IN THE SUPREME COURT OF THE UNITED STATES

No. ____

ARTHREX, INC.,

Petitioner,

v.

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

Respondents.

APPLICATION FOR AN EXTENSION OF TIME IN WHICH TO FILE A PETITION FOR A WRIT OF CERTIORARI TO THE U.S. COURT OF APPEALS FOR THE FEDERAL CIRCUIT

To the Honorable John G. Roberts, Jr., Chief Justice of the United States and Circuit Justice for the Federal Circuit:

Petitioner Arthrex, Inc., respectfully requests a 60-day extension of time, to and including January 6, 2023, within which to file a petition for a writ of certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit in *Arthrex, Inc.* v. *Smith & Nephew, Inc.*, 35 F.4th 1328 (Fed. Cir. 2022). The court of appeals entered judgment on May 27, 2022. The court denied rehearing and rehearing en banc on August 11, 2022. Absent an extension, the petition for a writ of certiorari would be due November 9, 2022. Under this Court's Rule 13.5, this

application is being filed at least 10 days before that date. This Court has jurisdiction under 28 U.S.C. §1254(1). A copy of the court of appeals' opinion is attached as Exhibit 1. A copy of the court's denial of rehearing is attached as Exhibit 2.

Arthrex respectfully requests an extension of time of 60 days within which to file a petition for a writ of certiorari. The additional time is necessary to permit Arthrex to fully evaluate whether to file a petition for a writ of certiorari and, if a determination to file is made, to see to the petition's preparation and filing. Arthrex's counsel of record has also been heavily engaged with the press of other matters.

1. This Court has reviewed this case once before, in *United States* v. *Arthrex, Inc.*, 141 S. Ct. 1970 (2021). In that case, the Court held that administrative patent judges ("APJs") at the U.S. Patent and Trademark Office ("PTO") could not constitutionally enter final decisions unreviewable by any superior executive officer, and that granting them such authority was contrary to the Appointments Clause because APJs were appointed only as inferior rather than principal officers. *Id.* at 1985. To correct that defect, the Court ruled that APJ decisions must be reviewable by the PTO's Director, who is appointed by the President and confirmed by the Senate, as the Appointments Clause requires for principal officers. *Id.* at 1986-1988. The Court remanded the case to the PTO so Arthrex could seek that review by the PTO's Director or Acting Director. *Id.* at 1987-1988.

The case now returns to the Court following those proceedings on remand. Despite this Court's instructions, Arthrex was not able to seek review by any presidentially appointed, Senate-confirmed principal officer. Nor was Arthrex able to seek review even by an Acting Director. The Director's position was vacant, and the President had not appointed an Acting Director pursuant to the Federal Vacancies Reform Act ("FVRA"). Instead, Arthrex's petition was denied by the Commissioner for Patents, an inferior officer appointed by the Secretary of Commerce, who purported to exercise the Director's powers under an internal PTO organization plan. As a result, this case now presents a new important question of federal law: whether the Commissioner's exercise of authority was consistent with the FVRA.

2. The Federal Vacancies Reform Act sets forth "the exclusive means for temporarily authorizing an acting official to perform the functions and duties" of a vacant principal office. 5 U.S.C. §3347(a). If a principal officer "dies, resigns, or is otherwise unable to perform the functions and duties of the office," those functions and duties shall be performed by (1) the "first assistant to the office"; (2) another principal officer, if the President so directs; or (3) another high-level officer or employee in the same agency, if the President so directs. *Id.* §3345(a)(1)-(3). The statute defines "function or duty," in relevant part, as a function or duty that is "established by statute" and "required by statute to be performed by the applicable

officer (and only that officer)." *Id.* §3348(a)(2)(A). Actions taken in violation of the FVRA "shall have no force or effect." *Id.* §3348(d).

Congress enacted the FVRA to enforce the constitutional requirements of presidential nomination and Senate confirmation for principal officers, "a critical 'structural safeguard * * * of the constitutional scheme.'" *NLRB* v. *SW Gen., Inc.*, 137 S. Ct. 929, 935 (2017). Before Congress enacted the statute, the Executive Branch had taken the position that agencies could effectively select their own acting officers by delegating all of the agency head's authority to another officer in the event of a vacancy. See S. Rep. No. 105-250, at 3 (1998). Congress criticized that theory as "wholly lacking in logic, history, or language." *Ibid.* Congress enacted the FVRA to "foreclose[]" that approach by prescribing three specific methods for acting appointments. *Id.* at 17; see also Morton Rosenberg, Cong. Rsch. Serv., *The New Vacancies Act: Congress Acts To Protect the Senate's Confirmation Prerogative* 9 (Nov. 2, 1998) (statute "expressly negates the DOJ position").

