2018-2140

United States Court of Appeals
for the Federal Circuit

Arthrex, Inc.,

Appellant

v.

Smith & Nephew, Inc. and ArthroCare Corp.,

Appellees

United States,

Intervenor

Appeal from the U.S. Patent & Trademark Office, Patent Trial and Appeal Board, *Inter Partes* Review No. 2017-00275

APPELLANT ARTHREX, INC.'S RESPONSE TO THE GOVERNMENT'S AND SMITH & NEPHEW'S PETITIONS FOR REHEARING *EN BANC*

Jeffrey A. Lamken
Robert K. Kry
600 New Hampshire Ave NW
Washington, D.C.
Telephone: (202) 556-2010
Facsimile: (202) 556-2001
jlamken@molomanken.com
rkry@ molomanken.com

Anthony P. Cho
David Gaskey
Jessica Fleetham
David L. Atallah
400 West Maple Road, Suite 350
Birmingham, MI 48009
Telephone: (248) 988-8360
Facsimile: (248) 988-8363
acho@cgolaw.com
dgaskey@cgloaw.com
jfleetham@cgolaw.com
datallah@cgolaw.com

Attorneys for Appellant, Arthrex, Inc.

CERTIFICATE OF INTEREST

Counsel for Appellant certifies the following:

1. The full name of every party represented by me is:

   Arthrex, Inc.

2. The names of the real party in interest represented by me is:

   Arthrex, Inc.

3. There are no parent corporations and any publicly held companies that own 10 percent of the stock of the parties represented by me.

4. The names of all law firms and the partners or associates that appeared for the party or amicus now represented by me in the trial court or agency or are expected to appear in this Court (and who have not or will not enter an appearance in this case) are:

   Carlson, Gaskey & Olds, P.C., Anthony P. Cho, David J. Gaskey, David L. Atallah, Jessica Zilberberg and Timothy J. Murphy

5. The title and number of any case known to me to be pending in this or any other court or agency that will directly affect or be directly affected by this court's decision in the pending appeal: Counsel for appellant are aware of two other cases with pending petitions that present issues similar to those in this petition: *Uniloc 2017 LLC v. Facebook, Inc.*, No. 2018-2251 (Fed. Cir. Dec. 2, 2019), and

Rovi Guides, Inc. v. Comcast Cable Commc'ns, LLC, No. 2019-1293 (Fed. Cir. Dec. 12, 2019). Counsel are also aware of three other pending petitions concerning relevant remedial issues: *Bedgear, LLC v. Fredman Bros. Furniture Co.*, No. 2018-2170 (Fed. Cir. Nov. 8, 2019); *Customedia Techs., LLC v. Dish Network Corp.*, No. 2019-1001 (Fed. Cir. Nov. 21, 2019); and Bosto*n Scientific Neuromodulation Corp. v. Nevro Corp.*, No. 2019-1582 (Fed. Cir. Dec. 6, 2019). Other appeals from PTAB final written decisions or proceedings pending before the PTAB or may also be affected by the panel's decision.

CARLSON, GASKEY & OLDS, P.C.

Dated: January 17, 2020

/s/ Anthony P. Cho
Anthony P. Cho
CARLSON, GASKEY & OLDS, P.C.
Attorneys for Appellant, Arthrex, Inc.

TABLE OF CONTENTS

CERTIFICATE OF INTEREST i
TABLE OF AUTHORITIES iv
I. INTRODUCTION 1
II. ARGUMENT 2
A. The Panel Correctly Held That APJs Are Principal Officers 2
1. The Absence of Review Supports Principal Officer Status 2
2. There Are Substantial Restrictions on Removal 4
3. The Government Overstates the Director's Supervision 8
B. Arthrex Timely Raised Its Appointments Clause Challenge 10
C. The Panel's Remedial Ruling Is Contrary to Congressional Intent and Insufficient To Cure the Defect 12
1. The Tenure Protections Are Not Severable 13
2. Severance Is Insufficient To Remedy the Violation 14
3. Any New Hearing Must Be Before a Different Panel 14
III. CONCLUSION 16

