No. 22-639

IN THE
Supreme Court of the United States

ARTHREX, INC.,
Petitioners,

v.

SMITH & NEPHEW, INC.; ARTHROCARE CORP.,
AND UNITED STATES OF AMERICA,
Respondents.

ON WRIT OF CERTIORARI TO THE U.S. COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

BRIEF OF FAIR INVENTING FUND AS *AMICUS CURIAE* IN SUPPORT OF PETITION FOR A WRIT OF CERTIORARI

PAUL J. BERKS
MASSEY & GAIL LLP
50 E. Washington St.
Suite 400
Chicago, IL 60602
(312) 283-1590
pberks@masseygail.com

JONATHAN S. MASSEY
Counsel of Record
MASSEY & GAIL LLP
1000 Maine Ave. SW
Suite 450
Washington, D.C. 20024
Tel: (202) 652-4511
jmassey@masseygail.com

February 9, 2023

QUESTION PRESENTED

Whether the Commissioner for Patents' exercise of the Director's authority pursuant to an internal agency delegation violated the Federal Vacancies Reform Act.

TABLE OF CONTENTS

TABLE OF AUTHORITIES

OTHER AUTHORITIES

INTEREST OF AMICUS CURIAE

Amicus Fair Inventing Fund (https://www.fairinventing.org/) was established in 2020 to advocate for the rights of people who invent but are not included in the patent ecosystem.[1] Justice Gorsuch cited the Fair Inventing Fund's amicus curiae brief in *United States v. Arthrex, Inc.*, 141 S. Ct. 1970, 1992 (2021) (opinion concurring in part and dissenting in part).

The process of creating, securing, commercializing, and protecting patents is capital intensive. This poses barriers to entry for those without access to capital; a condition that disproportionately impacts women and people of color, which discourages them from engaging with the patent ecosystem. The Fair Inventing Fund is strongly interested in transparency and accountability at the Patent and Trademark Office ("PTO"), which, in turn, will expand access to currently excluded groups. This case presents an important opportunity to advance that vital goal.

SUMMARY OF ARGUMENT

This Court should grant review in this case because the question presented has an important real-world impact on women and minority inventors and, in turn, on the productivity and size of the

[1] Pursuant to this Supreme Court Rule 37.6, *amicus* affirms that no counsel for any party authored this brief in whole or in part, and that no person other than amicus, its members, and its counsel made a monetary contribution to its preparation or submission. Pursuant to Supreme Court Rule 37.2, *amicus* affirms that counsel of record for all parties received notice of its intention to file an *amicus curiae* brief at least 10 days prior to the due date for this brief.

national economy. The Federal Vacancies Reform Act of 1998 ("FVRA"), 5 U.S.C. §§ 3345-3349d, together with the Appointments Clause that formed the basis of this Court's decision in *United States v. Arthrex*, 141 S. Ct. 1970 (2021), provides important safeguards of accountability and transparency that promote a more diverse and inclusive patent system. Without those safeguards, the PTO will continue to burden women and minority inventors disproportionately and deprive them of full participation in the patent system. But America needs their ideas and contributions. Published studies show that increasing the kinds of inventors directly contributes to U.S. productivity and economic growth. One study, by a Presidentially appointed and Senate-confirmed current member of the Federal Reserve Board, found that quadrupling the number of inventors would increase U.S. GDP by up to 4.4 percent (roughly $1 trillion in potential annual growth to the U.S. economy), an increase that would be achievable only by making the patent system more accessible to women and people of color.[2]

The process of creating, securing, commercializing, and protecting patents is capital

---

[2] *See* Steve Caltrider, *Finding 'lost Einsteins': US patent advisory committee calls for more diverse inventors* (Nov. 29, 2022), https://www.iam-media.com/article/finding-lost-einsteins-us-patent-advisory-committee-calls-more-diverse-inventors; see also Lisa D. Cook and Yangan Yang, *Missing Women and Minorities: Implications for Innovation and Growth* (2018), http://www.yanyanyang.com/uploads/5/6/5/2/56523543/aeapinkblack_cookyang.pdf; Lisa D. Cook, *The economic and social implications of racial disparities*, PRINCETON UNIV. BENDHEIM CENTER FOR FINANCE (June 8, 2020), https://bcf.princeton.edu/wp-content/uploads/2020/11/Combined-Slides-10.pdf.

intensive. These costs pose barriers to entry that disproportionately impact women and people of color. One particular and substantial burden faced by women and minority inventors is the *inter partes* review ("IPR") process created by the 2011 America Invents Act ("AIA") and administered by the Patent Trial and Appeal Board ("PTAB"). The PTAB has acquired a reputation as a "patent killer" that favors large companies sued for infringement at the expense of small inventors and patent owners. The hurdles posed by the PTAB for women and minority inventors, and indeed for all small inventors, have been heightened by the manner in which PTAB judges are appointed and the manner in which their decisions are insulated from review by politically accountable officials.

