

No.

IN THE
Supreme Court of the United States

POLARIS INNOVATIONS LIMITED, *Petitioner*,

v.

KINGSTON TECHNOLOGY COMPANY, INC.; AND UNITED
STATES, *Respondents*.

POLARIS INNOVATIONS LIMITED, *Petitioner*,

v.

KINGSTON TECHNOLOGY COMPANY, INC.; AND UNITED
STATES, *Respondents*.

POLARIS INNOVATIONS LIMITED, *Petitioner*,

v.

KINGSTON TECHNOLOGY COMPANY, INC.; AND ANDREI
IANCU, UNDER SECRETARY OF COMMERCE FOR
INTELLECTUAL PROPERTY AND DIRECTOR OF THE
UNITED STATES PATENT AND TRADEMARK OFFICE,
Respondents.

***On Petition for a Writ of Certiorari to
the United States Court of Appeals
for the Federal Circuit***

PETITION FOR A WRIT OF CERTIORARI

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June 30, 2020

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QUESTIONS PRESENTED

1. Whether severance of the tenure protections for Administrative Patent Judges (“APJs”) was unavailable to the *Arthrex* court to remedy the violation of the Appointments Clause by the IPR statute, 35 U.S.C. § 311 et seq, because Congress would have maintained such protection for APJs;

2. Whether the *Arthrex* decision’s removal of APJ tenure protections is insufficient to cure the violation of the Appointments Clause by the IPR statute.

PARTIES TO THE PROCEEDING

Petitioner Polaris Innovations Limited was the patent owner in proceedings before the Patent Trial and Appeal Board and the appellant in the court of appeals.

Respondent Kingston Technology Company, Inc. was the petitioner in proceedings before the Patent Trial and Appeal Board and appellee in the court of appeals.

Respondent United States of America was an intervenor in the court of appeals in Nos. 2018-1768 and 2018-1831.

Respondent Andrei Iancu was an intervenor in the court of appeals in No. 2019-1202.

RULE 29.6 STATEMENT

All parent corporations or publicly held companies that own 10 percent or more of the stock of petitioner Polaris Innovations Limited are: Wi-LAN Inc., a subsidiary of Quarterhill Inc., is the parent corporation of Polaris Innovations Limited.

RELATED PROCEEDINGS

The following proceedings are directly related to this case within the meaning of Rule 14.1(b)(iii):

- *Polaris Innovations Limited v. Kingston Technology Company, Inc.*, No. 2018-1768 (Jan. 31, 2020);
- *Polaris Innovations Limited v. Kingston Technology Company, Inc.*, No. 2018-1831 (Jan. 31, 2020); and
- *Polaris Innovations Limited v. Kingston Technology Company, Inc.*, No. 2019-1202 (Jan. 27, 2020).

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PETITION FOR A WRIT OF CERTIORARI

Polaris Innovations Limited (“Polaris”) respectfully petitions for a writ of certiorari to review the judgment of the Federal Circuit in these cases. Pursuant to this Court’s Rule 12.4, Polaris is filing a “single petition for a writ of certiorari” because the “judgments *** sought to be reviewed” are from “the same court and involve identical or closely related questions.” Sup. Ct. R. 12.4.

OPINIONS BELOW

The opinion of the court of appeals in *Polaris Innovations Limited v. Kingston Technology Company, Inc.*, No. 2018-1768 (App., *infra*, 1a-2a) is not published in the Federal Reporter but is reprinted at 792 Fed. Appx. 819. The final written decision of the Patent Trial and Appeal Board in that case (App., *infra*, 56a-102a) is not reported but is available at 2018 Pat. App. LEXIS 5104. The decision of the Patent Trial and Appeal Board (App., *infra*, 32a-55a) to institute inter partes review is not reported.

The opinion of the court of appeals in *Polaris Innovations Limited v. Kingston Technology Company, Inc.*, No. 2018-1831 (App., *infra*, 3a-29a) is not published in the Federal Reporter but is reprinted at 792 Fed. Appx. 820. The final written decision of the Patent Trial and Appeal Board in that case (App., *infra*, 139a-199a) is not reported. The decision of the Patent Trial and Appeal Board (App., *infra*, 103a-138a) to institute inter partes review is not reported but is available at 2017 Pat. App. Filings LEXIS 8699.

The order of the court of appeals vacating and remanding the Patent Trial and Appeal Board's final written decision in *Polaris Innovations Limited v. Kingston Technology Company, Inc.*, No. 2019-1202 (App., *infra*, 30a-31a) is not reported. The final written decision of the Patent Trial and Appeal Board in that case (App., *infra*, 225a-254a) is not reported. The decision of the Patent Trial and Appeal Board (App., *infra*, 200a-124a) to institute inter partes review is not reported but is available at 2017 Pat. App. Filings LEXIS 11057.

JURISDICTION

The judgment of the court of appeals in *Polaris* 1768 was entered on January 31, 2020. Petitioners for rehearing in that case were denied on April 2, 2020 (App., *infra*, 261a-262a).

The judgment of the court of appeals in *Polaris* 1831 was entered on January 31, 2020. Petitioners for rehearing in that case were denied on March 16, 2020 (App., *infra*, 263a-264a).

The judgment of the court of appeals in *Polaris* 1202 was entered on January 27, 2020. Petitioners for rehearing in that case were denied on April 14, 2020 (App., *infra*, 265a-266a).