TABLE OF AUTHORITIES

Cases .... **Page(s)**

Arthrex, Inc. v. Smith & Nephew, Inc.,
941 F.3d 1320 (Fed. Cir. 2019) .... passim

Bedgear, LLC v. Fredman Bros. Furniture Co.,
783 F. App'x 1029 (Fed. Cir. 2019) 15

Bowsher v. Synar,
478 U.S. 714 (1986) 6, 13

DOT v. Ass'n of Am R.R.,
575 U.S. 43 (2015) 14

Edmond v. United States,
520 U.S. 651 (1997) 2, 3, 7, 14

Free Enter. Fund v. Pub. Co. Accounting Oversight Bd.,
561 U.S. 477 (2010) 6, 8

Freytag v. Comm'r,
501 U.S. 868 (1991) 3

Humphrey's Ex'r v. United States,
295 U.S. 602 (1935) 7

In re DBC,
545 F.3d 1373 (Fed. Cir. 2008) 11

Jones Bros., Inc. v. Sec'y of Labor,
898 F.3d 669 (6th Cir. 2018) 12

Lucia v. SEC,
138 S. Ct. 2044 (2018) 3, 14

Myers v. United States,
272 U.S. 52 (1926)....................4

Reynoldsville Casket Co. v. Hyde,
514 U.S. 749 (1995)....................16

Shoaf v. Dep't of Agric.,
260 F.3d 1336 (Fed. Cir. 2001)....................6

Tokyo Kikai Seisakusho, Ltd. v. United States,
529 F.3d 1352 (Fed. Cir. 2008)....................8

Utica Packing Co. v. Block,
781 F.2d 71 (6th Cir. 1986)....................5

Statutes ....Page(s)

26 U.S.C.S. § 7443A(c)....................3

5 U.S.C. § 7512....................7

5 U.S.C. § 7513(a)....................7

35 U.S.C. § 3(a)....................9

35 U.S.C. § 6(c)....................8

Other Authorities ....Page(s)

Ronald A. Cass, *Agency Review of Administrative Law Judges' Decisions*, in Admin. Conf. of the U.S., Recommendations & Reports 115 (1983)....................4

The Patent Trial and Appeal Board and the Appointments Clause: Hearing Before the Subcomm. on Courts, Intellectual Property, and the Internet of the H. Comm. on the Judiciary, 116th Cong. (Nov. 19, 2019), available at https://docs.house.gov/meetings/JU/JU03/20191119/110260/HHRG-116-JU03-Wstate-DuffyJ-20191119.pdf. 10

I. INTRODUCTION

The *Arthrex* panel correctly found APJs to be principal officers under the Appointments Clause. But the panel adopted a remedy that is both contrary to congressional intent and insufficient to cure the problem. Congress plainly intended APJs to be independent and impartial decisionmakers – an intent that is frustrated by stripping their tenure protections so they can be removed for policy disagreements, political reasons, or no reason at all. Moreover, severing their protections fails to render APJs inferior officers because no principal executive officer has power to independently review their decisions. Rather than severing their tenure protections, the panel should have dismissed these IPRs and allowed Congress to remedy the defect as it sees fit – including by providing for appointment of APJs consistent with their principal officer status.

Accordingly, if the Court grants rehearing *en banc* to address the questions in the Government's and Smith & Nephew's ("S&N") petitions, it should also grant rehearing of the following questions:

(i) Whether the statutory tenure protections for APJs are severable from the statute, consistent with congressional intent.

(ii) Whether severing APJs' tenure protections is sufficient to render them inferior officers given that their decisions are still not reviewable by any principal executive officer.

The Court should set a briefing schedule so all interested parties can weigh in.

