

Nos. 19-1434, 19-1452, 19-1458

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IN THE  
*Supreme Court of the United States*

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UNITED STATES OF AMERICA,

*Petitioner,*

v.

ARTHREX, INC., ET AL.,

*Respondents.*

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**On Writs Of Certiorari  
To The United States Court Of Appeals  
For The Federal Circuit**

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**RESPONSE AND REPLY BRIEF  
FOR SMITH & NEPHEW, INC.  
AND ARTHROCARE CORP.**

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(Additional captions listed on inside cover.)

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## **QUESTIONS PRESENTED**

1. Whether, for purposes of the Appointments Clause, U.S. Const. art. II, § 2, cl. 2, administrative patent judges of the U.S. Patent and Trademark Office are principal Officers who must be appointed by the President with the Senate’s advice and consent, or “inferior Officers” whose appointment Congress has permissibly vested in a Department head.

2. Whether, if administrative patent judges are principal Officers, the court of appeals properly cured any Appointments Clause defect in the current statutory scheme prospectively by severing the application of 5 U.S.C. § 7513(a) to those judges.

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**SUMMARY OF ARGUMENT**

**I.** No one—not the three parties, nor any of the 31 *amici curiae*—defends the Appointments Clause analysis applied by the Federal Circuit. Instead, Arthrex now insists that there is a single “exclusive criterion” for determining whether administrative adjudicators are principal or inferior Officers. This Court, however, has squarely held to the contrary. *Edmond v. United States*, 520 U.S. 651, 661 (1997). APJs are inferior Officers under *Edmond*.

**I.A.** As Arthrex does not dispute (at 32–33), Congress has always treated APJs and their predecessors as *inferior* Officers, empowering them to decide patentability—with judicial review before their decisions become final—for nearly 100 years. This same framework has governed reconsideration of issued patent claims, such as the IPR proceeding at issue here, for 40 years. From a structural perspective, the roles and responsibilities of APJs in the AIA regime are neither novel nor unusual, and the co-equal branches’ “[l]ong settled and established practice” merits deference. *NLRB v. Noel Canning*, 573 U.S. 513, 524 (2014) (alteration in original; citation omitted).

**I.B.** Under the Court’s established Appointments Clause framework, Congress permissibly made APJs inferior Officers appointed by the Secretary of Commerce. Throughout the federal government, administrative adjudicators have always been deemed inferior Officers, and APJs are no different: They do not make policy (the Director does). Their actions are not final

(unless permitted by the Director). And their work is “directed and supervised” by the Director and other Officers before, during, and after they make patentability decisions. *Edmond*, 520 U.S. at 663.

**I.C.** Unable to defend the decision below, Arthrex advances (at 20) the radical proposition that “administrative judges cannot be inferior officers absent a superior who can review and modify their decisions.” Arthrex derives its pronouncement from just three sentences taken out of context from previous opinions. This approach finds no footing in the Court’s actual precedents, which have never adopted such a rigid rule. Indeed, the Court has never deemed any administrative adjudicator a principal Officer, even where the adjudicator could issue decisions not subject to executive review.

**I.D.** If the Court were to deem hundreds of APJs principal Officers, it would have to confront the continued viability of *Humphrey’s Executor v. United States*, 295 U.S. 602 (1935). Because Congress gave APJs removal protections (which Arthrex contends are constitutionally required), a ruling that APJs are principal Officers would squarely raise the question whether the President’s removal authority can be so limited. See *Seila Law LLC v. CFPB*, 140 S. Ct. 2183, 2192 (2020) (plurality op.).

**II.** Because APJs are inferior Officers, there is nothing for this Court to remedy or fix. If the Court were to deem APJs principal Officers, however, it should deny the case-specific and systemic relief that Arthrex requests.

**II.A.** The only particularized relief that is “appropriate” given the circumstances of this case, *Ryder v.*



*United States*, 515 U.S. 177, 182–83 (1995), is a declaratory judgment. Arthrex is not entitled to a new hearing because it failed to make a “timely” Appointments Clause challenge “before the [agency].” *Lucia v. SEC*, 138 S. Ct. 2044, 2055 (2018). Nor should the Court grant Arthrex’s cursory request for “dismissal” of the IPR proceeding. A court cannot order “dismissal” in any IPR proceeding and especially here, where Arthrex settled related civil litigation with S&N in an agreement contingent on having the IPR “continue.” U.S. Pet. App. 86a. And Arthrex forfeited any such request by failing to seek dismissal before the agency, before the Federal Circuit panel, or indeed before this Court in its petition for a writ of certiorari.

**II.B.** If the Court were to find any constitutional defect in how APJs are appointed, it should reject Arthrex’s attempt to “ride a discrete constitutional flaw . . . to take down the whole” IPR system. *Barr v. Am. Ass’n of Political Consultants, Inc.*, 140 S. Ct. 2335, 2351 (2020) (plurality op.). This Court has a “decisive preference for surgical severance rather than wholesale destruction.” *Id.* at 2350–51. Depending on what (if anything) the Court finds problematic on the merits, the Court should “limit the solution to the problem.” *Free Enter. Fund v. Pub. Co. Accounting Oversight Bd.*, 561 U.S. 477, 508 (2010) (citation omitted).

The judgment below should be reversed.

## ARGUMENT

### I. APJs ARE INFERIOR OFFICERS OF THE UNITED STATES.

Arthrex asks this Court to second-guess a series of reasonable policy choices, stretching back to the early Republic, about how to design and implement an administrative system for granting and reviewing patents. The political branches have always treated APJs and their predecessors as inferior Officers since their creation. For nearly 100 years, those same inferior Officers have made decisions on patent grants that have been reviewable only by a court *before* they become final; and for nearly 40 years, they have conducted “second look” proceedings, such as today’s IPRs, in the same manner.

Like other administrative adjudicators, APJs are inferior Officers under this Court’s established framework. Indeed, every facet of their work is “directed and supervised” by other Officers, *Edmond v. United States*, 520 U.S. 651, 663 (1997), especially the Senate-confirmed Director. Only the Director can finally cancel or confirm patent claims at the conclusion of an IPR, and no APJ decision becomes a “final decision . . . unless permitted” by the Director, *id.* at 665, who can pursue rehearing, intervene in any judicial review, and de-institute the IPR proceeding. APJ decisions are also subject to review by the Federal Circuit—an Article III court—before they become final.

Arthrex does not defend the three-step framework applied by the Federal Circuit, insisting instead that “Principal Officer Review of Decisions” is the *sine qua non* of inferior-officer status. Arthrex Br. 20 (emphasis removed). But it cannot cite a single case adopting any bright-line test for inferior Officers, much less a

rigid rule that “administrative judges cannot be inferior officers absent a superior who can review and modify their decisions.” *Ibid.* And Arthrex does not dispute that this Court has repeatedly held a wide variety of administrative adjudicators to be inferior Officers, and has never found such an adjudicator to be a principal Officer—even where their decisions were not subject to administrative review.

At bottom, Arthrex asks this Court to throw overboard its own Appointments Clause precedents and the centuries-old views of the political branches based on a single sentence from *Edmond* and two sentences from other opinions construing *Edmond*. See Arthrex Br. 20–21. *Edmond* actually held, however, that there is *no* “exclusive criterion” for inferior-officer status; and in conducting its holistic analysis, the Court found “significant” not review and correction by a principal Officer—as Arthrex insists—but the inability to “render a final decision . . . unless permitted to do so by other Executive officers.” 520 U.S. at 661, 665 (emphases added). Because that statement equally applies to APJs, *Edmond* says everything this Court needs to hold that APJs are inferior Officers.

### **A. Administrative Patent Review Has Deep Historical Roots.**

Arthrex and its *amici* repeatedly accuse Congress of setting up an “anomalous” regime of administrative patent review when it enacted the AIA in 2011. Arthrex Br. 17; see, e.g., U.S. Lumber Coal. Br. 14 (“aberration”). Their strategy is clear: They aim to ride the coattails of other recent cases in which the Court has viewed with skepticism other, genuinely “novel governmental structures.” *Seila Law LLC v. CFPB*, 140 S. Ct. 2183, 2207 (2020). The history of the USPTO, however, tells quite a different story.

The current regime of administrative patent review is neither new nor untraditional. The Patent Office as a separate entity dates to 1836, at which time examiners appointed by the Secretary of State—not principal Officers appointed by the President—spoke the agency’s last word on patentability decisions. *See* Act of July 4, 1836, ch. 357, §§ 1, 7, 16, 5 Stat. 117, 117–24. The continuation of that historical practice is a far cry from 21st-century novelties such as single-director “independent” agencies, *Seila Law*, 140 S. Ct. at 2207, or dual for-cause limitations, *Free Enter. Fund v. Pub. Co. Accounting Oversight Bd.*, 561 U.S. 477, 492 (2010).

1. As S&N and the United States have explained—and Arthrex does not actually dispute—the political branches have always treated APJs and their predecessors as inferior Officers since their creation in the mid-19th century. S&N Br. 43–49; U.S. Br. 41–45; Arthrex Br. 32–34. For nearly 100 years, Congress has elected to have those inferior Officers make decisions on patent grants that are reviewable only by a court *before* they become final. And for nearly 40 years, Congress has elected to have them conduct “second look” proceedings, such as today’s IPRs, in the same manner.

Arthrex’s assertion (at 34) that the AIA “depart[ed]” from “150 years of tradition” of having principal-officer review of patent decisions has no basis in the historical record. Throughout this Nation’s history, Congress has “experiment[ed]” with various forms of administrative patent review—including by allowing “panels of arbitrators to review the Commissioner’s decisions,” as Arthrex acknowledges (at 34 n.5). Final patent adjudication by non-principal Officers itself dates back to 1793. *See United States ex rel.*

*Bernardin v. Duell*, 172 U.S. 576, 583 (1899) (under the Patent Act of 1793, interference decisions by three arbitrators chosen by private parties and the Secretary of State were “final, as respected the granting of the patent”).

