

No. 19-1204

In the Supreme Court of the United States

ARTHREX, INC., PETITIONER

v.

SMITH & NEPHEW, INC., ET AL.

*ON PETITION FOR A WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT*

**BRIEF FOR THE FEDERAL RESPONDENT
IN OPPOSITION**

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QUESTIONS PRESENTED

For almost four decades, the United States Patent and Trademark Office (USPTO) has “possessed the authority to reexamine—and perhaps cancel—a patent claim that it had previously allowed.” *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2137 (2016). In the Leahy-Smith America Invents Act (AIA), Pub. L. No. 112-29, 125 Stat. 284, Congress replaced one of the existing mechanisms for administrative reconsideration of issued patents with a new administrative reconsideration proceeding known as inter partes review. Congress further provided that inter partes review “shall apply to any patent issued before, on, or after th[e] effective date” of the AIA. § 6(c)(2)(A), 125 Stat. 304. The questions presented are as follows:

1. Whether Congress’s decision to authorize the USPTO to conduct inter partes review of patents issued after the AIA’s effective date based on applications submitted before that date is irrational, and thus violates the Due Process Clause.

2. Whether the court of appeals erred in declining to grant rehearing to address a constitutional challenge that petitioner had raised for the first time in a letter filed more than two months after the court issued its opinion, and after the time to seek rehearing had expired.

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OPINIONS BELOW

The opinion of the court of appeals (Pet. App. 1a-20a) is reported at 935 F.3d 1319. The decision of the United States Patent and Trademark Office (Pet. App. 21a-100a) is not published in the United States Patents Quarterly but is available at 2017 WL 4677229.

JURISDICTION

The judgment of the court of appeals was entered on August 21, 2019. A petition for rehearing was denied on November 8, 2019 (Pet. App. 101a-102a). On January 24, 2020, the Chief Justice extended the time within which to file a petition for a writ of certiorari to and including April 6, 2020, and the petition was filed on that date. The jurisdiction of this Court is invoked under 28 U.S.C. 1254(1).

STATEMENT

1. a. The Intellectual Property Clause of the Constitution authorizes Congress to “promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.” U.S. Const. Art. I, § 8, Cl. 8. Pursuant to that authorization, Congress has enacted and periodically amended the Patent Act of 1952 (Patent Act), 35 U.S.C. 1 *et seq.*, which assigns to the United States Patent and Trademark Office (USPTO) responsibility “for the granting and issuing of patents.” 35 U.S.C. 2(a)(1). To determine whether patents should issue, USPTO personnel review applications to assess their compliance with the Act’s subject-matter requirements and conditions of patentability, such as utility, novelty, and non-obviousness in light of prior art. See 35 U.S.C. 101 (patent-eligible subject matter and utility), 102 (novelty), 103 (non-obviousness). If an application satisfies all of those criteria, the Director of the USPTO “shall issue a patent.” 35 U.S.C. 131.

The USPTO reviews more than 600,000 patent applications each year. See USPTO, *FY 2019 Performance and Accountability Report* 29 (2019) (table). Occasionally, the USPTO issues a patent for a putative invention that does not actually satisfy the statutory criteria. The Patent Act accordingly provides “several avenues by which [a patent’s] validity can be revisited.” *Return Mail, Inc. v. United States Postal Serv.*, 139 S. Ct. 1853, 1859 (2019).

First, in an infringement action brought by the patent holder, the person accused of infringement may assert as a defense the “[i]nvalidity of the patent or any claim in suit” based on a failure to meet a “condition for patentability.” 35 U.S.C. 282(b)(2). In that setting, a

court may declare the patent invalid if the defendant proves by clear and convincing evidence “that the patent never should have issued in the first place.” *Microsoft Corp. v. i4i Ltd. P’ship*, 564 U.S. 91, 96 (2011); see 35 U.S.C. 282(a) (providing that in infringement actions “[a] patent shall be presumed valid”). A final judicial determination of invalidity renders the patent unenforceable against all others. See *Blonder-Tongue Labs., Inc. v. University of Illinois Found.*, 402 U.S. 313 (1971).

