Nos. 19-1582, 19-1635

In the United States Court of Appeals for the Federal Circuit

BOSTON SCIENTIFIC NEUROMODULATION CORPORATION,
Appellant,

v.

NEVRO CORP.,
Cross-Appellant.

On Appeal from the United States
Patent and Trademark Office,
Patent Trial and Appeal Board
in Nos. IPR2017-01812, IPR2017-01920

REPLY IN SUPPORT OF COMBINED PETITION OF APPELLANT FOR RECONSIDERATION OR RECONSIDERATION EN BANC

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REPLY

The Court should grant reconsideration *en banc*. The panel's forfeiture holding is directly contrary to controlling Federal Circuit and Supreme Court precedent, exceptionally important, and this case presents an ideal vehicle to resolve it. No party disputes that, under *Arthrex*, the APJs that decided this *inter partes* proceeding lacked the constitutional authority to invalidate the patent at issue. The only question is whether the *Arthrex* challenge is forfeited because it was not raised until after *Arthrex* was decided. The *en banc* Court should take this case to determine (1) whether *Arthrex* was a significant change in law that excuses forfeiture in these circumstances, and (2) whether a challenge to such a substantial constitutional defect in the fundamental structure of the PTAB can be forfeited.

I. The Forfeiture Holding Is Contrary to Controlling Precedent and to the Purposes of the Forfeiture Rules

A. It is *undisputed*—neither Nevro nor the Government dispute—that *Arthrex, Inc. v. Smith & Nephew, Inc.*, 941 F.3d 1320 (Fed. Cir. 2019) was a significant change in the law. Nevro Resp. at 3 (ECF No. 65); PTO Resp. at 3 (ECF No. 70). That is an important concession—it means the panel's holding in this case directly conflicts with controlling Federal

Circuit precedent. As this Court has held, in multiple cases, "a party does not waive an argument that arises from a significant change in law during the pendency of an appeal." Pet. at 7 (ECF No. 62) (quoting *BioDelivery Scis. Int'l, Inc. v. Aquestive Therapeutics, Inc.*, 898 F.3d 1205, 1209 (Fed. Cir. 2018)); *see also* Pet. at 7-8 (collecting Federal Circuit cases). If *Arthrex* was a significant change in law that "would undoubtedly apply" in this case, Nevro Resp. at 3—and neither Nevro nor the Government disputes that it was—the panel's forfeiture holding is irreconcilable with controlling Federal Circuit precedent. That concession alone warrants reconsideration *en banc*.

But the forfeiture holding in this case is also deeply at odds with the purpose of the forfeiture rule. The purpose of the rule is to prevent parties from unfairly barraging their opponents and the courts with new eleventh hour arguments. But courts—including this Court—have also long recognized that a rigid waiver rule encourages parties to drown their opponents and the court in frivolous objections "merely to avoid a claim of waiver." *In re Micron Tech., Inc.*, 875 F.3d 1091, 1097-98 (Fed. Cir. 2017); *see also United States v. Viola,* 35 F.3d 37, 42 (2d Cir. 1994) (*abrogated on other grounds)* (rigid waiver rules encourage frivolous

objections); *McKnight v. Gen. Motors Corp.,* 908 F.2d 104, 108 (7th Cir. 1990) (similar). This Court has balanced those concerns by holding that arguments arising from a significant change in law during the pendency of an appeal are not subject to forfeiture for failure to raise them in an opening brief. *See* Pet. at 7-8.

This Court has never held that an argument must be "futile" before it will excuse the failure to raise it. *Contra* Nevro Resp. at 4. Nor has it required a party to make an implausible argument just because it theoretically could have. *Contra* PTO Resp. at 4. Instead, this Court has asked whether a new rule is a significant change in law, *see* Pet. at 7-8—and neither Nevro nor the Government dispute that *Arthex* was just such a change. But even if "futility" were the standard, it is amply met here. *See* Pet. at 8-11. Indeed before *Arthrex* this Court had twice summarily rejected precisely the Appointments Clause challenge that succeeded in *Arthrex. See Trading Techs. Int'l, Inc. v. IBG LLC,* 771 F. App'x 493 (Fed. Cir. 2019); *Bedgear, LLC v. Fredman Bros. Furniture Co.,* 779 F. App'x 748 (Fed. Cir. 2019). Raising the same challenge but expecting a different result would have been illogical and improvident.

Boston Scientific is not asking the Court to "open and alter" an already-settled judgment as Nevro argues. Nevro Resp. at 3. This case has not even been calendared for oral argument, let alone taken under submission by the merits panel. The requirement to raise issues in an opening brief is a procedural rule meant to facilitate addressing issues on appeal in an orderly manner. But given the modest costs of permitting a party to raise one additional argument in a case that has not yet been heard, let alone decided, this Court has repeatedly held that the forfeiture rule should yield where a significant change in law alters the legal landscape while the appeal is pending.