Indeed, patent examiners—who are unquestionably not principal Officers—have always spoken the last word over patent *grants* without any principal-officer review. And by 1855 at the latest, they were giving the Patent Office’s *de facto* last word on *rejected* patents too. As the Patent Office explained, by that time it had become “wholly impossible” to administer a system of direct appeals to the Commissioner, and “a rejection by the examiner [wa]s, in point of fact, final.” U.S. Patent Office, Annual Report of the Commissioner of Patents for 1855 (Jan. 31, 1856), [https://www.ipmall.info/sites/default/files/hosted\\_resources/PatentHistory/poar1855.htm](https://www.ipmall.info/sites/default/files/hosted_resources/PatentHistory/poar1855.htm). The Commissioner thus supervised patent decisions primarily by “lay[ing] down the [applicable] general rules and principles,” *State of Affairs at the Patent Office*, 13 Sci. Am. 125 (Dec. 26, 1857), <https://www.ipmall.info/content/patent-history-materials-index-patent-materials-scientific-american-vol-13-old-series-sep>.

By 1861, when examiners-in-chief were created for “revis[ing] and determin[ing]” patentability decisions, those Officers—undisputedly the predecessors of APJs along with interference examiners, *see* Arthrex Br. 3, 33—would have taken over this *de facto* last-word authority from patent examiners. Act of Mar. 2, 1861, ch. 88, § 2, 12 Stat. 246, 246–47.

Starting in 1927, Congress codified this practice, giving the Commissioner *ex ante* power to designate appeals panels of examiners-in-chief, while making those panels’ decisions reviewable by courts (not the

Commissioner) before they became final. Act of Mar. 2, 1927, ch. 273, § 3, 44 Stat. 1335, 1335–36. In 1939, Congress took the same approach with interference proceedings. Act of Aug. 5, 1939, ch. 451, §§ 1–4, 53 Stat. 1212, 1212–13. Arthrex conveniently omits that those proceedings were directly appealable through a “bill in equity” to an Article III court, which would provide judicial review of a *non-final* decision as merely “one step in the statutory proceeding . . . whereby that tribunal is interposed in aid of the patent-office.” *Butterworth v. United States*, 112 U.S. 50, 60–61 (1884). Contrary to Arthrex’s assertion (at 34), intra-executive review thus was not the historical “tradition.”<sup>1</sup>

Arthrex notes that for much of their history examiners-in-chief (though never interference examiners) were “appointed *in the manner* required for principal officers,” Arthrex Br. 4 (emphasis added)—but that is not remotely the same as showing that they *were* principal Officers. As Arthrex well knows, presidential appointment and senatorial confirmation is also the “default” method to appoint inferior Officers. *Edmond*, 520 U.S. at 660. When Congress was considering whether to give a Head of Department authority to appoint examiners-in-chief, it confirmed that exam-

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<sup>1</sup> Arthrex mistakenly states (at 33) that in 1939 Congress made interference decisions separately appealable to “an Executive Branch tribunal” called the Court of Customs and Patent Appeals (CCPA). In fact, Congress always considered the CCPA an Article III court: After this Court deemed the CCPA an Article I court, Congress “pronounced its disagreement” and made clear that the CCPA is and always has been an Article III court. *Glidden Co. v. Zdanok*, 370 U.S. 530, 531–32 (1962) (plurality op.) (citing Act of Aug. 25, 1958, Pub. L. No. 85-755, § 1, 72 Stat. 848, 848).

iners-in-chief “always have been[] positions of a professional character, rather than political-type appointments,” *To Amend Title 35, United States Code, “Patents,” and for Other Purposes: Hearing on S. 1254 Before Subcomm. No. 3 of the H. Comm. on the Judiciary*, 92d Cong. 43 (1971) (statement of Edward J. Brenner, former Commissioner of Patents), and that there would remain “clear and direct responsibility in the Commissioner of Patents for all aspects of the administration of the patent system,” 117 Cong. Rec. S3220 (Mar. 16, 1971) (remarks of Sen. McClellan).

Thus, the real history found in the statute books and Patent Office records, not the pages of Arthrex’s brief, shows that there is nothing anomalous about the modern regime at all. For many decades, Congress and the President have chosen not to require direct principal-officer review of every patentability decision. And this “[h]istory provides no sound basis for classifying administrative patent judges as principal officers” today. U.S. Br. 41 (emphasis removed).

**2.** Forty years ago, Congress built on the traditional administrative regime for granting patent claims by allowing the USPTO “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). Congress sensibly chose to assign these “second look” proceedings “to the very same bureaucracy that granted the patent in the first place.” *Thryv, Inc. v. Click-To-Call Techs., LP*, 140 S. Ct. 1367, 1374 n.7 (2020). Notwithstanding four decades of institutional pedigree, Arthrex contends that the AIA’s review proceedings marked a “sharp break” from tradition in two respects. Arthrex Br. 27–35. Neither contention has any force.

Arthrex first asserts (at 27) that the AIA broke from a broader “tradition,” exemplified by the Administrative Procedure Act of 1946, of having principal-officer review of administrative adjudicators’ decisions. Administrative patentability determinations, however, long predate the APA and draw on a separate, much older “history” that “can be traced back to” the creation of the Patent Office in 1836. *Kappos v. Hyatt*, 566 U.S. 431, 439 (2012). This particular pedigree must “begin [the] inquiry,” as the more general (and modern) “background principles of administrative law” on which Arthrex relies are of limited relevance to patentability determinations. *Id.* at 438–39. And that pedigree unmistakably shows that inferior Officers have been deciding patentability without principal-officer review since the mid-19th century.

Arthrex also argues (at 33) that second-look proceedings including IPRs “vastly expanded APJs’ authority.” That is overstated. Prior to 1980, interference examiners had long been adjudicating adversarial proceedings that could ultimately revoke issued patents; and examiners-in-chief heard *appeals* from decisions on patent applications. S&N Br. 43–46. After 1980, the only changes that occurred are unremarkable from a constitutional perspective: Congress authorized “the very same bureaucracy” of examiners-in-chief to *reconsider* its initial patent grant. *Thryv*, 140 S. Ct. at 1374 n.7. This Court has repeatedly upheld Congress’s authority to establish such a system for reconsidering bad patent claims. *See ibid.* (rejecting view “that Congress lacks authority to permit second looks”); *Oil States*, 138 S. Ct. at 1373 (“Congress has permissibly reserved the PTO’s authority to conduct that reconsideration”).



Arthrex further ignores that, both substantively and procedurally, the AIA “dr[ew] extensively from” earlier interference and reexamination proceedings. Jeffrey P. Kushan, *The Fruits of the Convoluted Road to Patent Reform: The New Invalidity Proceedings of the Patent and Trademark Office*, 30 *Yale L. & Pol’y Rev.* 385, 390–91 (2012). While Arthrex contends (at 6, 33) that the AIA instituted *adjudicative* features, interference proceedings had long had such adjudicative features. An additional “problem with [Arthrex’s] argument . . . is that, in other significant respects, inter partes review is less like a judicial proceeding and more like a specialized agency proceeding.” *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2143 (2016). “[N]othing” in the AIA indicates that “Congress wanted to change its basic purposes, namely, to reexamine an earlier agency decision.” *Id.* at 2144.

The AIA thus built on deep foundations from the history of administrative patentability determinations and continues an unbroken tradition of nearly 100 years. During that time, Congress has consistently and reasonably elected to have a principal Officer provide primarily *ex ante* supervision of patent decisions, to interpose judicial review before those decisions can become final, and to vest final authority in the Director himself.

The Court should grant “great weight” to this “[l]ong settled and established practice” of treating APJs and their predecessors as inferior Officers. *NLRB v. Noel Canning*, 573 U.S. 513, 524 (2014) (alteration in original; citation omitted); S&N Br. 43–49; Admin. & Const. Law Profs. Br. 12–23. Although this considered judgment by the co-equal branches is not dispositive, see *Freytag v. Comm’r*, 501 U.S. 868, 879 (1991), it is over a century old and worthy of this

Court’s respect, S&N Br. 47–49. This Court has “never invalidated an appointment made by the head of” a Department. *Free Enter. Fund*, 561 U.S. at 511. And this is not the case to start second-guessing Congress’s categorization of Officers—especially because Congress confirmed its view that APJs are inferior Officers by re-vesting their appointment in the Secretary of Commerce in response to previous Appointments Clause concerns. See S&N Br. 46.

**B. APJs Are Inferior Officers Under *Edmond*’s Established Framework.**

Under a straightforward application of *Edmond*’s framework, APJs are inferior Officers because their work is extensively “directed and supervised” by other Officers, especially the Director. 520 U.S. at 663; see S&N Br. 25–29; U.S. Br. 25–33. While Arthrex takes issue with a few discrete mechanisms of supervision, Arthrex never disputes that, taken as a whole, APJs’ work before, during, and after they decide patentability is subject to supervision and control—which is all the Appointments Clause requires.

1. Like every other administrative adjudicator this Court has encountered, APJs are inferior Officers under *Edmond*’s established framework.

*Edmond* identified inferior Officers as those who “ha[ve] a superior,” *i.e.*, “officers whose work is directed and supervised at some level” by other Officers. 520 U.S. at 662–63. As Arthrex does not dispute, this pragmatic focus reflects both the text and structure of the Appointments Clause. S&N Br. 20–23. The term “inferior Officer” has always connoted merely a “relationship with some higher ranking officer or officers below the President.” *Edmond*, 520 U.S. at 662. And

the Appointments Clause envisions several such relationships: A President at the top of the Executive Branch, followed by principal Officers in charge of formulating or implementing federal policy in particular areas, and below them a larger number of “inferior Officers” and an even larger number of non-Officer employees. *See* U.S. Const. art. II, § 2, cl. 2. This tiered structure, enshrined in the Constitution itself and endorsed by this Court for over two centuries, is what Arthrex denigrates as “constitutional mush.” Arthrex Br. 25. That argument says much about Arthrex’s fidelity to both text and precedent.

Arthrex concedes (at 25–26) that this Court has always deemed administrative adjudicators inferior Officers, whether or not they could render final decisions on behalf of the Executive Branch. *Edmond* so held for intermediate appellate military judges and identified review of individual decisions as one, but not the only relevant, means of “control” over those Officers. 520 U.S. at 665. *Freytag* went even further, holding that STJs were inferior Officers despite their power to “render the decisions of the Tax Court in [certain] cases.” 501 U.S. at 882. And *Lucia* recognized that SEC ALJs were “near-carbon copies” of the STJs in *Freytag* because they had “last-word capacity” and could issue decisions that were not reviewed “at all.” *Lucia v. SEC*, 138 S. Ct. 2044, 2052, 2054 (2018).