II. ARGUMENT

A. The Panel Correctly Held That APJs Are Principal Officers

S&N and the Government contend that the panel erred in finding that APJs are principal officers. But that conclusion was plainly correct.

1. The Absence of Review Supports Principal Officer Status

Neither S&N nor the Government can refute that APJs' final written decisions are ***totally unreviewable*** by any principal executive officer: There is no principal officer in the Executive Branch who can single-handedly modify, vacate, or reverse their decisions. As the panel explained:

> [T]he Director does not have the sole authority to review or vacate any decision by a panel of APJs. He can only convene a panel of Board members to decide whether to rehear a case for the purpose of deciding whether it should be precedential.

Arthrex, Inc. v. Smith & Nephew, Inc., 941 F.3d 1320, 1330 (Fed. Cir. 2019) (emphasis omitted). Even when the Director sits on a panel, "he is serving as a member of the Board, not supervising the Board." *Id.*

That absence of review is critical. In *Edmond v. United States*, 520 U.S. 651 (1997), the Court stressed the importance of review even where judges are subject to supervision and removable from their judicial assignment at will:

> What is significant is that the judges of the Court of Criminal Appeals have no power to render a final decision on behalf of the United States unless permitted to do so by other executive officers.

520 U.S. at 665. The Court contrasted the judges with Tax Court judges whose "decisions are appealable only to courts of the Third Branch" – just like the APJ decisions here. *Id.* at 666. That discussion would have been unnecessary if supervision and removal authority alone were sufficient.

S&N claims that "other front-line adjudicators issue final decisions." S&N Pet. 15. But the Supreme Court has never held someone to be an inferior officer where their decisions were not reviewable by any principal executive officer. The decisions in *Edmond* were reviewable by the Court of Appeals for the Armed Forces, another Executive Branch agency. 520 U.S. at 664-65. The decisions in *Lucia* were reviewable by the Securities and Exchange Commission. *Lucia v. SEC*, 138 S. Ct. 2044, 2049 (2018). S&N contends that the special trial judges in *Freytag* "had the power in certain situations to 'definitely resolve a case for the Tax Court.'" S&N Pet. 15. But even those decisions were subject to review by the agency. *See* 26 U.S.C.S. § 7443A(c) (decisions were "subject to such conditions and review as the [Tax Court] may provide"), cited in *Freytag v. Comm'r*, 501 U.S. 868, 882 (1991). APJs are principal officers, not just because they issue "final decisions," but because their decisions are ***not reviewable by any principal executive officer***.

S&N argues that it would have been "untenable in 1787 (much less 2019) to prohibit inferior officers from rendering 'final' decisions unless Executive Branch principal officers could review every such decision." S&N Pet. 15. That is not

"untenable" at all – it is precisely how ALJs function in most other agencies. *See* Ronald A. Cass, *Agency Review of Administrative Law Judges' Decisions*, in Admin. Conf. of the U.S., Recommendations & Reports 115, 116, 201-16 (1983). What is truly anomalous is the regime Congress created here, where purportedly low-level inferior officers adjudicate important property rights with no review by principal executive officers at all.

2. There Are Substantial Restrictions on Removal

The panel also properly relied on the sharp limits on removal. The Government and S&N fault the panel for focusing on the Secretary of Commerce's power to remove APJs from federal service for cause, and not the Director's allegedly unrestrained power to remove them from their IPR assignments. Gov't Pet. 6-9; S&N Pet. 14. But that claimed power does not exist, and even if it did, it would be a poor substitute.

As the panel noted, there are serious doubts that "Congress intended panels once designated to be able to be de-designated." *Arthrex*, 941 F.3d at 1332, n.3. No statute grants the Director that authority. The Government claims that *Myers v. United States*, 272 U.S. 52 (1926), supports its position because that case holds that the power to appoint implies the power to remove. But the panel correctly recognized that this is a flawed analogy:

> To be sure, *someone* must have the power to remove an officer from government service, so when a statute is silent about removal, we presume that the person who appoints the officer to office has the power to remove him. But it is not clear that Congress intended panels once designated to be able to be de-designated. Such a conclusion could run afoul of Congress' goal of speedy resolution through "quick and cost effective alternatives to litigation."

