No. 20-273

In the Supreme Court of the United States

COMCAST CABLE COMMUNICATIONS, LLC,
Petitioner,

v.

ROVI GUIDES, INC.
AND UNITED STATES OF AMERICA,
Respondents.

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

REPLY BRIEF FOR THE PETITIONER

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ARGUMENT

1. Respondent Rovi Guides Inc. agrees (Resp. 3) that this petition should be held pending the Court's disposition of the *Arthrex* cases (Nos. 19-1434, 19-1452, and 19-1458). On October 13, 2020, this Court granted certiorari in all three *Arthrex* cases, limited to the questions (1) whether the administrative patent judges of the Patent Trial and Appeal Board (PTAB) were appointed in conformance with the Appointments Clause; and (2) whether the Federal Circuit's remedy properly cured any Appointments Clause defect. Orders List (Oct. 13, 2020). The first question presented in *Arthrex* is also the first question presented in this petition. Because the Court's resolution of that question in *Arthrex* will affect the proper disposition of this case, this Court should hold this petition pending its decision in *Arthrex*. If the Court holds that the administrative patent judges were properly appointed, then the Court should dispose of this case by granting certiorari, vacating the Federal Circuit's order remanding this case to the PTAB for a new hearing, and remanding to the Federal Circuit to permit Rovi's appeal to proceed.

2. This case presents an additional question: whether the court of appeals erred in excusing Rovi's forfeiture and remanding for a new trial before the PTAB. As the petition explained, Rovi forfeited its Appointments Clause challenge by failing to raise it before the PTAB. The Federal Circuit nonetheless vacated the PTAB's final determinations in light of the court's holding in *Arthrex*, pursuant to a categorical rule that any patent owner that raised an Appointments Clause challenge for the first time on appeal was entitled to vacatur and remand regardless of the circumstances of the case. Pet. 9.

In *Arthrex* itself, this Court did not grant certiorari with respect to the question whether the Federal Circuit erred in excusing Arthrex's own forfeiture of its Appointments Clause challenge. The Court's decision in *Arthrex* may nonetheless shed light on the effect of a patent holder's forfeiture on its entitlement to any remedy that the Court announces in *Arthrex*. In *Arthrex*, Smith & Nephew argues that even if this Court holds that the administrative patent judges were invalidly appointed, Arthrex is not entitled to the remedy of a new hearing because "a party who does not raise a 'timely challenge'" to an adjudicator's appointment should receive only declaratory relief. 19-1452 Pet. 32-33 (citing *Lucia* v. *SEC*, 138 S. Ct. 2044, 2055 (2018), and *Ryder* v. *United States*, 515 U.S. 177, 183 (1995)). If the Court accepts that argument, its denial of a new hearing to Arthrex would establish that patent owners like Rovi, who similarly failed to raise their Appointments Clause challenge before the PTAB, also would not be entitled to a new hearing. In that event, the Court should grant certiorari in this case, vacate the Federal Circuit's remand order, and remand for further proceedings before the Federal Circuit.

3. In addition, even if this Court holds that Arthrex itself should receive a new hearing, the Court may conclude that parties raising forfeited follow-on challenges are not automatically entitled to the same relief. The Court could reach that conclusion whether it views entitlement to a new hearing as a forfeiture issue or a remedial issue.

a. From a forfeiture standpoint, the Federal Circuit's refusal to enforce forfeiture rules in *this* case rests on a distinct error that goes beyond the Federal Circuit's excusal of forfeiture in *Arthrex* itself. After

the Federal Circuit decided *Arthrex*, it adopted a categorical rule that all patentholders who subsequently raised an Appointments Clause challenge for the first time on appeal would be entitled to new hearings. *Customedia Techs., LLC* v. *Dish Network Corp.*, 941 F.3d 1174, 1175 (Fed. Cir. 2019). That across-the-board approach to excusing forfeiture is irreconcilable with basic forfeiture doctrine. This Court has emphasized that a court should exercise its discretion to excuse forfeiture only in exceptional cases. See *Freytag* v. *Comm'r*, 501 U.S. 868, 879 (1991); *id*. at 894 (Scalia, J.) ("appellate courts may, in truly exceptional circumstances, exercise discretion to hear forfeited claims"). A court cannot conclude that a case is sufficiently exceptional to warrant excusing forfeiture without conducting a case-specific analysis of the equities. Yet the Federal Circuit improperly refused to engage in that analysis. Contrary to Rovi's argument (Resp. 9), then, the question presented here is not whether the court of appeals abused its discretion in excusing forfeiture on the facts of this case. The Federal Circuit's error was that it declined to undertake *any* discretionary forfeiture analysis, thereby disregarding the principle that forfeiture should be excused only in rare cases.