Despite that clear statutory mandate, federal agencies have continued to rely on their general delegation authority to devise their own bespoke succession plans. This case involves one such effort by the Patent and Trademark Office. By statute, the PTO's powers and duties are vested in the Under Secretary of Commerce for Intellectual Property (the "Director"), who is "appointed by the President, by and with the advice and consent of the Senate." 35 U.S.C. §3(a)(1). In addition, the Secretary of Commerce appoints a Deputy Under Secretary (or "Deputy Director")

who "shall be vested with the authority to act in the capacity of the Director in the event of the absence or incapacity of the Director." *Id.* §3(b)(1). The statute does not address who runs the agency in the event of vacancies in *both* offices. The FVRA thus supplies the sole means for appointing an Acting Director in those circumstances.

As with most federal agencies, the PTO's organic statute grants the Director broad authority to delegate functions to other officers. See 35 U.S.C. §3(b)(3)(B) (Director may "delegate * * * such of the powers vested in the Office as the Director may determine"); Pub. L. No. 106-113, §4745, 113 Stat. 1501, 1501A-587 (1999) (Director "may delegate any of the functions so transferred to such officers and employees * * * as the official may designate"). In June 2002, the PTO invoked its delegation authority to promulgate its own succession plan in Agency Organization Order 45-1. The current version of that order, from November 2016, states: "If both the Under Secretary and the Deputy Under Secretary positions are vacant, the Commissioner for Patents and the Commissioner for Trademarks, in that order, will perform the non-exclusive functions and duties of the Under Secretary." Agency Organization Order 45-1 §II.D (Nov. 7, 2016) (reproduced at C.A. Dkt. 161-2).

When President Trump left office in January 2021, the Director and Deputy Director of the PTO both resigned. See Hailey Konnath, *USPTO Deputy Director Laura Peter Resigns, Following Iancu*, Law360, Jan. 20, 2021. Commissioner for Patents Drew Hirshfeld purported to assume the Director's authority. *Ibid.*

Commissioner Hirshfeld has never been nominated by the President or confirmed by the Senate; he was appointed by the Secretary of Commerce. 35 U.S.C. §3(b)(2)(A). Nor was Commissioner Hirshfeld appointed "Acting Director" by any of the three methods in the FVRA. U.S. C.A. Supp. Br. 17. Instead, Commissioner Hirshfeld performed all of the Director's functions and duties pursuant to the PTO's regulatory delegation in Agency Organization Order 45-1. *Id.* at 12. Commissioner Hirshfeld held that role for nearly fifteen months, until the Senate confirmed Kathi Vidal as Director in April 2022. 168 Cong. Rec. S1987 (Apr. 5, 2022).

3. This case concerns whether Commissioner Hirshfeld could exercise the Director's powers—effectively cancelling a patent previously issued by a presidentially appointed, Senate-confirmed Director—consistent with the Federal Vacancies Reform Act.

a. Arthrex is a pioneer in the field of arthroscopy and a leading developer of medical devices and procedures for orthopedic surgery. Arthrex's U.S. Patent No. 9,179,907 (the "'907 patent"), issued in 2015, covers a novel surgical device for reattaching soft tissue to bone. Ex. 1 at 19; C.A. App. 559. After Arthrex sued its competitor Smith & Nephew for infringing the patent, Smith & Nephew petitioned for inter partes review. Ex. 1 at 1. A panel of administrative patent judges on the PTO's Patent Trial and Appeal Board held the patent invalid. *Id.* at 2.

b. The Federal Circuit vacated and remanded, holding that the Board lacked authority to decide the dispute because its members had not been appointed

as principal officers consistent with the Appointments Clause. *Arthrex, Inc.* v. *Smith & Nephew, Inc.*, 941 F.3d 1320, 1340 (Fed. Cir. 2019). Under the Appointments Clause, the President "shall nominate, and by and with the Advice and Consent of the Senate, shall appoint * * * Officers of the United States." U.S. Const. art. II, §2. Congress, however, can "vest the Appointment of such inferior Officers, as they think proper, in the President alone, in the Courts of Law, or in the Heads of Departments." *Ibid.* The court of appeals held that the Board's APJs, although appointed only as inferior officers, wielded the power of principal officers—among other things, they issued final agency decisions that were not reviewable by any superior executive officer. 941 F.3d at 1327-1335. The court attempted to remedy that violation by severing the restrictions on the Secretary's power to remove APJs from office. *Id.* at 1338.