Arthrex, 941 F.3d at 1332 n.3 (quoting H.R. Rep. No. 112-98, pt. 1, at 48 (2011)). The government has no response.

Even if the Director had some general authority to de-designate APJs, there are obvious Due Process and APA limitations on de-designating an APJ from an ongoing case to influence its outcome. *See, e.g.*, *Utica Packing Co. v. Block*, 781 F.2d 71, 78 (6th Cir. 1986) (holding that the Secretary of Agriculture's reassignment of a case to a different judicial officer violated "due process clause guarantees" and that "[s]uch manipulation of a judicial, or quasi-judicial, system cannot be permitted"). The panel recognized those problems. *Arthrex,* 941 F.3d at 1332 n.3 (noting that "this type of mid-case de-designation of an APJ [may] create a Due Process problem"). Even S&N agrees that "APA or due process concerns might deter the Director from demanding ***different*** final decisions." S&N Pet. 12. The Government does not explain how the Director's supposed "de-designation" authority is an effective means of control where constitutional and statutory constraints sharply limit its use.

The Government claims that the Director could "choose to ***never*** assign a particular judge to any panel, effectively removing that judge from Board service" entirely. Gov't Pet. 7. But there are obvious legal problems with that approach too. Permanently stripping an officer of all of his work duties may constitute a constructive discharge. *See, e.g.*, *Shoaf v. Dep't of Agric.,* 260 F.3d 1336, 1343 (Fed. Cir. 2001) (Rader, R., concurring) (agency "deliberately idled and forced the retirement" of a federal employee). The Director cannot evade Congress's limitations on ***actual*** removal by ***constructively*** removing officers instead.

Even if the Director did have at-will authority to perpetually relieve APJs of their judicial duties, that power would still be a poor substitute for actual removal authority. Removal power matters because the ***threat*** of losing one's job is a potent mechanism of control. *See Bowsher v. Synar*, 478 U.S. 714, 726 (1986) ("Once an officer is appointed, it is only the authority that can remove him… that he must fear and, in the performance of his functions, obey.") The prospect of not being designated to IPR panels does not have the same potency. Some less-than-diligent officers may even welcome what amounts to a paid permanent vacation. For that reason too, the Government's claimed authority is no substitute for actual removal power. *Cf. Free Enter. Fund v. Pub. Co. Accounting Oversight Bd.*, 561 U.S. 477, 504 (2010) ("Broad power over Board ***functions*** is not equivalent to the power to remove Board ***members***.")

Edmond's reliance on the Judge Advocate General's authority to remove a judge from his "judicial assignment" does not support the Government's position. 520 U.S. at 664. *Edmond* relied on that power as one of several factors and never held that it was equivalent to the power to remove someone from federal service. *Id.* The qualified removal power in *Edmond* was sufficient to render judges inferior officers when combined with the other facts of that case, which included meaningful review of the judges' decisions. That does not mean the factor has the same effect here in the absence of independent review by a principal officer.

Apparently recognizing that its judicial assignment theory might not carry the day, the Government accuses the panel of understating the Secretary's power to remove APJs from federal service. The Government urges that the Secretary can remove APJs "for any reason that 'promote[s] the efficiency of the service,'" a standard that supposedly "poses no barrier to political accountability." Gov't Pet. 8. But the statute expressly prescribes a ***for cause*** standard: The Secretary can remove an APJ only "***for such cause*** as will promote the efficiency of the service." 5 U.S.C. §7513(a) (emphasis added); *see also* 5 U.S.C. §7512 (reduction in pay, suspension, and demotion similarly require "cause" under §7513(a)). The officers in *Humphrey's Executor* were removable for "inefficiency," yet courts have traditionally understood that to be a strict standard. *See Humphrey's Ex'r v. United States*, 295 U.S. 602, 623 (1935) ("inefficiency, neglect of duty, or malfeasance in office"); *see also Free*

Enter., 561 U.S. at 549-55 (treating "inefficiency, neglect of duty, or malfeasance in office" as "for cause" standard).

