

# Recent Developments in Practice Before the Patent Trial and Appeal Board (PTAB)

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## Agenda

- *Arthrex*
- Precedential Decisions
- Motions to Amend
- Coordinating PTAB Challenges with Litigation
- Updates to Trial Practice Guide

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## *Arthrex*: Summary

- *Arthrex, Inc. v. Smith & Nephew, Inc.*, 941 F.3d 1320 (Fed. Cir. 2019)
  - Opinion authored by Judge Moore and joined by Judges Reyna and Chen.
  - The Patent Owner, Arthrex, argued that existing practices for appointing administrative patent judges (“APJs”) violates the Appointments Clause of Article II of the Constitution:

[The President] ... shall nominate, and by and with the Advice and Consent of the Senate, shall appoint Ambassadors, other public Ministers and Consuls, Judges of the supreme Court, and all other Officers of the United States, whose Appointments are not herein otherwise provided for, and which shall be established by Law: but the Congress may by Law vest the Appointment of such inferior Officers, as they think proper, in the President alone, in the Courts of Law, or in the Heads of Departments.

- The Court considered three issues:
  - Issue #1: Did Arthrex waive its Appointments Clause challenge by not raising it at the PTAB?
  - Issue #2: Are APJs properly appointed?
  - Issue #3: What is the remedy if APJs are improperly appointed?

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# Arthrex: Summary

- *Arthrex, Inc. v. Smith & Nephew, Inc.*, 941 F.3d 1320 (Fed. Cir. 2019)
  - Issue #1: Did Arthrex waive its Appointments Clause challenge by not raising it at the PTAB?
    - The Court found that Arthrex did not waive its challenge.
    - First, the Court observed that the PTAB lacked the power to declare its own appointments scheme unconstitutional and to remedy that violation.
    - Second, the Court found that the Appointments Clause challenge was of such exceptional importance, with “a wide-ranging effect on property rights and the nation’s economy,” that it merited an exercise of the court’s discretion to consider the issue, regardless of any waiver.

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# Arthrex: Summary

- *Arthrex, Inc. v. Smith & Nephew, Inc.*, 941 F.3d 1320 (Fed. Cir. 2019)
  - Issue #2: Are APJs properly appointed
    - The focus of the inquiry was whether APJs are inferior or principal officers since principal officers “requir[e] appointment by the President as opposed to the Secretary of Commerce,” who may appoint inferior offices and who presently appoints APJs.
    - The panel concluded that, in view of their statutory role and duties, APJs are principal officers.
      - No presidentially-appointed official (like the Director) has sufficient power to review APJ decisions.
      - There are restrictions on the removability of APJs.
      - While the Director has some supervisory authority over APJs, this was not enough to render APJs inferior officers.

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