

No. 2018-2140

IN THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

ARTHREX, INC.,

Appellant,

v.

SMITH & NEPHEW, INC., ARTHROCARE CORP.,

Appellees,

UNITED STATES,

Intervenor.

On Appeal from the United States Patent and Trademark Office,
Patent Trial and Appeal Board, in No. IPR2017-00275

**APPELLEES' RESPONSE TO APPELLANT'S COMBINED PETITION
FOR REHEARING AND/OR REHEARING EN BANC AND
INTERVENOR'S PETITION FOR REHEARING EN BANC**

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CERTIFICATE OF INTEREST

Counsel for Appellees certifies the following:

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

Smith & Nephew, Inc.

ArthroCare Corp.

2. The names of the real parties in interest represented by me are:

Smith & Nephew, Inc.

ArthroCare Corp.

3. All parent corporations and any publicly held companies that own 10 percent of the stock of the parties represented by me are listed below.

Smith & Nephew PLC is the parent corporation of Smith & Nephew, Inc. and ArthroCare Corp. No other publicly held corporation owns 10% or more of the stock of Smith & Nephew, Inc. or ArthroCare Corp.

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:

WOLF, GREENFIELD & SACKS, P.C.: Jason M. Honeyman and Randy J. Pritzker.

5. The title and number of any case known to counsel 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 Appellees 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 *Bedgear, LLC v. Fredman Bros. Furniture Co.*, No. 2018-2082 (Fed. Cir. Jan. 8, 2020). Counsel are also aware of five other pending petitions concerning remedial issues that would be relevant if the panel's decision stands: *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. Jan. 7, 2020); *Boston Sci. Neuromodulation Corp. v. Nevro Corp.*, No. 2019-1582 (Fed. Cir. Dec. 6, 2019); *Duke Univ. v. BioMarin Pharm. Inc.*, No. 2018-1696 (Fed. Cir. Dec. 11, 2019); and *Sanofi-Aventis Deutschland GmbH v. Mylan Pharms. Inc.*, No. 2019-1368 (Fed. Cir. Dec. 19, 2019). Further, virtually every appeal from a PTAB final written decision currently pending in this Court will potentially be affected by this petition. As Judge Dyk has noted in *Bedgear, LLC v. Fredman Brothers Furniture Co.*, the panel's decision will directly affect "potentially hundreds" of cases. 783 F. App'x 1029, 1030 (Fed. Cir. 2019) (Dyk, J., joined by Newman, J., concurring in judgment). Although the government maintains a list of those appeals in which a Rule 44 notice has been filed, the exact

number of potentially affected cases is unknown to counsel for Appellees. In addition, an unknown number of proceedings still pending before the PTAB could potentially be affected by the issues presented in this petition.

Date: January 17, 2020

/s/ Charles Steenburg
Charles Steenburg

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INTRODUCTION

This case presents the rare, perhaps unique, situation in which all three parties—Arthrex (Appellant), Smith & Nephew (Appellee), and the United States (Intervenor)—agree that two important questions warrant en banc rehearing (although they phrase them slightly differently):

	S&N	Arthrex	United States
<i>Merits:</i> Whether APJs are principal or inferior officers under the Appointments Clause.	Whether [APJs] are inferior or principal officers of the United States. (Q1)	Whether APJs [are] principal officers under the Constitution even without tenure protections (Q2)	Whether [APJs] are inferior officers . . . under the Appointments Clause, . . . rather than principal officers (Q1)
<i>Remedy:</i> What remedy is warranted for any Appointments Clause violation.	If APJs are principal officers, what remedy is warranted for any defect in their appointment. (Q2)	Whether Congress would have enacted the IPR statute . . . without tenure protections for APJs (Q1)	How to remedy any Appointments Clause defect in the Patent Trial and Appeal Board. (Q3)

S&N Pet. 1; Arthrex Pet. 1; U.S. Pet. 1; *see also* NYIPLA Br. 4; AAM Br. 2–3.

On the merits, the government persuasively explains the panel’s critical errors in analyzing the Appointments Clause issue, particularly the distinction between inferior and principal officers as articulated by the Supreme Court in *Edmond v. United States*, 520 U.S. 651 (1997). U.S. Pet. 2–3, 6–11. These points reinforce S&N’s explanation that in light of history and precedent, the Director’s

extensive supervisory powers confirm the political branches’ understanding that APJs are inferior officers. S&N Pet. 8–18. Indeed, front-line adjudicators such as APJs who enjoy civil service protections, while supervised by principal officers who serve at the President’s pleasure, have always been considered inferior officers. *See id.* at 9–13, 15–18; U.S. Pet. 8–9; *see also* AAM Br. 3; Kingston Supp. Br. (2018-1768, Dkt. No. 98) 9–11.