This Court's decision in *Arthrex* recognized the importance of accountability and transparency, in holding that the Appointments Clause required that PTAB decisions be reviewed by the Director of the PTO, a Presidentially-appointed, Senate-confirmed officer, before becoming final. Greater political accountability and transparency in the patent system would also help ensure greater PTO sensitivity to the needs of women and minority inventors. On remand in *Arthrex*, however, the PTO strenuously dodged and flouted accountability by allowing an inferior officer who was neither appointed by the President nor confirmed by the Senate to exercise the authority of the Director for sixteen months, from January 2021 to April 2022. In doing so, it evaded the requirements of the FVRA. Indeed, the statutory history of the FVRA shows that Congress enacted the statute to put an end to the practice of using delegations to circumvent

statutory limits on acting appointments—in short, to prohibit precisely what the PTO did in this case.

The FVRA is not merely a technical rulebook relevant only to the internal operation of executive agencies. Rather, the Act embodies the same fundamental values of accountability and transparency that led this Court to find an Appointments Clause violation in *Arthrex*. The same principles that animated this Court's decision in *Arthrex* should lead it to grant review here. Greater accountability and transparency will help promote a more inclusive patent system. And enforcing those principles is critical for all federal agencies, not just the PTO.

Yet the Federal Circuit rendered the FVRA a virtual nullity. The Court of Appeals acknowledged that its interpretation "renders the FVRA's scope 'vanishingly small.'" Pet. App. 13a. This Court should grant certiorari and review the Federal Circuit's judgment upholding the PTO's improper delegation of the Director's authority to an inferior officer whose appointment did not comply with the requirements set forth in the FVRA.

ARGUMENT

I. THE PATENT SYSTEM, INCLUDING THE PATENT TRIAL AND APPEAL BOARD, DISCRIMINATES AGAINST DIVERSE INVENTORS.

A. Diverse Inventors Are Not Realizing The Benefits Of The Patent System.

The Patent Act allows any citizen of the United States to apply for a patent without regard to race or gender. In fact, the Patent Act of 1790, 1 Stat. 109-112 (April 10, 1790), which President Washington explicitly requested in the first ever State of the Union address to Congress, uses the terms "person" and "persons." This inclusive policy has engendered the culture of innovation core to the "American Dream," and has allowed countless inventors to create livelihoods based on their own ingenuity. The first patent granted to a woman was issued in 1809.[3] The first patent issued to a free black man came in 1821.[4]

---

[3] Erin Blakemore, *Meet Mary Kies, America's First Woman to Become a Patent Holder*, SMITHSONIAN MAG. (May 5, 2016), https://www.smithsonianmag.com/smart-news/meet-mary-kies-americas-first-woman-become-patent-holder-180959008/.

[4] *African-American Inventors of the 18th Century*, NAT'L GEOGRAPHIC, https://www.nationalgeographic.org/article/african-american-inventors-18th-century/#:~:text=Most%20historians%20agree%20that%20Thomas,dry%2Dclean%20clothes%20in%201821 (last visited Feb. 3, 2023). These "firsts" came during a period when patents were issued as a ministerial function, and courts were in the first instance tasked with determining patentability only after an infringement suit was filed.

In 1868, a patent was issued to a black woman for the first time.[5]

But *in practice*, the patent system has not always lived up to this egalitarian principle. Access by women and minorities to the patent system has often been restricted. First, de jure discrimination, reflected in decisions such as *Dred Scott v. Sandford*, 60 U.S. (19. How.) 393 (1857), prevented even free Black Americans from obtaining patents, because they supposedly had no "country of citizenship" as required under the oath. Enslaved persons, who constituted close to 18% of the population when Congress passed the Patent Act in 1790 were not eligible for patents at all, though they undoubtedly were responsible for new and useful inventions.[6]

Today, women and minority inventors continue to be underrepresented among patent-holders. A PTO report to Congress documented the "impediments" that African-American inventors face, "including the lack of financing for development and

---

[5] Susan Fourtané, *Black Inventors—The Complete List of Genius Black American (African American) Inventors, Scientists, and Engineers with Their Revolutionary Inventions That Changed the World and Impacted History—Part Two*, INTERESTING ENG'G (May 24, 2018), available at https://interestingengineering.com/black-inventors-the-complete-list-of-genius-black-american-african-american-inventors-scientists-and-engineers-with-their-revolutionary-inventions-that-changed-the-world-and-impacted-history-part-two.

