

2018-2140

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**United States Court of Appeals**  
**for the Federal Circuit**

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**Arthrex, Inc.,**

*Appellant*

v.

**Smith & Nephew, Inc. and ArthroCare Corp.,**

*Appellees*

**United States,**

*Intervenor*

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**Appeal from the U.S. Patent & Trademark Office, Patent Trial and Appeal  
Board, *Inter Partes* Review No. 2017-00275**

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**APPELLANT ARTHREX, INC.'S RESPONSE TO THE GOVERNMENT'S  
MOTION TO STAY THE MANDATE**

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## **CERTIFICATE OF INTEREST**

Counsel for Appellant certifies the following:

1. The full name of every party represented by me is:  
  
Arthrex, Inc.
2. The names of the real party in interest represented by me is:  
  
Arthrex, Inc.
3. There are no parent corporations and any publicly held companies that own 10 percent of the stock of the parties represented by me.
4. The names of all law firms and the partners or associates that appeared for the party or amicus now represented by me in the trial court or agency or are expected to appear in this Court (and who have not or will not enter an appearance in this case) are:  
  
Carlson, Gaskey & Olds, P.C., Anthony P. Cho, David J. Gaskey,  
David L. Atallah, Jessica Fleetham and Timothy J. Murphy
5. The title and number of any case known to me to be pending in this or any other court or agency that will directly affect or be directly affected by this court's decision in the pending appeal: Counsel for appellant are aware of two other cases with pending petitions that present issues similar to those in this petition: *Uniloc 2017 LLC v. Facebook, Inc.*, No. 2018-2251 (Fed. Cir. Dec. 2, 2019), and

*Rovi Guides, Inc. v. Comcast Cable Commc'ns, LLC*, No. 2019-1293 (Fed. Cir. Dec. 12, 2019). Counsel are also aware of three other pending petitions concerning relevant remedial issues: *Bedgear, LLC v. Fredman Bros. Furniture Co.*, No. 2018-2170 (Fed. Cir. Nov. 8, 2019); *Customedia Techs., LLC v. Dish Network Corp.*, No. 2019-1001 (Fed. Cir. Nov. 21, 2019); and *Boston Scientific Neuromodulation Corp. v. Nevro Corp.*, No. 2019-1582 (Fed. Cir. Dec. 6, 2019). Other appeals from PTAB final written decisions or proceedings pending before the PTAB may also be affected by the Court's decision.

CARLSON, GASKEY & OLDS, P.C.

Dated: March 27, 2020

/s/ Anthony P. Cho  
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*Attorneys for Appellant, Arthrex, Inc.*

Appellant Arthrex, Inc. respectfully submits this response to the Government's motion to stay the mandate (Dkt. 116). Arthrex agrees with the Government that a stay is appropriate in this case.

The panel decision in this case held that Administrative Patent Judges ("APJs") exercise the authority of principal officers, but are not appointed in the manner the Constitution requires for such officers. In an effort to remedy the violation, the panel severed the tenure protections Congress prescribed for APJs. In its rehearing petition (Dkt. 78), Arthrex argued that, while the panel's constitutional holding was correct, the remedy was both contrary to congressional intent and insufficient to cure the violation. In particular, Arthrex urged that Congress intended APJs to be independent and impartial decisionmakers, not political appointees who could be fired at the whim of their superiors for policy reasons or for no reason at all. Moreover, severing tenure protections does not remedy the violation, because APJs still render final decisions that are not reviewable by any principal executive officer.