On March 19, 2020, the Court extended the time within which to file any petition for a writ of certiorari due on or after that date to 150 days from the date of the lower-court judgment, order denying discretionary review, or order denying a timely petition for rehearing. The effect of that order was to extend the deadline for filing a petition for a writ of

certiorari in *Polaris* 1768 to August 31, 2020, to extend the deadline in *Polaris* 1831 to August 13, 2020, and to extend the deadline in *Polaris* 1202 to September 11, 2020.

This Court has jurisdiction pursuant to 28 U.S.C. § 1254(1) in *Polaris* 1768, *Polaris* 1831, and *Polaris* 1202.

STATUTORY PROVISIONS INVOLVED

Relevant provisions of the U.S. Constitution and Title 5, Title 15, and Title 35 of the U.S. Code are set forth in the appendix. App., *infra*, 267a-292a.

INTRODUCTION

Administrative patent judges (“APJs”) of the Patent Trial and Appeal Board (“Board”) are constitutional officers charged with adjudicating the validity of patents in front of the Board. These officers have the final word in challenges to patents in post-grant proceedings, including inter partes review (“IPR”), under the America Invents Act (“AIA”). Pub. L. No. 112-29, 125 Stat. 284 (2011). IPR proceedings were designed to parallel, and in many instances replace, federal district court adjudication of patent validity in disputes between litigants. 157 Cong. Rec. S5319 (daily ed. Sept. 6, 2011). In such proceedings APJs, like their counterparts on the federal bench, carry out the sensitive function of upholding or cancelling a constitutional property right.

The Federal Circuit correctly found in *Arthrex, Inc. v. Smith & Nephew, Inc.*, 941 F.3d 1320 (Fed. Cir. 2019) that APJs are principal officers rather than inferior officers in their position as final arbiters of

patent validity. The Board consists of APJs plus four statutory members: the Director of the USPTO, the Deputy Director of the USPTO, the Commissioner for Patents, and the Commissioner for Trademarks. 35 U.S.C. § 6(a). APJs are principal officers because they have no superior when it comes to their primary task—APJs, in three-member panels of the Board, issue final decisions on the validity of patents. 35 U.S.C. § 318(a). These decisions are called final decisions because they are not subject to review by another individual member of the Board. A decision to rehear at the request of a party is made by a panel of at least three members of the Board, and the rehearing itself is also conducted by a panel of at least three members of the Board. *Arthrex*, 941 F.3d at 1329 (citing 35 U.S.C. §§ 6(c), 141(c), 319). While the Director can participate in rehearing by placing himself on a panel, the Director has the same minority vote as the other participating Board members. *Id.* Because APJs are principal officers but are appointed by the Secretary of Commerce rather than the President, the court of appeals found a violation of the Appointments Clause. *Arthrex*, 941 F.3d at 1335.

The court of appeals then faced the question of how to remedy the constitutional violation. The court of appeals could have invalidated the Board, inviting the proper Presidential appointment of APJs with the full powers, responsibilities and guarantees of independence originally granted by Congress. The court of appeals attempted to make APJs “inferior” by maintaining their principal-officer powers while making them fireable at will. *Id.* at 1338. The court

found the combination of the Director’s limited ability to guide APJs’ decisionmaking in general, and the newfound vulnerability of APJs to be fired at any time for any reason would provide sufficient control to convert APJs to inferior officers. *Id.*

The court of appeals stated that it was curing the constitutional defect using severance, a surgical tool that excises the minimum amount of statutory tissue. *Id.* at 1335. But the procedure actually performed was highly irregular. The job protections for APJs and other officers at the Board that were “severed” originate not in 35 U.S.C. § 3(c) but in an entirely different title of the U.S. code—Title 5—and are the protections granted to thousands of officers and employees in the civil service. See 35 U.S.C. § 3(c) (referring to 5 U.S.C. § 7513(a)). The Federal Circuit found that these longstanding civil service job protections were unconstitutional as applied to APJs in Title 35.¹ *Arthrex*, 941 F.3d at 1338. However, the Federal Circuit did not sever 5 U.S.C. § 7513(a) from 35 U.S.C. § 3(c). Without deleting a single word of text from either section, the Federal Circuit customized a new set of civil service protections only for APJs. While 35 U.S.C. § 3(c) applies all section 7513(a)

¹ Despite cataloguing the ways in which the Director lacks control over APJ decisionmaking because the statutes do not give the Director meaningful powers of review (e.g. 941 F.3d at 1329-31), the Federal Circuit held that it was the lack of at-will removal power “as applied” to APJs that made the statute unconstitutional. *Id.* at 1338. This holding does not appear to be based on any example of the Director being constrained in firing an APJ or other officer, or any other “application” of Title 5 protections to APJs and their purported impact on final written decisions.

protections to all “Officers and employees of the Office,” the Federal Circuit reworked that language to distinguish APJs from other officers and employees of the Patent Office and to change the balance of job protections granted by Congress—APJs keep all benefits except security from being fired at will. *Arthrex*, 941 F.3d at 1338. (“We are mindful that the alternative of severing the ‘Officers and’ provision from § 3(c) may not have been limited to APJs (there might have been other officers whose Title 5 rights would have been affected) and it might have removed all Title 5 protections, not just removal protections.”).