[6] Brian L. Frye, *Invention of a Slave*, 68 SYRACUSE L. REV. 181, 188 (2018) (describing numerous inventions of slaves in the early nineteenth century).

commercialization of inventions."[7] The report found that "Blacks or African Americans and Hispanics born in the U.S. are significantly underrepresented among innovators."[8] "Blacks or African Americans represent 11.3% of U.S.-born Americans and only 0.3% of the innovators who responded to their survey." *Id.* The report further concluded that "observed gaps in patenting rates between Whites and racial/ethnic minorities cannot be explained by differences in parental income or performance on school tests."[9] The effects of patent disparities harm African-American entrepreneurs; Black-owned startups are considerably less likely to have patents than their non-Black counterparts, and raise roughly one-third as much venture capital in the five years after founding, as compared to other startups formed in the same year, industry, and state.[10] The ratio of White to Black entrepreneurs is 50 to 1, and only 1% of start-up founders receiving venture capital funding are Black.[11]

---

[7] *Report to Congress Pursuant to Pub. L. No. 115-273, SUCCESS Act, USPTO & SBA* p. 11 (Oct. 2019).

[8] *Id.* at 12.

[9] *Id.* at 13.

[10] Lisa D. Cook, Matt Marx, and Emmanuel Yimfor, *Funding Black High-Growth Startups* (NBER Working Paper 30682 Nov. 2022).

[11] Lisa D. Cook, *The economic and social implications of racial disparities*, PRINCETON UNIV. BENDHEIM CENTER FOR FINANCE (June 8, 2020), https://bcf.princeton.edu/wp-content/uploads/2020/11/Combined-Slides-10.pdf.

A 2020 PTO report found only 12.8% of all inventor-patentees on U.S. patents were women.[12] Further, the growth in new women inventors is slowing down: "In the five-year period from 2009 to 2014, the number of new women inventor-patentees grew by an average of 10.8% each year. In the next five years ending in 2019, this growth slackened to 4% per year."[13] In addition, patent applications filed by women were more likely to be rejected, less likely to be appealed when rejected, and to manifest a narrower claim scope when allowed.[14]

PTO registrations among women and minorities tell a similar story.[15] Only 6% of registered PTO

---

[12] *Progress and Potential: 2020 update on U.S. women inventor-patentees*, USPTO OFFICE OF THE CHIEF ECONOMIST, IP Data Highlights, No. 4 (July 2020), at 2, https://www.uspto.gov/sites/default/files/documents/OCE-DH-Progress-Potential-2020.pdf.

[13] *Id.* at 4.

[14] Kyle Jensen, Balázs Kovács and Olav Sorenson, *Gender differences in obtaining and maintaining patent rights*, NATURE BIOTECHNOLOGY, Vol. 36, No. 4 at 307 (April 2018); W. Michael Schuster, R. Evan Davis, Kourtenay Schley, and Julie Ravenschaft, *An Empirical Study of Patent Grant Rates as a Function of Race and Gender*, 57 AM. BUS. L. J. 281 (Summer 2020).

[15] *See*, e.g., Elaine Spector and LaTia Brand, *Diversity in Patent Law: A Data Analysis of Diversity in the Patent Practice By Technology Background and Region*, LANDSLIDE, Vol. 13, Iss. 1 (Sept./Oct. 2020), available at https://www.americanbar.org/groups/intellectual_property_law/publications/landslide/2020-21/september-october/diversity-patent-law-data-analysis-diversity-patent-practice-technology-background-region/; Mary T. Hannon, *The Patent Bar Gender Gap: Expanding the*

practitioners are racially diverse.[16] Only about 22% are women.[17] Racially diverse women patent practitioners make up an even lower percentage, at about 2.2%.[18] As one commenter noted, "there are more [PTO registrants] named 'Michael' then there are racially diverse women."[19] Even within the PTO, there is evidence that higher work quality among female examiners is not rewarded, and women are less likely to be promoted than men.[20]

A recent paper found that women constitute only one-third of the top pharmaceutical patent litigators and only one-quarter of lawyers who prosecute litigated pharmaceutical patents, numbers far below the share of women in the legal profession overall.[21] Only 10% of attorneys arguing before the PTAB were

---

Eligibility Requirements to Foster Inclusion and Innovation in the Patent System, IP Theory, Vol. 10, Issue 1, Article 1 (Fall 2000), http://www.repository.law.indiana.edu/ipt/vol10/iss1/1; Saurabh Vishnubhakat, *Gender Diversity in the Patent Bar*, 14 J. MARSHALL REV. INTELL. PROP. L. 67, 72 (2014).