Second, for almost four decades, the USPTO has “possessed the authority to reexamine—and perhaps cancel—a patent claim that it had previously allowed.” *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2137 (2016). In 1980, Congress first established an administrative reconsideration procedure known as *ex parte* reexamination, which permits “[a]ny person at any time” to “file a request for reexamination” of an issued patent in light of prior art “bearing on [its] patentability.” 35 U.S.C. 301(a)(1), 302; see Act of Dec. 12, 1980 (1980 Act), Pub. L. No. 96-517, 94 Stat. 3015 (35 U.S.C. 301 *et seq.*). The Director may institute reexamination proceedings based on that third-party request, or on his own initiative, if he finds “a substantial new question of patentability.” 35 U.S.C. 303(a). If the USPTO concludes that the challenged patent claims are unpatentable, the Director—following the opportunity for review by the Federal Circuit—cancels those claims. 35 U.S.C. 306, 307(a).

The statute that created the *ex parte* reexamination mechanism authorized the USPTO to reexamine all “patents in force as of th[e] [effective] date or issued thereafter.” 1980 Act § 8(b), 94 Stat. 3027 (effective date of July 1, 1981). The Federal Circuit subsequently held

that neither the Due Process Clause nor the Just Compensation Clause barred *ex parte* reexamination of patents issued before the reexamination statute was enacted. See *Joy Techs., Inc. v. Manbeck*, 959 F.2d 226, 228 (Fed. Cir.), cert. denied, 506 U.S. 829 (1992); *Patlex Corp. v. Mossinghoff*, 758 F.2d 594, 602-603 (Fed. Cir.), modified on other grounds, 771 F.2d 480 (Fed. Cir. 1985).

In 1999 and 2002, Congress established an additional reconsideration procedure known as *inter partes* reexamination. See Optional Inter Partes Reexamination Procedure Act of 1999, Pub. L. No. 106-113, Div. B, § 1000(a)(9) [Tit. IV, Subtit. F, §§ 4601 *et seq.*], 113 Stat. 1536, 1501A-567 (35 U.S.C. 311 *et seq.*); Patent and Trademark Office Authorization Act of 2002, Pub. L. No. 107-273, Div. C, Tit. III, Subtit. A, §§ 13105-13106, 116 Stat. 1900. *Inter partes* reexamination similarly permitted third parties to request that the Director institute USPTO reexamination proceedings based on prior art, and authorized him to cancel unpatentable claims following an opportunity for judicial review. See 35 U.S.C. 316(a) (2006). *Inter partes* reexamination, however, “granted third parties greater opportunities to participate in the [USPTO’s] reexamination proceedings as well as in any appeal.” *Cuozzo*, 136 S. Ct. at 2137.

b. In 2011, Congress enacted the Leahy-Smith America Invents Act (AIA), Pub. L. No. 112-29, 125 Stat. 284. As relevant here, the AIA “modifies ‘*inter partes reexamination*,’” and “now calls [it] ‘*inter partes review*.’” *Cuozzo*, 136 S. Ct. at 2137; see AIA § 6(a), 125 Stat. 299. Congress authorized *inter partes* review to provide “a more efficient system for challenging patents that

should not have issued.” H.R. Rep. No. 98, 112th Cong., 1st Sess. Pt. 1, at 39-40 (2011).

Any person other than the patent owner may petition for inter partes review of an issued patent on the ground that the invention was not novel or was obvious under Section 102 or 103 of the Patent Act in light of “prior art consisting of patents or printed publications.” 35 U.S.C. 311(b); see 35 U.S.C. 102, 103, 312. If the Director finds a “reasonable likelihood” that the petitioner can establish the unpatentability of “at least 1 of the claims challenged in the petition,” he may institute review proceedings. 35 U.S.C. 314(a).

