

No. 19-1452

IN THE
Supreme Court of the United States

SMITH & NEPHEW, INC., ET AL.,

Petitioners,

v.

ARTHREX, INC., ET AL.,

Respondents.

**On Petition for a Writ of Certiorari to the
United States Court of Appeals
for the Federal Circuit**

**BRIEF FOR AMICUS CURIAE
COMCAST CABLE COMMUNICATIONS, LLC
IN SUPPORT OF PETITIONERS**

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INTEREST OF AMICUS CURIAE¹

Amicus Comcast Cable Communications, LLC is one of the largest suppliers of cable television programming in the United States. Comcast’s innovative X1 system is a cloud-based architecture that provides customers with numerous ways to obtain video service. Comcast holds a substantial patent portfolio, and Comcast is involved frequently in patent litigation before the federal courts. Accordingly, Comcast has an interest in high-quality patents that represent genuine inventions—and an equally strong interest in supporting the processes Congress has enacted to address erroneously granted patents that hinder innovation and encourage abusive litigation. In Comcast’s experience, *inter partes* review is an invaluable means of combating weak and overbroad patents, which often are aggressively enforced by patentholders, including nonpracticing entities. In light of the aggressive assertion of invalid patents, especially in areas of emerging technology, Comcast believes that *inter partes* review performs a critical function within the patent system.

Comcast’s interests also have been directly affected by the decision below. Comcast successfully challenged certain patents before the Patent Trial and Appeal Board (PTAB), and the patentholders’ appeals of those favorable rulings were pending when the Federal Circuit issued the decision below. In reliance on that decision,

¹ Pursuant to Supreme Court Rule 37.6, counsel for *amicus curiae* state that no counsel for a party authored this brief in whole or in part, and no party or counsel for a party, or any other person other than *amicus curiae* or its counsel, made a monetary contribution intended to fund the preparation or submission of this brief. All parties have filed blanket consents to the filing of amicus briefs.

the Federal Circuit vacated the PTAB's decisions and remanded for re-adjudication before reconstituted PTAB panels. The Federal Circuit did so despite the fact that in each case, the patentholder had forfeited any Appointments Clause challenge by failing to raise it before the PTAB.

INTRODUCTION AND SUMMARY OF THE ARGUMENT

In this case, the Federal Circuit wrongly held that the PTAB's administrative patent judges were invalidly appointed because they are principal officers whom the Appointments Clause requires to be appointed through presidential nomination and Senate confirmation. The Federal Circuit thus invalidated the appointments of over 200 administrative patent judges who collectively decide hundreds of post-grant validity challenges every year.

Doctrines of waiver, forfeiture, and administrative exhaustion would ordinarily limit the potentially sweeping collateral consequences of such a decision. But here, the Federal Circuit disregarded those important limitations, thereby compounding the disruptive effects of its decision. Not only did the court excuse the patentholder's failure to raise any Appointments Clause challenge before the PTAB in *this* case, but the court also has subsequently categorically excused the forfeiture of *all* patentholders who have belatedly included an Appointments Clause challenge in their appellate briefing. Pursuant to that across-the-board policy, the Federal Circuit has remanded over 100 cases in which the PTAB has already held the challenged patents invalid for re-adjudication by reconstituted PTAB panels. Pet. 28. The Federal Circuit's decision thus has had immediate and potentially severe consequences for numerous parties who have relied on *inter partes* review and other post-grant

review proceedings as an expeditious means of challenging invalid patents.

Comcast files this brief to address the Federal Circuit's blanket forgiveness of patentees' forfeiture of their challenges to the PTAB's constitution. The Federal Circuit's categorical approach disregards both this Court's long-standing treatment of forfeiture in constitutional cases and the important finality and reliance interests that forfeiture doctrine protects. The immediate effect of the court's ruling is to ensure that potentially hundreds of patents that the PTAB has held invalid will remain in force for the foreseeable future. That will hinder innovation and competition in realms that should be free to the public. The Federal Circuit's approach also imposes significant costs on litigants like Comcast, who prevailed in challenging patents before the PTAB and now face the delay and expense associated with relitigating the validity of clearly invalid patents, as well as potential collateral consequences in other pending litigation. And the decision raises significant fairness concerns, as it treats patentees and patent challengers differently for reasons that do not withstand scrutiny.