[16] Spector & Brand, note 16, *supra*.

[17] *See* Ceyda Maisami and Ben Su, *Closing diversity gaps in patenting: current initiatives and the HP perspective* (Apr. 20, 2022), https://www.iam-media.com/article/closing-diversity-gaps-in-patenting-current-initiatives-and-the-hp-perspective.

[18] *Id.*

[19] Spector & Brand, note 16, *supra*.

[20] Deepak Hegde and Manav Raj, *Does Gender Affect Work? Evidence From U.S. Patent Examination*, NYU STERN SCHOOL OF BUSINESS (Feb. 21, 2019), https://ssrn.com/abstract=3339555.

[21] S. Sean Tu, Paul R. Gugliuzza, and Amy Semet, *Overqualified and Underrepresented: Gender Inequality in Pharmaceutical Patent Law*, 48 B.Y.U. L. REV. (2022-2023), Iss. 1 (2022), https://digitalcommons.law.byu.edu/lawreview/vol48/iss1/7/.

women as of 2019, a number that has changed only slightly by 2021.[22] This lack of representation is not due to a "pipeline" problem—that is, a lack of women in the technical fields essential to patent practice. Rather, more women law students have scientific undergraduate and graduate degrees than their male counterparts.

The failure of the patent system with respect to women and minorities has critical impacts for the national economy. The United States needs the new technology that diverse inventors can offer, because the country is more dependent on skilled labor, customization, services, digital builders, and knowledge workers than ever before.[23] As the chair

---

[22] *PTAB Bar Association 2019 Report and Challenge: Women at the PTAB Post-Grant Proceedings*, PTAB BAR ASSOCIATION, https://host8.viethwebhosting.com/~ptab/docs/PTAB-Bar-Association-2019-Report-on-Women-at-the-PTAB.pdf (last visited Feb. 3, 2023); *PTAB Bar Association 2021 Report and Challenge: Women at the PTAB Post-Grant Proceedings*, PTAB BAR ASSOCIATION, https://aboutblaw.com/1Tb (last visited Feb. 3, 2023).

[23] Ashby's Law of Requisite Variety states that a complex organization or system can be controlled only by a variety of perspectives. In the last decade or so, this theory has been expanded to apply to innovation ecosystems, where world problems are complex, and Ashby's Law dictates that a variety of diverse perspectives are required to solve those problems. "In everyday terms Ashby's Law has come to be understood as follows: if a system is to be able to deal successfully with the diversity of challenges that its environment produces, then it needs to have a repertoire of responses which is (at least) as nuanced as the problems thrown up by the environment. Ashby put it as, "only variety can absorb variety." John Dabell, *The Law Of Requisite Variety* (Nov. 25, 2018), available at https://johndabell.com/2018/11/25/the-law-of-requisite-variety/.

of the PTO Public Patent Advisory Committee has explained, "[e]xpanding the number of people who engage in the patent system as inventors, particularly in under-represented constituencies and geographies, is critical to American competitiveness in an innovation-driven global economy."[24]

According to economics Professor Lisa Cook, a former Edison Fellow for the USPTO and current member of The Board of Governors for the Federal Reserve, "if we quadruple the number of inventors, we could increase the overall level of U.S. GDP by up to 4.4 percent. For some reference, 4.4% percent of the $23 trillion U.S. GDP in 2021 represents about $1 trillion in potential annual growth to the U.S. economy."[25] "The only way we can quadruple the number of inventors in the innovation ecosystem is to bring in inventors who are currently not participating or are participating at a low rate in the innovation and inventorship ecosystem."[26] Another study estimates a reduction in productivity of 20 to 40 percent over the last 50 years as a result of the misallocation of talent due to discrimination.[27] In the

---

[24] Steve Caltrider, *Finding 'lost Einsteins': US patent advisory committee calls for more diverse inventors* (Nov. 29, 2022), https://www.iam-media.com/article/finding-lost-einsteins-us-patent-advisory-committee-calls-more-diverse-inventors.

[25] *See id.*; *see also* Lisa D. Cook and Yangan Yang, *Missing Women and Minorities: Implications for Innovation and Growth* (2018), http://www.yanyanyang.com/uploads/5/6/5/2/56523543/aeapinkblack_cookyang.pdf .

[26] Caltrider, note 24, *supra*.