The Patent Trial and Appeal Board (Board) of the USPTO then conducts inter partes review proceedings to determine the patentability of the challenged claims. 35 U.S.C. 316(c). The petitioner and patent owner may conduct limited discovery, submit briefs and evidence, and obtain an oral hearing. See 35 U.S.C. 316(a)(5), (8), and (10). The petitioner must prove unpatentability by a preponderance of the evidence. 35 U.S.C. 316(e). The patent owner may seek to amend the patent by “propos[ing] a reasonable number of substitute claims.” 35 U.S.C. 316(d)(1)(B). If the Board ultimately issues a final written decision determining the patentability of each challenged claim, a dissatisfied party may appeal to the United States Court of Appeals for the Federal Circuit. 35 U.S.C. 318(a), 319. When judicial review is complete or the time for appeal has expired, the Director cancels any patent claims determined to be unpatentable. 35 U.S.C. 318(b).

The AIA’s inter partes review provisions took effect on September 16, 2012. See AIA § 6(c)(2)(A), 125 Stat. 304. As the 1980 Act did with ex parte reexamination, the AIA specifies that inter partes review “shall apply

to any patent issued before, on, or after that effective date.” *Ibid.*

2. a. Petitioner Arthrex, Inc., filed a patent application in 2006, and the USPTO issued U.S. Patent No. 8,821,541 (’541 patent) in 2014. C.A. App. 790.

In June 2015, petitioner brought an infringement action against respondents Smith & Nephew, Inc. and ArthroCare Corp., alleging infringement of the ’541 patent. See 15-cv-1047 D. Ct. Doc. 1 (E.D. Tex. June 17, 2015). That suit proceeded to trial and, following trial, was dismissed based on a settlement agreement. See 15-cv-1047 D. Ct. Doc. 369 (E.D. Tex. Feb. 13, 2017).

b. While the infringement suit was pending, Smith & Nephew and ArthroCare filed a petition for inter partes review of the ’541 patent. Pet. App. 5a; see C.A. App. 183. In October 2016, the Director instituted review. See C.A. App. 340. In October 2017, the Board determined that two claims of the ’541 patent had “been shown by a preponderance of the evidence to be unpatentable.” Pet. App. 99a. Having construed the patent claims in light of their “broadest reasonable interpretation,” *id.* at 32a; see *id.* at 32a-63a; *Cuozzo*, 136 S. Ct. at 2146, the Board determined that those claims were unpatentable under Sections 102 and 103(a) in light of prior art, see Pet. App. 64a-98a.

3. a. The court of appeals affirmed the Board’s decision. Pet. App. 1a-20a. The court held that substantial evidence supported the Board’s finding that one patent claim was unpatentable because it was obvious in light of prior art. See *id.* at 9a-15a. On de novo review, the court rejected petitioner’s challenge to the Board’s construction of the second patent claim. See *id.* at 15a-18a.

Petitioner also argued that, because its patent application had been filed before the AIA was enacted, the

use of inter partes review to cancel the resulting patent violated the Due Process Clause. See Pet. C.A. Br. 62-65. The court of appeals rejected that contention. See Pet. App. 18a-20a. The court noted that this Court’s decision in *Oil States Energy Services, LLC v. Greene’s Energy Group, LLC*, 138 S. Ct. 1365, 1379 (2018), did not “address[] the constitutionality of [inter partes review] as applied to patents issued prior to the” AIA. Pet. App. 18a; see *Oil States*, 138 S. Ct. at 1379 (“Oil States does not challenge the retroactive application of inter partes review, even though that procedure was not in place when its patent issued.”). The court explained that the issue was not presented in this case “because the ’541 patent issued on September 2, 2014, almost three years *after* passage of the AIA.” Pet. App. 18a-19a; see AIA § 6(c)(2)(A), 125 Stat. 304 (effective date of September 16, 2012). The court concluded that, because Congress had already established the inter partes review mechanism by the time petitioner’s patent issued, “application of [inter partes review] to [petitioner’s] patent cannot be characterized as retroactive.” Pet. App. 19a.