This Court should grant, at minimum, the petitions filed by petitioners in this case and the United States in No. 19-1434 in order to address the Federal Circuit's Appointments Clause and forfeiture holdings. Comcast agrees with petitioners in this case that the court of appeals' forfeiture ruling is an additional reason to grant certiorari in these cases, and respectfully urges the Court to grant certiorari with respect to not only the Appointments Clause question, but also the forfeiture question included in the United States' petition for certiorari.

ARGUMENT

I. The Federal Circuit’s categorical forfeiture ruling is wrong, and it disregards the important reliance and finality interests that forfeiture protects.

A. This Court has long held that constitutional claims, including separation-of-powers challenges, may be forfeited. See *United States v. Olano*, 507 U.S. 725, 731 (1993) (“No procedural principle is more familiar to this Court than that a constitutional right, or a right of any other sort, ‘may be forfeited * * * by the failure to make timely assertion of the right before a tribunal having jurisdiction to determine it.’”) (quoting *Yakus v. United States*, 321 U.S. 414, 444 (1944)). The requirement that litigants properly raise arguments at the first opportunity “is essential to the orderly administration of civil justice”: it prevents litigants from “speculat[ing] with the [tribunal] by letting error go without any comment,” and then seeking a do-over if the initial outcome is unfavorable. 9B Wright & Miller, *Federal Practice and Procedure* § 2472 (3d ed. 2020); accord *Freytag v. Comm’r*, 501 U.S. 868, 894 (1991) (Scalia, J., concurring in part and concurring in the judgment). This Court has “recognized [that] ‘the value of waiver and forfeiture rules’” in preventing such “sandbagging” by dissatisfied litigants is not diminished in cases involving constitutional rights. *Stern v. Marshall*, 564 U.S. 462, 481-482 (2011). The Court has accordingly enforced forfeiture even where the litigant belatedly seeks to raise a constitutional challenge or an argument that the tribunal lacked authority to litigate its claim. See *Olano*, 507 U.S. at 731; *Stern*, 564 U.S. at 482 (“If Pierce believed that the Bankruptcy Court lacked the authority to decide his claim for defamation, then he should have said so—and said so promptly.”).

Nonetheless, the Federal Circuit excused respondent Arthrex’s forfeiture in this case on the ground that “this case implicates the important structural interests and separation of powers concerns protected by the Appointments Clause.” Pet. App. 5a. The court of appeals relied on *Freytag*, in which this Court considered an Appointments Clause challenge to the appointment of special trial judges that was raised for the first time on appeal. But in *Freytag* itself, the Court excused forfeiture only after concluding that the case before it was a “rare case[] in which [the Court] should exercise [its] discretion to hear petitioners’ challenge.” 501 U.S. at 879.

The Federal Circuit appears to have understood *Freytag* to hold that *any* case involving a separation-of-powers challenge would warrant excusing forfeiture. Pet. App. 5a (“Like *Freytag*, this case implicates the important structural interests and separation of powers concerns protected by the Appointments Clause.”). But since *Freytag*, this Court has made clear that separation-of-powers challenges may be forfeited—leaving no doubt that *Freytag* does not sweep as broadly as the Federal Circuit believed. See, e.g., *Plaut v. Spendthrift Farm, Inc.*, 514 U.S. 211, 231 (1995) (“[T]he proposition that legal defenses based upon doctrines central to the courts’ structural independence can never be waived simply does not accord with our cases”). The mere fact that Arthrex brought an Appointments Clause challenge therefore provided no sound basis to excuse its forfeiture in this case.

B. In subsequent orders in other cases, the Federal Circuit compounded its error by categorically excusing patentees’ failure to raise an Appointments Clause challenge before the PTAB. The court of appeals summarily vacated and remanded dozens of other appeals in which patentholders raised an Appointments Clause challenge

for the first time on appeal—without any express consideration of each case by a panel of judges, and without attempting to account for individual circumstances. See, e.g., 20-74 Pet. App. 1a-134a (compiling 61 orders, each of which summarily vacates one or more appeals on the basis of the Federal Circuit’s decision in *Arthrex*).

