ARE PTAB Alert: In Split Decision, the Federal Circuit Denied Rehearing En Banc in Arthrex v. Smith & Nephew Inc. on the Constitutionality of How PTAB APJs Are Appointed

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In *Arthrex, Inc. v. Smith & Nephew, Inc.,* 941 F.3d 1320 (Fed. Cir. 2019) *(Arthrex Panel Decision),* a three-judge panel of the Federal Circuit, in an opinion authored by Judge Moore, took the extraordinary step of holding that Administrative Patent Judges (APJs) of the Patent Trial and Appeals Board (PTAB) were principal offers of the U.S. but were not appointed in accordance with the Appointments Clause of the U.S. Constitution (Art. I, Section 2, Clause 2).

To remedy this alleged constitutional defect going forward, the Court severed the APJs' protections under Title 5 so that such APJs would become "at will" employees. For more information on the *Arthrex Panel Decision*
, please see ARE PTAB Law Alert: FEDERAL CIRCUIT DECLARES PTAB
APJS TO BE PRINCIPAL OFFERS APPOINTED IN AN
UNCONSTITUTIONAL MANNER, BUT OFFERS A FIX GOING FORWARD
WITH LIMITED RELIEF GOING BACK (available at https://www.arelaw.com/publications/view/alert11042019/).

In response to the *Arthrex Panel Decision*, each of the parties to the appeal, including the Petitioner, the U.S. Government Intervenor, and even the Patent Owner, requested the *Arthrex Panel Decision* be reconsidered by the Full Court. In addition, several amici curiae, including the New York Intellectual Property Law Association (NYIPLA), which we are counsel for, submitted briefs in support of the Full Court hearing the issues raised.

On March 23, 2020, a split court issued a per curiam order denying rehearing and rehearing *en banc*. *See Artherex, Inc. v. Smith & Nephew, Inc.*, No. 2018-2140, Order (Fed. Cir. Mar. 23, 2020) (denying rehearing and rehearing *en banc*) (**Arthrex en banc Order**
). In addition to the per curiam order, the Court issued five additional opinions which concurred and/or dissented in whole or part with the per curiam order as follows:

- Judge Moore, who authored the *Arthrex Panel Decision,* wrote a concurring opinion, in which she defended the original panel decision and concurred in the denial of the petitions for rehearing en banc. Judge Moore's concurring opinion was joined by Judges O'Malley, Reyna and Chen.

- Judge O'Malley wrote a separate concurring opinion with respect to the denial of rehearing *en banc*, which was joined by Judges Moore and Reyna.

- Judge Dyk wrote a dissenting opinion, which was joined by Judges Newman and Wallach, and joined in part by Judge Hughes.

- Judge Hughes wrote a dissenting opinion with respect to the denial of the petitions for rehearing *en banc*, which was joined by Judge Wallach.

- Judge Wallach wrote a separate dissenting opinion with respect to the denial of the petitions for rehearing *en banc*.

- Judges Prost, Taranto and Stoll did not write or join in any of the concurring or dissenting opinions, and appeared to merely agree with the denial of rehearing *en banc*.

At this point, it is expected that this issue will be taken up to the U.S. Supreme Court in one or more petitions for certiorari.

We will continue to monitor the situation and report on further developments as they occur. For more information, please contact us.

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Charley Macedo, as Co-Chair of the PTAB Committee, along with David Goldberg, as Co-Chair of the Amicus Brief Committee, represented the New York Intellectual Property Law Association in an amicus brief submission before the U.S. Court of Appeals at the Federal Circuit in support of the Court granting rehearing en banc in *Arthrex*.