The *Arthrex* remedy leaves APJs in a uniquely compromised position. APJs retain all of their ability to render final findings in each proceeding without a superior reviewing their decisions. Firing an APJ (or a panel of three APJs at a time) still will not disturb the result in a given IPR. But now the swords above APJs’ heads hang by thinner threads. The court of appeals appears to bet that the Director’s role in promulgating general guidance to APJs (already found insufficient to “control” their actions) coupled with the *in terrorem* effect of strategic firings will be enough to manipulate the work of APJs in future proceedings.

This is not the balance of power between APJs and the Director that Congress intended. Even if the Federal Circuit’s peculiar form of severance were legitimate, it would not be acceptable under this Court’s requirement that the change be consistent with Congress’ basic objectives in enacting the statute. *United States v. Booker*, 543 U.S. 220, 258–59 (2005). Congress created the IPR system as a quasi-judicial

forum for litigating patent validity. See, e.g., H.R. Rept. No. 112-98, Pt. 1, at 46 (2011) (statute sought to “convert[] inter partes reexamination from an examinational to an adjudicative proceeding”). Independent judicial officers were a fundamental part of the arrangement. Both the APJs’ autonomy to render final decisions and their Title 5 job protections to provide insulation from political influence or retribution helped guarantee that independence. The *Arthrex* remedy is improper.

The *Arthrex* remedy also does not fix the underlying structural problem that led to the Federal Circuit’s Appointments Clause holding. Removal of Title 5 firing protection is not the same as a demotion for APJs. APJs were already fireable for “such cause as will promote the efficiency of the service.” See 35 U.S.C. § 3(c); 5 U.S.C. § 7513(a). Expanding the grounds for firing APJs does not change the hierarchy at the Board. APJs still have power over individual cases that the Director does not have. *Arthrex* makes APJs’ jobs worse but not different.

After *Arthrex*, the Federal Circuit applied its remedy in numerous pending appeals of IPR decisions at the Board. Polaris had three such appeals pending in IPRs involving Kingston. In each case, the panel vacated and remanded for proceedings in front of a panel of APJs different than those who had issued the pending final written decisions. These are not new, constitutionally-appointed APJs. They are the same principal officers improperly appointed by the Secretary of Commerce, with the same unreviewable powers.

Patent litigants and the Board alike await resolution of these issues by the Court. The Board has noted over 100 remand orders for further IPR proceedings in front of newly-designated Board panels. App. 255a-260a (General Order in Cases Remanded Under *Arthrex, Inc. v. Smith & Nephew, Inc.*, 941 F.3d 1320 (Fed. Cir. 2019)). The Chief APJ is holding all such cases in abeyance until the Court acts on a petition for certiorari concerning *Arthrex*. The Court should grant certiorari and ensure that patent validity challenges in IPR proceedings are heard by principal officers with the same guarantees of independence that Congress intended.

STATEMENT OF THE CASE

Polaris is the owner of U.S. Patent Nos. 6,438,057 (“’057 Patent”), U.S. Patent No. 7,334,150 (“’150 Patent”), and 6,850,414 (“’414 Patent”). The ’057 Patent is at issue in *Polaris* 1768, the ’150 Patent is at issue in *Polaris* 1831, and the ’414 Patent is at issue in *Polaris* 1202.

Proceedings Before The Board in *Polaris* 1768

On August 16, 2016, Kingston filed an IPR petition (“’057 Petition”) alleging that claims 1-17 of the ’057 Patent were unpatentable, alleging four grounds of unpatentability. *Polaris* 1768 C.A. App. 60-61.

In its Patent Owner’s Response to the ’057 Petition, Polaris provided documentary and expert evidence to rebut all instituted grounds. *Polaris* 1768 C.A. App. 116-178.

The Board instituted on all claims. App., *infra*, 54a. The Board granted review based on only two of the four grounds identified in the '057 Petition, and only in part. Kingston's second ground sought review of Claims 1-17 based on obviousness over "Atkinson and Broadwater." The Board instituted review on that ground of Claims 1, 3, 5-9, 12, 13, and 16 only. *Id.* However, the Board instituted review of the remaining challenged Claims 2, 4, 10, 11, 14, 15, and 17 by formulating a new ground *sua sponte* combining Atkinson and Broadwater with a third reference, Miller (U.S. Patent No. 3,812,717). *Id.* at 55a. Kingston had not identified Miller anywhere in the Proposed Grounds of Unpatentability. *Polaris* 1768 C.A. App. 60-62.

The Board subsequently found the challenged claims unpatentable as obvious and cancelled all challenged claims. App., *infra*, 101a-102a.

Proceedings Before The Board in *Polaris* 1831

On October 24, 2016, Kingston filed an IPR petition ("150 Petition") alleging that claims 1-3, 5-6, and 8-11 of the '150 Patent were unpatentable. *Polaris* 1831 C.A. App. 63.

The Board instituted on all challenged claims. App., *infra*, 107a-108a; *id.* at 137a. In its Patent Owner's Response to the '150 Petition, *Polaris* provided documentary and expert evidence to rebut all instituted grounds. *Polaris* 1831 C.A. App. 230-303. *Polaris* also argued that canceling the claims would violate the Appointments Clause. *Polaris* 1831 C.A. App. 302-303.

The Board subsequently found the challenged claims unpatentable as obvious and cancelled all challenged claims without addressing Polaris's constitutional argument in the final written decision. App., *infra*, 194a; *id.* at 196a.

Proceedings Before The Board in *Polaris* 1202

On August 16, 2016, Kingston filed an IPR petition alleging that all claims of the '414 Patent were unpatentable.