That across-the-board approach to excusing forfeiture is irreconcilable with basic forfeiture doctrine. This Court has emphasized that a court should exercise its discretion to excuse forfeiture only in exceptional cases. See *Freytag*, 501 U.S. at 879; *id.* at 894 (Scalia, J.) (“appellate courts may, in truly exceptional circumstances, exercise discretion to hear forfeited claims”). A court cannot conclude that a case is sufficiently exceptional to warrant excusing forfeiture without conducting a case-specific analysis of the equities.² Yet the Federal Circuit declined to engage in that analysis, even in cases—such as those of amicus Comcast—in which the appellee informed the court that case-specific equities distinguished the case from *Arthrex* and required enforcing forfeiture. See, e.g., 19-1215 Dkt. 64 (Fed. Cir. Nov. 12, 2019).

C. The Federal Circuit’s categorical treatment of forfeiture is particularly concerning because it gives rise to significant fairness concerns. While the court categorically excused *patentees*’ forfeiture of their challenges to the administrative patent judges’ appointments, the court categorically enforced forfeiture against patent

² Other courts of appeals have routinely undertaken that inquiry in the wake of this Court’s separation-of-powers decisions. See, e.g., *Davis v. Saul*, 963 F.3d 790, 793 (8th Cir. 2020) (enforcing forfeiture of claim that Social Security administrative law judges were unconstitutionally appointed in light of *Lucia v. SEC*, 138 S. Ct. 2044 (2018), because case was not exceptional); *Carr v. Comm’r*, 961 F.3d 1267, 1273 (10th Cir. 2020) (same).

challengers who similarly sought to raise the same Appointments Clause argument for the first time on appeal. See generally *Ciena Corp. v. Oyster Optics, LLC*, 958 F.3d 1157 (Fed. Cir. 2020). The court justified the disparate treatment on the ground that patent challengers have affirmatively consented to PTAB adjudication by seeking to institute an *inter partes* review proceeding, whereas patentees have made no such affirmative decision. *Id.* at 1161. But that rationale is inconsistent with the Federal Circuit’s reliance on *Freytag* to justify excusing patentees’ forfeiture. In *Freytag* itself, the litigants whose forfeiture was excused had consented to adjudication by the special trial judge whose appointment they later challenged. 501 U.S. at 878. If the Federal Circuit believed that *Freytag* justified its categorical excusal of patentees’ forfeiture, it should have applied the same rationale to patent challengers.

Moreover, the Federal Circuit’s refusal to excuse patent challengers’ forfeiture reinforces the conclusion that the court should not have categorically excused *patentees*’ forfeiture. The Federal Circuit reasoned that the equities support enforcing forfeiture when a challenger has chosen to proceed before the PTAB. *Ciena*, 958 F.3d at 1161. But if the equities are relevant in that context, then surely the Federal Circuit should have considered the equities in the many cases in which patentees raised the Appointments Clause challenge for the first time on appeal. In the latter cases, the Board has held the patents invalid and the prevailing patent challengers have ordered their conduct in reliance on the likelihood that the agency’s expert conclusions of invalidity will be affirmed on appeal. But despite those reliance interests, the Federal Circuit declined even to consider the equities in cases in which the patentee had lost.

II. The Federal Circuit's disregard of patentees' forfeiture has severe consequences for litigants and the patent system.

The Federal Circuit's categorical vacatur of over one hundred PTAB decisions holding patents invalid has significant adverse consequences for litigants and the patent system as a whole.

A. The primary consequence of the Federal Circuit's forfeiture ruling is that scores of patents that have been found unpatentable in reasoned decisions by the PTAB will remain in force until newly constituted PTAB panels can re-examine each case. That is true even if the patentee has never contended that the alleged Appointments Clause violation had any bearing on the PTAB's invalidity analysis, and even if there is no reasonable likelihood of a different result on remand. Indeed, many of the resurrected patents are plainly invalid.

Comcast's experience is illustrative. In two of the appeals that the Federal Circuit remanded despite the patentholder's forfeiture, the PTAB had held invalid two patents that are addressed to remotely scheduling a recording through an interactive program guide displayed on a television set, and that have been asserted against Comcast in both district court and the International Trade Commission (ITC). The PTAB relied on three independently sufficient combinations of prior art in finding the patents invalid. See Nos. 19-1215, -1216, -1218, -1293, -1294, -1295 (Fed. Cir.). In view of the amount of prior art on which the PTAB relied and the exhaustiveness of its factual findings, it is highly likely that the decisions would have been affirmed on appeal—and unlikely that the remand will produce a different result.