c. This Court granted review. *United States* v. *Arthrex, Inc.*, 141 S. Ct. 549 (2020). The Court agreed with the court of appeals that "the unreviewable authority wielded by APJs during inter partes review is incompatible with their appointment by the Secretary to an inferior office." *United States* v. *Arthrex, Inc.*, 141 S. Ct. 1970, 1985 (2021). But the Court held that the appropriate remedy was to sever the statutory provisions that prevented the PTO Director from single-handedly reviewing Board decisions. *Id.* at 1986-1987. "[T]he exercise of executive power by inferior officers," the Court reasoned, "must at some level be subject to the direction and supervision of an officer nominated by the President and confirmed

by the Senate." *Id.* at 1988. The Court remanded the case so Arthrex could seek Director review, explaining that "a limited remand to the Director provides an adequate opportunity for review by a principal officer." *Id.* at 1987-1988.

3. Following this Court's decision, the Federal Circuit stayed the pending appeal and ordered a limited remand so Arthrex could seek Director review of the Board's decision. C.A. Dkt. 144.

a. Arthrex petitioned for Director review. At the time, however, the positions of Director and Deputy Director were both vacant. As explained above, Commissioner Hirshfeld, who was appointed only as an inferior officer, purported to exercise the Director's authority under the PTO's internal organization plan. Arthrex disputed whether Commissioner Hirshfeld—who was neither a principal officer nor even an "Acting Director"—could rule on its petition consistent with the Federal Vacancies Reform Act. C.A. Dkt. 160 Ex. B at 14-15. Commissioner Hirshfeld summarily denied the petition. C.A. Dkt. 160 Ex. A.

b. The Federal Circuit then reinstated the appeal. C.A. Dkt. 152. On May 27, 2022, the court affirmed the Board's decision. Ex. 1. The court rejected Arthrex's argument that the FVRA precluded the Commissioner from exercising the Director's authority. The court observed that the statutory term "function or duty" includes only a function or duty "required * * * to be performed by the applicable officer (and only that officer)." 5 U.S.C. §3348(a)(2)(A). Ex. 1 at 9-10.

Relying on that provision, the court held that the FVRA "does not apply to delegable functions and duties." *Id.* at 10.

The court rejected Arthrex's argument that its construction violated the FVRA's mandate that the three statutory procedures are "the exclusive means for temporarily authorizing an acting official to perform the functions and duties" of a vacant principal office. 5 U.S.C. §3347(a). Arthrex urged that, even if the FVRA may permit other officers to perform non-exclusive duties or functions pursuant to ordinary-course delegations, that does not mean that an agency can use its delegation authority to prescribe its own succession plan by delegating *all* of an agency head's authority to another officer *solely* in the event of a vacancy. Arthrex C.A. Supp. Br. 20-21. It is *that specific use* of the delegation power that runs afoul of the statute's command that the FVRA sets forth "the *exclusive means* for temporarily authorizing an acting official to perform the functions and duties" of a vacant principal office. 5 U.S.C. §3347(a) (emphasis added). The court of appeals nonetheless held that "[the] statutory language is unambiguous: the FVRA applies only to functions and duties that a [presidentially appointed, Senate-confirmed] officer alone is permitted by statute or regulation to perform"—even where an agency uses its delegation authority to transfer *all* of the agency head's functions and duties to a temporary officer *solely* in the event of a vacancy. Ex. 1 at 10.

The court of appeals agreed with Arthrex that "this reading of §3348(a)(2) renders the FVRA's scope 'vanishingly small.'" Ex. 1 at 12. "The government

readily admits that only 'a very small subset of duties' are non-delegable." *Ibid.* "The Department of Justice agrees: 'Most, and in many cases all, the responsibilities performed by a [principal] officer will not be exclusive.'" *Ibid.* (quoting *Guidance on Application of Federal Vacancies Reform Act of 1998*, 23 Op. O.L.C. 60, 72 (1999)). "Pertinent here, the government contends that the FVRA imposes no constraints whatsoever on the PTO because all the Director's duties are delegable." *Ibid.* The court 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 13. Nonetheless, the court deemed its interpretation compelled by the "plain language of the statute." *Ibid.*