The notion that ***civil service protections*** are some minimal barrier permitting easy removal is simply not realistic. And the fact that APJs are removable for cause only by the Secretary of Commerce – not by the Director who allegedly supervises their work – only underscores that this is an attenuated and ineffective mechanism of control.

3. The Government Overstates the Director's Supervision

The Government contends that the Panel gave insufficient weight to the Director's "supervisory" authority. Gov't Pet. 9-10. But those powers do not nearly make up for the sharp limits on removal and review.

The Government points to the Director's authority to institute an IPR and his purported authority to vacate an IPR once instituted. Gov't Pet. 9-10. As the panel explained, "the Director's power to institute (*ex ante*) is [no] form of review (*ex post*)." *Arthrex*, 941 F.3d at 1330. And vacating an IPR simply because the Director disagrees with an anticipated panel decision would not only run afoul of Due Process and APA principles but also improperly bypass the statutory rehearing procedures. 35 U.S.C. § 6(c); *see Tokyo Kikai Seisakusho, Ltd. v. United States*, 529 F.3d 1352, 1361 (Fed. Cir. 2008) (agency may not exercise inherent power to reconsider "in a manner that is contrary to [the] statute").

In any case, the power to ***prevent*** a decision from issuing is not the same as ensuring that a ***correct*** decision issues – something an agency can normally do through its review power. That is especially true in the absence of any requirement for review and approval before a decision issues. And the Director's power to institute or vacate an IPR is simply not an effective means of incentivizing a particular APJ to do his job diligently and effectively.

The Government also claims that the Director could issue binding policy guidance and then *sua sponte* convene a Precedential Opinion Panel to decide a case consistent with that guidance. Gov't Pet. 10. But the Director's generic authority to "provid[e] policy direction… for the Office" does not include the power to issue "policy guidance" about how a specific case should be decided. *See* 35 U.S.C. § 3(a). The same Due Process and APA constraints that prevent the Director from trying to dictate outcomes by threatening to de-designate APJs foreclose this scheme too.

The panel thus properly concluded that none of the Director's supposed supervisory powers counteracts the sharp limits on removal and the complete absence of review by any principal officer in the agency.[1]

---

[1] S&N claims the panel adopted a "rigid three-part test" focusing on supervision, review, and removal. S&N Pet. 13. It did no such thing. It stated: "We do not mean to suggest that the three factors discussed are the only factors to be considered. However, other factors which have favored the conclusion that an officer is an inferior officer are completely absent here." *Arthrex*, 941 F.3d at 1334. S&N also relies on Professor Duffy's 2007 article describing APJs as "inferior officers." S&N

B. Arthrex Timely Raised Its Appointments Clause Challenge

The Government argues that the panel never should have reached the Appointments Clause issue because Arthrex forfeited the challenge by not raising it before the Board. Gov't Pet. 11-14. The whole premise of that argument is wrong: As the panel found, Arthrex did ***not*** forfeit its challenge – it timely raised the claim in the first forum capable of granting relief. This case therefore does not present the forfeiture issue on which the Government seeks *en banc* review, and that question should not be included among the questions in any *en banc* order.

