

NYIPLA URGES FEDERAL CIRCUIT TO REVIEW *ARTHREX EN BANC*

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On December 30, 2019, the New York Intellectual Property Law Association (“NYIPLA”) filed an amicus brief in support of a petition by the Intervenor United States for en banc review by the Federal Circuit in *Arthrex Inc. v. Smith & Nephew Inc.*, No. 18-2140. The *Arthrex* panel decision addressed whether administrative patent judges (“APJs”) serving on the PTAB were appointed in violation of the Appointments Clause in Article II, Section 2, Clause 2 of the United States Constitution. The panel held that APJs are “principal officers of the United States” under the Patent Act (Title 35) as it has been enacted and structured. As such, the appointment of APJs by the Secretary of Commerce was held to be a constitutional violation. To “fix” the constitutional defect, the panel severed the portion of the Patent Act restricting removal of the APJs only “for cause,” thus purportedly rendering APJs “inferior officers” going forward and remedying the constitutional appointment problem.

Significantly, all parties to this action, including the United States as the Intervenor, sought review of the panel decision by the full Federal Circuit in three separate petitions for rehearing or rehearing *en banc* filed earlier this month.

In its brief, the NYIPLA did not take a position on the merits, but urged the full court to “grant *en banc* review of this case and adopt the formulation of the issues as presented by the United States in its Petition, namely:”

1. Whether the administrative patent judges of the Patent Trial and Appeal Board are inferior officers of the United States under the Appointments Clause, U.S. CONST. art. II, § 2, cl. 2, such that Congress permissibly vested their appointments in a department head, rather than principal officers who must be nominated by the President and confirmed by the Senate.
2. Whether this Court should entertain an Appointments Clause challenge a litigant forfeited by failing to raise it before the agency.
3. How to remedy any Appointments Clause defect in the Patent Trial and Appeal Board.

The NYIPLA believes that each of the issues raised by the United States in its Petition are the subject of substantial debate and should be addressed by the full Court.

First, while there is no dispute that APJs are “officer of the United States,” a significant debate has erupted following *Arthrex* as to whether the APJs are “principal officers,” requiring appointment by the President with the advice and consent of the Senate, or “inferior officers” who may be appointed by the Secretary of Commerce. The NYIPLA pointed out that all Supreme Court cases relied upon by the federal circuit panel “have concluded that the officers in question [in those cases] were ‘inferior officers’ under the Appointments Clause.”

Second, even if APJs were properly held to be “principal” officers, the NYIPLA questioned “whether the Opinion’s solution is a proper and adequate remedy to the alleged Appointments Clause defect.” The NYIPLA argued that, since *Arthrex*, a disagreement has arisen within the Federal Circuit itself as to “whether the act was properly severed and applied prospectively, and, if so, whether it should also be applied retrospectively.”

Third, the NYIPLA urged the full Federal Circuit to confirm “where and when a party must raise an Appointments Clause challenge in order for it to be heard, for the efficient administration of justice.” The NYIPLA pointed out the apparent confusion as to which Appointments Clause challenges are properly raised by the parties to be adjudicated, and argued that the Court should “provide guidance for litigants (and the PTAB) on the proper means and timing to raise the Appointments Clause challenges.”

Thus, the NYIPLA argued: “The Opinion raises important issues at the heart of practice before the PTAB and has the potential to affect numerous PTAB decisions and this Court’s determinations of appeals....Prompt, efficient resolution of the issues presented is warranted and requires an analysis by the Court as a whole.”