

# *Arthrex* Review & Update: Current Status and legal Issues of Appointments Validity, Severability & Forfeiture

John Golden  
November 6, 2020

1

## ***Arthrex* Update & Discussion**

- Update & Background
  - Federal Circuit’s 2019-20 *Arthrex* Decisions
  - Supreme Court Petitions & Certiorari Grant
- Legal Issues in *Arthrex* Itself
  - PTAB Appointments Validity
  - Severability of For-Cause Removal Protection
  - Forfeiture Question
- Questions about *Arthrex* Remands

2

***Arthrex v. Smith & Nephew,***  
**941 F.3d 1320 (Fed. Cir. 10/31/19)**

- **Federal Circuit Panel**

- Judges Moore, Reyna & Chen

- **Background**

- In *inter partes* review, PTAB panel held challenged Arthrex patent claims unpatentable due to anticipation.

- Arthrex did not challenge validity of appointments process for PTAB administrative patent judges (APJs) before PTAB.

3

***Arthrex v. Smith & Nephew,***  
**941 F.3d 1320 (Fed. Cir. 10/31/19)**

- **3 Key Holdings** (opinion by J. Moore)

- 1) Excusing Failure to Raise Question to PTAB

- “[E]xceptional importance” of challenge to PTAB APJs’ appointments under U.S. Constitution justified use of discretion to hear it.

- Raising issue before PTAB would have been futile as it “was not capable of correcting the constitutional infirmity.”

4

***Arthrex v. Smith & Nephew,***  
**941 F.3d 1320 (Fed. Cir. 10/31/19)**

- **3 Key Holdings** (opinion by J. Moore)
  - 2) APJs = Unconstitutionally Appointed “Principal Officers” on Face of Statutory Scheme
    - Under Appointments Clause, principal officer must be appointed by President with Senate advice & consent. U.S. Const., art. II, §2, cl.2.
    - Director’s lack of direct-review authority & APJs’ for-cause removal protection were key factors.

5

***Arthrex v. Smith & Nephew,***  
**941 F.3d 1320 (Fed. Cir. 10/31/19)**

- **3 Key Holdings** (opinion by J. Moore)
  - 3) Remedy for Constitutional Problem = Severing For-Cause Removal Protection
    - “Like the D.C. Circuit in *Intercollegiate [Broadcasting System, Inc. v. Copyright Royalty Board]*, 684 F.3d 1332 (D.C. Cir. 2012), we believe severing the restriction on removal of APJs renders them inferior .... Although the Director still does not have independent authority to review decisions rendered by APJs, his provision of policy and regulation to guide the outcomes ..., coupled with the power of removal by the Secretary without cause provides significant constraint on issued decisions.”

6

Find the full text of this and thousands of other resources from leading experts in dozens of legal practice areas in the [UT Law CLE eLibrary \(utcle.org/elibrary\)](https://utcle.org/elibrary)

## Title search: Arthrex Review & Update: Current Status and Legal Issues of Appointments Validity, Severability & Forfeiture

Also available as part of the eCourse

[2020 Advanced Patent Law \(Austin\) eConference](#)

First appeared as part of the conference materials for the  
25<sup>th</sup> Annual Advanced Patent Law Institute session

"The Appointments Clause, Severability, and Forfeiture in *Arthrex*"