The court of appeals further held that the Due Process Clause does not prohibit application of inter partes review even to patents issued before the AIA’s enactment. See Pet. App. 19a-20a. The court noted that it had recently addressed “similar” issues in resolving a Just Compensation Clause challenge in *Celgene Corp. v. Peter*, 931 F.3d 1342 (Fed. Cir. 2019), petition for cert. pending, No. 19-1074 (filed Feb. 26, 2020), and it concluded that *Celgene* foreclosed petitioner’s constitutional challenge in this case. Pet. App. 19a. For decades before the AIA was enacted, patent owners had “ex-

pected that ‘the [Patent Office] could reconsider the validity of issued patents on particular grounds, applying a preponderance of the evidence standard.’” *Id.* at 19a-20a (quoting *Celgene*, 931 F.3d at 1363) (brackets in original). The court of appeals noted its prior conclusion in *Celgene* that the “differences between [inter partes review] and the * * * Patent Office proceedings that existed prior to the AIA are not so significant as to ‘create a constitutional issue.’” *Id.* at 19a (quoting *Celgene*, 931 F.3d at 1362).

b. Petitioner filed a petition for rehearing or rehearing en banc, raising its Due Process Clause argument and one of its challenges to the Board’s patentability determination. See Pet. C.A. Pet. for Reh’g 2. Nearly a month later—and more than two months after the panel had issued its decision—petitioner filed a letter under Federal Rule of Appellate Procedure 28(j) in which, for the first time, it purported to “raise[] an Appointments Clause challenge in the present appeal.” C.A. Doc. 72, at 1 (Nov. 1, 2019). Petitioner relied on a decision that the court of appeals had issued in a separate appeal petitioner had taken from a different inter partes review proceeding involving the same parties. *Ibid.* (citing *Arthrex, Inc. v. Smith & Nephew, Inc.*, 941 F.3d 1320 (Fed. Cir. 2019), reh’g denied, 953 F.3d 760 (Fed. Cir. 2020)). In that case, petitioner had argued in its opening brief, and the court of appeals had agreed, that administrative patent judges were principal officers of the United States “who must be, but were not, appointed by the President with the advice and consent of the Senate.” *Arthrex*, 941 F.3d at 1327.

In this case, the court of appeals denied the petition for rehearing without opinion. Pet. App. 101a-102a.

ARGUMENT

Petitioner contends (Pet. 14-27) that the use of inter partes review to reconsider the '541 patent violated the Due Process Clause because petitioner applied for that patent before the AIA was enacted.¹ Petitioner further contends (Pet. 27-33) that the court of appeals should have addressed an unrelated constitutional challenge that petitioner raised for the first time in a letter filed well after the deadline for a petition for rehearing had passed. Petitioner's contentions lack merit, and further review is not warranted on either question here.

1. a. Petitioner contends (Pet. 14-27) that the "retroactive" application of inter partes review violates the Due Process Clause. Petitioner argues (Pet. 20-25) that, because it *applied* for the '541 patent before the AIA was enacted, the use of inter partes review proceedings to reconsider (and ultimately cancel) that patent implicates "special concerns" around "[r]etroactive legislation." Pet. 20. In support of that contention, petitioner invokes this Court's decision in *Landgraf v. USI Film Products*, 511 U.S. 244 (1994), for the proposition that a "presumption against retroactive legislation" applies. Pet. 20 (citation omitted). Petitioner's argument is mistaken in multiple ways.

First, although petitioner filed its patent application before the AIA was enacted, its patent was not issued until after the AIA's effective date. The Patent Act states that patents have "the attributes of personal

¹ Other petitions raising related challenges are pending in *Collabo Innovations, Inc. v. Sony Corp.*, No. 19-601 (filed Nov. 4, 2019); *Celgene Corp. v. Peter*, No. 19-1074 (filed Feb. 26, 2020); and *Enzo Life Sciences, Inc. v. Becton, Dickinson & Co.*, No. 19-1097 (filed Mar. 3, 2020). The United States has opposed certiorari in those cases as well.

property” “[s]ubject to the provisions of” that Act. 35 U.S.C. 261. The “property rights that a patent owner has in an issued patent” therefore are granted “subject[] * * * to the express provisions of the Patent Act.” *Oil States Energy Servs., LLC v. Greene’s Energy Grp., LLC*, 138 S. Ct. 1365, 1375 (2018). For the ’541 patent, “[t]hose provisions include inter partes review.” *Ibid.*

Second, the presumption against retroactivity is simply a “default rule,” which “ensure[s] that Congress itself has determined that the benefits of retroactivity outweigh the potential for disruption or unfairness.” *Landgraf*, 511 U.S. at 268, 272. “[T]he court’s first task is to determine whether Congress has expressly prescribed the statute’s proper reach,” and “[i]f Congress has done so, of course, there is no need to resort to judicial default rules.” *Id.* at 280. Here, “Congress was as clear as it could have been” in directing that inter partes review may be used for both pre-AIA and post-AIA patents, so “interpretive presumptions” are unnecessary. *Opati v. Republic of Sudan*, 140 S. Ct. 1601, 1608 (2020); see AIA § 6(c)(2)(A), 125 Stat. 304.