APJs are no different. Every facet of their work is subject to supervision and direction by principal Officers. The Secretary of Commerce, a principal Officer, can remove APJs “for such cause as will promote the efficiency of the service.” 5 U.S.C. § 7513(a). And the Director, another principal Officer, *see* 35 U.S.C. § 3(a)(1), controls their pay, *id.* § 3(b)(6), and is in charge of the USPTO’s “policy direction,” *id.*

§ 3(a)(2)(A), and its implementation through the work APJs do. Before APJs issue decisions, for example, the Director can control which IPRs are instituted, *id.* § 314(a), and which APJs sit on which panels, *id.* § 6(c). And as APJs decide cases, they must comply with the Director’s stated policy guidance—including “exemplary applications of patent laws to fact patterns.” U.S. Pet. App. 14a.

As in *Edmond*, APJs cannot “render a final decision on behalf of the United States unless permitted to do so by other Executive officers.” 520 U.S. at 665. Indeed, APJs do not undertake any *final* action at all: Their decisions are always subject to rehearing by the Board as well as judicial review. *Cf. Oil States*, 138 S. Ct. at 1379 (“because the Patent Act provides for judicial review by the Federal Circuit, we need not consider whether inter partes review would be constitutional ‘without any sort of intervention by a court at any stage of the proceedings’” (citations omitted)). Then, *the Director* takes final action by canceling or confirming any patent claims on which review had been instituted. 35 U.S.C. § 318(b).

In several respects, APJ decisions cannot become final “unless permitted” by the Director. *Edmond*, 520 U.S. at 665. Arthrex does not dispute that, if dissatisfied with a Board decision, the Director can direct that the matter be reheard: While only the Board “may grant rehearings,” 35 U.S.C. § 6(c), nothing prevents the Director from informally recommending rehearing before calling on a Precedential Opinion Panel (on which he sits)—or a series of such panels—to vote on rehearing. *See ibid.*; Patent Trial and Appeal Board Standard Operating Procedure 2 (Revision 10) (SOP 2) at 4–5 (Sept. 20, 2018), <https://www.uspto.gov/sites/default/files/documents/SOP2%20R10>

%20FINAL.pdf; CCIA Br. 13–14. Arthrex thus concedes (at 23) that “[t]he Director can reverse decisions” if other “*inferior* officers [*i.e.*, Board members] agree” on rehearing. In addition, the Director can intervene whenever the Federal Circuit reviews an APJ decision before it becomes final. *See* 35 U.S.C. § 143. And the Director can reconsider the institution decision and terminate the proceedings entirely before any final action is taken. *See BioDelivery Scis. Int’l, Inc. v. Aquestive Therapeutics, Inc.*, 935 F.3d 1362, 1366 (Fed. Cir. 2019) (termination of proceedings following judicial review was final and nonappealable).<sup>2</sup>

APJs thus are not rogue officials who can bind the Executive on far-reaching decisions without any review at all. They are technically trained individuals who make patentability determinations with other panel members and explain their reasoning in highly detailed written decisions. And their decisions are reviewable by principal Officers in the Judiciary before they can be carried into effect by the Director. APJs are subordinate—inferior—in every sense of the term.

Indeed, because only the Director has the authority to institute IPRs, and undertakes the final act of

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<sup>2</sup> Arthrex suggests (at 41 n.10) that “the Director cannot de-institute review merely because he disagrees with how the Board may decide a case.” But rehearing and de-institution are not the same: Rehearing has estoppel effect, *see* 35 U.S.C. § 315(e), but de-institution does not; and de-institution decisions, which are relatively rare, are non-reviewable in any event, *see Thryv*, 140 S. Ct. at 1373–74; *Cuozzo*, 136 S. Ct. at 2141. Similarly, while Arthrex questions (at 41–42) whether the Director can engage in “panel stacking,” that power was not exercised in this case and is not central to the Director’s supervision and control of APJs.

confirming or canceling patent claims at the conclusion of an IPR, it is always the Director—a principal Officer serving at the President’s pleasure—who “bears the political responsibility” for the work APJs do. *Saint Regis Mohawk Tribe v. Mylan Pharm. Inc.*, 896 F.3d 1322, 1327 (Fed. Cir. 2018).<sup>3</sup>

**2.** Arthrex never denies that the Director’s suite of supervisory powers means he can direct and control the work APJs do. While Arthrex quibbles (at 39–44) about a few of those powers as unsuitable stand-ins for direct review, *Edmond* requires a *holistic* analysis of whether APJs’ work is “directed and supervised” by other Officers. *See* S&N Br. 30–31; U.S. Br. 20–22. By looking at a few mechanisms of control only in isolation, Arthrex ignores how those mechanisms work in conjunction with others to control APJs’ work.

Most significantly, Arthrex suggests (at 40) that the Director cannot instruct APJs how to decide “pending adjudication[s].” But Arthrex does not dispute that the Director—not APJs—remains in charge of formulating USPTO policy and can prescribe instructions for how APJs should decide particular issues or types of cases going forward. *See* U.S. Pet. App. 14a. Especially when coupled with his exclusive ability to designate and de-designate decisions as precedential, *see* SOP 2 at 11–12, the Director can limit the fallout of bad decisions, ensure that errors are not repeated, and thereby control continued policy development through adjudication.

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<sup>3</sup> When participants in the IPR system are unhappy with any USPTO bureaucratic action, they know exactly whom to take to task—the Director. *See Apple Inc. v. Iancu*, No. 20-cv-6128-EJD (N.D. Cal. filed Aug. 31, 2020) (APA suit against the Director, brought by technology companies challenging Director’s policy regarding consideration of IPR petitions).

Arthrex recognizes (at 23) that only the Director can take final action by canceling or confirming patent claims following an IPR proceeding. *See* 35 U.S.C. § 318(b). But Arthrex entirely fails to grasp the significance of this congressional directive. Given the Director’s other supervisory powers, APJ decisions are always *non-final* until the Director “permit[s]” them to become final. *Edmond*, 520 U.S. at 665. After an APJ decision issues, the Director can prevent it from becoming final by pursuing rehearing, intervening in any appeal, 35 U.S.C. § 143, or even de-instituting the IPR proceeding, *see BioDelivery*, 935 F.3d at 1366.

Arthrex similarly fails to appreciate that no APJ decision can become final until after any separate review by Federal Circuit judges. *See* 35 U.S.C. § 319. Courts have long been “interposed in aid of the patent-office” as another “step in the statutory proceeding” before a patentability decision becomes final. *Butterworth*, 112 U.S. at 60–61. Overlooking this historical reality, Arthrex asserts that APJs are principal Officers *because* their “decisions are appealable only to courts of the Third Branch.” Arthrex Br. 23 (quoting *Edmond*, 520 U.S. at 665–66). That misreads *Edmond*, which did not suggest that judicial review automatically makes the reviewed adjudicators principal Officers. Rather, the Court was explaining that because of this “significant distinction[ ]” between the military judges in *Edmond* and the STJs in *Freytag*, “*Freytag* d[id] not control” the result. 520 U.S. at 665–66.

APJ decisions do not become final unless their superior (or another Officer) says so. Under *Edmond*’s established framework, APJs are “inferior” Officers.

### C. Arthrex’s Attempt To Rewrite *Edmond* Fails.

The Federal Circuit fundamentally rewrote *Edmond*’s pragmatic inquiry by artificially focusing on two specific mechanisms of supervision (removal and review) *after* finding that APJs are subject to similar “supervisory authority” as the military judges in *Edmond*. U.S. Pet. App. 14a–15a, 22a. S&N and the United States explained at length the flaws in the Federal Circuit’s approach. S&N 30–33; U.S. Br. 33–39. And Arthrex confirms that the court of appeals’ analytical framework was erroneous by relegating it to a footnote in its opening brief. *See* Arthrex Br. 35 n.6. Indeed, neither Arthrex nor any of its *amici* even attempts to defend the Federal Circuit’s reasoning or its best-out-of-three approach to determining inferior-officer status. *See* U.S. Pet. App. 22a. And none of them suggests that the D.C. Circuit decision on which the Federal Circuit relied supplies the appropriate framework, either. *See* U.S. Pet. App. 19a–21a (discussing *Intercollegiate Broad. Sys., Inc. v. Copyright Royalty Bd.*, 684 F.3d 1332 (D.C. Cir. 2012)).

Arthrex instead advocates an entirely new, bright-line rule for administrative adjudicators that no court in the history of the Republic has ever endorsed. Arthrex now proclaims that “Principal Officer Review of Decisions” is the *sine qua non* of inferior-officer status. Arthrex Br. 20 (emphasis removed). And it asks the Court to adopt that rule for *all* administrative adjudicators, including APJs. In addition to defying both precedent and common sense, Arthrex’s radical approach to the Appointments Clause would handcuff the ability of both Congress and the President to adjust administrative adjudication structures to fit the needs of particular agencies.



### 1. Precedent Forecloses Arthrex’s Bright-Line Test.

Every time this Court has considered an Appointments Clause challenge to an administrative adjudicator, it has concluded that the adjudicator is an inferior Officer. See *Lucia*, 138 S. Ct. at 2049 (SEC ALJs); *Edmond*, 520 U.S. at 666 (appellate military judges); *Weiss v. United States*, 510 U.S. 163, 176 (1994) (military judges); *Freytag*, 501 U.S. at 882 (STJs). The same holds true for quasi-judicial officials, including United States commissioners, see *Go-Bart Importing Co. v. United States*, 282 U.S. 344, 352 (1931), and district court clerks, see *Ex parte Hennen*, 38 U.S. (13 Pet.) 230, 258 (1839). The Court has never held (or even hinted) that an administrative adjudicator was a principal Officer. When squarely presented with the question in *Edmond*, the Court said no. See 520 U.S. at 666.

a. Ignoring the actual holdings and rationales of this Court’s unbroken line of Appointments Clause jurisprudence, Arthrex plucks out of context three sentences—one from *Edmond*, one from *Free Enterprise Fund*, and one from Justice Alito’s solo concurrence in *Association of American Railroads*—to support its bold bid for a new “exclusive criterion” test. But none says anything close to Arthrex’s proposed bright-line rule. Alone or collectively, they do not remotely support the proposition that APJs are principal Officers.