Arthrex now asserts that APJs’ ability to render final written decisions not subject to administrative review in individual cases is *alone* sufficient to render them principal officers (Arthrex Pet. 3)—even without protection from removal. That position cannot be reconciled with *Freytag v. Commissioner*, 501 U.S. 868 (1991), in which administrative adjudicators could render final decisions in certain cases yet were held to be inferior officers. *Id.* at 882. More importantly for present purposes, it shows that *no party* agrees with the panel’s resolution of the principal/inferior officer distinction. Review by the en banc Court is required to settle the constitutional question on the merits.

A ruling that APJs are inferior officers would render moot the two “remedial” issues addressed by the government and Arthrex—i.e., whether severing their statutory removal protections is warranted and/or sufficient to cure any Appointments Clause violation, and whether a new hearing before a different tribunal is required here or in any other case decided by an improperly appointed

official—as well as the government’s forfeiture concern. But given the panel’s conclusion that APJs are principal officers, these issues too warrant consideration by the en banc Court.

With respect to the severance issue, Arthrex’s core argument—that Congress would not have enacted the AIA without tenure protections for APJs—is at war with the panel’s conclusion that severing those same protections was necessary to preserve Congress’s conclusion, expressed in the AIA itself, that APJs are inferior officers. And as Arthrex correctly notes (Arthrex Pet. 8–10), the panel did not grapple with the due process and APA implications of its decision. *See* S&N Pet. 18. Accordingly, if the en banc Court were to conclude that APJs are principal officers, the propriety of severing their removal protections should also be addressed.

With respect to the remand issue, the government rightly explains that because Arthrex failed to raise its Appointment Clause challenge before the PTAB, an entirely new hearing before a different set of APJs would be unwarranted in this case even if the full Court were to conclude that APJs were principal officers. U.S. Pet. 11–15. The panel adopted its remand remedy from *Lucia v. SEC*, 138 S. Ct. 2044 (2018), but the Supreme Court in that case limited this remedy to those who make a “timely challenge” to the appointment of an adjudicatory official (*id.* at 2055)—which Arthrex did not do. Indeed, S&N *epitomizes* the successful IPR

petitioner “who had no reason to anticipate that [its] administrative victor[y] would have to be relitigated over an unraised challenge.” U.S. Pet. 13. Accordingly, the en banc Court should also decide what procedural remedy is warranted for any Appointments Clause violation, including but not limited to cases—such as this one—where the constitutional issue was not presented to the agency.

**THE PETITIONS AND *AMICUS* BRIEFS
CONFIRM THAT REHEARING IS WARRANTED**

The panel concluded on the merits that even though APJs are extensively supervised by the Director, they are principal officers under the Appointments Clause because their individual decisions are not subject to administrative review and they enjoy statutory protections from removal. To remedy the resulting Appointments Clause violation, the panel ruled that severing the removal protections was sufficient to render APJs inferior officers, and then remanded this case for a new hearing before different and properly appointed adjudicators.

No party or *amicus* (or, indeed, anyone else who has filed a brief in this Court on these issues) defends all of the panel’s rulings. Indeed, it is not clear that anyone supports *any* of the panel’s rulings. On the merits, S&N and the government agree that the panel erred in concluding that APJs were principal officers before severing their removal protections, while Arthrex argues that they remain principal officers even after severance. On the remedial issues, Arthrex’s position that severance is inconsistent with congressional intent only highlights the

error in the panel’s merits decision, while no party agrees with the propriety of the panel’s remand order in the context of this case. En banc rehearing is warranted to sort through these important issues, which—as the *amici* attest—will have wide-ranging consequences for the entire system of administrative patent adjudication under the AIA.¹

I. NO ONE AGREES WITH THE PANEL’S RESOLUTION OF THE PRINCIPAL/INFERIOR OFFICER DISTINCTION.

As all three petitions illustrate, whether APJs are inferior or principal officers revolves in large part around the proper understanding and application of *Edmond*. The government and S&N read *Edmond* as focusing primarily on whether an official is subject to supervision. The panel agreed that the Director’s supervision of APJs was extensive (941 F.3d at 1332), but relied on other factors—removability and finality—to determine that APJs are nonetheless principal officers. Arthrex now argues that the ability to render a final decision (i.e., not subject to administrative review) is alone sufficient to render an official a principal officer. That argument finds no support in *Edmond*, and is foreclosed by *Freytag*; but more importantly for present purposes Arthrex disagrees with the panel’s own analysis of the issue.

