Insights: Alerts

The Supreme Court Issues its Arthrex Opinion

JUNE 21, 2021 Written by John C. Alemanni and Justin L. Krieger

Today, in an opinion by Chief Justice Roberts, the Supreme court issued its opinion in *U.S. v. Arthrex, Inc.*, vacating the Federal Circuit's opinion in Arthrex v. Smith and Nephew. The Court agreed with the Federal Circuit that administrative patent judges ("APJs") were unconstitutionally appointed. Further, the Court remanded the proceeding to the Acting Director to decide whether to rehear the petition in the Smith & Nephew case.

The Court first addressed whether APJ's were constitutionally appointed, and determined that they were not. Slip at 18-19. Specifically, the Court held, "the unreviewable authority wielded by APJs during *inter partes* review is incompatible with their appointment by the Secretary to an inferior office." *Id.* The Court noted that under the statute, "the only possibility of review is a petition for rehearing, but Congress unambiguously specified that '[o]nly the Patent and Trial Appeal Board may grant rehearings.'" Slip at 10. Thus, the Director does not have the authority to rehear and reverse the decision of a panel of APJ's. Slip at 21.

After finding the appointment of APJ's unconstitutional, the Court addressed the remedy. The Court noted, "regardless whether the Government is correct that at-will removal by the Secretary"--the Federal Circuit's remedy--"would cure the constitutional problem, review by the Director better reflects the structure of supervision within the PTO and the nature of APJs' duties." Slip at 21. The Court thus "conclude[d] that the appropriate remedy is a remand to the Acting Director for him to decide whether to rehear the petition filed by Smith & Nephew." Slip at 22.

In May 2020, the Chief APJ issued a General Order administratively holding in abeyance all cases remanded from the Federal Circuit for a new hearing before a new panel in light Arthrex. Presumably, the Acting Director will now need to issue a decision in each of these cases as to whether to rehear the petition.

Although the Supreme Court's Arthrex decision resolves the constitutionality of the appointment of APJ's, it leaves open how the PTAB and practitioners will procedurally implement Director review of future PTAB decisions. For example, will Director review be required of all decisions? Will PTAB litigants seek Director review as a normal part of PTAB practice? Could political issues result in Director intervention in select PTAB decisions? Look for these and other questions to be answered in the near future as the PTAB, the Director, and practitioners grapple with how to implement this important decision.

Related People







John C. Alemanni
t 919.420.1724
jalemanni@ktslaw.com



Justin L. Krieger
t 303.405.1486
jkrieger@ktslaw.com