The sentence from *Edmond* states: “What is significant is that the judges of the Court of Criminal Appeals have no power to *render a final decision* on behalf of the United States unless permitted to do so by *other Executive officers*.” 520 U.S. at 665 (emphases added). That plainly does not mean that *review and*

*correction* by a *principal* Officer are required—as Arthrex posits. The Court’s broad phrasing reflects a pragmatic understanding that administrative adjudicators can be supervised not only through direct review, but also through rehearing, informal review, or other means of “influenc[ing] . . . the outcome,” *id.* at 664, and that such supervision can (and often does) come from other inferior Officers rather than principal Officers. Nor does the sentence elevate review power above other mechanisms of supervision. Rather, it merely responds to the immediately previous sentence—which Arthrex ignores—explaining why the “limit[ed]” scope of any review “d[id] not in [the Court’s] opinion render the judges . . . principal officers.” *Id.* at 665.

The sentence from *Free Enterprise Fund* states: “Given that the Commission [has] the power to remove Board members at will, and given the Commission’s other oversight authority, we have no hesitation in concluding that under *Edmond* the Board members are inferior officers.” 561 U.S. at 510. This sentence does not require reviewability, or even pertain to administrative adjudicators. As Arthrex concedes (at 21), *Free Enterprise Fund*’s holding was not limited to reviewability, but instead considered multiple aspects of supervision, including “the power to remove Board members at will” and “other oversight authority.” 561 U.S. at 510. And while this “other” authority included the power to approve and alter the Board’s rules and sanctions, *id.* at 486, those functions were expressly not “adjudicative,” as the Court took pains to note, *id.* at 507 n.10.

Finally, the sentence from Justice Alito’s concurrence in *Association of American Railroads* states: “Inferior officers can do many things, but nothing final

should appear in the Federal Register unless a Presidential appointee has at least signed off on it.” *Dep’t of Transp. v. Ass’n of Am. R.Rs.*, 575 U.S. 43, 64 (2015). Arthrex’s attempted analogy to APJs falls flat. Here, too, nothing final can appear in the Official Gazette of the United States Patent and Trademark Office—which is the relevant analogue to the Federal Register in this context—unless the Director puts it there by “issu[ing] and publish[ing] a certificate” canceling or confirming any reviewed patent claims. *See* 35 U.S.C. § 318(b). And the Director undertakes that action only *after* any rehearing (which he can control) and any judicial review (in which he can intervene). Moreover, Arthrex ignores the reason the “disputes” in *Association of American Railroads* were published in the Federal Register: Unlike with APJ adjudication, they involved two public authorities formulating national policy in a specific area—*i.e.*, “making law” by “set[ting] the metrics and standards” governing the entire railroad industry. *See* 575 U.S. at 62–64 (Alito, J., concurring).

Accordingly, not one of these three sentences suggests, much less requires, that a principal Officer be able to review and modify every decision by an inferior Officer. And Arthrex has literally no other authority to support its new argument.

**b.** Arthrex’s unprecedented rule runs counter to *Edmond* and this Court’s repeated refusal to adopt bright-line rules in the Appointments Clause context.

*Edmond* expressly rejected any “exclusive criterion for distinguishing between principal and inferior officers.” 520 U.S. at 661. As even Arthrex concedes (at 20), *Edmond* did not focus solely on reviewability, but instead considered the powers to remove, review,

and determine rules, among other supervisory powers. *See* 520 U.S. at 664–66. Nor did *Edmond* require “complete” supervision of inferior Officers, as Arthrex assumes (at 20). The Court identified two ways in which the supervisor’s authority was “not complete”: Arthrex latches onto the “power to reverse decisions,” while ignoring the power “to influence . . . the outcome of individual proceedings.” *Edmond*, 520 U.S. at 664. Even though no principal Officer possessed this latter power, *Edmond* deemed the adjudicators at issue inferior Officers because their “work [wa]s directed and supervised at some level” by other Officers. *Id.* at 663–65.

In other cases, too, this Court has rejected invitations to boil its Appointments Clause analysis down to a bright-line test. Just three Terms ago, this Court was asked to adopt the bright-line rule that “final decisionmaking authority is a *sine qua non* of [inferior-]officer status.” *Lucia*, 138 S. Ct. at 2052 n.4. The Court refused to do so. Despite recognizing that “*Buckley*’s ‘significant authority’” standard for distinguishing inferior Officers from mere employees was “unadorned” and “framed in general terms,” the Court saw no need for further “elaborat[ion].” *Id.* at 2051–52 (discussing *Buckley v. Valeo*, 424 U.S. 1, 126 (1976) (per curiam)).

Now, even though nobody in *Lucia* suspected the adjudicators there might be principal Officers, *see* 138 S. Ct. at 2051 n.3, Arthrex asks the Court to adopt essentially the same bright-line rule to differentiate principal from inferior Officers. But as this Court reaffirmed just last Term, there is no “exclusive criterion for distinguishing between principal and inferior officers.” *Seila Law*, 140 S. Ct. at 2199 n.3 (quoting *Edmond*, 520 U.S. at 661). What matters is *that* the

inferior Officer’s “work is directed and supervised” by other Officers—not *how* such supervision is structured. *Edmond*, 520 U.S. at 663.

Arthrex further ignores the pragmatic reasons why the Court has eschewed bright-line rules in this area. See S&N Br. 30–33. This Court has recognized the political branches’ primary role in “defin[ing]” and “fill[ing]” offices. *Myers v. United States*, 272 U.S. 52, 128 (1926). Courts have an “inferior understanding of the realities of administration.” *Seila Law*, 140 S. Ct. at 2225–26 (Kagan, J., dissenting in part) (citation omitted). The Judiciary is thus ill-suited to craft “immutable rules” that would constrain how Congress defines every sort of adjudicator in every single agency. *McCulloch v. Maryland*, 17 U.S. (4 Wheat.) 316, 415–16 (1819). Indeed, adopting a “specific direction” like Arthrex’s proposed bright-line test could “harass[ ]” the country with “endless controversies.” *Morrison v. Olson*, 487 U.S. 654, 674 (1988) (citation omitted). Preserving Congress’s discretion within justiciable constraints is a virtue, not a vice, under the Appointments Clause.

## **2. The Constitution Forecloses Arthrex’s Test.**

Arthrex’s failure to justify its departure from precedents is especially problematic because Arthrex seeks to constitutionalize super-APA review procedures for all Executive Branch adjudications. In its view (at 20), “administrative judges cannot be inferior officers absent a [principal-officer] superior who can review and modify their decisions.” This rigid rule would impermissibly straitjacket Congress’s constitutional discretion to define offices and the political branches’ shared responsibility to structure agencies.

The Constitution bestows upon Congress “significant discretion” to craft executive offices and vest Appointments “as they think proper.” *Morrison*, 487 U.S. at 673 (quoting U.S. Const. art. II, § 2, cl. 2). Arthrex’s proposed bright-line test, however, would “deprive” Congress of its “capacity to avail itself of experience, to exercise its reason, and to accommodate its legislation to circumstances.” *McCulloch*, 17 U.S. (4 Wheat.) at 415. Under Arthrex’s inflexible rule, if Congress wants to make an administrative adjudicator an inferior Officer, it *must* give principal Officers in the Executive Branch the “power to review and modify decisions [as] an indispensable element.” Arthrex Br. 20.

While direct principal-officer review and correction may make good policy in some instances, they are not—and should not be—forever set in stone as constitutional requirements. Arthrex offers no reason why the Constitution would prohibit Congress from allowing a principal Officer to rehear (rather than review) an individual case or allowing other inferior Officers (rather than principal Officers) to conduct that review.

**a.** The Constitution permits inferior Officers to make some executive decisions without principal-officer review and correction. While Arthrex insists (at 22) that only principal Officers can “speak for the Executive Branch and deliver that branch’s final word,” it surely matters on *what* the official is speaking.

Final formulations of broadly applicable federal policy require principal-officer sign-off: for example, “metrics and standards” for the railroad industry, *Ass’n of Am. R.Rs.*, 575 U.S. at 62–64 (Alito, J., concurring), or ratemaking determinations on which “the fates of entire industries can ride,” *SoundExchange*,

*Inc. v. Librarian of Congress*, 571 F.3d 1220, 1226 (D.C. Cir. 2009) (Kavanaugh, J., concurring). But context-specific, more quotidian determinations, such as whether a particular individual should be afforded some extant government benefit, do not. For example, Arthrex acknowledges (at 32 n.4) that Congress has made certain Medicaid participation decisions by the Department of Health and Human Services’ Department Appeals Board the “final decision of the Secretary,” subject only to reconsideration by the Board itself or judicial review. 42 U.S.C. § 1316(e)(2)(B). Similarly, the Board of Veterans’ Appeals (BVA) renders “[f]inal decisions” on veterans’ benefits claims, 38 U.S.C. § 7104(a), that only the BVA itself—not the Secretary—can “revis[e],” *id.* § 7111(a), (f).<sup>4</sup>

Where government benefits are being allocated, an inferior Officer often renders a decision without any review by a principal executive Officer. Rather, a principal Officer sits in charge of formulating applicable national policy and directing its implementation through agency adjudication. Inferior Officers (and employees) implement that policy through individual proceedings that govern specific parties and normally do not establish broadly applicable policies. For example, last year USPTO patent examiners issued

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<sup>4</sup> Arthrex contends (at 31) that “BVA judges . . . are no different from the Coast Guard judges in *Edmond*” because their decisions are reviewable by the United States Court of Appeals for Veterans Claims. But unlike in *Edmond*, principal Officers have no power to control whether BVA decisions are reviewed; review occurs only if “adversely affected” private parties seek it. 38 U.S.C. § 7266(a); compare *id.* § 7252(a) (“Secretary may not seek review of any such decision”), with *Edmond*, 520 U.S. at 666 (Judge Advocate General could “order any decision submitted for review”).

350,000 utility patents—and none of those decisions was reviewed by a principal Officer. *See* 35 U.S.C. § 134(a); U.S. Patent Office, U.S. Patent Activity Calendar Years 1790 to the Present (last updated January 21, 2021), [https://www.uspto.gov/web/offices/ac/ido/oeip/taf/h\\_counts.htm](https://www.uspto.gov/web/offices/ac/ido/oeip/taf/h_counts.htm).

