

Update: The Supreme Court Largely Upholds IPR Proceedings in Arthrex

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On June 21, the Supreme Court issued its decision in *U.S. v. Arthrex, Inc.*, Nos. 19-1434, 19-1452, 1901458 (June 21, 2021) ([slip opinion](#)). As covered previously in “[What Does the Future Hold for IPRs after Arthrex?](#),” the case involves a challenge to the constitutionality of the *inter partes* review (IPR) process, with the potential to upend the patent landscape. However, as predicted, the Court’s determination maintains the *status quo* to the greatest extent possible.

The Verdict: APJ Determinations in IPRs are Unconstitutional

In a decision authored by Chief Justice Roberts, the Court ruled that the statutory scheme appointing Patent Trial and Appeal Board (PTAB) administrative patent judges (APJs) to adjudicate IPRs violates the appointments clause of the U.S. Constitution. Specifically, the Court concluded that, because APJ decisions in IPR proceedings are not reviewable by a presidentially appointed and Senate-confirmed officer, such determinations are not compatible with the powers of inferior officers.

Practice Note: By its terms, this decision applies **only** to IPR decisions and not to any other PTAB examinations or adjudications.

The Remedy: Review of IPR Decisions by the PTO Director

The Court prescribed what it views as the narrowest possible remedy to cure the constitutional defect: declaring that all IPR final decisions made by APJs must be subject to review by the Patent and Trademark Office (PTO) director, who is nominated by the president and confirmed by the Senate. The Court implemented this decision by declaring that 35 U.S.C. § 6(c), which provides that “[o]nly the Patent Trial and Appeal Board may grant rehearings,” is unenforceable as applied to the director.

Regarding the specific IPR decision at issue, the Court found that Arthrex is not entitled to a rehearing before a new panel of APJs, but instead that the final decision is remanded to the director (currently, the acting director) for review.

What Does This Mean for IPRs?

For the vast majority of IPR practitioners, the Court’s decision will presumably have little effect. IPR proceedings will continue apace as they did before the Federal Circuit’s *Arthrex* decision in 2019. However, after a final

determination by a panel of APJs, the PTO director “may review final PTAB decisions and, upon review, may issue decisions himself on behalf of the Board.” Exactly what this review process will look like, and the extent to which the director will change PTAB decisions remains to be seen.

The Court’s decision will likely not affect any pre-*Arthrex* decisions. As [previously explained](#), the courts generally favor finality and avoid retroactively applying new opinions to closed cases.

Finally, with respect to IPR decisions remanded to the PTAB by the Federal Circuit after *Arthrex*, because these proceedings were held in abeyance pending the Supreme Court’s decision, those decisions — like the specific IPR at issue — will likely be remanded to the director for review.

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