Similarly, in two of the other remanded appeals, Comcast had prevailed before the PTAB in challenging

a patent related to voice recognition that the patentee has asserted against Comcast in district court. Once again, the patent is clearly invalid. The patent itself acknowledges that multiple voice recognition systems were in existence at the time of the patent's filing. See U.S. Patent No. RE44,326 col. 1 ll. 51-61, col. 4 ll. 50-51 (reissued Jun. 25, 2013). One panel of PTAB judges invalidated the patent on multiple grounds in two *inter partes* review proceedings, and a separate panel of PTAB judges invalidated the patent on different grounds in covered business method review. See Nos. 19-2368, -2369 (Fed. Cir.).

But because the patentees raised the Appointments Clause for the first time on appeal, the Federal Circuit vacated the PTAB decisions and remanded for re-adjudication. Order at 2, *Rovi Guides, Inc. v. Comcast Cable Commc'ns, LLC*, No. 19-1215 (Fed. Cir. Apr. 22, 2020)³; Order at 2, *Promptu Sys. Corp. v. Comcast Cable Commc'ns, LLC*, No. 19-2368 (Fed. Cir. Feb. 27, 2020). Given that the PTAB has stayed all remanded proceedings pending this Court's resolution of the *Arthrex* cases, these clearly invalid patents will continue to be enforceable for the foreseeable future.

³ A statement in the United States' petition in No. 19-1434 could be read to suggest that the United States understands Rovi to have raised its Appointments Clause challenge before the PTAB. 19-1434 Pet. 27 ("The government is aware of only a handful of appeals like *Polaris* in which litigants' Appointments Clause challenges were properly presented to the agency. See, e.g., Order at 2, *Rovi Guides, Inc. v. Comcast Cable Commc'ns, LLC*, No. 19-1215 (Fed. Cir. Apr. 22, 2020)."). That suggestion is incorrect. Before the Federal Circuit, the government correctly argued that Rovi had forfeited its Appointments Clause challenge by failing to raise it before the agency. See, e.g., 19-1215 U.S. Br. 9-13 (Fed. Cir.).

That result is difficult to square with Congress’s intent in establishing the *inter partes* review framework. “[C]oncerned about overpatenting and its diminishment of competition,” Congress “sought to weed out bad patent claims efficiently.” *Thryv, Inc. v. Click-To-Call Techs., LP*, 140 S. Ct. 1367, 1374 (2020); accord *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2139 (2016). To that end, Congress limited the appealability of PTAB decisions to avoid “wasting the resources spent resolving patentability and leaving bad patents enforceable.” *Thryv*, 140 S. Ct. at 1374. But the Federal Circuit’s sweeping forfeiture ruling accomplishes just that result. It leaves likely-invalid patents enforceable, without regard to the possibility of a different conclusion on remand or the resources already expended.

B. The Federal Circuit’s categorical disregard of forfeiture also imposes significant burdens on the parties. The needless expense and delay of relitigating the invalidity of patents the PTAB has already held invalid are self-evident. But the Federal Circuit’s remands also undermine parties’ ability to order their conduct around patent invalidity, and inflict uncertainty about the extent to which companies may innovate in areas covered by the patents in question. In addition, the remands may well have collateral effects in corresponding infringement proceedings in which the patent holders are asserting the very patents held invalid.

For instance, defendants in district court infringement actions often initiate *inter partes* review proceedings to challenge the asserted patents, and courts regularly stay infringement actions upon institution of *inter partes* review. See Forrest McClellan *et al.*, *How Increased Stays Pending IPR May Affect Venue Choice*,

Law360 (Nov. 15, 2019).⁴ Because such stays are often premised on *inter partes* review's promise of a "shorter reexamination process," *Autoalert, Inc. v. Dominion Dealer Sols., LLC*, No. SACV 12-1661, 2013 WL 8014977, at *4 (C.D. Cal. May 22, 2013) (citation omitted), patentholders have sought to lift such stays in light of the Federal Circuit's vacatur and remand. If such stays are lifted, the parties may then have to litigate infringement claims based on a likely invalid patent, potentially even going to trial. If a reconstituted PTAB panel ultimately concludes the patent is invalid, considerable judicial and litigant resources will have been wasted.