2. Neither Nevro nor the Government disputes that the Supreme Court has never held that Appointments Clause challenges are capable of waiver. And Appointments Clause challenges are, as the Government concedes, "structural constitutional objections." PTO Resp. at 2. They are the kind of extraordinary defects courts have often permitted parties to raise, even belatedly. *See* Pet. at 13-17. Nevro argues that *In re DBC*, 545 F.3d 1373, 1379-80 (Fed. Cir. 2008) held that Appointments Clause challenges can be waived. Nevro Resp. at 5. But the full Court has never considered that question. And *In re DBC* held that waiver should be

excused in "exceptional cases." 545 F.3d at 1379-80. At minimum the Court should consider whether this is such an exceptional case given the fundamental importance of the structural constitutional interests the Appointments Clause protects (especially in the patent context). *See* Pet. at 13-17.

II. The Questions Presented Are Exceptionally Important

The issue in this case is exceptionally important. The erroneous *Customedia* holding has foreclosed numerous otherwise-meritorious *Arthrex* claims and deterred parties from raising meritorious *Arthrex* claims in many others. Patents in myriad cases have been invalidated by APJs who lacked the lawful authority to pass on their validity. At minimum, permitting those decisions to stand undermines the public's perception of the integrity of the *inter partes* review process.

The Government does not dispute that these issues are exceptionally important. Nevro does not explain why these questions are unimportant, but merely says that they are. *See* Nevro Resp. at 1, 6. Nevro does not address that this case would determine whether scores of Appellants may *ever* challenge the constitutional validity of the administrative proceeding that invalidated their patents. Nor does

Nevro address that, because issues of waiver and forfeiture arise in many cases, this Court's clarification of the Circuit's forfeiture law would have important implications far beyond this one. Both practically and jurisprudentially, this case is exceptionally important to the orderly administration of justice in this Circuit.

III. This Case Is an Ideal Vehicle to Reconsider *Customedia*

Parties have filed at least four petitions for rehearing *en banc* challenging *Customedia*'s flawed forfeiture holding.[1] But the Court should use this case to reconsider *Customedia*. First, unlike any other pending *Arthrex*-forfeiture petition, this petition is limited to the forfeiture issue and does not involve overturning or calling into question a panel decision already made. Second, the Government has intervened and is now a party in this case. Third, this is the only pending petition

[1] *See* Appellant's Combined Petition for Rehearing and Rehearing *En Banc*, *Sanofi-Aventis Deutschland GmbH v. Mylan Pharmaceuticals Inc.*, No. 19-1368, ECF No. 63 (filed Dec. 19, 2019); Appellant's Petition for Rehearing *En Banc*, *Duke University v. Biomarin Pharmaceutical Inc.*, No. 18-1696, ECF. No. 54 (filed Dec. 11, 2019) (invitation to respond January 2, 2020); Petition for Rehearing *En Banc* of Order Denying Motion for Leave to File Supplemental Brief, *Customedia Technologies, LLC v. DISH Network Corp.*, No. 19-1001, ECF No. 54 (filed Nov. 21, 2019) (denied December 23, 2019).

raising the *Arthrex*-forfeiture issue in which both the Respondent and the Government have filed briefs in opposition to the petition. Fourth, Boston Scientific's requested relief is narrow, limited to whether Boston Scientific should be permitted to raise its *Arthrex* claim. Fifth, both Boston Scientific and Nevro are represented by counsel who can fully and fairly litigate the significant constitutional and procedural questions this case presents.

The Court should decide this question now. The question presented has consequences far beyond *Arthrex*. The Court should grant reconsideration *en banc* to (1) clarify the standards for determining when an intervening decision constitutes a significant change in the law that should excuse forfeiture, and (2) clarify how the forfeiture rules apply when parties belatedly raise structural constitutional challenges under the Appointments Clause.

CONCLUSION

The decision denying Boston Scientific's motion cannot be reconciled with this Court's or the Supreme Court's precedents. The Court should grant reconsideration *en banc* and hold that parties whose

appeals were pending when *Arthrex* was decided may raise their meritorious *Arthrex* claims.

Dated: January 9, 2020

Respectfully submitted,

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CERTIFICATE OF COMPLIANCE

1. This Reply complies with the type-volume limitations of Fed. R. App. P. 28 (d)(2) because this Reply contains 1,422 words, excluding the parts of the Reply exempted by Fed. R. App. P. 32(f).
2. This Reply complies with the typeface requirements of Fed. R. App. P. 32(a)(5) and the type style requirements of Fed. R. App. P. 32(a)(6) because this Reply has been prepared in a proportionally spaced typeface using Microsoft Word in 14 point New Century Schoolbook.

Dated: January 9, 2020

Respectfully submitted,

/s/ David A. Caine
David A. Caine

CERTIFICATE OF FILING AND SERVICE

I hereby certify that, on January 9, 2020, I electronically filed the foregoing *Reply In Support of Combined Petition of Appellant for Reconsideration or Reconsideration En Banc* with the Clerk of Court using the CM/ECF System, which will send notice of such filing to all registered users.

I further certify that the required paper copies of the foregoing will be delivered to the Clerk, UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT, 717 Madison Place, N.W., Washington, D.C. 20439.

Dated: January 9, 2020

Respectfully submitted,

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