



## PTAB Judges appointment unconstitutional

### Intellectual Property and Technology Alert

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The Federal Circuit held that the way in which the Administrative Patent Judges (APJs) at the PTAB were appointed violates the Appointments Clause of Article 2 of the Constitution. That clause provides that principal officers must be appointed by the President with the advice and consent of the Senate, while inferior officers may be appointed by a head of departments. Currently, APJs are appointed by the Secretary of Commerce in consultation with the Director of the USPTO.

Using factors set forth in the Supreme Court's *Edmond v. United States* case, the Federal Circuit found that the APJs are principal officers of the United States due to the lack of any presidentially-appointed officer who can review, vacate or correct decisions by the APJs, combined with significant limits on the Secretary of Commerce's power to remove APJs under the relevant statute. Because the APJs were found to be principal officers, their appointments by the Secretary of Commerce violated the Appointments Clause of the Constitution.

The Federal Circuit then fashioned a remedy to address the violation of the Appointments Clause of the Constitution by severing and invalidating the statutory limitation on the removal of the APJs. The Federal Circuit reasoned that the invalidation of the limitations on removal of the APJs made the APJs inferior officers who can be constitutionally appointed by the Secretary of Commerce in consultation with the Director of the USPTO.

For this particular case in which an adverse final written decision had been issued against Arthrex, the Federal Circuit held that that the final written decision rendered by the unconstitutionally appointed APJs must be remanded

to the PTAB for a new oral argument before a new APJ panel at the PTAB. The Federal Circuit left open the possibility of additional briefing or reopening the record by the new APJ panel, but left the decision to the discretion of the PTAB.

## Takeaways

If an APJ panel was assigned to your case before October 31, 2019 and the panel issued an adverse Final Written Decision, consider requesting rehearing of the Final Written Decision at the PTAB if the 30 day deadline has not yet passed, or appealing the Final Written Decision to the Federal Circuit if the 63 day deadline has not yet passed, on the basis that the APJs were unconstitutionally appointed, and seek a remand with a new oral argument before a new panel. For those IPRs currently on appeal at the Federal Circuit, the Arthrex decision indicates that failure to raise this issue at the PTAB does not constitute a waiver, but the Federal Circuit has recently held that the failure to raise this issue in the opening brief is a waiver.

Note that it is highly unlikely that Arthrex can be used to resurrect any patent claims declared unpatentable at the PTAB if the appeal has been completed or the time for appeal has passed. This decision also does not affect any IPR that is already underway and awaiting a Final Written Decision as Arthrex holds that there is no Appointments Clause problem with the decision to institute an IPR.

The case is *Arthrex, Inc. v. Smith & Nephew, Inc.*, No. 2018-2140 (Fed. Cir. Oct. 31, 2019).

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