¹ The government requests that the panel decision remain in place pending en banc review. U.S. Pet 15 n.2. S&N has no objection to that suggestion, although this would seem to be an issue within the Court’s purview. *Cf. U.S. Bancorp Mortg. Co. v. Bonner Mall P’ship*, 513 U.S. 18, 29 (1994).

Indeed, to the best of S&N’s knowledge, *no* stakeholder *anywhere* defends the panel’s application of *Edmond*. The panel decision has generated a host of commentary, congressional hearings, and filings in this Court; yet it appears that no one agrees with the panel’s resolution of the principal/inferior officer distinction. The briefing in this case catalogues the “serious consequences” of the panel’s errors, U.S. Pet. 2, including “confusion,” NYIPLA Br. 11, and “disarray” in the *inter partes* review system, which “was intended to be a quick and cost effective alternative to litigation, [but] is now a quagmire,” AAM Br. 4 (internal punctuation omitted). Both Kingston and Polaris (invited to submit supplemental briefs in 2018-1768 and 2018-1831) agree the panel erred. Kingston Supp. Br. (2018-1768) 1–7; Polaris Supp. Br. (2018-1768, Dkt. No. 100) 6–8. This consensus underscores the imperative for further review.

Notably, *no* interested party has endorsed the panel’s rigid three-part test for principal officer status, which contravenes Supreme Court precedent. *See* S&N Pet. 13–16. The government correctly explains that the Director’s supervision and control over APJs makes them inferior officers under *Edmond*. U.S. Pet. 6–11; *see also* U.S. Supp. Br. (2018-1768, Dkt. No. 96) 3–6. These arguments are consistent with S&N’s principal submission (*see* Pet. 8–18) and the briefs of Kingston and the *amici*. Kingston Supp. Br. (2018-1768) 1–7; AAM Br. 3; NYIPLA Br. 7 (urging rehearing “in view of the dearth of other supporting authority from the Supreme

Court” for the panel’s Appointments Clause analysis). Arthrex, as discussed, improperly elevates administrative review of decisions to the sine qua non for inferior officers (ignoring the Supreme Court’s recognition in *Freytag* and *Lucia* that inferior officers may issue final decisions). Arthrex Pet. 14–17. Polaris takes the same tack and argues that the panel “should also not have followed” *Intercollegiate Broadcasting System v. Copyright Royalty Board*, 684 F.3d 1332 (D.C. Cir. 2012)—the source of the panel’s tripartite “test”—“which is not binding authority and is inconsistent with the binding Supreme Court authority.” Polaris Supp. Br. (2018-1768) 7–8. These parties may agree on little else, but they are united in opposition to the panel’s Appointments Clause analysis.

Other points that surfaced in the various submissions further underscore the need for the full Court to review the panel decision. These points are sufficiently complex and nuanced that supplemental briefing should be ordered so that all interested stakeholders can participate in an organized fashion.

For instance, the government, S&N, and Kingston have all marshalled different sources confirming that the panel misread *Edmond* in focusing on whether APJs could be unilaterally removed from government service. This critical point is evident from *Edmond* itself: when discussing the power of a Judge Advocate General (JAG) to remove intermediate military court judges from their

“*judicial assignment* without cause” (520 U.S. at 664),² the Supreme Court was referencing the JAG’s ability to prevent judges from deciding future cases—*whether or not* the JAG could summarily fire them. *See* U.S. Supp. Br. (2018-1768) 5–6 (citing *Edmond* briefing); Kingston Supp. Br. (2018-1768) 11 (citing *Weiss v. United States*, 510 U.S. 163, 176 (1994), which *Edmond* discussed); S&N Pet. 14 (citing *United States v. Ryder*, 44 M.J. 9, 10–11 (C.A.A.F. 1996), which *Edmond* also cited, and 10 U.S.C. §§ 629–632, 804, 1161, 1181–1185).³ The JAG’s power to prevent judges from deciding future cases thus directly parallels the Director’s unfettered control over PTAB panel assignments under the AIA. *See* U.S. Pet. 6–7; S&N Pet. 14; Kingston Supp. Br. (2018-1768) 11–12.

