

No.

In the Supreme Court of the United States

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

v.

IMPLICIT, LLC, ET AL.

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

v.

TRANSTEX INC., ET AL.

*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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Additional Captions Listed on Inside Cover

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

v.

NEW VISION GAMING & DEVELOPMENT, INC., ET AL.

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

v.

UNILOC 2017 LLC, ET AL.

QUESTION PRESENTED

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.

PARTIES TO THE PROCEEDING

Petitioner in this Court is Andrew Hirshfeld, Acting Under Secretary of Commerce for Intellectual Property and Director, U.S. Patent and Trademark Office, who intervened in the court of appeals in these cases pursuant to 35 U.S.C. 143.

Respondents in this Court are Apple Inc., which was an appellee in Nos. 2020-1666 and 2020-1667; Implicit, LLC, which was the appellant in Nos. 2020-1173 and 2020-1174; Laydon Composites Ltd., which was an appellee in No. 2020-1140; New Vision Gaming & Development, Inc., which was the appellant in Nos. 2020-1399 and 2020-1400; SG Gaming, Inc., which was the appellee in Nos. 2020-1399 and 2020-1400; Sonos, Inc., which was the appellee in Nos. 2020-1173 and 2020-1174; Transtex Inc., which was the appellant in No. 2020-1140; Unified Patents, LLC, which was an appellee in Nos. 2020-1666 and 2020-1667; UNILOC 2017, LLC, which was the appellant in Nos. 2020-1666 and 2020-1667; and WABCO Holdings, Inc., which was an appellee in No. 2020-1140.

RELATED PROCEEDINGS

United States Court of Appeals (Fed. Cir.):

Implicit, LLC v. Sonos, Inc., Nos. 2020-1173 and 2020-1174 (Dec. 23, 2020)

Transtex Inc. v. WABCO Holdings Inc., No. 2020-1140 (Feb. 5, 2021)

New Vision Gaming & Development, Inc. v. SG Gaming, Inc., Nos. 2020-1399 and 2020-1400 (May 13, 2021)

UNILOC 2017 LLC v. Unified Patents, LLC, Nos. 2020-1666 and 2020-1667 (May 19, 2021)

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The Acting Solicitor General, on behalf of the Acting Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office, respectfully petitions for a writ of certiorari to review the judgments of the United States Court of Appeals for the Federal Circuit in these cases. Pursuant to this Court’s Rule 12.4, the government 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 order of the court of appeals in *Implicit, LLC v. Sonos, Inc.*, Nos. 2020-1173 and 2020-1174 (App. 1a-2a), is not published in the Federal Reporter.

The order of the court of appeals in *Transtex Inc. v. WABCO Holdings, Inc.*, No. 2020-1140 (App. 3a-4a), is not published in the Federal Reporter.

The opinion of the court of appeals in *New Vision Gaming & Development, Inc. v. SG Gaming, Inc.*, Nos. 2020-1399 and 2020-1400 (App. 5a-12a), is not yet published in the Federal Reporter but is available at 2021 WL 1916374.

The order of the court of appeals in *UNILOC 2017 LLC v. Unified Patents, LLC*, Nos. 2020-1666 and 2020-1667 (App. 13a-14a), is not published in the Federal Reporter.

JURISDICTION

The judgment of the court of appeals in *Implicit, LLC v. Sonos, Inc.*, Nos. 2020-1173 and 2020-1174, was entered on December 23, 2020.

The judgment of the court of appeals in *Transtex Inc. v. WABCO Holdings, Inc.*, No. 2020-1140, was entered on February 5, 2021.

The judgment of the court of appeals in *New Vision Gaming & Development, Inc. v. SG Gaming, Inc.*, Nos. 2020-1399 and 2020-1400, was entered on May 13, 2021.

The judgment of the court of appeals in *UNILOC 2017 LLC v. Unified Patents, LLC*, Nos. 2020-1666 and 2020-1667, was entered on May 19, 2021.

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 seeking review of the judgment in *Implicit, LLC v. Sonos, Inc.*, Nos. 2020-1173 and 2020-1174, to Saturday, May 22, 2021, and to extend to a later date the deadline for filing in each of the other cases encompassed by this petition.

In each case, the jurisdiction of this Court is invoked under 28 U.S.C. 1254(1).

