

US Supreme Court Will Decide Constitutionality of PTAB Judge Appointments

The Court's decision, expected next summer, is unlikely to affect currently pending PTAB proceedings.

Key Points:

- The Supreme Court will review the Federal Circuit's decision holding that the appointments of the PTAB's Judges was unconstitutional and curing the problem by severing the portion of the Patent Act that restricted their removal.
- The Supreme Court's decision will not likely affect any currently pending or potential PTAB cases, except the 100+ cases remanded and on hold pending the Supreme Court's decision in this case.

In *Arthrex, Inc. v. Smith & Nephew, Inc.*,¹ the US Court of Appeals for the Federal Circuit held that the Secretary of Commerce's appointments of the Patent Trial and Appeal Board's (PTAB's) Administrative Patent Judges (APJs) violated the Appointments Clause of the Constitution. The Federal Circuit found that APJs were "principal officers," and therefore only the President, and not the Secretary of Commerce, was permitted to appoint them. To cure the Constitutional appointment problem, the Federal Circuit severed the portion of the Patent Act restricting their removal, thus rendering the APJs "inferior officers." As a result, all PTAB decisions going forward would be constitutionally sound. However, *Arthrex* and over 100 other cases decided by unconstitutionally appointed APJs and on appeal at the time of the decision were remanded to the PTAB and subsequently put on hold pending the Supreme Court's decision on whether to grant certiorari.

On October 13, the Court granted certiorari, limited to two of the questions presented:

1. Whether, for purposes of the Appointments Clause, U.S. Const. Art. II, § 2, Cl. 2, administrative patent judges of the US Patent and Trademark Office are principal officers who must be appointed by the President with the Senate's advice and consent, or "inferior officers" whose appointment Congress has permissibly vested in a department head.
2. Whether, if administrative patent judges are principal officers, the court of appeals properly cured any Appointments Clause defect in the current statutory scheme prospectively by severing the application of 5 U.S.C. 7513(a) to those judges.

We currently expect the Supreme Court will issue its opinion during the summer of 2021, however such timing is difficult to predict.

The PTAB Will Likely Continue Business As Usual At Least in the Near Term

At this time, we do not foresee any near-term impact to currently pending PTAB case. The PTAB is required by statute to institute and decide cases on a strict timeline, and the Court's grant of certiorari does not change those statutory obligations. We will continue to monitor the PTAB closely to ensure this remains the case.

Likewise, the Supreme Court's ultimate decision on the merits should not affect any currently pending PTAB cases (other than those remanded and on hold pending the Supreme Court's *Arthrex* decision), unless the Supreme Court strikes down the entire portion of the Patent Act authorizing the various PTAB proceedings — which seems to be an unlikely outcome at this time.

The Federal Circuit held that the APJs were unconstitutionally appointed. If the Supreme Court disagrees and reverses, the APJs will regain their employment protections and continue to decide cases as before. If the Supreme Court agrees with the Federal Circuit that the APJs' appointments were unconstitutional, the Court will also decide whether the Federal Circuit's cure (i.e., severing the employment protections for APJs) was correct. PTAB business should be unaffected from the litigant's point of view so long as the Supreme Court affirms the Federal Circuit's cure or adopts a less-disruptive remedy. Parties appearing before the PTAB should be affected only if the Court adopts a more disruptive remedy, such as striking down the entire portion of the Patent Act authorizing PTAB proceedings.

The fate of the 100+ remanded and stayed cases will also depend on the Supreme Court's decision. Unless the Supreme Court adopts a more disruptive remedy, these cases will likely proceed to appeal on the merits either directly or after a new panel re-decides them.

If you have questions about this *Client Alert*, please contact one of the authors listed below or the Latham lawyer with whom you normally consult:

[Bob Steinberg](#)
bob.steinberg@lw.com
+1.213.891.8989
Century City

[Jonathan M. Strang](#)
jonathan.strang@lw.com
+1.202.637.2362
Washington, D.C.

[Inge A. Osman](#)
inge.osman@lw.com
+1.202.637.3308
Washington, D.C.

[Diane Ghrist](#)
diane.ghrist@lw.com
+1.202.637.2381
Washington, D.C.

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Endnotes

¹ 941 F.3d 1320 (Fed. Cir. 2020).