To be sure, the panel observed that it had discretion to reach this important issue even if it was not timely raised. *Arthrex*, 941 F.3d at 1326-27. But the panel also separately held that this issue ***was*** timely raised: "We agree with Arthrex that its Appointments Clause challenge was ***properly and timely raised before the first body capable of providing it with the relief sought***…" *Id.* at 1339 (emphasis added). The panel cited numerous cases for the proposition that a party need not raise a constitutional claim before an agency that lacks authority to consider it. *Id.* It

---

Pet. 16-17. But that article was written before the AIA. More recently, Professor Duffy testified before Congress that the increased power of APJs under the AIA and their statutory tenure protections make it harder to maintain that APJs are inferior officers. *See The Patent Trial and Appeal Board and the Appointments Clause: Hearing Before the Subcomm. on Courts, Intellectual Property, and the Internet of the H. Comm. on the Judiciary*, 116th Cong. (Nov. 19, 2019) (testimony of Prof. John Duffy at 5-6), available at https://docs.house.gov/meetings/JU/JU03/20191119/110260/HHRG-116-JU03-Wstate-DuffyJ-20191119.pdf.

observed that the PTAB lacked authority to consider Arthrex's claim and had expressly ***refused to consider*** such claims in other cases. *Id.* The panel thus "agree[d] with Arthrex that the Board was not capable of providing any meaningful relief to this type of Constitutional challenge and it would therefore have been futile for Arthrex to have made the challenge there." *Id.*; *see also id.* at 1327 (noting that "the Board could not have corrected the problem"). Because Arthrex's challenge was timely, the panel's ruling about its discretion to excuse a forfeiture ended up making no difference. A court's authority to excuse forfeiture is irrelevant where no forfeiture occurred.

The Government claims the panel's decision is inconsistent with *In re DBC*, 545 F.3d 1373 (Fed. Cir. 2008). Gov't Pet. 11. But the panel explained why that is not so. In *DBC*, the only claim at issue was a challenge to certain APJs appointed by the Director rather than the Secretary of Commerce. *Arthrex*, 941 F.3d at 1339-40. There were many APJs appointed by the Secretary available to hear the case, and thus the agency could have avoided the issue simply by assigning different APJs. *Id.* That is not an option here.

The Government argues that the Director could have granted meaningful relief by vacating the IPR. Gov't Pet. 13. But even if that power exists, the Government ignores the many cases holding that agencies may not declare their own enabling statutes unconstitutional. *See Arthrex*, 941 F.3d at 1339; *e.g.*, *Jones Bros.*,

Inc. v. Sec'y of Labor, 898 F.3d 669, 673 (6th Cir. 2018) ("An administrative agency may not invalidate the statute from which it derives its existence and that it is charged with implementing."). Because the agency cannot declare its own enabling statute unconstitutional, the Director cannot vacate an IPR on that basis, for the same reason an APJ cannot grant relief on that basis. The agency lacks authority to decide the issue.[2]

C. The Panel's Remedial Ruling Is Contrary to Congressional Intent and Insufficient To Cure the Defect

While the panel correctly found an Appointments Clause violation and rejected the Government's forfeiture argument, it erred in severing the APJs' tenure protections as a remedy. Congress clearly intended APJs to be independent and impartial decisionmakers and would not have enacted a regime in which important property rights could be revoked by political actors for policy reasons. Moreover, severing removal restrictions does not even solve the problem because the absence of meaningful review still makes APJs principal officers.

[2] The Government accuses Arthrex of "sandbagging" by not raising a futile argument before the Board. Gov't Br. 12. That accusation makes no sense. Prior to *Lucia*, Arthrex had no reason to know it could obtain a new hearing before a different panel. Arthrex had no reason to hold back an argument that likely would have resulted in a hollow remedy – a new hearing before the same panel.

1. The Tenure Protections Are Not Severable

As Arthrex explained in its own petition, a court may not remedy a violation by severing removal restrictions if "striking the removal provisions would lead to a statute that Congress would probably have refused to adopt." *Bowsher*, 478 U.S. at 735. That is the situation here. Congress has recognized for decades that independence and impartiality are essential attributes for agency adjudicators. Arthrex Pet. 9-10. Congress plainly intended to adopt that model in the AIA. *Id.* at 7-8. Following the panel's decision, Members of Congress have expressed grave doubts about the regime that emerged from the panel's decision. *Id.* at 13-14 (quoting, *inter alia*, Rep. Johnson: "I find it inconsistent with the idea of creating an adjudicatory body to have judges who have no job security.").