The court of appeals then turned to whether "reviewing rehearing requests is a delegable duty of the Director or a duty that the Director, and only the Director, must perform." Ex. 1 at 15. Observing that "[t]he Patent Act bestows upon the Director a general power to delegate," the court held that "this discretion includes the discretion to delegate review of rehearing requests." *Ibid.* Because "[t]he FVRA does not restrict who may perform the delegable functions and duties of an absent [principal] officer," "the Commissioner's order denying Arthrex's rehearing request on the Director's behalf did not violate the FVRA." *Id.* at 17.[1]

[1] The court of appeals likewise rejected Arthrex's arguments that Commissioner Hirshfeld lacked authority to rule on its petition under the Appointments Clause and the separation of powers. Ex. 1 at 4-9, 17-18. It also rejected Arthrex's challenge to

c. On August 11, 2022, the court of appeals denied rehearing and rehearing en banc. Ex. 2.

4. Arthrex respectfully requests an extension of time of 60 days within which to file a petition for a writ of certiorari. This case presents important questions of federal law concerning the proper construction of the Federal Vacancies Reform Act. The court of appeals recognized that, because virtually all federal agencies have broad delegation authority, its construction "renders the FVRA's scope 'vanishingly small.'" Ex. 1 at 12. That interpretation is more than just "disquieting." *Id.* at 13. It drains the statute of all practical effect. The government's widespread use of regulatory delegations to evade the FVRA's appointment mechanisms has been controversial for years. *See, e.g.*, *Bullock* v. *U.S. Bureau of Land Mgmt.*, 489 F. Supp. 3d 1112, 1128-1129 (D. Mont. 2020); *L.M.-M.* v. *Cuccinelli*, 442 F. Supp. 3d 1, 29-34 (D.D.C. 2020); Nina A. Mendelson, *The Permissibility of Acting Officials: May the President Work Around Senate Confirmation?*, 72 Admin. L. Rev. 533, 560-561 (2020).

Arthrex is still evaluating whether to seek further review of the court of appeals' decision. Additional time is required to complete that evaluation and, in the event a decision to file a petition is made, to see to the petition's preparation and

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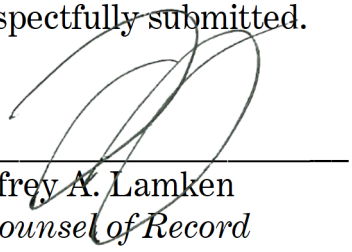
the Board's patentability ruling, applying the deferential "substantial evidence" standard that governs the court's review of Board rulings. *Id.* at 19.

filing. Arthrex's counsel of record, moreover, has been heavily engaged with the press of other matters.[2]

Accordingly, Arthrex respectfully requests an extension of time of 60 days within which to file a petition for a writ of certiorari.

[2] Those matters include a response brief in *VLSI Technology LLC* v. *Intel Corp.*, No. 22-1906, due on November 14, 2022; oral argument before the U.S. Court of Appeals for the Ninth Circuit in *Miller Law Firm LLC* v. *Laborde Earles Law Firm*, No. 21-16228, on October 20, 2022; a supplemental brief on a petition for a writ of certiorari in *Abitron Austria GmbH* v. *Hetronic International, Inc.*, No. 21-1043, filed on October 13, 2022; oral argument in this Court in *National Pork Producers Council* v. *Ross*, No. 21-468, on October 11, 2022; a supplemental brief on a petition for a writ of certiorari in *Amgen Inc.* v. *Sanofi*, No. 21-757, filed on October 4, 2022; an opening brief in the U.S. Court of Appeals for the Federal Circuit in *Regents of the University of California* v. *Broad Institute, Inc.*, Nos. 22-1594 & 22-1653, filed on September 30, 2022; oral argument before the U.S. Court of Appeals for the Third Circuit in *In re LTL Management LLC*, No. 22-2003, on September 19, 2022; oral argument before the U.S. Court of Appeals for the Federal Circuit in *VirnetX Inc.* v. *Apple Inc.*, No. 21-1672, on September 8, 2022; and oral argument before the U.S. Court of Appeals for the Federal Circuit in *Uniloc USA, Inc.* v. *Motorola Mobility LLC*, No. 21-1555, and *Uniloc 2017 LLC* v. *Google LLC*, No. 21-1498, on September 6, 2022.

Respectfully submitted.



Jeffrey A. Lamken
Counsel of Record
MOLOLAMKEN LLP
The Watergate, Suite 500
600 New Hampshire Ave., N.W.
Washington, D.C. 20037
(202) 556-2000
jlamken@mololamken.com

Counsel for Petitioner

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