Arthrex and Polaris also disagree with the panel’s emphasis on removability and the related “cure” of removing APJs’ tenure protections. In their view, only principal officers can issue final decisions not subject to administrative review—even if the adjudicator can be terminated from employment without cause. Arthrex Pet. 3, 14–17; Polaris Supp. Br. (2018-1768) 1–8. In other words, all “final decisions” must come from a principal officer.

² Emphasis added unless otherwise indicated.

³ Certain authorities, such as *Ryder* and the briefing from *Edmond*, are applicable to civilian judges, while others concern commissioned officers.

This is categorically wrong, as indicated in *Edmond* and confirmed by other Supreme Court precedents both before and since, including *Freytag* and *Lucia*. At this stage, however, this very divergence of understanding confirms that en banc review is warranted. Indeed, the arguments from Arthrex and Polaris reflect misunderstandings of *Edmond* and the Appointments Clause widespread among other patentees. While the power to determine the patentability of claims (subject to judicial review) constitutes significant authority, that simply explains why APJs are officers at all (a threshold question no one disputes). A holding to this effect from the full Court would clarify this landscape.

Edmond emphasized that even inferior officers can exercise “significant authority” on behalf of the Executive Branch. *Edmond*, 520 U.S. at 662 (citing *Freytag*, 501 U.S. at 881-82). Whether one has such authority dictates whether one is an officer of any sort rather than an employee. *Id.* By contrast, inferior-officer status turns on whether the exercise of such significant authority is “directed and supervised at some level” by officers appointed by the President and confirmed by the Senate. *Id.* at 663 (stressing that the Appointments Clause was “designed to preserve political accountability”).

Freytag likewise held that the ability to issue final decisions on behalf of the Executive Branch is one type of significant authority. *Freytag* concerned Special Trial Judges (STJs) empowered in certain cases to “render the *decisions of the Tax*

Court.” 501 U.S. at 882. Yet STJs were inferior officers appointed by the Tax Court itself. More recently, *Lucia* relied on *Freytag* and held that SEC Administrative Law Judges—“near-carbon copies” of the STJs—were also inferior officers. *Lucia*, 138 S. Ct. at 2052. *Lucia* reiterated that the *Freytag* STJs were empowered to “*definitively resolve* a case for the Tax Court.” *Id.*

Polaris’s discussion of the purported “core feature common to the key binding cases” (Supp. Br. 7) ignores *Freytag*, much less the characterization of *Freytag* in *Lucia*. Arthrex’s petition buries *Freytag* in a string cite with a parenthetical suggesting that STJs could only issue final decisions in “limited matters.” Arthrex Pet. 16. It is true that the relevant statutes empowered STJs to “render the decisions of the Tax Court in declaratory judgment proceedings and limited-amount tax cases,” and not others. *Freytag*, 501 U.S. at 882. But Congress drew those lines.

Under the AIA, APJs are indisputably appointed by the head of a department (the Secretary of Commerce). That is the approach Congress selected in 2008⁴ to address the concerns Professor Duffy had raised concerning appointment by the Director alone. *See* S&N Pet. 16–17. This mode of appointment, against the

⁴ Pub. L. No. 110-313, § 1(a)(1), 122 Stat. 3014 (2008). At the time, APJs issued the Executive Branch’s final decisions concerning *inter partes* reexaminations. And when the AIA transitioned from *inter partes* reexamination to *inter partes* review, Congress maintained the same practice for appointing APJs.

backdrop of *Freytag* and *Edmond*, reflects Congress’s understanding that APJs are *inferior* officers—consistent with Professor Duffy’s observations that APJs were “inferior and subordinate in significant ways to the PTO Director.” *See id.*

Arthrex also misreads *Association of American Railroads v. U.S. Department of Transportation*, 821 F.3d 19 (D.C. Cir. 2016). *See* Arthrex Pet. 15–16. The D.C. Circuit discussed the arbitrator’s power to “render a final decision” governing interactions between Amtrak and freight railroads *as a reason why the arbitrator was an officer at all. Ass’n of Am. R.Rs.*, 821 F.3d at 37. Only later did the court address whether the arbitrator was an improperly appointed *principal* officer. *See id.* at 38. The D.C. Circuit even cited *Edmond* and stressed that “the degree of an individual’s authority is relevant in marking the line between officer and nonofficer, *not* between principal and inferior officer.” *Id.* For the latter question, the D.C. Circuit again followed *Edmond* and looked to whether the arbitrator was “directed and supervised at some level” by properly-appointed principal officers. *Id.* The court concluded that there was no indication of *any* “direction or supervision.” *Id.* at 39. Here, by contrast, the Director’s extensive supervisory powers over APJs, coupled with the Director’s own service at the President’s pleasure, ensure political accountability. S&N Pet. 9–13, 15–16.