This Court therefore may wish to reaffirm that principle by instructing the Federal Circuit to undertake the forfeiture analysis on a case-specific basis. That is the manner in which other courts of appeals have proceeded in the wake of this Court's separation-of-powers decisions.[1] See, *e.g.*, *Davis* v. *Saul*, 963 F.3d

[1] Rovi's assertion (Resp. 10-11) that the Federal Circuit's decision in *Arthrex* represents an intervening change in law that excuses Rovi's forfeiture is meritless. *Arthrex* did not abrogate

790, 792-793 (8th Cir. 2020) (enforcing forfeiture of claim that Social Security administrative law judges were unconstitutionally appointed in light of *Lucia* v. *SEC*, 138 S. Ct. 2044 (2018), because case was not exceptional); *Carr* v. *Comm'r*, 961 F.3d 1267, 1273 (10th Cir. 2020) (same).[2]

b. Considering the failure to timely raise the Appointments Clause issue from a remedial perspective, the Court also may conclude that parties in Rovi's position are not entitled to a new hearing. Even if this Court holds that discretionary remedial considerations justify granting Arthrex a new hearing notwithstanding its failure to timely raise its challenge, those considerations likely would not warrant granting the same relief to Rovi. For instance, while granting a new trial to Arthrex might be justified by the need to avoid creating a "disincentive" to raising Appointments

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any binding precedent that would have foreclosed the Appointments Clause claim. And other challengers properly raised the Appointments Clause claim before the PTAB. 19-1434 Pet. 34.

[2] There is no justification for excusing Rovi's forfeiture here. Even assuming that the Federal Circuit's excusal of Arthrex's forfeiture was warranted to ensure that the court had a vehicle to consider the constitutionality of the administrative patent judges' appointments, that rationale does not apply to parties that, like Rovi, merely seek to raise forfeited me-too challenges. In addition, Rovi has identified no prejudice arising from the judges' allegedly unconstitutional appointments. Indeed, in these cases, the PTAB relied on three independently sufficient combinations of prior art in finding the patents invalid. See Nos. 19-1215, -1216, -1218, -1293, -1294, -1295 (Fed. Cir.). In view of the amount of prior art on which the PTAB relied and the exhaustiveness of its factual findings, it is highly likely that the decisions would have been affirmed on appeal—and unlikely that the remand will produce a different result.

Clause challenges, *Ryder*, 515 U.S. at 183, that rationale would not apply to follow-on challengers like Rovi.

Moreover, leaving in place the Federal Circuit's categorical vacatur of over one hundred PTAB decisions holding patents invalid will have significant adverse consequences for litigants and the patent system as a whole. Scores of patents that have been found unpatentable in reasoned decisions by the PTAB will be permitted to remain in force until newly constituted PTAB panels can re-examine each case. That is true even where (as here) the patentee has never contended that the alleged Appointments Clause violation had any bearing on the PTAB's invalidity analysis, and even where (as here) there is no reasonable likelihood of a different result on remand. That substantial burden on the patent system is a weighty reason not to grant new hearings to numerous follow-on challengers who failed to timely raise their Appointments Clause challenges.

In sum, even if the Court holds that PTAB judges' appointments violate the Appointments Clause and that Arthrex itself is entitled to new hearing, the proper disposition of this petition is to grant certiorari, vacate the Federal Circuit's order remanding this case to the PTAB for new hearing, and remand to the Federal Circuit with appropriate instructions.

CONCLUSION

The petition for a writ of certiorari should be held pending this Court's decision in *Arthrex* (Nos. 19-1434, 19-1452, and 19-1458), and then disposed of as appropriate in light of the Court's decision in that case.

Respectfully submitted,

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