APJ adjudications are another case in point. APJs primarily decide just one thing: the validity of certain claims of individual patents. The Director, not APJs, controls the USPTO’s “policy direction,” 35 U.S.C. § 3(a)(2)(A), and he controls whether a panel decision becomes precedential, SOP 2 at 11–12. Arthrex offers no explanation why the Constitution would require principal-officer sign-off for narrow decisions that do not set policy and typically affect only the patentee or applicant. To be sure, the property rights that inhere in patents may (or may not) be valuable; but the federal bureaucracy administers an enormous number of programs awarding or withholding valuable benefits. Indeed, according to a recent survey by the Administrative Conference of the United States, 41% of non-ALJ hearing types “permit no administrative appeal at all.” Administrative Conference of the United States, *Non-ALJ Adjudicators in Federal Agencies: Status, Selection, Oversight, and Removal* 35 (Sept. 24, 2018).

**b.** The Constitution also does not narrowly require single-handed *review and correction* of adjudicatory decisions by a superior. There are many other ways to supervise and control the content of adjudicatory decisions. *Edmond* named one: the *ex ante* ability to “influence . . . the outcome of individual proceedings.” 520 U.S. at 664. Rehearing is another. Like direct review, a superior’s ability to call for rehearing ensures that the inferior “ha[s] no power to render a



final decision on behalf of the United States unless permitted to do so by other Executive officers.” *Id.* at 665. In fact, rehearing provides more supervision than direct review. Whereas direct review may have substantial “limitation[s]” in scope, *ibid.*, rehearing permits *de novo* review. Finally, judicial review *before* an adjudicator’s decision becomes final is a third way to supervise and control the content of that decision.

*Freytag* and *Lucia* all but foreclose Arthrex’s contrary position. The STJs in *Freytag* could “render the decisions of the Tax Court” in certain cases without any review by a principal Officer. 501 U.S. at 882. Yet the Court implicitly rejected *Freytag*’s argument that “a special trial judge is a principal rather than an inferior officer,” Br. for Pet’rs 28 n.26, *Freytag v. Comm’r*, 501 U.S. 868 (1991)—and upheld STJs’ appointment in a manner permissible only for inferior Officers, *see Freytag*, 501 U.S. at 892. Similarly, the SEC ALJs in *Lucia* had “last-word capacity” and issued many decisions that were not reviewed “at all.” 138 S. Ct. at 2054. Yet nobody thought this somehow made them principal Officers. *See id.* at 2051 n.3.

Arthrex contends (at 26) that, unlike here, the agencies in *Freytag* and *Lucia* “had *authority* to review every decision,” but that overstates *Freytag* and is a distinction without a constitutional difference. The Tax Court in *Freytag* was *not* created as an executive agency, *see* 501 U.S. at 887–88, and was instead “independent of the Executive and Legislative Branches,” *id.* at 891. Any authority the Tax Court had to review STJ decisions, therefore, is analogous to the Federal Circuit’s authority to review APJ decisions. Regardless, while STJs’ final decisions were “subject to such . . . review as the [Tax Court] may pro-

vide,” 26 U.S.C. § 7443A(c), the Tax Court did not actually provide for such review and therefore had no mechanism for reviewing final STJ decisions, *see Freytag*, 501 U.S. at 873, 882. Similarly, 95% of the inferior Officers’ decisions in *Edmond*, *see* Arthrex Br. 26, and 90% of the decisions in *Lucia* were not reviewed by a principal Officer “at all,” 138 S. Ct. at 2054. That these agencies could choose to *eliminate* review altogether or *not* to sign off on their inferior Officers’ decisions demonstrates that principal-officer review cannot be constitutionally required.

APJ adjudications again illustrate this point well. Although the Director cannot “single-handedly” review APJ panel decisions, *cf.* Arthrex Br. 23 (citation omitted), Arthrex concedes that he “can reverse decisions . . . if [other Board members] agree,” *ibid.* (emphasis removed). Specifically, the Director can grant rehearing and modify a decision together with two other Board members of his choosing (such as the Deputy Director, the Commissioner for Patents, or the Commissioner for Trademarks, the constitutionality of whose appointments Arthrex does not question). And other principal Officers (the judges of the Federal Circuit) can directly review and modify APJ decisions. Given that the Director can ensure rehearing by a new panel and a dissatisfied party can appeal to the Judiciary before any APJ decision becomes final, there is little reason to think that an incorrect APJ decision would somehow escape review and bind the Executive.

Arthrex wrongly contends that *only* the unilateral power to review and modify decisions permits the public to “understand the sources and levers of bureaucratic action”—a “fundamental precondition of accountability.” Arthrex Br. 52 (citation omitted). APJ

decisions, for example, are more transparent than jury verdicts: They are public decisions by technically trained adjudicators whose patentability determinations are explained at length and are reviewable by a new panel or by a court. The Director’s own “levers” of control likewise are not “subtle and unseen,” as *Arthrex* suggests (at 52), but instead are overt and open to public scrutiny. Through public decisions, he controls whether to institute IPRs in the first place. 35 U.S.C. § 314(a). The Director also publicly controls which APJs will hear the IPR, *id.* § 6(c), whether a Precedential Opinion Panel will review a panel’s decision, SOP 2 at 4–5, and whether that decision will be given precedential effect, *id.* at 11–12.

c. Nor does the Constitution require that an inferior Officer’s decisions be reviewable by a *principal* Officer specifically. Such a requirement would be impractical at best and unworkable at worst. It also would make no sense for administrative adjudicators to be *principal* Officers on the basis that their decisions are reviewed by other *inferior* Officers.

Neither *Edmond* nor Justice Alito’s concurrence in *Association of American Railroads* supports *Arthrex*’s contrary argument. *Edmond* found it “significant” that “*other* Executive officers”—not principal Officers specifically—could prevent the administrative adjudicator’s decision from becoming final. 520 U.S. at 665 (emphasis added). Justice Alito adhered to the same principle, explaining that a principal Officer should “at least sign[ ] off on” the arbitrator’s law making before it becomes final “in the Federal Register.” *Ass’n of Am. R.Rs.*, 575 U.S. at 64 (Alito, J., concurring) (citing *Edmond*, 520 U.S. at 665). But he did

not suggest that principal-officer sign-off would be required for other determinations that do not appear in the Federal Register.

Here, APJ decisions are reviewable by other Officers on the Board—including the Senate-confirmed Director and three inferior Officers (the Deputy Director, the Commissioner for Patents, and the Commissioner for Trademarks), whose appointments Arthrex does not question. *See* 35 U.S.C. § 3(b)(2)(A); *id.* § 6(a). And APJs do not take final action; the Director does that in canceling or confirming any patent claims, and he cannot do so until after any rehearing and any judicial review has occurred. *See id.* § 318(b). That means that no APJ decision becomes final without sign-off from other executive Officers (and, for good measure, the independent Judiciary). Arthrex offers no explanation why the Appointments Clause would prohibit Congress from electing to create this form of review structure—with its roots dating back over a century—instead of direct principal-officer review.

### **3. APJs’ Removal Protections Do Not Make Them Principal Officers.**

With respect to removability, Arthrex does not even try to defend the Federal Circuit’s ruling that APJs are principal Officers *because* they have removal protections. *See* Arthrex Br. 36–39. As S&N previously explained, that ruling was backward: Congress may impose removal protections on certain officials precisely because they are “*inferior* officers.” *Seila Law*, 140 S. Ct. at 2192. Arthrex’s contention (at 15, 35–39) that APJs’ removal protections nevertheless “exacerbate” any constitutional violation is wrong.

Like the military judges in *Edmond*, APJs are subject to removal from “judicial assignment without cause.” 520 U.S. at 664; *see* 35 U.S.C. § 6(c). Arthrex’s response is double-speak. Arthrex says (at 38) that “control over assignments is no substitute for removal from office,” even as it concedes (at 39) that *Edmond* involved only removal “from . . . judicial assignments,” and agrees (at 49–50) (citation omitted) that at-will removal from office is “not require[d]” under the “established view.” Arthrex also wrongly asserts that the Director has only limited power to remove APJs from judicial assignment. Arthrex Br. 38 (citing *Shoaf v. Dep’t of Agric.*, 260 F.3d 1336, 1339 (Fed. Cir. 2001)). *Shoaf* does not preclude agencies from “deliberately ‘idl[ing]’” their judges; to the contrary, the Board in *Shoaf* determined that the agency’s deliberate “efforts to ‘idle’” the employee did *not* “constitute” a constructive removal. 260 F.3d at 1339–40; *see also Shoaf v. Dep’t of Agric.*, 158 F. App’x 267, 270 (Fed. Cir. 2005) (affirming Board’s finding, on remand, that the alleged “deliberate idling” did not constitute a constructive removal). The Director thus can induce compliance by not assigning particular APJs to panels.

Similarly, Arthrex does not dispute that APJs’ protections against removal from employment are no more restrictive than the tenure protections of other inferior Officers such as ALJs. *See* S&N Br. 34–35. While Arthrex contends (at 36) that the Secretary’s power to remove APJs is nonetheless “significantly constrain[ed],” that misses the point. Whether significantly constrained or not, the Secretary has *at least* the same removal power as the supervisors of ALJs in other agencies. *Compare* 5 U.S.C. § 7521(a) (ALJs removable “only for good cause established and determined by the Merit Systems Protection Board”), *with*

*id.* § 7513(a) (APJs removable under the lesser standard of “such cause as will promote the efficiency of the service”). In fact, the Director has even more levers of control, as he controls APJ case assignments and pay rates, *see* 35 U.S.C. §§ 3(b)(6), 6(c)—something that most agencies cannot do with respect to their ALJs, *see* 5 U.S.C. § 3105 (ALJ cases assigned in rotation); *id.* § 5335 (ALJ step pay increases without agency certification).

Accordingly, to hold that statutory provisions regulating APJs’ removal make them principal Officers would be irreconcilable with the decisions in *Edmond*, *Freytag*, and *Lucia*.

**D. Arthrex’s Proposal Would Require Revisiting *Humphrey’s Executor*.**

Arthrex asks this Court to invite one of the most dramatic congressional intrusions into executive prerogatives since the Founding. This Court has identified only *eight* principal Officers whom Congress could protect from removal by the President—and those decisions have drawn tremendous criticism. *See Humphrey’s Ex’r v. United States*, 295 U.S. 602, 619 (1935) (five FTC Commissioners); *Wiener v. United States*, 357 U.S. 349, 350 (1958) (three War Claims Commissioners). Now, Arthrex seeks to add *200-plus* APJs to that category—insisting they are principal Officers who also must have removal protections under the Due Process Clause—while providing a blueprint for Congress to add even more. If Arthrex’s rigid rule were adopted, Congress could create an army of principal Officers who sit in core executive agencies but are insulated from removal by the President—simply by assigning them “adjudicatory” duties without unilateral executive review. *That*, not the USPTO’s historic structure, would be unprecedented

and dangerous—and this Court should reject Arthrex’s proposal because it raises “serious constitutional doubts.” *Clark v. Martinez*, 543 U.S. 371, 381 (2005).