STATEMENT

These cases concern whether, under the Appointments Clause, U.S. Const. Art. II, § 2, Cl. 2, administrative patent judges of the United States Patent and Trademark Office (USPTO) are principal officers who must be appointed by the President with the advice and consent of the Senate, or “inferior Officers” whose appointment Congress may vest in a department head. 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 administrative pa-

tent judges are principal officers and that the statutorily prescribed method of appointing administrative patent judges—by the Secretary of Commerce acting alone, see 35 U.S.C. 6(a)—violates the Appointments Clause. *Arthrex*, 941 F.3d at 1327-1335. In each of the judgments encompassed by this consolidated petition, the court of appeals vacated one or more decisions of the Patent Trial and Appeal Board (Board) based on *Arthrex* and remanded for further proceedings.

1. The Patent Act of 1952 (Patent Act), 35 U.S.C. 1 *et seq.*, establishes the 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 Board is an administrative tribunal within the USPTO that conducts several kinds of patent-related administrative adjudications, including appeals from adverse decisions of patent examiners on patent applications and in patent reexaminations; derivation proceedings; and inter partes and post-grant reviews. 35 U.S.C. 6(a) and (b). Its final decisions may be appealed to the Federal Circuit. 35 U.S.C. 141(c), 144, 319.

The Board consists of the Director, the Deputy Director, the Commissioners for Patents and Trademarks, and “administrative patent judges.” 35 U.S.C. 6(a). 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.” *Ibid.* 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).¹

2. In *Arthrex*, the court of appeals held that administrative patent judges are principal officers for purposes of the Appointments Clause, U.S. Const. Art. II, § 2, Cl. 2, and therefore must be appointed by the President with the advice and consent of the Senate. *Arthrex*, 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). The Federal Circuit reached and resolved that issue despite the undisputed failure of the party that had appealed the Board’s decision (*Arthrex, Inc.*) to present its Appointments Clause challenge during the Board proceedings. *Arthrex*, 941 F.3d at 1326-1327.

To cure the putative constitutional defect that it identified, the *Arthrex* court held that the restrictions on removal imposed by 5 U.S.C. 7513(a) cannot validly be applied to administrative patent judges, and that the application of those restrictions should be severed so that the judges are removable at will. *Arthrex*, 941 F.3d at 1335-1338. “Because the Board’s decision in [*Arthrex*] was made by a panel of [administrative patent

¹ 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 reassignment or to accompany a position in a transfer of function,” 5 U.S.C. 7543(a); see 5 C.F.R. Pt. 359.

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 *Arthrex* court stated that vacatur and remand would also be appropriate in all other cases “where final written decisions were issued [by the Board] and where litigants present an Appointments Clause challenge on appeal.” *Id.* at 1340.

On October 13, 2020, this Court granted the government’s petition for a writ of certiorari seeking review of the Federal Circuit’s *Arthrex* decision, as well as two additional petitions filed by the private parties in *Arthrex*. See *United States v. Arthrex, Inc.*, No. 19-1434; *Smith & Nephew, Inc. v. Arthrex, Inc.*, No. 19-1452; *Arthrex, Inc. v. Smith & Nephew, Inc.*, No. 19-1458. The Court has agreed to consider: (1) whether administrative patent judges are principal or inferior officers for purposes of the Appointments Clause; and (2) whether, if administrative patent judges are principal officers, the Federal Circuit properly cured any Appointments Clause defect by severing the application of 5 U.S.C. 7513(a) to those judges.

3. Since resolving *Arthrex*, the Federal Circuit has decided dozens of other appeals in which, based on its *Arthrex* decision, it has vacated Board decisions and remanded for new hearings. See, e.g., Pet. at 14, 27, *Arthrex, supra* (No. 19-1434); Pet. App. at 223a, *Arthrex, supra* (No. 19-1434). The Board has issued a blanket order staying further administrative proceedings in those and any subsequent cases remanded by the Federal Circuit pending this Court’s disposition of *Arthrex*.