II. THE REMEDIAL ISSUES UNDERSCORE THE IMPORTANCE OF GRANTING REHEARING IN THIS CASE.

A ruling that APJs are inferior officers would render moot the two remedial issues addressed by the government and Arthrex:

- (A) whether severing APJs' removal protections is warranted and/or sufficient to cure any Appointments Clause violation; and
- (B) whether a new hearing before a different tribunal is required in this or any other case decided by an improperly appointed official when the appellant seeking relief never raised the issue with the agency.

But in light of the panel's conclusion that APJs are principal officers, these issues warrant review by the en banc Court.

A. Arthrex's Severance Arguments Reflect Deeper Problems with the Panel's Merits Analysis.

Arthrex's argument that "Congress would not have enacted the IPR statute without tenure protection for APJs" (Arthrex Pet. 6–14) demonstrates that its real objective is to take down the AIA's entire system of administrative patent review. Moreover, Arthrex's position on severance betrays deeper problems with the panel's merits decision.

Arthrex complains that striking APJs' tenure protections means that "[t]he President himself" can "effect the outcome of any particular case" and subvert the law based on "policy goals." Arthrex Pet. 12–13. But this complaint contradicts

the panel’s holding on the merits, which reasoned that the “*lack* of control over APJ decisions does not allow the President to ensure the laws are faithfully executed because he ‘cannot oversee the faithfulness of the officers who execute them.’” 941 F.3d at 1335 (citing *Free Enter. Fund v. Pub. Co. Accounting Oversight Bd.*, 561 U.S. 477, 484 (2010)).

This contradiction illuminates why both Arthrex and the panel are wrong, whereas Congress acted reasonably in giving APJs tenure protections and the Director (who serves at the President’s pleasure) a robust set of supervisory powers—including control over what cases (if any) individual APJs will handle. That carefully calibrated approach follows long-standing precedent permitting one layer of good-cause protection between the President and front-line decision makers. *See Free Enter. Fund*, 561 U.S. at 493–95. By contrast, *Free Enterprise Fund* itself involved *multiple* layers of insulation. The Supreme Court removed one of the layers, while stressing that it was not “tak[ing] issue with for-cause limitations in general.” *Id.* at 501.⁵

⁵ Given the multiple layers of for-cause protection and the fact that the challenge concerned the inferior officers, *Free Enterprise Fund* stripped the protections from the *inferior* officers (i.e., members of the PCAOB) rather than the principal officers (i.e., SEC commissioners). But tenure protections for inferior officers are deeply engrained in precedent. By contrast, no Supreme Court authority permits tenure protections on principal officers (such as the Director) who preside as individuals. *Cf. Humphrey’s Ex’r v. United States*, 295 U.S. 602, 620 (1935) (concerning members of independent, multi-member commission).

Combining for-cause removal limitations protecting inferior officers with supervisory powers for corresponding principal officers who can be removed by the President at will is a time-tested formula for ensuring political accountability without the naked political pressure Arthrex now belatedly laments. Congress legislated against this backdrop with the AIA. But the panel neglected it when stripping APJs of their tenure protections. At the same time, the panel did not address the APA and due process issues—particularly with respect to decisional independence—that its ruling introduces. While these concerns have been overstated in places (*e.g.*, Arthrex Pet. 13–14; Polaris Supp. Br. 11–12), they cannot be ignored; and this is another reason favoring en banc rehearing.

