nothing about whether a court *should* excuse such a failure where, as here, a litigant had both constructive and actual knowledge of an available argument, yet consciously chose not to preserve it. There is no basis in law, logic, or equity for relieving petitioner of the consequences of that decision.

This is not a case in which an important constitutional issue might escape review because of forfeiture principles. The Federal Circuit, in the separate '907 patent appeal, has issued multiple opinions on the Appointments Clause issue. *See* 941 F.3d 1320 (panel decision); 953 F.3d 760 (Fed. Cir. 2020) (denial of rehearing en banc with five separate opinions); Order (Dkt. 118), No. 2018-2140 (Fed. Cir. Mar. 30, 2020) (order and decision denying stay of mandate pending this Court's review). Both Arthrex and Smith & Nephew intend to petition for review of the panel decision in that appeal, and the United States may well do so too. That case—not this one—is the appropriate vehicle for deciding whether APJs are inferior or principal Officers. And there is no reason to hold this petition for that case because petitioner forfeited the issue here no matter how it may ultimately be resolved there.

CONCLUSION

The petition for a writ of certiorari should be denied.

Respectfully submitted.

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