

Inventors Urge Justices To Restore Patent Balance In Arthrex

By **Dani Kass**

Law360 (January 4, 2021, 9:38 PM EST) -- The way decisions are made at the Patent Trial and Appeal Board is "destroying the American dream," inventors recently told the U.S. Supreme Court as part of a flood of amicus briefs supporting Arthrex Inc. in its high-profile bid to change how administrative patent judges are appointed.

The comment from nonprofit advocacy organization U.S. Inventor echoes the sentiment of several amicus briefs filed Dec. 29 and 30, which either want Congress to decide how to fix defects at the board, or to provide more oversight to APJs' work, citing concerns that their patents are being improperly invalidated.

"The Appointments Clause violation before this court magnifies, exacerbates and inflames other structural defects of the PTAB that lead to a lack of confidence from the independent inventor community in its 'judicial independence,'" U.S. Inventor said. "Requiring compliance with the Appointments Clause will be a necessary step toward restoring inventors' faith in the patent system"

On March 1, the justices will hear the three-way dispute between rival medical device companies Arthrex and Smith & Nephew Inc., and the U.S. government. It's over whether APJs are "principal" officers of the government, who must be appointed by the president and confirmed by the Senate or "inferior" officers, who can be appointed by heads of departments.

The Federal Circuit had said the judges were acting as principal officers, without going through the proper approval process, and then claimed to fix the problem by removing job protections that make the judges hard to fire. The government and Smith & Nephew are appealing the principal officers finding, while Arthrex is appealing the court's remedy.

Arthrex has argued that letting a political appointee fire an APJ at will lead to politics impacting judge's decisions on patent validity. It strongly urged the court to let Congress decide what to do next.

Some amici, including libertarian think tank the Cato Institute and TiVo Corp., agreed.

"TiVo submits this brief to request that this court set aside the court of appeals' misguided remedy and leave the task of repairing the broken inter partes review system where it belongs: with Congress," TiVo's brief states.

The Cato Institute added that letting political appointees have sway over judge's jobs will "allow the executive branch to manipulate the outcome of the proceedings." U.S. Inventor made a similar argument, and pointed to a revolving door of APJs going to work at companies that have historically been successful at the PTAB, like Apple.

U.S. Inventor alternatively pushed the justices to sever part of the law that makes APJ decisions final, and to instead make them advisory opinions subject to further scrutiny and not binding on other proceedings, like infringement litigation. A separate group of 39 inventors also raised that severance idea, saying only senate-confirmed judges should be allowed to invalidate patents in a binding proceeding.

Those inventors also said large companies have been using the PTAB to "eliminate upstart competitors and take the competitors' valuable, successful inventions as their own," meaning there needs to be a change.

"The supposed inconvenience of requiring that final decisions eliminating patent rights be heard and decided by Senate-confirmed officers is a feature of the constitutional system, not a bug," the 39 inventors' brief states. "The future of small businesses, and inventors' livelihoods, deserve at least that much protection from errors by Article I officers that would otherwise eliminate their rights."

Other briefs were filed by Americans for Prosperity Foundation and TechFreedom; B.E. Technology LLC; patent attorney Jeremy C. Doerre of Tillman Wright PLLC; the Fair Inventing Fund; inventor Joshua J. Malone; the New Civil Liberties Alliance; the Pacific Legal Foundation; and the U.S. Lumber Coalition.

Smith & Nephew and the government had earlier received **amicus support** from large tech companies, generic-drug makers and intellectual property organizations.

Counsel for Arthrex, Smith & Nephew and the government didn't immediately respond to requests for comment Monday.

The 39 inventors are represented by Lowenstein & Weatherwax LLP. AFPP, NCLA and PLF are represented by their respective in-house counsel. BE Technology is represented by Weisbrod Matteis & Copley PLLC and in-house counsel. The Cato Institute is represented in-house and by a professor from the University of Baltimore School of Law. Doerre is representing himself.

The Fair Inventing Fund is represented by Tully Rinckey PLLC. Malone is represented by Haller Law PLLC. TiVo is represented by Sterne Kessler Goldstein & Fox PLLC. U.S. Inventor is represented by Flachsbart & Greenspoon LLC. The U.S. Lumber Coalition is represented by Goldstein & Russell PC.

Arthrex is represented by Jeffrey A. Lamken, Robert K. Kry, James A. Barta and Jordan A. Rice of MoloLamken LLP; Anthony P. Cho, David J. Gaskey, Jessica E. Fleetham and David L. Atallah of Carlson Gaskey & Olds PC; Charles W. Saber and Salvatore P. Tamburo of Blank Rome LLP; and in-house by John W. Schmieding and Trevor Arnold.

Smith & Nephew is represented by Mark A. Perry, Kellam M. Conover, Brian A. Richman, Max E. Schulman and Jessica A. Hudak of Gibson Dunn & Crutcher LLP; Charles T. Steenburg, Nathan R. Speed and Richard F. Giunta of Wolf Greenfield & Sacks PC; and in-house counsel Mark J. Gorman.

The government is represented by Jeffrey B. Wall, Jeffrey Bossert Clark, Malcolm L. Stewart, Sopan Joshi,

Jonathan Y. Ellis, Scott R. McIntosh, Melissa N. Patterson and Courtney L. Dixon of the Solicitor General's Office and U.S. Department of Justice's Civil Division, as well as David L. Berdan, Thomas W. Krause, Farheena Y. Rasheed, Molly R. Silfen and Daniel Kazhdan of the USPTO.

The cases are U.S. v. Arthrex, case number 19-1434; Smith & Nephew v. Arthrex, case number 19-1452; and Arthrex v. Smith & Nephew, case number 19-1458, in the Supreme Court of the United States.

--Editing by Emily Kokoll.

All Content © 2003-2021, Portfolio Media, Inc.