The due process concerns provide further indication that the panel misunderstood *Edmond* as discussing removal from federal employment rather than simply preventing judges from deciding future cases. For example, Polaris maintains (without citation) that the judges in *Edmond* “could be fired at will,” but later complains that the panel was “creat[ing]” a new “constitutional violation” by giving the Director such power. Polaris Supp. Br. 6-7, 11 (“The *Arthrex* approach of controlling judges with *in terrorem* supervision [threatening] their livelihood is a blunt, non-transparent, unreviewable instrument raising due process concerns”). But any such concerns mark additional reasons to take literally the reference in *Edmond* to removal from “judicial assignment” as the JAG’s control over whether

or not judges continued to decide cases, *not* (as the panel concluded) removal from federal employment. *Edmond* never discusses any potential due process concerns. And the Director’s analogous control over panel assignments is a key supervisory power ensuring political accountability. *See* S&N Pet. 9–10, 15–16.

**B. The En Banc Court Should Also Decide
What Procedural Remedy Is Warranted.**

The government rightly explains that because Arthrex failed to raise its Appointments Clause challenge before the PTAB, an entirely new hearing before a different set of APJs would be unwarranted in this case, even if the full Court were to conclude that APJs were principal officers. *See* U.S. Pet. 14-15.

The panel adopted its remand remedy from *Lucia*. But *Lucia* concerned a challenge the petitioner had raised “before the Commission,” and the Court limited its remedy to those who made “just such a *timely challenge*”—which Arthrex did not. 138 S. Ct. at 2055. And though the panel reasoned that Appointments Clause challenges also “should be incentivized at the *appellate* level,” 941 F.3d at 1340, other courts have held that a challenge is “timely” under *Lucia* only if it was raised at the agency—not merely on appeal. S&N Supp. Br. (Dkt. No. 68) 3 & n.1 (collecting cases).

For good reason. As the government rightly notes, remands under these circumstances impose a “significant burden” on parties such as S&N, “who had no reason to anticipate that their administrative victories would have to be relitigated

over an unraised challenge.” U.S. Pet. 13. The situation here exemplifies the government’s point and the gamesmanship that the panel’s approach permits.

As explained in S&N’s Supplemental Brief (Dkt. No. 68 at 7), Arthrex itself had repeatedly filed IPRs of its own and even benefited from rulings made by the *exact same panel of APJs who decided the instant IPR*.⁶ Arthrex was still pursuing several IPRs at the time of the panel’s hearing in the instant case. Only later, after Arthrex largely prevailed in its own IPRs,⁷ and also after the PTAB ruled Arthrex’s claims unpatentable here, did Arthrex raise its belated Appointments Clause theory on appeal. As a result, Arthrex stands to get a second bite at the apple on the theory that the same judges who had issued decisions in Arthrex’s favor on patents of concern to Arthrex should not have been passing judgment concerning Arthrex’s own patent.

The en banc Court should decide whether a remedy allowing such gamesmanship is warranted. Indeed, this aspect of the remedial question underscores the importance of granting rehearing in *this* case (whether or not the Court also grants en banc review in *Polaris* or any other related case). As the government notes, “numerous patent owners who failed to preserve Appointments

⁶ See *Arthrex, Inc. v. Vite Techs., Inc.*, IPR2016-00381, Paper 7 (June 23, 2016); *Arthrex, Inc. v. Vite Techs., Inc.*, IPR2016-00382, Paper 7 (June 28, 2016).

⁷ See *Arthrex, Inc. v. KFx Med., LLC*, IPR2016-01697, Paper 27 (Feb. 26, 2018); *Arthrex, Inc. v. KFx Med., LLC*, IPR2016-01698, Paper 27 (Feb. 26, 2018).

Clause challenges [before the PTAB] have raised—and will continue to raise—such challenges on appeal.” U.S. Pet. 13. The Court should address the appropriate remedy for these unpreserved challenges. By faithfully applying *Lucia* and authorizing new hearings with new panels *only* in cases where patentees raised the Appointments Clause issue below, the Court can minimize the “burdens on the system” (*Bedgear, LLC v. Fredman Bros. Furniture Co.*, 783 F. App’x 1029, 1030 (Dyk, J., concurring)), even if ultimately endorsing the panel’s merits analysis. Rather than “requiring potentially hundreds of new proceedings” (*id.*), only a handful would be necessary. *See* S&N Supp. Br. 12 & n.14 (collecting cases).

CONCLUSION

Rehearing en banc should be granted.

Respectfully submitted,

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CERTIFICATE OF COMPLIANCE

This brief complies with the type-volume limitation of Federal Rule of Appellate Procedure 35(b)(2). The relevant portions of the brief (i.e., excepting those excluded by Federal Circuit Rule 35) contain 3,898 words, as determined by Microsoft Word.

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