No. 20-1261

In the Supreme Court of the United States

WI-LAN, INC., ET AL., PETITIONERS

v.

DREW HIRSHFELD, ACTING UNDER SECRETARY OF COMMERCE FOR INTELLECTUAL PROPERTY AND DIRECTOR, U.S. PATENT AND TRADEMARK OFFICE

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

BRIEF FOR THE RESPONDENT IN OPPOSITION

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QUESTION PRESENTED

Whether the Court should consider a constitutional challenge, which petitioners raise for the first time in this Court, to the manner in which the judges of the Patent Trial and Appeal Board are appointed.

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OPINIONS BELOW

The judgment of the court of appeals (Pet. App. 1a–2a) is not published in the Federal Reporter but is reprinted at 825 Fed. Appx. 922. The final written decision of the Patent Trial and Appeal Board (Pet. App. 3a-63a) is not published in the United States Patent Quarterly but is available at 2019 WL 3294987.

JURISDICTION

The judgment of the court of appeals was entered on October 9, 2020. 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 or order denying a timely petition for rehearing. The petition for a writ of certiorari was filed on March 8, 2021. The jurisdiction of this Court is invoked under 28 U.S.C. 1254(1).

STATEMENT

1. The Patent Act of 1952 (Patent Act), 35 U.S.C. 1 *et seq.*, establishes the United States Patent and Trademark Office (USPTO) as an executive agency within the United States Department of Commerce "responsible for the granting and issuing of patents and the registration of trademarks." 35 U.S.C. 2(a)(1); see 35 U.S.C. 1(a). The Patent Trial and Appeal Board (Board) is an administrative tribunal within the USPTO consisting of the Director, the Deputy Director, the Commissioners for Patents and Trademarks, and "administrative patent judges." 35 U.S.C. 6(a). The Board conducts several kinds of patent-related administrative adjudications, including appeals from adverse decisions of patent examiners; derivation proceedings; and inter partes and post-grant reviews. See 35 U.S.C. 6.

Administrative patent judges, of whom there are currently more than 250, are "persons of competent legal knowledge and scientific ability who are appointed by the Secretary [of Commerce], in consultation with the Director." 35 U.S.C. 6(a). Like other "[o]fficers and employees" of the USPTO, most administrative patent judges are "subject to the provisions of title 5, relating to Federal employees." 35 U.S.C. 3(c). Under those provisions, members of the civil service may be removed "only for such cause as will promote the efficiency of the service." 5 U.S.C. 7513(a). Because the Secretary appoints the judges, that removal authority belongs to the Secretary. See *Free Enterprise Fund* v. *Public Co. Accounting Oversight Bd.*, 561 U.S. 477, 509 (2010).[*]

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[*] A small subset of administrative patent judges serve as members of the Senior Executive Service, see 83 Fed. Reg. 29,312, 29,324 (June 22, 2018), and therefore are subject to removal "for misconduct, neglect of duty, malfeasance, or failure to accept a directed

This case arises out of inter partes review proceedings conducted by the Board. Inter partes review allows third parties to "ask the [USPTO] to reexamine the claims in an already-issued patent and to cancel any claim that the agency finds to be unpatentable." *Cuozzo Speed Techs., LLC* v. *Lee*, 136 S. Ct. 2131, 2136 (2016). When an inter partes review is instituted, the Board determines the patentability of the claims at issue through a proceeding that has "many of the usual trappings of litigation." *SAS Inst. Inc.* v. *Iancu*, 138 S. Ct. 1348, 1353-1354 (2018); see 35 U.S.C. 316; 37 C.F.R. Pt. 42, Subpt. A. At the conclusion of the proceedings, the Board issues a final written decision addressing the patentability of the challenged claims, 35 U.S.C. 318(a), which is subject to rehearing by the Board, 35 U.S.C. 6(c). The Board's final written decisions may be appealed to the Federal Circuit. 35 U.S.C. 319; see 35 U.S.C. 141(c), 144.

2. In *Arthrex, Inc.* v. *Smith & Nephew, Inc.*, 941 F.3d 1320 (2019), cert. granted, 141 S. Ct. 549, and 141 S. Ct. 551 (2020), the Federal Circuit held that, for purposes of the Appointments Clause, U.S. Const. Art. II, § 2, Cl. 2, administrative patent judges are principal officers who must be appointed by the President with the advice and consent of the Senate. 941 F.3d at 1327-1335. The court therefore held that the statutorily prescribed method of appointing administrative patent judges—by the Secretary of Commerce acting alone—violates the Appointments Clause. *Ibid.*; see 35 U.S.C. 6(a).

To cure the putative constitutional defect that it identified, the *Arthrex* court held that the restrictions on removal imposed by Section 7513(a) cannot validly be applied to administrative patent judges, and that the

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reassignment or to accompany a position in a transfer of function," 5 U.S.C. 7543(a); see 5 C.F.R. Pt. 359.

application of those restrictions should be severed so that the judges are removable at will. 941 F.3d at 1335-1338. "Because the Board's decision in [*Arthrex*] was made by a panel of [administrative patent judges] that were not constitutionally appointed at the time the decision was rendered," the court vacated the Board's decision, remanded for "a new hearing" before the Board, and directed "that a new panel of [administrative patent judges] must be designated to hear the [proceeding] anew on remand." *Id.* at 1338, 1340; see *id.* at 1338-1340.