The Board instituted on claims 1 and 5-8, but declined to institute on claim 4, as well as claims 2 and 3. See App., *infra*, 218a-219a; *id.* at 222a; *id.* at 223a-224a. Within two weeks of that decision, Kingston filed a new petition targeting solely claim 4. *Kingston Technology Company, Inc. v. Polaris Innovations Ltd.*, IPR2017-00974, Paper 2 (“Serial Petition”) (*Polaris* 1202 C.A. App. 1789 et seq.).

Three days after filing the Serial Petition, Kingston requested rehearing of the Board's decision in the instant IPR declining to institute on claim 4. The Board denied the request.

Having twice received the Board's confirmation that claim 4 was not in this IPR, Polaris filed a motion to amend (“MTA”) seeking to voluntarily cancel the instituted claims and substitute proposed claim 9, which would replace claim 8 to include a limitation with the same height dimensions that were included in non-instituted claim 4. *Polaris* 1202 C.A. App. 228.

While the MTA was pending, but before Kingston filed its opposition, the panel considering the Serial

Petition—which had two of the same judges that decided institution in this case—declined to institute. *Kingston Technology Company, Inc. v. Polaris Innovations Ltd.*, IPR2017-00974, Paper 8 (P.T.A.B. Aug. 14, 2017).

On February 5, 2018, the Board issued the final written decision. App., *infra*, 225a-254a. While acknowledging that Polaris “request[ed] cancellation of claims 1 and 5–8 not based on any apparent contingency,” the Board nonetheless addressed the to-be-cancelled claims on the merits. *Id.* at 235a-239a. The Board reasoned that Polaris, by not filing a patent owner response, waived any argument that the claims covered patentable subject matter. *Id.* at 235a-236a. It then proceeded to find claims 1 and 5-8 unpatentable. *Id.* at 239a.

Polaris requested rehearing of the final written decision on the grounds that the Board should have cancelled claims 1 and 5-8 rather than reaching their substantive patentability and that the Board should not have considered whether the subject matter underlying claim 4 was patentable. See *Polaris 1202 C.A. App.* 505 et seq., *Polaris 1202 C.A. App.* 513-514. The Board denied the request. *Polaris 1202 C.A. App.* 534-538.

After the deadline for all parties to seek rehearing had expired, Kingston sought leave to file an out-of-time request for rehearing of the Institution Decision and final written decision to institute review and render judgment of unpatentability on claim 4, contending that the intervening decision of *SAS Institute, Inc. v. Iancu*, 138 S. Ct. 1348 (2018),

justified the out-of-time request. *Polaris* 1202 C.A. App. 540 et seq., *Polaris* 1202 C.A. App. 542, *Polaris* 1202 C.A. App. 543.

The Board granted Kingston's request to file a late petition for rehearing. *Polaris* 1202 C.A. App. 545-546. Kingston filed its rehearing request seeking institution on claim 4, arguing among other things that the Board could decide the patentability of claim 4 without further briefing. *Polaris* 1202 C.A. App. 549 et seq., *Polaris* 1202 C.A. App. 551-553. The Board granted Kingston's rehearing request, and in a single order and without further briefing modified its "institution decision to institute on all of the challenged claims and all of the grounds presented in the Petition," including claim 4. *Polaris* 1202 C.A. App. 585. The Board determined that no further evidence or briefing would be accepted on claim 4. *Polaris* 1202 C.A. App. 590-591.

On patentability, the Board relied on its prior findings regarding claim 1 (on which no patent owner response was ever filed), see *Polaris* 1202 C.A. App. 588 n.1, and the Board's view that it "necessarily analyzed the patentability of the subject matter of dependent claim 4, which, as mentioned, is broader in scope than that of proposed substitute claim 9," *Polaris* 1202 C.A. App. 591. The Board found claim 4 unpatentable without *Polaris* ever having had the opportunity at any stage of the IPR to file a patent owner response on that claim. *Polaris* sought rehearing of the Revision Order, which the Board denied. *Polaris* 1202 C.A. App. 1-11.

Appeal To The Federal Circuit

In each of *Polaris* 1768, *Polaris* 1831, and *Polaris* 1202 before the appellate court, Polaris contended that the final written decision of a three-judge panel in an IPR proceeding violated the Constitution's Appointments Clause. Shortly after the appellate court's decision in *Arthrex, Inc. v. Smith & Nephew, Inc.*, finding that the IPR statute violated the Appointments Clause, and purporting to remedy the constitutional flaw by severing the tenure protections for APJs, the panels in the *Polaris* 1768 and *Polaris* 1831 appeals ordered supplemental briefing to address the consequences of the *Arthrex* decision.

In the supplemental briefing Polaris explained, *inter alia*, that making APJs removable at will, as *Arthrex* did, failed to convert them from unconstitutionally appointed principal officers to constitutionally valid inferior officers. Polaris further explained that courts are not free to sever statutory provisions in a manner that undermines Congressional intent, and the facts here show that Congress intended for APJs to have protection from arbitrary removal.

Following the supplemental briefing, the court of appeals issued orders vacating the Board's final written decisions in *Polaris* 1768, *Polaris* 1831, and *Polaris* 1202, and remanded the cases to the Board for "proceedings consistent with this court's decision in *Arthrex*." App., *infra*, 1a-2a; App., *infra*, 3a-29a; App., *infra*, 30a-31a.