General Order in Cases Remanded Under Arthrex, Inc. v. Smith & Nephew, Inc. 941 F.3d 1320 (Fed. Cir. 2019) 1-2 (PTAB May 1, 2020). In issuing that stay, the Board observed that the Federal Circuit “ha[d] already vacated more than 100 decisions by the [Board] and more such Orders are expected.” *Id.* at 1; see *id.* at 2-6 (listing proceedings that had been remanded as of May 1, 2020).² In the months since then, the court of appeals has remanded additional cases based on *Arthrex*. *E.g.*, App. 1a-14a; Pet. App. at 1a-23a, *Iancu v. Fall Line Patents, LLC*, No. 20-853 (filed Dec. 23, 2020); Pet. App. at 70a-84a, *Iancu v. Luoma*, No. 20-74 (filed July 23, 2020).

On July 23, 2020 and December 23, 2020, the government filed consolidated petitions for certiorari encompassing multiple remand orders that the Federal Circuit had issued on the basis of *Arthrex*. Pet. at 1-27, *Luoma, supra* (No. 20-74); Pet. at 1-11, *Fall Line Patents, supra* (No. 20-853). The government urged the Court to hold those petitions pending disposition of *Arthrex*, and then to dispose of those cases as appropriate in light of this Court’s decision in *Arthrex*. Those petitions remain pending.

The four Federal Circuit orders encompassed by this consolidated petition are also among those in which the Federal Circuit has vacated Board decisions based on

² In one set of 18 Board proceedings that involve the same parties and were covered by the Board’s blanket order, the court of appeals initially vacated and remanded based on *Arthrex*, but the court subsequently granted the request of the party that had raised an Appointments Clause challenge in the court of appeals “to withdraw and permanently waive its Appointments Clause challenge.” Order at 4, *Intel Corp. v. Alacritech, Inc.*, No. 2019-1443 (Fed. Cir. Apr. 30, 2020). The Board has also determined that two proceedings were mistakenly included in its blanket order and has since lifted the order in those proceedings.

Arthrex and has remanded for further proceedings before a different Board panel. App. 1a-14a. In these cases, patent owners challenged final decisions issued by the Board in inter partes reviews or similar proceedings. *Ibid.* The patent owners argued, *inter alia*, that the Board judges who had ruled in these cases were unconstitutionally appointed, and the government intervened to defend the constitutionality of the statutory scheme. *Ibid.* And in each case, the Federal Circuit vacated the Board's final decision based on *Arthrex* and remanded the case to be reheard by a different panel of the Board. *Ibid.*

ARGUMENT

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 the administrative patent judges who sit on Board panels are principal officers who must be, but by statute are not, appointed by the President with the advice and consent of the Senate. *Id.* at 1327-1335. To eliminate that putative constitutional infirmity going forward, the court severed the application to administrative patent judges of certain statutory protections against removal. *Id.* at 1335-1338. But because the Board's decision under review in *Arthrex* had been issued before the court's decision rendering those removal protections inapplicable, the court vacated that Board decision and remanded for a new administrative proceeding before a differently constituted Board panel. *Id.* at 1338-1340.

Since its decision in *Arthrex*, the Federal Circuit has followed the same course in scores of additional appeals from Board rulings, including in the cases encompassed by this petition. In each of the orders at issue here, the

court vacated one or more Board decisions based on *Arthrex* and remanded for further proceedings before a different Board panel.

On October 13, 2020, this Court granted three petitions for a writ of certiorari to review the Federal Circuit's Appointments Clause holding in *Arthrex* and the court's decision to sever the application of statutory removal protections for administrative patent judges. See *United States v. Arthrex, Inc.*, No. 19-1434 (argued Mar. 1, 2021). If the Court ultimately reverses the Federal Circuit's judgment in *Arthrex*, its decision will undermine the court of appeals' subsequent rulings in the cases encompassed by this petition, in which the court applied *Arthrex*'s holdings to reach the same result. In that event, it will be appropriate for the Court to vacate the Federal Circuit's judgments in these cases and remand for further proceedings. Accordingly, because this Court's resolution of *Arthrex* may affect the proper disposition of these cases, this petition should be held pending the resolution of the three consolidated cases in *Arthrex*, and then disposed of as appropriate in light of the Court's decision in those cases.

CONCLUSION

The petition for a writ of certiorari should be held pending the Court's decision in *United States v. Arthrex, Inc.*, No. 19-1434 (argued Mar. 1, 2021), and the consolidated cases (Nos. 19-1452 and 19-1458), and then disposed of as appropriate in light of that decision.

Respectfully submitted.

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