[27] Dana M. Peterson and Catherine L. Mann, *Closing the Racial Inequality Gaps,* CITI GLOBAL PERSPECTIVES &

words of Professor Cook, "there is a growing body of evidence that racism has limited our productive capacity."[28]

Congress repeatedly has recognized the need to promote the interests of women and diverse inventors.[29] For example, section 28 of the 2011 America Invents Act ("AIA") established a patent ombudsman program that provides "support and services relating to patent filings of small business concerns and independent inventors." Section 29 requires the Director to "establish methods for studying the diversity of patent applicants . . . who are minorities, women, or veterans."[30] Section 32 requires the Director to "work with and support intellectual property law associations across the country in the establishment of pro bono programs designed to assist financially under-resourced independent inventors and small businesses."[31] And section 3(l) required the Small Business Administration to conduct a study of the impact of the adoption of the first-to-file system on small business.[32]

SOLUTIONS (Sept. 2020), https://www.citivelocity.com/citigps/closing-theracial-inequality-gaps/.

[28] Lisa D. Cook, Janet Gerson and Jennifer Kuan, *Closing the Innovation Gap in Pink and Black*, NBER Working Paper 29354 (Oct. 2021), at 3, https://www.nber.org/papers/w29354; see also Josh Lerner and Scott Stern, *Entrepreneurship and Innovation Policy and the Economy*, NBER (Apr. 2021).

[29] PUB. L. No. 112-29, § 28, 125 Stat. 284, 339 (2011).

[30] *Id.* at § 29.

[31] *Id.* at § 32.

[32] *Id.* at § 3(l).

Congress also manifested concern for diversity in the patent system in the 2018 SUCCESS Act, which was enacted to address the "significant gap in the number of patents applied for and obtained by women and minorities."[33] The Act expressed the sense of Congress that women and minorities continue to face many burdens in the patent system:

> [T]he sense of Congress [is] that the United States has the responsibility to work with the private sector to close the gap in the number of patents applied for and obtained by women and minorities to harness the maximum innovative potential and continue to promote United States leadership in the global economy.[34]

B. The PTAB Systematically Discriminates Against Women And Diverse Inventors.

Despite Congress's solicitude for the women and minority inventions, one major AIA addition has dramatically disadvantaged diverse inventors: the IPR procedure administered by the PTAB. IPRs have acquired a reputation as a "patent killer" that favor large companies sued for infringement at the expense of small inventors and patent owners. In fact, Judge Randall Rader, the former chief judge of the U.S. Court of Appeals for the Federal Circuit, described PTAB judges as "death squads killing property rights."[35]

---

[33] PUB. L. No. 115–273, 132 Stat. 4158 (2018).

[34] Id. at § 2(b).

[35] Randall Rader, *PTAB Death Squads: Are All Commercially Viable Patents Invalid?*, IPWATCHDOG, (Mar. 24,

In practice, IPRs and the PTAB have operated to impose a disproportionate and substantial burden on the ability of women and diverse inventors to secure and maintain patent protections for their discoveries. More often than not, women and diverse inventors lack access to the capital and institutional support necessary to survive the IPR process.[36] A June 2022 blog post by USPTO Director Vidal acknowledged that "navigating the patent system can be difficult at times, including proceedings before the Patent Trial and Appeal Board (PTAB)," particularly for "independent inventors."[37] Although there is no public list disclosing the race, ethnicity, and gender of PTAB judges, the Fair Inventing Fund's own investigation suggests that the PTAB bench suffers from the same underrepresentation of women and minorities as the rest of the patent system, if not worse.

Women and minority inventors are particularly vulnerable to the burdens imposed by the PTAB, for several reasons.

2014), https://www.ipwatchdog.com/2014/03/24/ptab-death-squads-are-all-commercially-viable-patents-invalid/id=48642/.

[36] *See* Lisa D. Cook, *Policies to Broaden Participation in the Innovation Process*, THE HAMILTON PROJECT, 8-10, 12-13 (2020), https://www.hamiltonproject.org/assets/files/Cook_PP_LO_8.13.pdf.

[37] "*PTAB Pro Bono Program: Helping inventors obtain legal counsel for PTAB proceedings*, U.S. PATENT AND TRADEMARK OFFICE (June 7, 2022), https://www.uspto.gov/blog/director/entry/ptab-pro-bono-program-helping?utm_campaign=subscriptioncenter&utm_content=&utm_medium=email&utm_name=&utm_source=govdelivery&utm_term=.