Polaris filed petitions for rehearing and rehearing *en banc* in *Polaris* 1768, *Polaris* 1831, and *Polaris* 1202. The court of appeals denied the requests for

rehearing. App., *infra*, 261a-262a; App., *infra*, 263a-264a; App., *infra*, 265a-266a.

REASONS FOR GRANTING THE PETITION

This petition presents important constitutional questions that will dictate the composition and the behavior of the office charged with adjudicating an increasing number of valuable patent rights. The Federal Circuit's answer to those questions, to diminish the civil-service status of independent patent judges, improperly opens the door for courts to slash the job security of other officers in the civil service against Congress' intent.

First, the Federal Circuit's *Arthrex* remedy is improper under this Court's test for using severance to address a constitutional violation. The court of appeals did not perform severance at all—the *Arthrex* decision crafted a new set of job protections for one set of officers without cutting any unconstitutional provision. The decision expanded the firing power over APJs. This was a legislative act inconsistent with the Court's admonitions against rewriting statutes.

Second, *Arthrex* was ineffective at demoting APJs from principal-officer to inferior-officer status. The court of appeals found that APJs were not inferior to the Director despite APJs being fireable for cause. Expanding the grounds for termination of APJs does not cure the constitutional defect because it does not grant the Director any power to review APJ decisions, which this Court's decisions have found important.

Finally, the Court should include the Polaris petition in any grant of certiorari in *Arthrex* because

there is no dispute that Polaris preserved its objection to the *Arthrex* remedy. There was some disagreement in the *Arthrex* case itself whether the patent owner disputed that severance could cure the constitutional defects in the IPR statute. *Compare Arthrex*, 941 F.3d at 1337 (“All parties and the government agree that this would be an appropriate cure for an Appointments Clause infirmity.”) *with Arthrex, Inc. v. Smith & Nephew, Inc.*, No. 2018-2140, ECF No. 78 [Arthrex Pet. for Reh’g En Banc] at 5-6 (Fed. Cir. Dec. 16, 2019) (“Under the Court’s assumption that severance was appropriate and would cure the Appointments Clause violation, Arthrex then submitted its supplemental briefing ... Arthrex did not agree that this assumption was correct.”). Further, in *Polaris* 1831, unlike in *Arthrex*, Polaris presented the Appointments Clause challenge to the Board. Polaris’s petition ensures that the Court can reach the important constitutional questions regardless of how the Court resolves the forfeiture issues that may arise in *Arthrex*.

I. SEVERANCE WAS NOT AVAILABLE TO REMEDY THE CONSTITUTIONAL DEFECT FOUND IN *ARTHREX*

A. *Arthrex* Improperly Rewrote The Statute To Make APJs Removable At Will

A court’s power to cure a constitutional defect through severance is limited. The *Arthrex* court’s remedy breached those limits by imposing a form of “severance” that none of the leading severance cases

support and that is contrary to Congressional intent in enacting the IPR statute.

The Court's severance cases permit courts to excise unconstitutional language (or sever its application) in a defective statute, leaving the remainder of that same statute intact. See, e.g., *Free Enterprise Fund v. Pub. Co. Accounting Oversight Bd.*, 561 U.S. 477, 480 (2010) finding "unconstitutional tenure provisions are severable from the remainder of the statute."); *Nat'l Fed'n of Indep. Bus. v. Sebelius*, 567 U.S. 519, 586 (2012) (invalidating the application of a statute). Courts "must 'refrain from invalidating more of the [unconstitutional] statute than is necessary.'" *Booker*, 543 U.S. at 258–59.

The Court's severance jurisprudence does not countenance severing constitutionally-valid statutes to save invalid statutes. Nor is severance properly used to edit language in statutes to remodel them into constitutional shape. Here, the *Arthrex* court did both. Upon finding that APJs could be made inferior officers by making them fireable at will, the *Arthrex* court addressed the clause in 35 U.S.C. § 3(c) that applies civil service protections to the staff of the PTO: "Officers and employees of the Office shall be subject to the provisions of title 5, relating to Federal employees." 35 U.S.C. § 3(c). The court of appeals looked to Title 5, which guarantees a multitude of protections for federal officers and employees. In Title 5, the *Arthrex* court isolated the restriction on firing "for such cause as will promote the efficiency of the service" in 5 U.S.C. § 7513(a) for severance. *Arthrex*, 941 F.3d at 1338. But the court did not want to suspend Title 5 protections for all "Officers and

employees of the Office,” so the court reworked 35 U.S.C. § 3(c) to divide “Officers” in a way that Congress had not. After *Arthex*, Section 3(c) all officers and employees of the Office *other than APJs* are subject to the provisions of Title 5, while APJs are subject to all provisions of Title 5 except Section 7513(a).

The Federal Circuit did not sever the “application” of an unconstitutional statute. The court modified two different titles to (1) separate APJs from other officers of the PTO, (2) change the mix of Title 5 protections guaranteed by Congress, with the goal of changing the balance of statutory powers at the PTO. Severing the “application” of Title 5 (a constitutional and unchallenged statute) to 35 U.S.C. § 3(c) would have meant depriving all officers and employees of the PTO of these protections. Excising the language “Officers and” from 35 U.S.C. § 3(c) could have limited the damage to “Officers” rather than employees. In fact, the *Arthrex* court considered, and specifically rejected, a severance like this that would have removed APJ job protections. The court of appeals balked at that straightforward excision. As the court of appeals acknowledged, it was not the minimal change required by precedent and it is far from clear that Congress would have accepted stripping all of Title 5’s protections and doing so for officers beyond APJs. *Id.* at 1338. The panel’s reticence to perform a legitimate severance further shows the impropriety of its chosen remedy.