Nearly a century ago, the Court recognized the President’s “exclusive power” to remove executive Officers whom he has appointed. *Myers*, 272 U.S. at 106, 176. Since *Myers*, this Court has permitted only one exception to the President’s otherwise “unrestricted removal power” with respect to principal Officers: In *Humphrey’s Executor*, the Court held that “multi-member expert agencies that do not wield substantial executive power” may be subject to for-cause removal. *Seila Law*, 140 S. Ct. at 2192, 2198–2200 (discussing *Humphrey’s Ex’r*, 295 U.S. at 620–28).

This *Humphrey’s Executor* exception, however, has been roundly criticized by judges and commentators—and the last time it was considered by this Court, the exception was “limited . . . ‘to officers of the kind [t]here under consideration,’” *i.e.*, Commissioners of the FTC “as it existed in 1935.” *Seila Law*, 140 S. Ct. at 2198 (citation omitted). At this point, *Humphrey’s Executor* stands frozen in time, representing “the outermost constitutional limits of permissible congressional restrictions on the President’s removal power.” *Id.* at 2200 (quoting *PHH Corp. v. CFPB*, 881 F.3d 75, 196 (D.C. Cir. 2018) (en banc) (Kavanaugh, J., dissenting)).

Arthrex’s approach, if accepted, would revive and reinvigorate that exception. It would add over 200 principal Officers with removal protections in one fell swoop—and potentially hundreds more adjudicators from other agencies. And it would require the Court to consider the vitality of *Humphrey’s Executor* and whether Congress can protect principal Officers from

removal. That significant question inhabits “a field of doubt” that the Court has “left ‘for future consideration.’” *Seila Law*, 140 S. Ct. at 2199 (citation omitted). Principles of constitutional avoidance warrant a similar approach here.

Arthrex’s suggestion (at 49 n.14) that the Court “need not embrace *Humphrey’s Executor*” because it can instead rely on *Wiener* is no response. Like the 1935 FTC in *Humphrey’s Executor*, the now-defunct War Claims Commission in *Wiener* was a “multimember body of experts”—three of them—who did not “exercise any executive power.” *Seila Law*, 140 S. Ct. at 2199 (discussing *Wiener*, 357 U.S. at 356). The Board on which APJs sit, in contrast, is composed of the Director, Deputy Director, two Commissioners, and *hundreds* of APJs—and all of them “exercis[e] the executive power,” *Oil States*, 138 S. Ct. at 1374 (citation omitted). Indeed, the core executive functions of granting and reviewing patents are nothing like the 1935 FTC’s “quasi-legislative or quasi-judicial powers” in “making investigations and reports [to] Congress” and making recommendations to courts, *Humphrey’s Ex’r*, 295 U.S. at 628, or the War Claims Commission’s “intrinsic[ally] judicial” power to adjudicate claims to foreign funds, *Wiener*, 357 U.S. at 355.

A ruling that APJs are inferior Officers would not only be consistent with *Edmond* and every other Appointments Clause precedent from this Court, but it would also avert the need for the Court to confront the expansion (or perhaps overruling) of *Humphrey’s Executor*. Indeed, if Arthrex is correct (at 63–64) that the Due Process Clause requires that administrative adjudicators (including APJs) be given removal protections, the corollary must be that they fit into the only other exception to the President’s “unrestricted



removal power” that this Court has recognized: the “one for *inferior* officers with limited duties and no policymaking and administrative authority.” *Seila Law*, 140 S. Ct. at 2192, 2200 (emphasis added).

The path through the constitutional thicket is the one marked by *Edmond*: APJs are inferior Officers because their work is directed and supervised by the Director; as a result, both their appointment by the Secretary and the removal protections conferred by Congress are entirely consistent with the Appointments Clause and the separation of powers.

## **II. ARTHREX IS NOT ENTITLED TO THE EXTRAORDINARY RELIEF IT REQUESTS.**

The Court need not reach the remedial and severance issues raised by the second question presented if it holds (as it should) that APJs are inferior Officers. No case-specific relief to Arthrex would be warranted in those circumstances because the APJs who decided the IPR proceeding below were undisputedly appointed in a manner appropriate for inferior Officers. And no “fix” to the statutory regime would be needed (or permitted) in the absence of an Appointments Clause violation. *See, e.g., Edmond*, 520 U.S. at 666.

If the Court were to deem APJs principal Officers, however, it would then need to consider Arthrex’s requests for unprecedented and sweeping relief. Arthrex asks the Court both to “dismiss this inter partes review” and to “hold the current inter partes review regime unconstitutional.” Arthrex Br. 59. Dismissal of this IPR proceeding is not an available remedy, however. And invalidating the entire PTAB regime would not “*fix*” any Appointments Clause violation at

all. If the Court even reaches the second question presented, it should deny Arthrex’s extraordinary requests for both case-specific and systemic relief.

**A. The Only Appropriate Arthrex-Specific Relief Is A Declaration.**

In a trilogy of cases, this Court has established that a “timely” Appointments Clause challenge warrants “a decision on the merits of the question and whatever relief may be appropriate if a violation indeed occurred.” *Ryder v. United States*, 515 U.S. 177, 182–83 (1995); *see also Lucia*, 138 S. Ct. at 2055; *United States v. L.A. Tucker Truck Lines, Inc.*, 344 U.S. 33, 38 (1952). Arthrex neither acknowledges this standard, nor even cites any of these cases in this context. It instead slips into its brief (at 59–60) two unadorned requests for the Court to “dismiss the inter partes review” proceeding in this case. As on the merits, Arthrex asks the Court to reject decades of settled precedent and come up with a new remedial approach that has no basis in history, practice, or common sense. That is not constitutional advocacy; it is a letter to Santa Claus.

The only *appropriate* relief for Arthrex under this Court’s precedents is a declaratory judgment. Arthrex is not entitled to any additional relief—including a new hearing or dismissal—because Arthrex failed to make a “timely” Appointments Clause challenge “before the [agency].” *Lucia*, 138 S. Ct. at 2055. And dismissal would be particularly inappropriate here because it is not available to courts under the AIA, and Arthrex forfeited its ability to seek a dismissal remedy three times over, after contracting to a settlement with S&N that was contingent in part on having the IPR proceed.

1. S&N has consistently maintained that the only appropriate relief here is declaratory relief. Any additional relief—including the Federal Circuit’s remedy of a new hearing or Arthrex’s requested dismissal—would not be appropriate because Arthrex failed to make a timely Appointments Clause challenge.<sup>5</sup>

It is well established that an Appointments Clause challenger is not entitled to any relief above and beyond “a decision on the merits” unless it has made a “timely” challenge. *Ryder*, 515 U.S. at 182–83; see *Lucia*, 138 S. Ct. at 2055 (same). Even where a defect in an agency adjudicator’s appointment “would [have] invalidate[d] a resulting order . . . had . . . an appropriate objection [been] made during the

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<sup>5</sup> S&N noted in its principal brief (at 49) that this issue would be addressed on the merits, having preserved it at the certiorari stage. See S&N Pet. 32–33; S&N Cert. Resp. Br. 7–8; S&N Cert. Reply Br. 1–2. In its response to S&N’s petition for a writ of certiorari, Arthrex did not dispute that this issue should be addressed on the merits, and therefore may not dispute the point at this stage. See S&N Cert. Reply Br. 1–2 (discussing Sup. Ct. R. 15.2). Certainly, having failed to do so in its opening brief, Arthrex may not do so for the first time in its reply brief. 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”). S&N recognizes that the Court did not grant certiorari on the government’s separate question asking whether administrative forfeiture precludes reaching the Appointments Clause issue at all, see U.S. Cert. Mem. 7, and that the Court has agreed to consider a similar issue in the specific context of Social Security proceedings, see *Carr v. Saul*, No. 19-1442; *Davis v. Saul*, No. 20-105. But S&N is not here advocating for any generally applicable rule regarding forfeiture of Appointments Clause *challenges*; rather, S&N’s argument is that Arthrex’s undisputed, and unexcused, forfeiture in this case means that any *remedy* other than a declaration would not be “appropriate.” *Ryder*, 515 U.S. at 182–83.

[agency] hearings,” this Court has refused to “set aside” the adjudicator’s work in the absence of such a “timely objection.” *L.A. Tucker*, 344 U.S. at 38.

Arthrex’s Appointments Clause challenge was not “timely,” however, because it was not pressed “before the [agency]” during the IPR proceeding. *Lucia*, 138 S. Ct. at 2055; *see also Ryder*, 515 U.S. at 182. This Court has long held that “courts should not topple over administrative decisions unless the administrative body not only has erred, *but has erred against objection made at the time appropriate under its practice.*” *Woodford v. Ngo*, 548 U.S. 81, 90 (2006) (quoting *L.A. Tucker*, 344 U.S. at 37); *see also Hormel v. Helvering*, 312 U.S. 552, 556–57 (1941) (“[o]rdinarily,” courts should not consider an issue “neither pressed nor passed upon by the . . . administrative agency below”).

That “general rule,” *L.A. Tucker*, 344 U.S. at 37, dictates that only declaratory relief would be appropriate here. Had Arthrex made a timely challenge before the Board, the Director could have tried to avoid any constitutional problem by assigning himself, the Commissioner for Patents, and the Commissioner for Trademarks—who are all effectively removable at will, *see* 35 U.S.C. § 3(a)(4), (b)(2)(C), and whose appointments Arthrex has not questioned—to preside over Arthrex’s case. Or the Director could have tried to avoid any constitutional problem in subsequent cases by temporarily suspending new institution decisions pending judicial review or prompt action from Congress. By not giving the agency an opportunity to act in the first instance, Arthrex has exacerbated the consequences of any constitutional violation. It is not

“appropriate” to reward such sandbagging with additional relief beyond a declaratory judgment. *Ryder*, 515 U.S. at 182–83.