First, patents are easier to invalidate at the PTAB than in a federal district court. Courts presume the validity of patents. The PTAB does not. And the PTAB applies the lower "preponderance of the evidence" standard to determine whether claims are unpatentable while challengers in district court need to present "clear and convincing evidence" to invalidate a patent. Until recently, PTAB judges interpreted terms in patent claims under a standard far less favorable to patentees than was required of district court judges by the Federal Circuit.[38]

The difference between the PTAB and federal district courts is dramatic. According to one survey, the PTAB has invalidated at least one claim in 84% of the patents it has fully reviewed.[39] These statistics stand in stark contrast to outcomes in the district courts, which, according to one scholar, deny summary judgment on the invalidity of patents about 70% of the time.[40] When the analysis is confined to challenges based on prior art and obviousness, the grounds available in an IPR, only 14.2% of district court summary judgment motions were successful on those issues.[41] In other words, the evidence shows that Article III judges and the administrative judges

---

[38] *Cuozzo Speed Techs. v. Lee*, 579 U.S. 261, 276 (2016), superseded by 37 C.F.R. § 42.100(b) (2018 ed.). Note that the PTAB, despite using the same standard as a district court, is not bound by a previous court's claim construction.

[39] Josh Malone, *Assessing PTAB Invalidity Rates*, US INVESTOR, (updated July 15, 2022) https://usinventor.org/assessing-ptab-invalidity-rates/.

[40] John R. Allison et al., *Understanding the Realities of Modern Patent Litigation*, 92 TEX. L. REV. 1769, 1785 (2014).

[41] *Id.*

at the PTAB reach strikingly different outcomes regarding patent validity.

Moreover, even if a patent holder prevails in an IPR, it cannot rest. Even when the PTAB confirms the validity of a patent, any person other than the original petitioner may seek an IPR of the same patent on the same grounds (so long as the IPR petitioner has not been served with a complaint alleging patent infringement more than one year earlier).[42] Parties are able to work together to coordinate an effective assault on a patent in multiple forums. The lack of a standing requirement ensures that patent owners may never be secure in their rights.

The fairness problems with IPRs are so glaring that even a former Deputy Director of the PTO acknowledged that "many inventors have been subjected to abusive IPR trial practice."[43] The one-sided IPR process inevitably has given rise to an extortionate strategy known as "reverse trolling." When a patent is valuable, or is an important asset to a firm, some speculators see an opportunity for easy money and threaten to file a petition for an IPR.[44] If the patentee pays up, the petition will not be filed; if the patentee refuses, its valuable asset will be subject

---

[42] 35 U.S.C. § 315(b), (e).

[43] Russell Slifer, *Weakened Patent System Causes U.S. to Slip as a Global Leader of IP Protection*, THE HILL (Aug. 4, 2017), https://goo.gl/Mte2Pk .

[44] Lorelei Laird, *Patent Holders Allege Financial Companies are Misusing New Post-Grant Review Process for Profit*, ABA JOURNAL (Dec. 1, 2015), http://www.abajournal.com/magazine/article/patent_holders_allege_financial_companies_are_misusing_new_post_grant_revie/.

to a review that usually results in at least partial invalidation. Many patentees, aware of the PTAB's invalidation rates, feel compelled to settle these claims, notwithstanding their strong belief that the underlying patents remain valid. And because the AIA has no standing requirement, these threats may be issued by anyone at any time for any reason.

Further, even if a federal district court upholds a patent's validity, and that decision has been affirmed by the Federal Circuit, the PTAB may nevertheless analyze the same evidence and determine the patent to be invalid. PTAB claims the power to invalidate a patent based on the challenge of a petitioner even when the same patent, using the same prior art, has been found valid by a district court judge and the Federal Circuit. *Thryv, Inc. v. Click-To-Call Techs.*, 140 S. Ct. 1367, 1378 (2020) (Gorsuch, J. dissenting). The PTAB gives no precedential weight to the decisions of Article III courts that have examined patent validity. *Novartis AG v. Noven Pharms., Inc.*, 853 F.3d 1289, 1294 (Fed. Cir. 2017) (prior judicial decisions "did not bind the PTAB"). Hence, even if a party pursues litigation in federal court and wins, nothing prevents the PTAB from reaching a different result and effectively overturning the judicial decision. The PTAB's ability to render Article III decisions empty of legal effect led Chief Justice Roberts, at oral argument in *Cuozzo Speed Techs., LLC v. Lee*, to observe that "it's a very extraordinary animal in legal culture to have two different proceedings addressing the same question that lead to different results." No. 15-446, Oral Arg. Tr. at 32. The Chief Justice described the IPR procedure as "a bizarre way to . . . decide a legal question." *Id.* at 41.

All of these features have a disproportionate impact on women and minority inventors, who tend to be small inventors without access to the resources of large corporate patent infringers. And this should not come as a surprise. As far back as 2007, ample warnings were raised that any efforts at patent reform would be used to further disadvantage underrepresented groups.[45] There was real concern that the PTAB—a system set up at the behest of the large companies that have historically appropriated inventions from women and minority inventors—would further these deleterious effects. Those concerns have come to pass.