The *Arthrex* court likened its approach to that of the D.C. Circuit in *Intercollegiate Broad Sys. v. Copyright Royalty Bd.*, 684 F.3d 1332, 1339-1341 (D.C.

Cir. 2012). But *Intercollegiate* involved a real severance—striking the offending language from the statute and leaving the rest—unlike in *Arthrex*, which left the offending language in place and purported to partially sever the partial application of a different statute. In *Intercollegiate*, the D.C. Circuit court of appeals found that Copyright Royalty Judges were principal officers “who must be appointed by the President and confirmed by the Senate, and that the structure of the Board therefore violates the Appointments Clause.” *Intercollegiate*, 684 F.3d at 1340. The court of appeals there found unconstitutional specific language restricting the ability of the Librarian of Congress from firing CRJs except “for violation of the standards of conduct adopted under subsection (h), misconduct, neglect of duty, or any disqualifying physical or mental disability” *Id.* at 1340-41; 17 U.S.C. § 802(i). The court of appeals “invalidated and severed” this specific language to rehabilitate the remainder of the statute. By contrast, the *Arthrex* court did not invalidate and strike any language from either Title 35 or Title 5. See *United States v. Reese*, 92 U.S. 214, 221 (1876) (“The proposed effect is not to be attained by striking out or disregarding words that are in the section, but by inserting those that are not now there. Each of the sections must stand as a whole, or fall altogether.”). The difference between how the Federal and D.C. Circuits applied severance in these Appointments Clause cases is an additional reason for this Court to grant certiorari.

**B. Eliminating Civil Service Job
Protections From APJs
Contravenes Congressional Intent**

The *Arthrex* remedy fails to defer to Congressional intent. Courts may not sever portions of a statute to cure a constitutional defect unless Congress would have made that severance if given the option. *Murphy v. NCAA*, 138 S. Ct. 1461, 1482 (2018) (severance unavailable where it is “evident that [Congress] would not have enacted those provisions which are within its power, independently of [those] which [are] not.”); *Bowsher v. Synar*, 478 U.S. 714, 735 (1986) (severance unavailable if it “would lead to a statute that Congress would probably have refused to adopt”).

As the Supreme Court explained in *Booker*, courts “must retain those portions of the Act that are (1) constitutionally valid, (2) capable of ‘functioning independently,’ and (3) consistent with Congress’ basic objectives in enacting the statute.” *Booker*, 543 U.S. at 258-259 (internal citations omitted). When what is left of the statute after severance would be inconsistent with those objectives, the statute is non-severable and the inquiry should stop. *Murphy*, 138 S. Ct. at 1482-83 (portion of statute regarding gambling nonseverable because resulting scheme differed sharply from what Congress contemplated). Here, there is no evidence that Congress would have chosen to deprive the APJs of their employment protections, and there are two strong bases to find that Congress would not have done so.

First, fear of firing is the wrong way to supervise judges. The concept behind the *Arthrex* “cure” apparently is that the Director would control APJs’ decisionmaking by the *in terrorem* threat of firing them if they do not decide cases as he wants. See *Arthrex*, 941 F.3d at 1338 (Director’s policy guidance, combined with removal without cause, “provides significant constraint on issued decisions.”). That model is the opposite of the traditional view that judges should be independent and that an adjudicative process should be insulated from causeless termination. *Humphrey’s Ex’r v. United States*, 295 U.S. 602, 629 (1935) (“The authority of Congress, in creating quasi-legislative or quasi-judicial agencies, to require them to act in discharge of their duties independently of executive control cannot well be doubted; and that authority includes, as an appropriate incident, power to fix the period during which they shall continue in office, and to forbid their removal except for cause in the meantime.”). Patents are a form of property, and their owners are entitled to due process protections, including having their rights decided by independent and impartial decisionmakers. *Oil States Energy Services, LLC v. Greene’s Energy Group, LLC*, 138 S. Ct. 1365, 1379 (2018); *Schweiker v. McClure*, 456 U.S. 188, 195 (1982) (“[D]ue process demands impartiality on the part of those who function in judicial or quasi-judicial capacities”); *Belden Inc. v. Berk-Tek LLC*, 805 F.3d 1064, 1080 (Fed. Cir. 2015) (citations omitted) (“indispensable ingredient[] of due process” is opportunity to be heard by a “disinterested decisionmaker.”).

The legislative history of the AIA shows that Congress intended that APJs be more like judges in an adversarial proceeding and less like bureaucrats, precisely to achieve independence and transparency. See, e.g., H.R. Rept. No. 112-98, Pt. 1, at 46 (2011) (statute sought to “convert[] inter partes reexamination from an examinational to an adjudicative proceeding”); 157 Cong. Rec. S5319 (daily ed. Sept. 6, 2011) (statement of Sen. Kyl) (“The overarching purpose and effect of the present bill is to create a patent system that is clearer, fairer, more transparent, and more objective...”). Consistent with this intent, the IPR statute creates a series of procedures that closely resemble district court litigation, including discovery, depositions, the introduction of evidence based on the Federal Rules of Evidence, and adversarial hearings. See 35 U.S.C. § 316.