The petitions and amicus briefs only underscore those concerns. S&N acknowledges that "the panel's severance of APJs' removal protections raises questions under the APA and the Due Process Clause." S&N Pet. 18. The New York Intellectual Property Law Association questions "whether the way that the panel severed the statute is an improper judicially promulgated rewrite of the statute," "whether such severance is consistent with Congressional intent," and even "whether such severance is consistent with labor laws and union contracts with the PTO in general." NYIPLA Br. 8. There is thus broad consensus that severance is a substantial and important question that should be included in any *en banc* review.

2. Severance Is Insufficient To Remedy the Violation

The panel also erred in concluding that severance was sufficient to cure the problem. As Arthrex explained, the ability to review an officer's decisions is not just relevant but an indispensable ingredient of inferior officer status. Arthrex Pet. 14-17. *Edmond* would not have placed such weight on review of decisions if removal authority alone were sufficient. 520 U.S. at 665. "Inferior officers can do many things, but nothing final should appear in the Federal Register unless a Presidential appointee has at least signed off on it." *DOT v. Ass'n of Am R.R.*, 575 U.S. 43, 64 (2015) (Alito, S., concurring).

Once again, neither the Government nor S&N disputes in their petitions that this issue should be included in the scope of any review. S&N expressly recognizes that whether "a judicial order striking APJs statutory removal protections suffice[s] to 'convert' them into inferior officers" is implicated by the panel's decision. S&N Pet. 18. If the Court grants *en banc* review, it should include this issue as well.

3. Any New Hearing Must Be Before a Different Panel

If the *en banc* Court rejects both the foregoing arguments, it should at least reaffirm the *Arthrex* panel's more modest remedy of a new hearing before a differently constituted panel. *Lucia* could not be clearer: "To cure the constitutional error, another ALJ… must hold the new hearing to which Lucia is entitled." 138 S. Ct. at 2055. "[A] successful litigant [is entitled to] a hearing before a new judge,"

particularly because "the old judge would have no reason to think he did anything wrong on the merits." *Id.* at 2055 n.5.

The Government argues that the *Lucia* remedy applies only were the petitioner raised a "timely challenge." Gov't Pet. 14. As already explained, Arthrex's challenge ***was*** timely because Arthrex raised it in the first forum capable of granting relief. *See* pp. 10-12, *supra*.

The Government also alludes to the "different remedial theory" that Judge Dyk and Judge Newman advanced in *Bedgear, LLC v. Fredman Bros. Furniture Co.*, 783 F. App'x 1029, 1030 (Fed. Cir. 2019) (concurrence). Gov't Pet. 16. In their view, the *Lucia* remedy does not apply where a court severs a removal restriction because the judicial ruling applies retroactively. *See Bedgear*, 783 F. App'x at 1031. What the Government fails to mention, however, is that it has ***already rejected*** the *Bedgear* concurrence's theory in another case pending before this Court. *See Polaris Innovations Ltd. v. Kingston Tech. Co.*, No. 2018-1768, Dkt. 96 at 12-15 (Fed. Cir. Jan. 6, 2020). As that submission explains, retroactivity principles are not relevant here, because what matters is not whether the law in theory always meant what the panel has now decreed, but whether the APJs

adjudicating Arthrex's case ***understood*** themselves to be removable (and thus accountable) at the time. *See id.* at 14.[3]

Finally, the Government complains of the "massive undertaking" that would result from remanding to a new panel in every case where this issue was timely raised. Gov't Br. at 16. By S&N's own count, however, there are only about 160 cases at issue. S&N Supp. Br. 8-9 (Dkt. 68). That is ***less*** than the number of APJs (260) who currently work at the PTO. Gov't Pet. 4. It is not a "massive undertaking" for each panel of APJs to hear an additional case or two for just one year. Arthrex is therefore entitled, at the very least, to the remedy the panel provided.

