

***United States v. Arthrex, Inc.*, No. 19-1434; *Arthrex, Inc. v. Smith & Nephew, Inc.*, No. 19-1458; *Smith & Nephew, Inc. v. Arthrex, Inc.*, No. 19-1452**

Yesterday, the Supreme Court held that the Constitution does not permit administrative patent judges (APJs) to issue final administrative decisions in inter partes review proceedings. The Court remedied this violation by permitting the Director of the Patent and Trademark Office to review final decisions of the Patent Trial and Appeal Board.

Background: The Patent Trial and Appeal Board, established in 2011, resolves administrative challenges to previously issued patents through a process known as inter partes review. Most inter partes review hearings are conducted by panels of three APJs, who are appointed by the Secretary of Commerce in consultation with the PTO Director.

In this case, two companies petitioned for inter partes review, challenging the validity of a patent obtained by Arthrex, Inc. A panel of APJs concluded that Arthrex's patent is invalid.

On appeal, the Federal Circuit held that the inter partes review scheme is unconstitutional because APJs are "principal officers" (rather than "inferior officers") under the Appointments Clause, but are not appointed by the President and confirmed by the Senate. As a remedy for this constitutional violation, the Federal Circuit made APJs removable at will by the Secretary.

Issue: Whether the current structure for inter partes review violates the Appointments Clause and, if so, what remedy is appropriate.

Court's Holding: In a series of fractured opinions, the Supreme Court held that the Constitution does not permit APJs to issue final inter partes review decisions, and that the proper remedy for this violation is to give the PTO Director discretionary power to review those decisions.

Chief Justice Roberts and Justices Alito, Kavanaugh, and Barrett concluded that, because APJs are not appointed as principal officers (*i.e.*, by the President and confirmed by the Senate), they may not issue final administrative decisions in inter partes review proceedings. Justice Gorsuch agreed with this determination, resulting in a 5-4 holding that the current structure of the Board is unconstitutional.

Chief Justice Roberts and Justices Alito, Kavanaugh, and Barrett additionally concluded that the appropriate remedy for the constitutional violation was to give the Director the discretionary authority to review the Board's decisions. In a separate opinion, Justices Breyer, Sotomayor, and Kagan agreed with this reasoning, resulting in a 7-2 holding on remedy.

Justice Gorsuch wrote a concurrence, which no other Justice joined, arguing that the proper remedy for the constitutional violation should be left to Congress in the first instance. He also highlighted what he saw as unresolved due-process concerns with the inter partes review procedure.

Justice Thomas wrote a dissent, arguing that the Board's structure was not unconstitutional and disagreeing with the Court's remedy. He also called on the Court to reconsider its framework for determining who counts as an "inferior" versus "principal" officer.

Mayer Brown filed an *amicus* brief on behalf of the High Tech Inventors Alliance.

Read the opinion [here](#).