

## Federal Circuit Denies *En Banc* Rehearing on PTAB Constitutionality

Alert

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On March 23, 2020, the U.S. Court of Appeals for the Federal Circuit denied the parties' petition for an *en banc* rehearing in [Arthrex, Inc. v. Smith & Nephew, Inc., No. 18-2140](#).

Last October, a Federal Circuit panel in *Arthrex, Inc. v. Smith & Nephew, Inc.*, 941 F.3d 1320 (Fed. Cir. 2019), found that the appointment of administrative patent judges (APJs) to the Patent Trial and Appeal Board (PTAB) violated the Constitution's Appointment Clause because the APJs were principal officers, not inferior officers who could be appointed by the Secretary of Commerce. Under the Appointments Clause, principal officers must be nominated by the president and confirmed by the Senate. To remedy this—rather than invalidate the entirety of the America Invents Act (AIA) which established the PTAB—the *Arthrex* panel severed and struck the tenure protections provision that provided that APJs could only be removed “for-cause.” According to the panel, this is enough to make the APJs inferior officers and save the constitutionality of the AIA.

The *Arthrex* panel decision has received heavy criticism, both from skeptics contending that APJs should have qualified as inferior officers, and from those questioning whether striking the APJs' tenure protections adequately solved the constitutionality issue. The denial of the *en banc* rehearing leaves the *Arthrex* panel decision in place unless the Supreme Court takes up the case.

Judge Moore—the author of the *Arthrex* panel opinion—provided a concurrence defending the panel decision. While *Arthrex* has drawn considerable attention as potentially invalidating the entire *inter partes* review and post grant review statutory scheme, Judge Moore's concurrence explained that the practical impact of *Arthrex* is limited to only 81 cases that had properly preserved the Appointments Clause violation prior to the issuance of the panel decision.

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As a final takeaway, the *inter partes* review and post grant review statutory schemes have survived another constitutionality challenge. But as all of the parties—including the U.S. Government as an intervenor—sought an *en banc* rehearing, *Arthrex* could likely be heading to the Supreme Court.

For now, appellants challenging the outcome of a PTAB proceeding would be wise to preserve an Appointments Clause challenge.

For more information on the decision, please contact [Jason Conway](#), [John Schroeder](#), Jamaal Jordan or the Stinson contact with whom you regularly work.

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