Arthrex intends to file its own petition for a writ of certiorari raising those issues. In light of that petition, while Arthrex obviously disagrees with the Government on the merits of the Appointments Clause issue, Arthrex agrees that the standard for a stay of the mandate has been met. The question Arthrex plans to raise is at least "substantial." Fed. R. App. P. 41(d)(1). This Court has invalidated and

severed statutory tenure protections that Congress deemed essential for APJs. *See Maricopa County v. Lopez-Valenzuela*, 135 S. Ct. 428, 428 (2014) (Thomas, J., respecting denial of stay) (noting the “strong presumption in favor of granting writs of certiorari to review decisions of lower courts holding federal statutes unconstitutional”). Several members of this Court, in dissenting from the denial of rehearing, agreed with Arthrex on this issue, confirming there are reasonable grounds for debate. *See* Dkt. 115 at 21 (Dyk., J., joined by Newman, Wallach, and Hughes, JJ., dissenting) (“By eliminating Title 5 removal protections for APJs, the panel is performing major surgery to the statute that Congress could not possibly have foreseen or intended.”); *id.* at 57-58 (Hughes, J., joined by Wallach, J., dissenting) (“[I]t seems unlikely to me that Congress, faced with this Appointments Clause problem, would have chosen to strip APJs of their employment protections, rather than choose some other alternative.”).

Under the circumstances, there is also “good cause” for a stay. Fed. R. App. P. 41(d)(1). This Court remanded the case for a new hearing before a different panel of APJs. But those proceedings are potentially unnecessary and wasteful for both the parties and the Government. If the Supreme Court accepts Arthrex’s argument, the result would be dismissal of the inter partes review instead. That prospect warrants a stay for essentially the same reasons the Government advances: It does

not make sense to redo an entire inter partes review where the Supreme Court's forthcoming decision may render those proceedings unnecessary and irrelevant.

Finally, staying the mandate in this case would not commit the Court to granting such relief in other cases. *Cf. Image Processing Techs. LLC v. Samsung Elecs. Co.*, No. 18-2156, Dkt. 77 (Fed. Cir. Mar. 2, 2020) (denying motion). Arthrex's case is the one in which the Court decided the constitutional issues in a reasoned opinion. It is the case in which members of this Court expressed their views in various opinions concurring in, or dissenting from, the denial of rehearing en banc. As a result, the Supreme Court is far more likely to grant review here than in any of the cases decided by summary remand. Nor would a stay impose harm on any party. To the contrary, all parties **consent** to a stay in this case. It makes no sense to force the parties to proceed on remand where no party wants to do so. The Court can thus grant a stay in this case without committing itself to any particular course in other cases.<sup>1</sup>

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<sup>1</sup> The Government's repeated claim that Arthrex forfeited its Appointments Clause challenge (Dkt. 116 at 3, 4) is legally erroneous and irrelevant to this stay motion. Although the panel noted that it had discretion to reach this argument even if not preserved below, it also separately "agree[d] with Arthrex that its Appointments Clause challenge was **properly and timely raised** before the first body capable of providing it with the relief sought." *Arthrex, Inc. v. Smith & Nephew, Inc.*, 941 F.3d 1320, 1339 (Fed. Cir. 2019) (emphasis added). Because Arthrex's challenge was timely, the panel's ruling about its discretion to excuse a forfeiture ended up making no difference: A court's authority to excuse forfeiture is irrelevant where no forfeiture occurred. *See* Dkt. 107 at 10-12 (explaining this point). The Government has no response.

The motion to stay the mandate should be granted.

Dated: March 27, 2020

Respectfully submitted,

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**CERTIFICATE OF COMPLIANCE WITH RULE 32(a)**

I, Anthony P. Cho, counsel for Appellant, certify that the foregoing Brief complies with the type-volume limitation set forth in Fed. R. App. P. 27(d)(2).

Specifically, this Brief contains 799 words (excluding the parts of the brief exempted by Fed. Cir. R. 35(c)(2)) as determined by the word count feature of the word processing program used to create this brief.

I further certify that the foregoing brief complies with the typeface requirements set forth in Fed. R. App. P. 32(a)(5) and the type style requirements of Fed. R. App. P. 32(a)(6). Specifically, this brief has been prepared using a proportionally spaced typeface using Microsoft Word 2016, in 14-point Times New Roman font.

CARLSON, GASKEY & OLDS, P.C.

Dated: March 27, 2020

/s/ Anthony P. Cho  
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**CERTIFICATE OF SERVICE**

I hereby certify that on March 27, 2020, I electronically filed the foregoing document using the Court's CM/ECF system, which sent notification of such filing to all counsel of record as follows:

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