Third, even with respect to patents that were not only applied for but actually issued before the AIA’s enactment, the use of the AIA’s inter partes review procedures does not constitute a retroactive application of that law. “A statute does not operate ‘retrospectively’ merely because it is applied in a case arising from conduct antedating the statute’s enactment, * * * or upsets expectations based in prior law.” *Landgraf*, 511 U.S. at 269. The relevant question is instead “whether the new provision attaches new legal consequences to events completed before its enactment.” *Id.* at 270.

No new legal consequences attached here. The Board conducts inter partes review under the same substantive standards of patentability that applied before the AIA was enacted. While the *procedures* used to conduct inter partes review differ from the procedures previously used to reassess issued patents, “[c]hanges in procedural rules may often be applied in suits arising before their enactment without raising concerns about retroactivity.” *Landgraf*, 511 U.S. at 275; cf. *Eldred v. Ashcroft*, 537 U.S. 186, 203 (2003) (“[T]he legal regime governing a particular patent ‘depend[s] on the law as it stood at the emanation of the patent, together with such changes as have been since made.’”) (quoting *McClurg v. Kingsland*, 42 U.S. (1 How.) 202, 206 (1843)) (brackets in original).

b. Even if the application of inter partes review to petitioner’s patent were properly considered retroactive, the court of appeals correctly concluded that a retroactive application of the AIA would not violate the Due Process Clause. Pet. App. 19a-20a.

Due process requirements are satisfied if retrospective application of particular “legislation is itself justified by a rational legislative purpose.” *Pension Benefit Guar. Corp. v. R. A. Gray & Co.*, 467 U.S. 717, 730 (1984). Retroactive provisions “often serve entirely benign and legitimate purposes,” such as “correct[ing] mistakes” and “giv[ing] comprehensive effect to a new law Congress considers salutary.” *Landgraf*, 511 U.S. at 267-268.

Congress’s decision to make the AIA’s inter partes review provisions applicable to all patents, including patents that were issued (or applied for) before the AIA’s enactment or effective date, fully accords with those principles. Extending inter partes review to pre-AIA

patents was a rational means of furthering a legitimate objective. *Celgene Corp. v. Peter*, 931 F.3d 1342, 1361-1362 (Fed. Cir. 2019), petition for cert. pending, No. 19-1074 (filed Feb. 26, 2020). Invalid patents sometimes “slip through” the USPTO’s initial review process, and once Congress had created a “more efficient system” for identifying “patents that should not have issued in the first place,” Congress reasonably chose to make that improved system applicable to both existing and future patents. *Id.* at 1361 (citations omitted).

Congress’s decision was not only rational, but also consistent with the course it had chosen in 1980, when it made the newly created *ex parte* reexamination process applicable to all patents, including those applied for and issued at a time when no administrative reconsideration mechanism was in place. See 1980 Act § 8(b), 94 Stat. 3027. As the Federal Circuit explained in upholding that 1980 congressional choice against a Due Process Clause challenge similar to the one petitioner mounts here, the “curative” nature of the new provision—intended to alleviate the ill effect of issued but invalid patents—makes judicial deference to Congress’s choice especially appropriate. *Patlex Corp. v. Mossinghoff*, 758 F.2d 594, 603, modified on other grounds, 771 F.2d 480 (Fed. Cir. 1985).