And today they are of national concern. The Wall Street Journal recently exposed conflicts of interest at the PTAB in favor of large companies who are often patent infringers, reporting that a PTAB judge was part of a panel that ruled for Google while his wife worked for the company and held a financial interest in it.[46] In December 2022, the Government Accountability Office published a report urging greater transparency in PTAB decision-making.[47] Given the heavy thumb on the scale resulting from

---

[45] 157 CONG. REC. H4480, H4484-4485 (comments of Reps. Moore and Jackson-Lee).

[46] Rebecca Ballaus, Brody Mullins & James V. Grimaldi, *When Federal Officials Help Companies – and Their Own Financial Interests*, W.S.J. (Dec. 30, 2022), https://www.wsj.com/articles/when-federal-officials-help-companiesand-their-own-financial-interests-11672419851.

[47] GAO, *Patent Trial and Appeal Board: Increased Transparency Needed in Oversight of Judicial Decision-Making*, GAO-23-105336 (Dec. 22, 2022), https://www.gao.gov/products/gao-23-105336.

large company infringers who frequently use IPRs, such transparency is urgently needed.

II. THE FEDERAL CIRCUIT'S DECISION ALLOWING THE PTO TO CIRCUMVENT THE FVRA UNDERMINES POLITICAL ACCOUNTABILITY AND THE TRANSPARENCY OF THE PATENT SYSTEM.

The principles of accountability and transparency that animated this Court's decision in *Arthrex* should lead it to grant review here. The PTO's evasion of the FVRA undermines the core principles of accountability and transparency that underlie the Appointments Clause, the FVRA, and this Court's decision in *Arthrex*.

Moreover, greater accountability and transparency will help promote a more diverse and inclusive patent system by ensuring that all voices are heard and all interests represented. Congress has already proven itself sensitive to the needs of women and minority inventors. The PTAB has not. Without the important safeguards provided by the Appointments Clause and FVRA, the IPR process administered by the PTAB will continue to burden women and minority inventors disproportionately.

In *Arthrex*, this Court held that the IPR system is constitutionally infirm because the "unreviewable authority wielded by" PTAB members "during the inter partes review is incompatible with" the Appointments Clause. 141 S. Ct. at 1985. The Court explained that the exercise of power by the Executive Branch "acquires its legitimacy and accountability to the public through a 'clear and effective chain of command' down from the President, on whom all

people vote." *Id.* at 1979 (*quoting Free Enter. Fund v. Pub. Co. Acct. Oversight Bd.*, 561 U.S. 477, 498 (2010)). The Appointments Clause thus "guarantees accountability for an appointees' actions because the 'blame of a bad nomination would fall upon the president singly and absolutely.'" *Id.* at 1979 (quoting The Federalist No. 77, p. 517 (J. Cooke, ed. 1961) (A. Hamilton). "[The Appointments Clause [also] adds a degree of accountability in the Senate, which shares in the public blame 'for both the making of a bad appointment and the rejection of a good one." *Id.* The Court found that the IPR system, "blur[red] the lines of accountability demanded by the Appointments Clause" by allowing PTAB to "adjudicate[e] the public rights of private parties, while also insulating their decisions from review and their offices from removal." *Id.* at 1982, 1986.

The same principles are embodied in the FVRA, which serves important values under the Appointments Clause by protecting the Senate's confirmation authority and ensuring that executive officers are politically accountable. Indeed, the statutory history of the FVRA shows that Congress enacted the statute to stop the practice of using delegations to circumvent statutory limits on acting appointments – that is, to prohibit precisely what the PTO did here. As this Court has explained, the FVRA was enacted in 1998 to reject the views of the Justice Department that "the head of an executive agency had independent authority apart from the Vacancies Act to temporarily fill vacant offices." *N.L.R.B. v. SW General, Inc.*, 580 U.S. 288, 294 (2017). "The Comptroller General disagreed, arguing that the Act was the exclusive authority for temporarily filling vacancies in executive agencies." *Id.* at 294-95 (citing

Morton Rosenberg, Congressional Research Service Report for Congress, The New Vacancies Act: Congress Acts To Protect the Senate's Confirmation Prerogative 2–4 (1998) ("CRS Report")). The FVRA "reject[ed] the DOJ position and makes [the Act] the exclusive vehicle for temporarily filling vacant advice and consent positions and provides substantial incentives for the President to send forth timely nominations for Senate consideration." CRS Report at i. The FVRA "sought to remedy what was seen by many to be noncompliance with the Vacancies Act that seriously undermined the Senate's confirmation prerogative." *Id.* Under the FVRA, the Executive's "choices of action are strictly confined and the failure to comply with the statute's requirements may lead to the vacation of the authorities and responsibilities of the office and to rendering the actions of acting officials void without the possibility of subsequent ratification." *Id.*

