

# Publications

## PTAB Reviews to Continue, but with Additional Oversight

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### CLIENT ALERT | 6.21.2021

Today, the United States Supreme Court held, in *United States v. Arthrex, Inc.* (No. 19-1434), that the scope of authority that has been exercised by Administrative Patent Judges (APJs) who conduct and decide adversarial cases before the Patent Trial and Appeal Board (PTAB) of the United States Patent and Trademark Office (PTO) violates the Appointments Clause of the Constitution. However, the Court did not throw out the entirety of adversarial practice before the PTAB, but rather imposed a much more modest fix, leaving strategies for dealing with *inter partes* reviews and related proceedings largely unchanged.

Pursuant to the Appointments Clause, principal officers of the United States must be appointed by the President and confirmed by the Senate, whereas “inferior” officers may be appointed by the President or by heads of departments, without the need for Senate approval. The APJs in this case are appointed by the Secretary of Commerce and are thus deemed inferior officers. However, the decisions reached by panels of APJs are not subject to direct review by the Director of the PTO, but instead can only be appealed directly to the Court of Appeals for the Federal Circuit. Arthrex complained that this lack of direct review meant that the APJs should be considered principal officers, whose appointments, not having been confirmed by the Senate, were unconstitutional.

On appeal, the Federal Circuit agreed that the APJs are principal officers. The Federal Circuit panel determined that the appropriate remedy would be to strip away certain tenure protections that the APJs enjoyed, making them removable at will by the Secretary and thus more like inferior officers. The Federal Circuit remanded the case to the PTAB for a rehearing before a proper panel, *i.e.*, one whose judges no longer enjoyed that protection. Instead, both Arthrex and the United States petitioned for certiorari.

Chief Justice Roberts delivered the opinion of the Court on the main question, holding that APJs were not properly appointed under the Appointments Clause due to the lack of direct review of their decisions. There was a 5-4 majority on this point, with the Chief Justice joined by Justices Alito, Gorsuch, Kavanaugh, and Barrett, and the remaining

justices in dissent.

The question of the proper remedy, however, provided a more interesting breakdown. Chief Justice Roberts, joined by Justices Alito, Kavanaugh, and Barrett, found that the appropriate remedy was not to remove tenure protections from the judges, but rather to make PTAB decisions subject to review by the Director of the PTO. Justice Gorsuch, who had joined the Chief Justice's opinion on the question of the constitutional violation, dissented from this part of the opinion and would not have imposed any particular remedy but would have left the issue for Congress to address. (Justice Gorsuch had earlier dissented from a 7-2 holding in a 2018 case holding that *inter partes* reviews themselves did not violate the Constitution; ironically, he was joined in that dissent by Chief Justice Roberts.)

Chief Justice Roberts' remedy, therefore, was imposed due to the fact that Justices Breyer, Sotomayor, and Kagan, though dissenting from the finding that the APJs' appointments violated the Appointments Clause, joined Part III of Justice Roberts' opinion, in which the Court remanded the case to the Director of the PTAB, where the Director would have the authority to review the PTAB's decision.

Going forward, we would expect that the Patent Office will issue some guidance as to how the Supreme Court's decision may be implemented. This could include, for example: whether litigants before the PTAB may seek review by the Director of adverse decisions, or whether the Director will act *sua sponte*; whether review will be in the sole discretion of the Director, or whether any objective factors will be given weight; whether the PTAB will put in place time limits on when review can be sought, given the deadline to appeal PTAB decisions, or whether the PTO may seek to amend the rules regarding the appellate deadline.

In any event, the *Arthrex* decision is not expected to create any significant changes in practice before the PTAB. If you have questions regarding any particular situation, however, please contact your Vorys attorney.