Petitioner nevertheless contends (Pet. 20-23) that use of *inter partes* review to reconsider the ’541 patent violates the Due Process Clause by disrupting “settled expectations.” Pet. 20 (citation omitted). That contention is incorrect for multiple reasons. As a preliminary matter, no such disruption occurred with respect to petitioner’s patent, or even with respect to patents that had already issued when the AIA was enacted. Petitioner argues (Pet. 21-22) that the AIA “dramatically

expands the opportunities for attacking a patent” because, before the AIA, “an accused infringer seeking to challenge a patent through adversarial proceedings had to litigate in court and prove invalidity by clear and convincing evidence.” See *Microsoft Corp. v. i4i Ltd. P’ship*, 564 U.S. 91, 95, 100-107 (2011). Even before Congress enacted the AIA, however, the USPTO had possessed for decades the power to “reconsider the validity of issued patents on particular grounds, applying a preponderance of the evidence standard” in administrative reexamination proceedings. *Celgene*, 931 F.3d at 1363; see 35 U.S.C. 303-307. While the AIA expanded the ability of patent challengers to participate in administrative reexaminations, it did not modify the rights of patent *holders* in such proceedings in any constitutionally significant way. See *Celgene*, 931 F.3d at 1361-1362 (“The[] differences do not disrupt the expectation that patent owners have had for nearly four decades—that patents are open to [USPTO] reconsideration and possible cancellation if it is determined, on the grounds specified in § 311(b), that the patents should not have issued in the first place.”).²

² In support of its argument that the AIA disrupted settled expectations, petitioner asserts that “[b]y one estimate, inter partes review has obliterated *two-thirds* of the value of pre-AIA patents.” Pet. 23 (citing Gregory Dolin & Irina D. Manta, *Taking Patents*, 73 Wash. & Lee L. Rev. 719, 791-792 (2016) (Dolin & Manta)). That “one estimate,” *ibid.*, is a blog post that reported that, as of 2015, “[t]he lore of the US patent brokers * * * is that the price of an average US patent has dropped about 66% since the institution of the AIA IPR procedure.” Richard Baker, *Guest Post: America Invents Act Cost the US Economy over \$1 Trillion* (June 8, 2015), <https://patentlyo.com/patent/2015/06/america-invents-trillion.html>, cited in Dolin & Manta 792 n.437. The blog post did not actually

In any event, “legislation readjusting rights and burdens is not unlawful solely because it upsets otherwise settled expectations.” *Usery v. Turner Elkhorn Mining Co.*, 428 U.S. 1, 16 (1976). Here, the court of appeals properly reasoned that “the differences between [inter partes review] and the district court and Patent Office proceedings that existed prior to the AIA are not so significant as to ‘create a constitutional issue,’” even with respect to patents that had been issued before the AIA’s enactment. Pet. App. 19a (quoting *Celgene*, 931 F.3d at 1362). Participants in the patent system had clear notice both that the validity of issued patents was subject to administrative reconsideration, and that Congress might modify the reconsideration procedures to more effectively identify patents that had been improvidently issued.³

Finally, Petitioner contends (Pet. 20-21) that the AIA unfairly disrupts a “carefully crafted bargain” between

compare data about post-AIA patent sales to data about pre-AIA patent sales. See *ibid.*

³ Quoting this Court’s decision in *Return Mail, Inc. v. United States Postal Serv.*, 139 S. Ct. 1853, 1865 (2019), petitioner argues that inter partes review is “‘fundamentally different’” from its reexamination predecessors. Pet. 22. But the *Return Mail* Court focused on the entities that are authorized to *initiate* challenges to patents before the USPTO, and the “differen[ces]” the Court identified were significant only from that party’s perspective. 139 S. Ct. at 1865; see *id.* at 1865-1866. For a challenger, for example, an inter partes review in which it can present evidence is “meaningfully different” from an ex parte reexamination in which “the challenger is not permitted to participate.” *Id.* at 1866. But that does not make the two processes of agency reevaluation fundamentally different from the perspective of a patent holder—the perspective that matters here. To the contrary, the patent holder’s role in both types of proceedings is ultimately the same: attempting to persuade the agency (or, failing that, the Federal Circuit) that the patent is valid.

the inventor and the government. *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 150 (1989). Petitioner suggests (Pet. 21) that the government uses the “promise of certain protections” to “induce an inventor to disclose his invention” in a patent application. The statutory bargain, however, does not include any promise concerning putative inventions that do not meet the Patent Act’s conditions of patentability. And the fact that certain procedures to reconsider patents exist at the time of an application does not imply a promise that those procedures will remain unchanged.