Nor do the particular circumstances of this case come close to relieving Arthrex of the consequences of its forfeiture. Arthrex has repeatedly sought inter partes review—including against S&N—and for years has participated in that administrative process to its own advantage. *See, e.g., Arthrex, Inc. v. KFx Med., LLC*, Case IPR2016-01697, 2018 WL 1100770 (P.T.A.B. Feb. 26, 2018) (holding claims challenged by Arthrex unpatentable); S&N Cert. Resp. Br. 5–6. No “injustice” would result from subjecting Arthrex’s patents to the same procedures Arthrex has long invoked against patents owned by others. *Helvering*, 312 U.S. at 557.

Finally, no other relief would be necessary here because there is no reason to doubt that the political branches can and will respond appropriately to a declaration. *See United States v. Armstrong*, 517 U.S. 456, 464 (1996) (courts ordinarily presume that public officials will faithfully perform their public duties). The Court need not and should not micro-manage any adjustments that Congress or the Executive Branch may need to make.

**2.** Even if the Court were to contemplate awarding Arthrex relief above and beyond a declaratory judgment, it should not order “dismissal of this inter partes review.” Arthrex Br. 59–60. That remedy is categorically unavailable under the AIA and would be manifestly inappropriate in this case.

**a.** To start, dismissal of an IPR proceeding is not a remedy that courts can award for an Appointments Clause violation. The AIA prohibits judicial review of

decisions whether to institute an IPR, *see Thryv*, 140 S. Ct. at 1370 (citing 35 U.S.C. § 314(d)), and whether to reconsider and dismiss an IPR after institution, *see Medtronic, Inc. v. Robert Bosch Healthcare Sys., Inc.*, 839 F.3d 1382, 1386 (Fed. Cir. 2016). The Board’s *merits* decisions following an IPR proceeding are subject to “judicial review of patentability,” *Thryv*, 140 S. Ct. at 1374, before they become final, 35 U.S.C. §§ 318(b), 319; *see* S&N Br. 8–9. But neither this Court, nor any other, can second-guess the Director’s *institution* decision by ordering “dismissal” of the IPR proceeding.

Even if dismissal were theoretically available in some case, it would be especially inappropriate here because Arthrex *agreed* to an IPR decision. In related civil litigation, the parties reached a settlement agreement contingent on the express understanding that this IPR proceeding could “continue.” U.S. Pet. App. 86a. It is particularly disingenuous for Arthrex to argue that the same IPR proceeding that Arthrex agreed could continue must be dismissed outright—especially because S&N could now be time-barred from filing a new IPR. *See* 35 U.S.C. § 315(b) (IPR “may not be instituted” if petition is filed “more than 1 year after” service of “complaint alleging infringement of the patent”). That would unjustifiably threaten S&N’s “significant rights in [the] instituted IPR proceeding.” *SAS Inst., Inc. v. ComplementSoft, LLC*, 825 F.3d 1341, 1351 (Fed. Cir. 2016), *rev’d and remanded on other grounds sub nom. SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348 (2018).

In any event, Arthrex has thrice forfeited its ability to seek dismissal. “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). Yet Arthrex failed to timely request dismissal before not one, but *three* such tribunals.

Strike one: Arthrex failed to “rais[e] the [Appointments Clause] issue before the Board,” much less request dismissal. U.S. Pet. App. 4a. As explained above, the “general rule” is that nothing from the agency should be “set aside” in these circumstances. *L.A. Tucker*, 344 U.S. at 37; *see also Lucia*, 138 S. Ct. at 2055; *Woodford*, 548 U.S. at 90.

Strike two: Arthrex failed to request dismissal before the Federal Circuit panel. *See* C.A. Dkt. 18 at 65–66 (requesting only vacatur of “the presently appealed Decision,” not dismissal of the underlying IPR proceeding). Arguments that are “not raise[d] . . . below” and thus “not address[ed]” by the court of appeals are “forfeited” in this Court. *United States v. Jones*, 565 U.S. 400, 413 (2012). Indeed, the Federal Circuit has reaffirmed in the wake of this very case that the “law is well established that arguments not raised in the opening brief are [forfeited]” even in the court of appeals, and “[t]hat rule applies with equal force to Appointments Clause challenges.” *Customedia Techs., LLC v. Dish Network Corp.*, 941 F.3d 1173, 1174 (Fed. Cir. 2019) (per curiam) (citation omitted).

Strike three: Arthrex failed to mention dismissal in its petition for a writ of certiorari. Despite arguing that “[t]he court’s remedy . . . raises serious questions that warrant this Court’s review,” Arthrex Pet. 14, Arthrex never suggested—much less requested—that this Court dismiss the IPR proceeding. This Court has long been “reluctant to permit parties to smuggle additional questions into a case,” *Norfolk S. Ry. Co. v.*

*Sorrell*, 549 U.S. 158, 164 (2007), especially where the party previously “persuaded [the Court] to grant certiorari” based on “a different argument,” *Visa v. Osborn*, 137 S. Ct. 289, 289 (2016) (mem.) (quoting *City & County of San Francisco v. Sheehan*, 135 S. Ct. 1765, 1772 (2015)).

**b.** Arthrex’s entire argument for dismissal—consisting of two conclusory requests on pages 59 and 60 of its brief—is manifestly insufficient. Arthrex has the burden of persuasion, yet it does not even mention this Court’s trilogy of cases in *Lucia*, *Ryder*, or *L.A. Tucker*, nor does Arthrex try to explain why dismissal would be “appropriate” in this case. It simply states twice—without elaboration or justification—that the Court “should” or “could” grant such relief. Arthrex Br. 59–60.

Neither of the two cases cited by Arthrex endorsed dismissal of agency proceedings as appropriate relief for the constitutional violation. In *Seila Law*, the Court actually remanded the case, *see* 140 S. Ct. at 2211 (plurality op.); *id.* at 2245 (Kagan, J., concurring in the judgment with respect to severability); and Justice Thomas’s concurrence—on which Arthrex relies—would have denied the agency’s petition to enforce its subpoena, *see id.* at 2224. Similarly, in *Northern Pipeline*, the Court did not dismiss the entire bankruptcy proceedings, *see Marathon Pipeline Co. v. N. Pipeline Constr. Co.*, 12 B.R. 946, 947 (D. Minn. 1981), and it stayed its judgment to “afford Congress an opportunity to reconstitute the bankruptcy courts,” *N. Pipeline Constr. Co. v. Marathon Pipe Line Co.*, 458 U.S. 50, 88 (1982). Yet, other than a couple of “[s]ee” cites to these cases, Arthrex offers the Court nothing else in support of its request for dismissal.



This Court has repeatedly refused to credit such conclusory requests. When an argument has not been “fully presented,” this Court has “prefer[red] not to address” it. *Norfolk*, 549 U.S. at 165; see, e.g., *Decker v. Nw. Envtl. Def. Ctr.*, 568 U.S. 597, 615–16 (2013) (Roberts, C.J., concurring) (it is not “appropriate” to consider an issue merely “suggested . . . with no argument” rather than “properly raised and argued”). That rule applies with special force where, as here, the issue is “significant,” *Norfolk*, 549 U.S. at 165, and was “neither pressed nor passed upon below,” *FW/PBS, Inc. v. City of Dallas*, 493 U.S. 215, 224 (1990) (plurality op.); see also *Comcast Corp. v. Nat’l Ass’n of African Am.-Owned Media*, 140 S. Ct. 1009, 1018 n.\* (2020) (“we are a court of review, not of first view,’ and do not normally strain to address issues that are less than fully briefed and that the [lower courts] have had no opportunity to consider” (citation omitted)).

Arthrex is the petitioner on the remedy issue. See Arthrex Pet. i. Because it chose not to make out any case for dismissal in its opening brief, it is not entitled to such relief—and should not be heard to advance new arguments for the first time in its reply brief. See *NML Capital*, 573 U.S. at 140 n.2. Dismissal would be manifestly inappropriate here in light of Arthrex’s repeated forfeiture, utilization of the IPR system to its own benefit, and settlement agreement with S&N that was partially contingent on the Board’s ruling. And dismissing the IPR proceeding would ill serve this Court’s teaching that constitutional remedies should “create ‘[ ]incentive[s] to raise Appointments Clause challenges” in a timely manner. *Lucia*, 138 S. Ct. at 2055 n.5 (alterations in original; citation omitted). The only “appropriate” relief for Arthrex in this case is a declaratory judgment.

## **B. Overturning The IPR Regime Is Not An Appropriate “Fix.”**

Arthrex and its *amici* spill much ink assessing the wisdom of allowing the USPTO a “second look” at issued patents. But Congress already weighed those policy pros and cons and determined that an administrative system for “weed[ing] out bad patent claims efficiently” was better than none. *Thryv*, 140 S. Ct. at 1374. Arthrex’s narrow structural challenge provides no occasion for second-guessing Congress’s wisdom about how to design a system for administratively reviewing patents. See *Oil States*, 138 S. Ct. at 1369 (sustaining the IPR system against a frontal constitutional attack). Rather, if APJs are inferior Officers, there is nothing else to decide; and if they are principal Officers, only *that* constitutional problem would warrant a systemic “fix.”

Arthrex’s request—to “hold the current inter partes review regime unconstitutional,” Arthrex Br. 59—is destructive, not curative. This Court has a decisive preference for “us[ing] a scalpel rather than a bulldozer in curing” any “constitutional defect.” *Seila Law*, 140 S. Ct. at 2210–11 (plurality op.). Depending on how the Court defines the constitutional problem, a distinct surgical alternative could appropriately “limit the solution to the problem.” *Free Enter. Fund*, 561 U.S. at 508 (citation omitted).

### **1. The Court Should Use A Scalpel, Not A Bulldozer.**

This Court’s precedents foreclose Arthrex’s extraordinary request to destroy the entire IPR regime.

**a.** As this Court has explained, “the ‘normal rule’ is ‘that partial, rather than facial, invalidation is the required course.’” *Free Enter. Fund*, 561 U.S. at 508

(citation omitted). This Court has thus developed a “decisive preference for surgical severance, rather than wholesale destruction.” *Barr v. Am. Ass’n of Political Consultants, Inc.*, 140 S. Ct. 2335, 2350–51 (2020) (plurality op.); *see also id.* at 2350 (citing cases for a “strong presumption of severability”). And it has refused to let a challenger “ride a discrete constitutional flaw . . . to take down [a] whole, otherwise constitutional” system. *Id.* at 2351 (citing *Marbury v. Madison*, 5 U.S. (1 Cranch) 137, 177 (1803)).