Under the structure chosen by Congress, APJs would function as independent decisionmakers who decided patentability issues “fair[ly]” and “transparent[ly],” (157 Cong. Rec. S5319 (daily ed. Sept. 6, 2011) (statement of Sen. Kyl)), which necessarily requires that they be insulated from overt or secret political pressure from the Director (and by extension, the President). In keeping with this intent, the IPR statute consistently seeks to ensure that APJs will remain independent from such influence. As the *Arthrex* court found, the IPR system provides for no meaningful review of APJ patentability decisions by the Director. *Arthrex*, 941 F.3d at 1329-31. The IPR statute explicitly describes the decisions on patentability issued by APJs as “final” written

decisions, precisely because they are final agency decisions, not subject to review by the Director or the Secretary of Commerce. See 35 U.S.C. §§ 318, 328. The Director’s membership on the Board also does not allow him to directly review or change any unpatentability decision because at least three Board members must hear each case. 35 U.S.C. § 6(c). Once the Board issues a final decision, “the Director shall issue and publish a certificate,” even if he disagrees. 35 U.S.C. § 318(b). Nor does the Board’s rehearing procedure provide the Director with meaningful control over APJ decisions, because the decision to rehear is not made by the Director, but by a panel of at least three members of the Board. 35 U.S.C. § 6(c).

Second, the structure chosen for the AIA makes clear that Congress intended APJs to have the very removal protections that *Arthrex* stripped away. While the Director serves at the pleasure of the President and may be removed for any reason at all, 35 U.S.C. § 3(a)(4), and the Commissioner of Patents may be removed “for misconduct or nonsatisfactory performance” “without regard to the provisions of title 5,” 35 U.S.C. § 3(b)(2)(C), only these two Board officers lack meaningful job protections. All other Board officers and employees, including APJs, “shall be subject to the provisions of title 5,” 35 U.S.C. § 3(c), which provides that they may be removed “only for such cause as will promote the efficiency of the service” and only after 30 days’ written notice, an opportunity to answer and be represented by counsel, a written removal decision and an opportunity to appeal to the Merit Systems Protection Board. 5 U.S.C. § 7513(a)-(d). The fact that Congress specifically enumerated in

the IPR statute that only two officers would lack meaningful employment protections strongly suggests that protecting APJs from such arbitrary removal was an integral part of the statutory design to ensure APJ independence and impartiality.

The AIA continues a tradition of investing tenure protections in the APJ position. As the concurrence in the related Polaris Appointments Clause challenge observes, making APJs removable at will is entirely inconsistent with the fact that “Congress has maintained federal employment protections for USPTO officers and employees, including APJs and their predecessors, from 1975 to today.” App., *infra*, 3a- 29a at 22a-28a.

Following *Arthrex*, several members of Congress made quite clear they did not approve of depriving APJs of their statutory employment protections. See Hearing Before the Subcomm. On Courts, Intellectual Property, and the Internet of the H. Comm. on the Judiciary, 116th Congress (2019) (statement of Rep. Jerrold Nadler, Chair, H. Comm. on the Judiciary) (“I do have concerns with the current ‘remedy’ of removing APJs’ civil service protections. . . . The extent to which the Director’s views are incorporated into any decision will not be transparent, and that is generally not consistent with the way that adjudicatory tribunals are structured.”), available at <https://judiciary.house.gov/news/documentsingle.aspx?DocumentID=2155>; *id.* (statement of Rep. Johnson) (“I find it inconsistent with the idea of creating an adjudicatory body to have judges who have no job security.”), available at <https://hankjohnson.house.gov/media-center/press->

releases/chairman-rep-johnson-s-ip-subcommittee-statement-patent-trial-appeal.

Given this evidence, there was no basis for the *Arthrex* court to conclude that Congress would have preferred to have IPR proceedings in which APJs were subject to arbitrary removal over no IPR statute at all. Rather, stripping these protections cannot be deemed “consistent with Congress’ basic objectives in enacting the statute,” as severance requires. *Booker*, 543 U.S. at 258-59. No Supreme Court decision has held that a judicial severance imposing at-will removal, in the absence of additional, more transparent mechanisms for the review of decisionmaking, would be consistent with Congressional intent. In *Free Enterprise*, the Supreme Court found that severance of removal restrictions for officers of an SEC oversight board was not inconsistent with Congressional intent where, under the statute, a duly appointed principal officer also had the ability to “start, stop, or alter individual Board investigations,” and otherwise had significant “power over Board activities,” thereby demonstrating other transparent and impartial review mechanisms. 561 U.S. at 504. In *Free Enterprise* the Board members were indisputably inferior officers before their job protections were even weighed by the Court; severance was applied to the removal restrictions to ensure constitutional separation of powers, not to remedy an Appointments Clause violation. In such circumstances, the Court held, “nothing in the statute’s text or historical context makes it ‘evident’ that Congress . . . would have preferred no Board at all to a Board whose members are removable at will.”

Id. at 509. Here, as discussed above, the opposite is true. See also Congress Isn't Giving Up On Patent Eligibility Fix, Rep. Says, (statement of Rep. Johnson) ("If the appointments clause requires that a presidentially-appointed, Senate-confirmed officer have the last word in these cases, that power should be exercised transparently rather than through the ever-present threat of losing one's job."), available at <https://hankjohnson.house.gov/media-center/speeches/inventing-america-presents-us-patent-system-promoting-us-job-creations>.