“No one has a vested right in any given mode of procedure.” *Celgene Corp.*, 931 F.3d at 1361 (quoting *Denver & Rio Grande W. R.R. v. Brotherhood of R.R. Trainmen*, 387 U.S. 556, 563 (1967)) (brackets in original). The fundamental bargain that the Patent Act embodies is instead that patents that meet the statutory conditions receive protection. Inter partes review helps to enforce that bargain by ensuring that patent protection is afforded only to inventions that satisfy those conditions. The USPTO has concluded that petitioner’s invention does not satisfy the statutory criteria, see Pet. App. 99a, and the Federal Circuit has upheld that determination, see *id.* at 9a-18a.

2. Petitioner also argues (Pet. 27-33) that the court of appeals should have addressed an Appointments Clause challenge that petitioner raised in this case for the first time in a Rule 28(j) letter filed more than two months after the court had issued its decision. See C.A. Doc. 72, at 1. Even assuming that the court below could permissibly have excused petitioner’s forfeiture and addressed the Appointments Clause issue in that posture, the court acted well within its discretion in declining to

do so. The court’s order denying rehearing without discussing the Appointments Clause challenge does not warrant further review.

Petitioner argues (Pet. 29) that the proper application of forfeiture principles in this context presents a “recurring issue that warrants this Court’s review” because the court of appeals “has repeatedly refused to apply” its Appointments Clause holding in *Arthrex, Inc. v. Smith & Nephew, Inc.*, 941 F.3d 1320 (Fed. Cir. 2019), reh’g denied, 953 F.3d 760 (Fed. Cir. 2020), “to cases like this where the appellant did not raise the Appointments Clause issue in its opening brief.” In this case, however, petitioner failed to invoke the Appointments Clause not only “in its opening brief,” Pet. 29, but also in its reply brief and petition for rehearing. See Pet. C.A. Reply Br. 22-29; Pet. C.A. Reh’g Pet. 4-10. Under these circumstances, the court of appeals’ denial of panel rehearing and rehearing en banc presents no difficult or important forfeiture issue.

Petitioner contends (Pet. 30-32) that the court of appeals should have excused its forfeiture based on an “intervening change of law.” But Appointments Clause challenges can be forfeited, and courts should overlook such forfeitures only in “rare cases” and as a matter of “discretion.” *Freytag v. Commissioner*, 501 U.S. 868, 879 (1991). Overlooking petitioner’s forfeiture would have been especially unwarranted here. In the separate Federal Circuit case that produced the “intervening change of law” on which petitioner now relies, petitioner itself was the party that raised the Appointments Clause challenge in the court of appeals; yet petitioner chose not to raise the same argument in this case until the time to seek rehearing had expired. Compare Pet. C.A. Br. 62-65, and Pet. C.A. Reply Br. 22-29, with Pet.

Br. 59-66, *Arthrex, supra* (No. 18-2140). Petitioner cites no decision of any court suggesting that the Federal Circuit was *required* to address the Appointments Clause issue under those circumstances.

Petitioner notes (Pet. 32-33) that petitions for writs of certiorari raising the same Appointments Clause issue are potentially forthcoming in *Arthrex, supra*, and in other cases. But even if this Court grants review in one or more other cases and agrees with the Federal Circuit that there is a defect in the appointment of administrative patent judges, and even if the Court additionally concludes that the Federal Circuit permissibly chose to address the Appointments Clause issue when it was raised for the first time in the opening brief in *Arthrex*, see 941 F.3d at 1326-1327, there would still be no basis for disturbing the court of appeals' decision here. Holding this petition pending a decision in those (potential) cases would only delay the cancellation of a patent that the USPTO has held to be invalid, in a decision that the Federal Circuit has affirmed and that petitioner no longer contests on the merits.

CONCLUSION

The petition for a writ of certiorari should be denied.

Respectfully submitted.

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