The patent owner in *Arthrex* raised its Appointments Clause challenge for the first time in its opening brief in the court of appeals. The court recognized that, as a general rule, "a federal appellate court does not consider an issue not passed upon below." *Arthrex*, 941 F.3d at 1326 (citation omitted). The court concluded, however, that despite "Arthrex's failure to raise its Appointments Clause challenge before the Board," resolving the constitutional issue in that case was "an appropriate use of [the court's] discretion." *Id.* at 1326-1327. The court explained that the issue implicated "important structural interests and [the] separation of powers," and it concluded that "[t]imely resolution [wa]s critical to providing certainty to rights holders and competitors alike." *Ibid.*

3. Petitioners are the owners of U.S. Patent No. 9,226,320 (the '320 patent). Pet. App. 4a-5a. In 2018, the Board granted a third party's request for inter partes review of the '320 patent. See *id.* at 4a. At no point during the agency proceedings did petitioners raise any constitutional objection to the appointment of the Board's administrative patent judges. At the conclusion of the administrative proceedings, the Board issued a final written decision finding the challenged claims unpatentable

because they would have been obvious in light of prior art. *Id.* at 3a-63a; see 35 U.S.C. 103.

Petitioners appealed the Board's final written decision to the Federal Circuit. Petitioners argued that the Board had erred in construing the challenged patent claims, and that the Board's obviousness finding was not supported by substantial evidence. See Pet. C.A. Br. 21-57. At no point during the Federal Circuit proceedings did petitioners raise any constitutional objection to the appointment of the Board's administrative patent judges. The court of appeals affirmed the Board's final written decision in a unanimous summary order, without a written opinion. Pet. App. 1a-2a.

ARGUMENT

1. Petitioners contend (Pet. 6) that the Board's administrative patent judges are appointed in violation of the Appointments Clause, U.S. Const. Art. II, § 2, Cl. 2. Petitioners urge this Court to hold their petition pending the Court's disposition of *United States* v. *Arthrex*, No. 19-1434 (argued Mar. 1, 2021), in which the Court is considering that question. But petitioners forfeited their Appointments Clause challenge by failing to raise that challenge at any point before the Board or the court of appeals. As a result, even if this Court affirms the Federal Circuit's Appointments Clause ruling in *Arthrex*, that decision will provide no basis for disturbing the court of appeals' judgment in this case. See, *e.g.*, *Customedia Techs., LLC* v. *Dish Network Corp.*, 941 F.3d 1173, 1174 (Fed. Cir. 2019) (per curiam) (concluding that, under "well established" Federal Circuit precedent, a litigant "forfeited its Appointments Clause challenges" by failing to raise them "in its opening brief" on appeal) (citation omitted).

This Court has repeatedly denied petitions for writs of certiorari asserting similar Appointments Clause challenges where the petitioner had first raised the issue after its opening brief in the Federal Circuit, including where, as here, the issue was raised for the first time in the petition for a writ of certiorari. See, *e.g.*, *ThermoLife Int'l, LLC* v. *Iancu*, 141 S. Ct. 1049 (2021) (No. 20-150) (Appointments Clause challenge raised for the first time in the petition for a writ of certiorari); *Arthrex, Inc.* v. *Smith & Nephew, Inc.*, 141 S. Ct. 236 (2020) (*Arthrex II*) (No. 19-1204) (Appointments Clause challenge initially raised after a petition for rehearing was filed in the Federal Circuit); *Customedia Techs., LLC* v. *Dish Network Corp.*, 141 S. Ct. 555 (2020) (No. 20-135) (Appointments Clause challenge initially raised after the filing of the petitioner's opening brief in the Federal Circuit); *IYM Techs., LLC* v. *RPX Corp.*, 141 S. Ct. 850 (2020) (No. 20-424) (Appointments Clause challenge initially raised in a petition for rehearing in the Federal Circuit). The same result is warranted here.

2. Petitioners contend (Pet. 9-10) that this Court should overlook their forfeiture because petitioners' Appointments Clause challenge implicates the separation of powers. But that was equally true in *ThermoLife* and the other previous cases (see p. 6, *supra*) in which this Court has denied petitions for writs of certiorari to review similar forfeited challenges. "No procedural principle is more familiar to this Court than that a constitutional right * * * may be forfeited * * * by the failure to make timely assertion of the right." *United States* v. *Olano*, 507 U.S. 725, 731 (1993) (quoting *Yakus* v. *United States*, 321 U.S. 414, 444 (1944)); see *Curtis Publ'g Co.* v. *Butts*, 388 U.S. 130, 143 (1967) ("Of course, it is equally clear that even constitutional objections

may be waived by a failure to raise them at a proper time."). Appointments Clause challenges are not exempt from that principle. See *Freytag* v. *Commissioner*, 501 U.S. 868, 879 (1991). Although courts have "discretion" to excuse such forfeitures, they should do so only in "rare cases." *Ibid.* Petitioners identify no persuasive reason for this Court or the court of appeals to exercise that discretion here.

Petitioners observe (Pet. 9-10) that the Federal Circuit had previously rejected "the very same Appointments Clause challenge it ultimately accepted in *Arthrex*," and they suggest that "intervening precedent" provides a basis for excusing their forfeiture. But the Federal Circuit decided *Arthrex, Inc.* v. *Smith & Nephew, Inc.*, 941 F.3d 1320 (2019), cert. granted, 141 S. Ct. 549, and 141 S. Ct. 551 (2020), one month *before* petitioners filed their opening brief in the court of appeals. Under that ruling, petitioners would have been entitled to vacatur of the Board's decision in this case if they had raised their Appointments Clause challenge in their opening brief on appeal. See *id.* at 1340. And while petitioners now suggest that a new hearing before a new panel of administrative patent judges who lack statutory removal protections would violate due process, see Pet. 8 (citing *Withrow* v. *Larkin*, 421 U.S. 35, 46 (1975)), they could and should have raised that independent constitutional claim before the court of appeals. Instead, they forfeited that claim too.

CONCLUSION

The petition for a writ of certiorari should be denied.

Respectfully submitted.

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