III. CONCLUSION

For the foregoing reasons, the Court should grant rehearing *en banc* on the questions identified in Arthrex's petition.

[3] Even where retroactivity principles apply, there is an exception where there are "alternative way[s] of curing the constitutional violation." *Reynoldsville Casket Co. v. Hyde*, 514 U.S. 749, 759 (1995). That exception applies squarely here: The panel considered multiple ways to remedy the violation. *See, e.g.*, *Arthrex*, 941 F.3d at 1335-37 (severance of three-judge requirement).

Respectfully submitted,

Dated: January 17, 2020

/s/ Anthony P. Cho
Anthony P. Cho
David J. Gaskey
Jessica Fleetham
David L. Atallah
CARLSON, GASKEY & OLDS, P.C.

Jeffrey A. Lamken
Robert K. Kry
MOLOLAMKEN LLP

Attorneys for Appellant, Arthrex, Inc.

CERTIFICATE OF COMPLIANCE WITH RULE 32(a)

I, Anthony P. Cho, counsel for Appellant, certify that the foregoing Brief complies with the type-volume limitation set forth in Fed. R. App. P. 35(b)(2).

Specifically, this Brief contains 3,883 words (excluding the parts of the brief exempted by Fed. Cir. R. 35(c)(2)) as determined by the word count feature of the word processing program used to create this brief.

I further certify that the foregoing brief complies with the typeface requirements set forth in Fed. R. App. P. 32(a)(5) and the type style requirements of Fed. R. App. P. 32(a)(6). Specifically, this brief has been prepared using a proportionally spaced typeface using Microsoft Word 2016, in 14-point Times New Roman font.

CARLSON, GASKEY & OLDS, P.C.

Dated: January 17, 2020

/s/ Anthony P. Cho
Anthony P. Cho
CARLSON, GASKEY & OLDS, P.C.
Attorneys for Appellant, Arthrex, Inc.

CERTIFICATE OF SERVICE

I hereby certify that on January 17, 2020, I electronically filed the foregoing document using the Court's CM/ECF system, which sent notification of such filing to all counsel of record as follows:

Charles T. Steenburg
Michael N. Rader
Nathan R. Speed
Richard F. Giunta
Turhan F. Sarwar
WOLF GREENFIELD & SACKS, P.C.
600 Atlantic Avenue
Boston, MA 02210

Mark A. Perry
Gibson, Dunn & Crutcher LLC
1050 Connecticut Avenue, NW
Washington, DC 20036

Mark J. Gorman
Smith & Nephew, Inc.
7135 Goodlett Farms Parkway
Cordova, TN 38013

Melissa Patterson
Katherine Twomey Allen
Scott R. McIntosh
Courtney Dixon
Joseph H. Hunt
Department of Justice, Civil Division

Thomas W. Krause, Solicitor
Farheena Y. Rasheed, Deputy Solicitor
Sarah E. Craven, Associate Solicitor
Josepha Matal, Associate Solicitor
Molly R. Silfen, Associate Solicitor
Nicholas Theodore Matich, IV
Daniel Kazhdan
United States Patent and Trademark Office

Charles R. Macedo
David P. Goldberg
Amster Rothstein & Ebenstein LLP
90 Park Avenue
New York, NY 10016

Robert Joseph Rando, Esq.
The Rando Law Firm P.C.
6800 Jericho Turnpike, Suite 120W
Syosset, NY 11791

Ksenia Takhistova
Hunton Andrews Kurth LLP
200 Park Avenue
New York, NY 10166

Matthew S. Hellman
Yusuf Esat
Jenner & Block LLP
353 North Clark Street
Chicago, IL 60654

Jeffrey Francer
The Association for Accessible Medicines
Suite 850 601 New Jersey Avenue, NW
Washington, DC 20001

Dated: January 17, 2020 /s/ Jessica Fleetham
Jessica Fleetham