Importantly, the Court in *Free Enterprise* was careful to limit its holding to avoid threatening the removal protections of civil servants more broadly. 561 U.S. at 507 ("Nothing in our opinion, therefore, should be read to cast doubt on the use of what is colloquially known as the civil service system within independent agencies."). As the dissent pointed out, there are thousands of officers with "for cause" employment protections, many of whom serve in a quasi-judicial capacity as ALJs. *Id.* at 542-43 (Breyer, J. dissenting). The threat of constitutional challenges that could strip all of these civil servants of their removal protections "pose[s] a serious threat, to the proper functioning of that workable Government that the Constitution seeks to create." *Id.* at 549. The Federal Circuit's resort to stripping hundreds of APJs of their employment protections to fix an Appointments Clause violation poses the same risk as the separation-of-powers remedy in *Free Enterprise*. Ironically, the risk that courts may find it necessary to cut job protections from a given civil servant is

higher the more independence, autonomy, and power Congress chose to invest in the role.

II. SEVERING APJ JOB PROTECTIONS DOES NOT REMEDY THE APPOINTMENTS CLAUSE DEFECT

Assuming that severance was available to the *Arthrex* court in view of Congressional intent, that remedy fails to cure the constitutional defect. After *Arthrex*, APJs remain principal officers in violation of the Appointments Clause even when removable at will. Under this Court's precedents, removability alone does not suffice to make an officer an inferior one; the touchstone for inferior-officer status is meaningful review of that officer's decision by a principal officer before the decision becomes final. *Arthrex* specifically found "insufficient review within the agency over APJ panel decisions," yet such review mechanisms remain absent following the *Arthrex* "cure," and thus the APJs remain principal officers, only with fewer job protections. 941 F.3d at 1331.

This Court's cases finding that adjudicatory officers were inferior officers featured significant review by a principal officer, and none permit curing the absence of such review by imposing additional removability. In *Edmond v. United States*, which concluded that Coast Guard Court of Criminal Appeals judges were inferior officers, the judges' decisions were subject to review and reversal by the Court of Appeals for the Armed Forces, which consists of principal officers. 520 U.S. 651, 664-66 & n.2 (1997). The Court concluded that what is "significant" is that the judges "have no power to render a final decision

on behalf of the United States unless permitted to do so by other executive officers” who “review[] every decision” they make. *Id.* In *Lucia v. SEC*, the SEC Commissioners, who are constitutionally appointed principal officers, had a discretionary right to review the action of an ALJ, who is an inferior officer, on their own initiative or on petition of a party. 138 S. Ct. 2044, 2049, 2051 & n.3, 2055 (2018). The ALJs’ decisions only became final agency decisions if the SEC decided not to review them, confirming the significance of such review. *Id.* at 2053-54.

These cases do not support the notion that removability is enough; meaningful review is required. Indeed, *Edmond* involved Coast Guard judges who could already be fired at will. Nevertheless, the Court still relied upon the fact that the Coast Guard judges’ decisions were subject to review by a principal officer in finding them to be inferior officers. 520 U.S. at 665. *Arthrex* itself specifically holds that the lack of review of APJs’ decisions supports finding them principal officers but then fails to proffer a remedy that adds potent review. 941 F.3d at 1329-31. Instead, the Federal Circuit held that a combination of removability at will and some quantum of other supervision is sufficient to make officers inferior.

No case of this Court has implemented the approach adopted by *Arthrex*. *Arthrex* relies upon *Free Enterprise* as principal support for its proposed removability remedy. 941 F.3d at 1337. But that case did not remedy an Appointments Clause defect. Removability protections were cut to make the SEC and the Board more responsive to the President under

separation-of-powers concerns. The Board members at issue were conceded by the parties to be inferior officers regardless of job security. The SEC had “virtually absolute” power to review and to alter the sanctions imposed by the Board. *Free Enterprise*, 561 U.S. at 528-29 (Breyer, J. dissenting); see also *id.* at 510 (“Board members are inferior” “[g]iven that the Commission is properly viewed, under the Constitution, as possessing the power to remove Board members at will, and given the Commission’s other oversight authority.”).

At the least, the uncertainty in evaluating whether a specific change in removal protections will outweigh APJs’ relative autonomy in rendering final decisions to make APJs inferior officers, confirms that the line distinguishing inferior from principal officers is unclear and highly fact-dependent. As the dissent in *Free Enterprise* said of inferior officers: “[W]ho are they? Courts and scholars have struggled for more than a century to define the constitutional term ‘inferior officers,’ without much success.” *Id.*, at 538. Crafting severance remedies in cases like this is inappropriate. As the Court in *Ayotte* put it, “making distinctions in a murky constitutional context, or where line-drawing is inherently complex, may call for a ‘far more serious invasion of the legislative domain’ than we ought to undertake.” *Ayotte v. Planned Parenthood*, 546 U.S. 320, 330 (2006). The century-long struggle to define “inferior officers” shows the inadvisability of the Federal Circuit’s creative redrafting of the statutes at issue. “Our ability to devise a judicial remedy that does not entail quintessentially legislative work often depends on

how clearly we have already articulated the background constitutional rules at issue and how easily we can articulate the remedy.” *Id.* at 329. The Court should grant the petition for certiorari to undo the legislative work undertaken by the Federal Circuit in *Arthrex* and *Polaris*.

CONCLUSION

For the reasons described above, the petition for a writ of certiorari should be granted.

Respectfully submitted,

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