Thus, in *SW General*, this Court enforced the FVRA and prohibited the acting general counsel of the NLRB from continuing to serve in that capacity. This Court opined that "[t]he Senate's advice and consent power is a critical 'structural safeguard [ ] of the constitutional scheme.'" 580 U.S. at 293 (quoting *Edmond v. United States*, 520 U.S. 651, 659 (1997)). "The Framers envisioned it as 'an excellent check upon a spirit of favoritism in the President' and a guard against 'the appointment of unfit characters . . . from family connection, from personal attachment, or from a view to popularity.'" *Id.* (quoting The Federalist No. 76, p. 457 (C. Rossiter, ed. 1961) (A. Hamilton).

Concurring in *SW General*, Justice Thomas stressed the Appointment Clause's role in addressing

the Framer's concerns regarding "the serious risk for abuse and corruption posed by permitting one person to fill every office in the Government." 580 U.S. at 317 (concurring opinion). The Framers "thus empowered the Senate to confirm principal officers on the view that 'the necessity of its co-operation in the business of appointments will be a considerable and salutary restraint upon the conduct of" the President." *Id.* (quoting The Federalist No. 76, at 514). "We cannot cast aside the separation of powers and the Appointments Clause's important check on executive power for the sake of administrative convenience or efficiency." *Id.*

Scholarship amply supports this Court's focus on the Senate's confirmation power. "By involving the Senate in the appointment of executive and judicial officers, the Framers intended to provide a check on the power of the Executive. The fear at the time was that the President would use the power of appointment, if vested exclusively in that Office, like the King of England used his powers of patronage."[48] "If the Constitution denies any inherent power to the President to fill vacancies outside the processes set forth in Article II, it would seem absurd to argue that such power is possessed by one of the President's subordinates."[49]

Yet the Federal Circuit rendered the FVRA a virtual nullity. The Court of Appeals held that Commissioner for Patents Andrew Hirshfeld—a federal employee not subject to the advice and consent

---

[48] Brannon P. Denning, *Article II, the Vacancies Act and the Appointment of "Acting" Executive Branch Officials*, 76 Wash. U. L.Q. 1039, 1042 (1998).

[49] *Id.*

power of the Senate—could perform the functions and duties of the Director for sixteen months, from January 2021 to April 2022. This long tenure refutes any suggestion that the appointment was merely a "temporary" one required by the exigencies of government operations. It opens the door to wholesale evasion of the FVRA through long-term, effectively permanent appointments.

Indeed, the Court of Appeals acknowledged that its interpretation "renders the FVRA's scope 'vanishingly small.'" Pet. App. 13a. The Federal Circuit found it "disquieting" that "the government views the FVRA as impacting such a 'very small subset of duties' and not impacting the PTO at all." *Id.* at 13a-14a. In practical terms, the Court of Appeals' ruling will effectively erase the FVRA's requirements for a vast swath of the Executive Branch. It will produce essentially the same results as the Department of Justice's pre-1998 position—rejected by Congress in the FVRA—that the head of an executive agency has inherent authority apart from the Vacancies Act to temporarily fill vacant offices.

The Federal Circuit's decision is wholly inconsistent with the principles of accountability that informed this Court's ruling in *Arthex*. This Court's remedy was designed to fulfill the purpose of the Appointments Clause by "reaffirm[ing] … the rule … that the exercise of executive power by inferior officers must at some level be subject to the direction and supervision of an officer nominated by the President and confirmed by the Senate." 141 S. Ct. at 1988. The Federal Circuit decision allowing the Commissioner of Patents to exercise the Director's authority to review PTAB decisions effectively

negates this Court's carefully crafted remedy to address the Appointments Clause violation. In addition, the Federal Circuit's decision runs counter to the interests of women and minority inventors.

CONCLUSION

The petition for writ of certiorari should be granted.

Respectfully submitted,

PAUL J. BERKS
MASSEY & GAIL LLP
50 E. Washington St.
Suite 400
Chicago, IL 60602
(312) 283-1590
pberks@masseygail.com

JONATHAN S. MASSEY
Counsel of Record
MASSEY & GAIL LLP
1000 Maine Ave. SW
Suite 450
Washington, D.C. 20024
Tel: (202) 652-4511
jmassey@masseygail.com

February 9, 2023