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The Supreme Court PTAB Cases That Came Before Arthrex

By **Dani Kass**

Law360 (February 25, 2021, 4:50 PM EST) -- When the U.S. Supreme Court hears arguments Monday over whether Patent Trial and Appeal Board judges are constitutionally appointed, it will be the sixth time the justices have scrutinized the tribunal.

The PTAB was created to be a faster and cheaper forum for challenging patents than litigating them in district courts. Since its formation under the America Invents Act in 2011, there have been attacks on its constitutionality.

The latest one is U.S. v. Arthrex, in which the Supreme Court will consider whether the way administrative patent judges are appointed violates the Constitution's appointments clause, and if so, how to fix that flaw. The outcome could range from keeping the status quo to getting rid of the inter partes review system entirely to, as the Federal Circuit panel chose, removing employment protections for the judges.

William H. Milliken, a director at Sterne Kessler Goldstein & Fox PLLC, noted that four of the previous cases were about questions of how the PTAB operates, "not threats to its very existence," while the fifth case, which did challenge its existence, hadn't found support at the Federal Circuit.

"Here, in contrast, a unanimous panel of the Federal Circuit found an appointments clause problem, and the panel's chosen remedies raise knotty severability issues," Milliken said. "All this adds up to make the case's outcome and its ultimate implications for the operation of the PTAB perhaps a little more uncertain and potentially more significant than those of its predecessors."

Here's a look at which topics have grabbed the justices' attention in the past and what they decided.

Claim Construction Standard

Cuozzo Speed Technologies LLC v. Lee was the PTAB's first appearance before the justices. There, the court unanimously cleared the board to use a different claim construction standard than the one district courts use.

The June 2016 ruling was a blow to Cuozzo, the first company to have its patent invalidated in an IPR. The company had unsuccessfully argued that the PTAB should be required to use the more narrow standard used in district courts.

The U.S. Patent and Trademark Office would align its standard with the district courts in late 2018, more than two years after Cuozzo came down.

The Supreme Court also found that the PTAB's decision to institute an AIA review cannot be appealed, which drew dissents from Justices Samuel Alito and Sonia Sotomayor. A related fight would come back to the court years later.

PTAB's Legality

The petition in Oil States Energy Services LLC v. Greene's Energy Group LLC had argued that patent challenges under the AIA are unconstitutional because only courts can invalidate patents.

In a 7-2 opinion in April 2018, Justice Clarence Thomas wrote for the majority that AIA reviews don't present any kind of constitutional challenge.

"This court has recognized, and the parties do not dispute, that the decision to grant a patent is a matter involving public rights — specifically, the grant of a public franchise," he wrote. "Inter partes review is simply a reconsideration of that grant, and Congress has permissibly reserved the PTO's authority to conduct that reconsideration."

Justice Neil Gorsuch authored a dissent, joined by Chief Justice John Roberts, saying "just because you give a gift doesn't mean you forever enjoy the right to reclaim it."

Partial PTAB Reviews

The next case, SAS Institute Inc. v. Iancu, was argued and decided on the same days as the Oil States case. Here, SAS Institute successfully argued that PTAB judges had to either review all claims challenged in a petition for review under the AIA, or none of them.

In a 5-4 decision, Justice Gorsuch said the AIA "confirms that SAS is entitled to a final written decision addressing all of the claims it has challenged and nothing suggests we lack the power to say so."

The dissenting votes came from the late Justice Ruth Bader Ginsburg, along with Justices Stephen Breyer, Elena Kagan and Sotomayor. In one of two dissents, Justice Breyer said the statute was ambiguous and the USPTO used a reasonable interpretation to fill that gap.

Government Challenges

In June 2019, the justices ruled 6-3 in Return Mail Inc. v. U.S. Postal Service that federal agencies can't challenge patents under the AIA.

Under the AIA, only a "person" can challenge a patent, and Justice Sotomayor's opinion concluded that there's no indication lawmakers intended to depart from the general presumption that the government is not a person.

Justice Breyer again wrote the dissent, joined by Justices Ginsburg and Kagan, claiming Congress intended for the government to be able to challenge patents. He noted that the same agencies can obtain patents, sue others for infringement and be forced to defend their patents against AIA challenges

by others.

Appealing Time-Bar Decisions

Building off of its Cuozzo decision in 2016, the Supreme Court decided in April 2020 that the question of whether an IPR petition was timely filed cannot be appealed.

Justice Ginsburg's 7-2 opinion in Thryv Inc. v. Click-To-Call Technologies LP said it's clear under the AIA that institution decisions are "final and nonappealable," and that time-bar challenges are "closely tied" to those institution decisions.

Justice Gorsuch dissented, mostly joined by Justice Sotomayor, saying the majority's holding "carries us another step down the road of ceding core judicial powers to agency officials and leaving the disposition of private rights and liberties to bureaucratic mercy."

--Additional reporting by Ryan Davis. Editing by Alanna Weissman.