Arthrex cannot identify a single Appointments Clause case where this Court has engaged in the type of wholesale destruction that Arthrex now requests. The Court’s recent separation of powers cases have opted to cure the constitutional defect not by blowing up the entire statutory regime, but by severing only the particular provisions creating constitutional problems. *See Seila Law*, 140 S. Ct. at 2211 (plurality op.) (invalidating the Director’s removal protections rather than eliminating the CFPB’s powers); *Free Enter. Fund*, 561 U.S. at 509–10 (invalidating PCAOB members’ removal restrictions rather than eliminating the PCAOB’s powers).<sup>6</sup>

**b.** Arthrex argues (at 57–59) that because various *amici* have presented “so many alternatives,” the

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<sup>6</sup> The Court has taken the same approach upon finding other constitutional violations. *See Barr*, 140 S. Ct. at 2353 (invalidating and severing the government-debt exception rather than invalidating the entire robocall restriction). S&N recognizes that the severability doctrine is also at issue in at least one other case before the Court this Term. *See Texas v. California*, No. 19-1019. That case, however, does not involve the Appointments Clause or related issues regarding removal; regardless of how it is decided, the path marked by *Free Enterprise Fund* and *Seila Law* should be followed here.

Court should just throw up its hands and leave any systemic solution to Congress. That is not how this Court typically solves constitutional problems.

Even where there are “a number of statutory provisions that, working together, produce a constitutional violation,” this Court can sever just one of those provisions as an appropriate remedy. *Free Enter. Fund*, 561 U.S. at 509–10; *see also Barr*, 140 S. Ct. at 2350, 2354 (plurality op.) (the Court’s “power and preference to partially invalidate a statute” is not affected even where “a court theoretically can cure” the constitutional violation in multiple ways). While the Court does not have “broad license to invalidate *more* than just the offending provision,” *Barr*, 140 S. Ct. at 2351 & n.7 (plurality op.) (emphasis added), it is well established that the Court can “sever[ ] any ‘problematic portions while leaving the remainder intact,’” *Free Enter. Fund*, 561 U.S. at 508 (citation omitted).

Indeed, none of the cases on which Arthrex relies supports its extraordinary request to “break first, fix later.” Even where severance has not been possible, this Court’s precedents have favored staying the judgment for a sufficient time to “afford Congress an opportunity” to take any necessary action without impairing the agency’s ongoing functions. *Buckley*, 424 U.S. at 143 (staying judgment for 30 days so as not to “affect[ ] the authority of the [agency] to exercise the duties and powers granted it under the Act”); *see also Bowsher v. Synar*, 478 U.S. 714, 736 (1986) (staying judgment for “60 days to permit Congress to implement the fallback provisions” enacted to replace the invalidated provisions); *N. Pipeline*, 458 U.S. at 88 (staying judgment for 98 days to “afford Congress an opportunity to reconstitute the bankruptcy courts or

to adopt other valid means of adjudication”). The Court is not required to take down the IPR system.

## **2. The Contours Of Any Surgical Solution Would Depend On The Court’s Merits Analysis.**

In order “‘to limit the solution to the problem,’ severing any ‘problematic portions while leaving the remainder intact,’” *Free Enter. Fund*, 561 U.S. at 508 (citation omitted), the Court should tailor any surgical severance to its ruling on the merits of the Appointments Clause issue. *Arthrex* contends (at 60–62) that *Seila Law* and *Free Enterprise Fund* do not support severance in this case because, in those cases, the remedy was adequate to cure the constitutional violation and was not a “radical departure” from tradition. But that begs the question. Depending on how the Court answers the first question presented—whether it defines the problem as APJs’ method of appointment, or adopts *Arthrex*’s exclusive criterion, or even approves the analytical framework of the Federal Circuit—a different surgical severance would be appropriate to “fix” any violation on a systemic basis.

**a.** If the Court were to view the problem as APJs’ method of appointment, it could fix that problem by invalidating the provision requiring that APJs be appointed by the Secretary of Commerce. *See* 35 U.S.C. § 6(a). This would pave the way for presidential appointment with senatorial confirmation, allowing the Board to continue functioning once the APJs are reappointed. This approach would not require any new legislation. And if the Court has concerns about the continued functioning of the Board, it can defer its mandate to give the political branches time to act in the interim. *See N. Pipeline*, 458 U.S. at 88–89 (plurality op.); *Buckley*, 424 U.S. at 143–44.

**b.** If the Court were to adopt Arthrex’s view (at 23) that APJs are principal Officers solely because the Director cannot directly review their decisions, the appropriate fix for that violation would be to provide for such review. The Court could do that straightforwardly by declaring unconstitutional the provision that “[o]nly the Patent Trial and Appeal Board may grant rehearings.” 35 U.S.C. § 6(c). The statute still would require that “at least 3 members” of the Board conduct various proceedings in the first instance, but it would be silent as to rehearing or reconsideration of any Board decisions. *Ibid.*; see generally *id.* §§ 141, 318–319. In the absence of statutory authority to the contrary, the Director would have the inherent authority to reconsider APJ decisions in whatever manner he wishes. See *Tokyo Kikai Seisakusho, Ltd. v. United States*, 529 F.3d 1352, 1360–61 (Fed. Cir. 2008) (“agencies possess inherent authority to reconsider their decisions” in a manner that is not inconsistent with the statute).

**c.** If the Court were to agree with the Federal Circuit that the removal protections afforded APJs create the constitutional problem here, those protections could be severed. See U.S. Pet. App. 28a. As the Federal Circuit correctly observed, “Congress intended for the *inter partes* review system to function to review issued patents,” and “it would have preferred a Board whose members are removable at will rather than no Board at all.” *Id.* at 27a.

Congress’s overarching purpose in creating the IPR system was “to weed out bad patent claims efficiently” because it was “concerned about overpatenting and its diminishment of competition.” *Thryv*, 140 S. Ct. at 1374 (citing H.R. Rep. No. 112-98, pt. 1, at 40

(2011)); *see also* Cross-Industry Groups Br. 6–12; Apple Br. 6–8; Askeladden Br. 4–8. The IPR regime has worked by invalidating scores of bad patent claims and reducing the costs of litigating low-quality patents. Cross-Industry Groups Br. 5, 15–18; High Tech Inventors Br. 14–18; Apple Br. 12–14, 17–18; Askeladden Br. 7–8; Ass’n Accessible Med. Br. 4; Acushnet Br. 10–18. Arthrex offers no evidence that Congress would have preferred to sacrifice patent quality and efficiency on the altar of APJ employment protections.

A Board without removal protections is, in fact, precisely the regime Congress first instituted and maintained for over 100 years. APJs’ predecessors had no removal protections until 1975. *See* Act of Jan. 2, 1975, Pub. L. No. 93-601, § 2, 88 Stat. 1956, 1956; Arthrex Br. 4 (acknowledging this point). Far from being a significant addition, those removal protections were incidental to examiners-in-chief’s “appoint[ment] under the classified civil service,” which Arthrex acknowledges (at 4) was enacted merely to avoid administrative “burden.” *Cf. Barr*, 140 S. Ct. at 2353 (plurality op.) (“where Congress added an unconstitutional amendment to a prior law . . . , the Court has treated the original, pre-amendment statute as the ‘valid expression of the legislative intent’” (citation omitted)).

In this regard, Congress has not treated APJs like ALJs in other agencies. Whereas the APA created good-cause removal protections for ALJs in 1946, *see* Pub. L. No. 79-404, § 11, 60 Stat. 237, 244 (1946); 5 U.S.C. § 7521(a), Congress waited nearly three decades before creating any removal protections for patent adjudicators—and even then never gave APJs or their predecessors ALJ-level for-cause protections,

see, e.g., 5 U.S.C. § 7513(a); 35 U.S.C. §§ 3(c), 6(b) (2010); S&N Br. 28. Ultimately, the patentability determinations made by APJs are an “exercis[e] [of] the executive power.” *Oil States*, 138 S. Ct. at 1374–75 (citation omitted). APJs thus require no more decisional independence in reviewing the agency’s decision “in the first instance” than in conducting the agency’s “second look” at a patent grant. *Id.* at 1373, 1374; see also *Cuozzo*, 136 S. Ct. at 2143 (IPR is “more like a specialized agency proceeding” than a “judicial proceeding”).

To be clear, Congress has chosen to give APJs limited protection from removal, and the best way to effectuate congressional intent would be for this Court to recognize that APJs are inferior Officers who may be given such protections. But to the extent those removal protections create Appointments Clause difficulties—an argument no party or *amicus curiae* champions in this Court—severance would be the appropriate remedy. See *Seila Law*, 140 S. Ct. at 2211 (plurality op.); *Free Enter. Fund*, 561 U.S. at 509.

**d.** This Court has set forth “a general rule of retrospective effect for [its] constitutional decisions.” *Harper v. Va. Dep’t of Taxation*, 509 U.S. 86, 94 (1993) (citation omitted). If the Court were to adopt a systemic “fix” that makes APJs’ current method of appointment constitutional and if the Court were to apply that ruling to the parties in this case, the result would be that the APJs who participated in the Board’s decision in this case were constitutionally appointed. See Prof. Harrison Br. 5–8; Prof. Michaels Br. 7–8; see also U.S. Pet. App. 265a–267a (Dyk, J., dissenting from the denial of rehearing en banc). This would be an additional reason why Arthrex is not entitled to any relief beyond a declaration.



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Arthrex seeks to transform a significant “safeguard[ ] of the constitutional scheme,” *Edmond*, 520 U.S. at 659, into a weapon of mass destruction. The Appointments Clause protects liberty by ensuring accountability; it does not require Congress and the President to structure administrative adjudications within agencies in a particular manner, or courts to blow up agencies that have long been structured in some other manner. Today’s APJs are the latest in a long line of inferior Officers charged with administrative patent review. The Court should hew to its longstanding precedents and make clear that APJs are inferior Officers whose appointment Congress may constitutionally vest in a Head of Department. That would restore the constitutional order, preserve the structural guardrails of the Constitution, and permit the political branches the needed flexibility in defining and filling federal offices.

**CONCLUSION**

The judgment of the court of appeals should be reversed.

Respectfully submitted.

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