Accused infringers face similar adverse consequences before the ITC, which has become an increasingly popular forum for patent infringement claims. 19 U.S.C. 1337(a)(1)(B)(i). The ITC finds patents valid and infringed in about 70% of investigations.⁵ Upon finding a violation, the ITC issues exclusion orders prohibiting importation of the articles in question. *Spansion, Inc. v. Int'l Trade Comm'n*, 629 F.3d 1331, 1358 (Fed. Cir. 2010). *Inter partes* review is therefore often a critical component of a company's response to institution of an ITC proceeding when an asserted patent is likely invalid. The Federal Circuit's affirmance of a PTAB invalidity holding, which results in the patent's cancellation, can be an important avenue for a company to avoid being

⁴ <https://www.law360.com/articles/1220066/how-increased-stays-pending-ipr-may-affect-venue-choice>.

⁵ *Section 337 Statistics: Number Cases In Which Violation Is Found/Yr*, U.S. Int'l Trade Comm'n (updated July 16, 2020), https://www.usitc.gov/intellectual_property/337_statistics_number_cases_which_violation.htm.

subject to a potentially devastating exclusion order on the basis of an invalid patent.

C. The Federal Circuit’s decision also exacerbates the existing problem of patentholders “sandbagging” successful patent challengers on appeal by raising a range of constitutional challenges to *inter partes* review. *Freytag*, 501 U.S. at 895 (Scalia, J., concurring in part and concurring in the judgment). The *inter partes* review system is a frequent target of purported constitutional challenges by patentees whose patents the PTAB has held invalid. See, e.g., *Oil States Energy Servs., LLC v. Greene’s Energy Grp., LLC*, 138 S. Ct. 1365, 1370, 1379 (2018) (rejecting Article III and Seventh Amendment claims but noting existence of unresolved due process and takings challenges). Often patentees raise those claims for the first time on appeal, and the Federal Circuit has in fact excused forfeiture for takings claims that were not presented to the Board. E.g., *Celgene Corp. v. Peter*, 931 F.3d 1342, 1356-1363 (Fed. Cir. 2019); see also, e.g., Appellant’s Br. 26-58, *Mobility Workx, LLC v. Unified Patents*, No. 20-1441 (Fed. Cir. filed July 30, 2020) (raising on appeal a due process claim based on alleged structural bias). Patentees therefore face no real consequence for holding back constitutional challenges while they see whether they prevail before the PTAB, and successful patent challengers must be prepared to address a range of new issues on appeal. That is exactly what forfeiture doctrine is supposed to prevent.

Conversely, requiring litigants to raise constitutional challenges before the PTAB imposes little burden and provides important benefits. The Board can and does consider constitutional questions. See, e.g., Standard Operating Procedure 2, at 4 (Revision 10) (Sept. 20, 2018) (precedential opinion panels may “address constitutional questions”); *St. Jude Med., LLC v. Snyders*

Heart Valve LLC, No. IPR2018-00107, 2018 WL 2086454, at *4 (P.T.A.B. May 3, 2018) (addressing Appointments Clause challenge). And even if the Board does not have authority to remedy constitutional flaws in its structure, the Board at least can consider threshold statutory questions within its expertise that can aid subsequent judicial review. See *Elgin v. Dep't of Treasury*, 567 U.S. 1, 22-23 (2012). Here, for instance, the PTAB could have considered issues central to the Appointments Clause challenge within the Board's expertise, including which statutory removal restrictions apply to the USPTO's administrative patent judges.

* * *

In sum, the Federal Circuit had no sound basis to excuse Arthrex's forfeiture in this case—let alone to categorically forgive patentees' forfeiture in dozens of other appeals. The court of appeals' approach imposes severe and unjustified burdens on the patent challengers, including Comcast, who have relied on PTAB proceedings to provide a streamlined mechanism for invalidating patents that never should have been issued in the first place.

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted,

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